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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

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

For the transition period from_____ to _____

BIO ESSENCE CORP.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

California	**000-56263**	**94-3349551**
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(COMMISSION FILE NO.)	(IRS EMPLOYEE IDENTIFICATION NO.)

2955 Main Street, Suite 300, Irvine CA 92618
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(949) 706-9966
(ISSUER TELEPHONE NUMBER)

Securities registered under Section 12(b) of the Exchange Act:
None.

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, $0.0001 par value per share
(Title of Class)

Check whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Check whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☒ No ☐

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

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K (§229.405 of this chapter) contained herein, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☐
Non-accelerated filer ☐
Accelerated filer ☐
Smaller reporting company ☒
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. ☐

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

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

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

Check whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the issuer (based on a valuation of $0.50 per share) was $26,844,590 as of June 30, 2024.

As of March 28, 2025, there were 38,009,000 shares of common stock issued and outstanding, with a par value $0.0001.

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PART I

Special Note Regarding Forward-Looking Statements

Information included or incorporated by reference in this Annual Report on Form 10-K contains forward-looking statements. All forward-looking statements are inherently uncertain as they are based on current expectations and assumptions concerning future events or future performance of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. Forward-looking statements may contain the words "believes," "project," "expects," "anticipates," "estimates," "forecasts," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions, and are subject to numerous known and unknown risks and uncertainties. Additionally, statements relating to implementation of business strategy, future financial performance, acquisition strategies, capital raising transactions, performance of contractual obligations, and similar statements may contain forward-looking statements. In evaluating such statements, prospective investors and shareholders should carefully review various risks and uncertainties identified in this Report, including the matters set forth under the captions "Risk Factors" and in the Company's other SEC filings. These risks and uncertainties could cause the Company's actual results to differ materially from those indicated in the forward-looking statements. The Company disclaims any obligation to update or publicly announce revisions to any forward-looking statements to reflect future events or developments.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties, and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risk Factors Related to Our Business" below, as well as those discussed elsewhere in this Annual Report on Form 10-K. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We file reports with the Securities and Exchange Commission ("SEC"). You can read and copy any materials we file with the SEC at the SEC's Public Reference Room, 100 F. Street, NE, Washington, D.C. 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We disclaim any obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report on Form 10-K. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this Annual Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Item 1. Business

General Corporate History

Bio Essence Corp. ("we," "us," "Bio Essence," or the "Company") is an herbal health, diet, and nutrition company. The Company's mission is to provide herbal health, diet, and vitamin nutritional supplements, as explained below.

The Company was incorporated in the State of California on January 1, 2000. On January 27, 2016, the Company entered into a change of control whereby our controlling shareholder, Jian Yang, purchased a controlling interest in the Company. On that same date, Jian Yang entered into a stock purchase agreement with Fusion Diet Systems, Inc. a Utah corporation dba, Fusion Naturals ("Fusion Naturals"). Fusion Naturals was originally incorporated in Utah on April 20, 2010. On January 9, 2017, the Company created a new corporation in the State of California called Bio Essence Pharmaceutical, Inc. to serve as a health supplements manufacturer ("BEP"). Then, on January 12, 2017, the Company created its third subsidiary, Bio Essence Herbal Essentials Inc. ("BEH"). The Company serves as a holding corporation for these subsidiaries. On November 13, 2021, the Company dissolved Fusion Naturals and formed a new wholly owned subsidiary, McBE Pharma, Inc. ("McBE").

The primary focus of BEP was producing products for BEH and McBE, along with providing original equipment manufacturing and private label services to other companies. BEH targeted and developed traditional Chinese medicines ("TCM") in the form of single herbs, granules, pills, and tablets. It also offered special formulated dietary supplements and medical food. On December 12, 2023, the Company entered into an agreement with Newway Inc to sell the 100% equity ownership of BEP for $300,000, which subsequently closed. On March 28, 2024, the Company entered into an agreement with Health Up Inc., to sell the 100% equity ownership of BEH for $400,000. On April 15, 2024, the Company dissolved McBE. The Company continues to operate in the ordinary course of business, despite the sale and dissolution of its subsidiaries. The Company's operations are now managed through the Company itself, rather than wholly owned entities, for selling the healthy supplement products, and providing OEM services. However, the Company currently outsources manufacture / OEM service after disposal of BEP in December 2023..

The Company is headquartered at 2955 Main Street, Suite 300, Irvine, CA 92618 and the Company's website is http://www.bioessencecorp.com. Our telephone number is (949) 706-9966.

Employees

The Company currently has 2 full-time employees.

Item 1A. Risk Factors.

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Description of Property.

The Company maintains an office at 2955 Main Street, Suite 300, Irvine, CA 92618. This location serves as the Company's main headquarters. We do not own any properties. We currently have no policy with respect to investments or interests in real estate, real estate mortgages or securities of, or interests in, persons primarily engaged in real estate activities.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities.

Common Stock

The Company has 100,000,000 shares of authorized common stock (CUSIP# 09090C105), of which, as of the end of our 2024 fiscal year, had 38,009,000 issued and outstanding. The Company's stock trades on the OTC Markets, under the symbol BIOE.

As of the most recent practicable date, there are 44 record holders of our common stock. The Company has not paid any cash dividends to date and may consider but no final decision has been made in paying dividends in the foreseeable future. We have no securities authorized for issuance under any Equity Compensation Plans.

Preferred Stock

We do not have a class of preferred stock.

Dividends

We have not paid any dividends on our common stock to date. The payment of dividends in the future will be contingent upon our revenues and earnings, if any, capital requirements and general financial condition subsequent to completion of a business combination. The payment of any will be within the discretion of our then Board of Directors. It is the present intention of our Board of Directors to retain earnings, if any, for use in our business operations.

Securities Authorized for Issuance under Equity Compensation Plans

The Company does not have any current equity compensation plans or any individual compensation arrangements with respect to its common stock or preferred stock. The issuance of any of our common or preferred stock is within the discretion of our Board of Directors, which has the power to issue any or all of our authorized but unissued shares without stockholder approval.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Business Overview

The Company was incorporated in 2000 in the state of California. Fusion Diet Systems ("FDS") was incorporated in 2010 in the state of Utah. Bio Essence and FDS have been owned under common control since 2016. Bio Essence and FDS are mainly engaged in manufacturing and distributing health supplement products. In January 2017, Bio Essence incorporated two subsidiaries in the state of California: BEP and BEH, Bio Essence transferred its manufacturing operation into BEP and transferred its distributing operation into BEH. On March 1, 2017, the 100% shareholder of FDS transferred all her ownership in FDS into Bio Essence. On December 7, 2021, the Company dissolved FDS. On November 12, 2021, Bio Essence incorporated a wholly owned subsidiary McBE Pharma Inc. ("McBE") in the state of California, McBE will be engaged in research and development and manufacture of prescription medicine. As a result of the ownership restructure, BEP, BEH, and MCBE became wholly owned subsidiaries of Bio Essence, and Bio Essence serves as a holding corporation for these subsidiaries. McBE has not engaged in any operations since its inception. On December 12, 2023, the Company entered into an agreement with Newway Inc to sell the 100% equity ownership of BEP for $300,000. On March 28, 2024, the Company entered into an agreement with Health Up Inc to sell the 100% equity ownership of BEH for $400,000. On April 15, 2024, the Company dissolved McBE.

The Company is mainly engaged in selling the health supplements and providing OEM services. However, the Company currently outsources manufacture / OEM service after disposal of BEP in December 2023.

Related Party Transactions

Loans from Officer

On December 31, 2024 and 2023, the Company had loans from one major shareholder (also the Company's senior officer) of $577,546 and $1,180,046, respectively. On December 31, 2024 and 2023, the Company had loan from another major shareholder for $608,631 for settling the litigation. There are no written loan agreements for these loans. These loans are unsecured, non-interest bearing and have no fixed terms of repayment, and therefore, deemed payable on demand.

On May 31, 2023, the Board of Directors of the Company, approved a debt-to-equity conversion. The Company and Ms. Yan (the Company's Chief Executive Officer also the major shareholder) agreed to a debt conversion whereby Ms. Yan receives 5,000,000 shares of the Company's common stock in exchange for retirement of the $2,500,000 debt. The Board of Directors of the Company executed the Consent Resolution on June 2, 2023. On June 2, 2023, the closing price of the Company's common stocks trading on OTC Market was $0.51 per share. The Company incurred a $50,000 loss on this conversion.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements ("CFS"), which were prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported net sales and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and assumptions. We base our estimates on historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 to our CFS, we believe the following accounting policies are the most critical to assist you in fully understanding and evaluating this management discussion and analysis.

Basis of Presentation

The accompanying consolidated financial statements ("CFS") are prepared in conformity with U.S. Generally Accepted Accounting Principles ("US GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The functional currency of Bio Essence is U.S. dollars ("$"). The accompanying financial statements are presented in U.S. dollars ("$"). The consolidated financial statements include the financial statements of the Company and its subsidiaries, BEH (up to disposal date), and McBE (up to dissolution date). All significant inter-company transactions and balances were eliminated in consolidation.

Going Concern

The Company incurred net losses of $1,565,721 and $404,604 from the company's continuing operations for the years ended December 31, 2024 and 2023, respectively. The Company also had an accumulated deficit of $10,449,270 from the company's continuing operations as of December 31, 2024. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company plans to increase its income by strengthening its sales force, providing attractive sales incentive programs, and increasing marketing and promotion activities. Management also intends to raise additional funds by way of a private or public offering, or by obtaining loans from banks or others. While the Company believes in the viability of its strategy to generate sufficient revenue and in its ability to raise additional funds on reasonable terms and conditions, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenue and its ability to raise additional funds by way of a public or private offering. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Use of Estimates

In preparing financial statements in conformity with US GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Significant estimates, required by management, include the recoverability of long-lived assets, allowance for doubtful accounts, and the reserve for obsolete and slow-moving inventories. Actual results could differ from those estimates.

Credit Losses

On January1, 2023, the Company adopted Accounting Standards Update 2016-13 "Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments," which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The adoption of the credit loss accounting standard has no material impact on the Company's consolidated financial statements as of January 1, 2023.

The Company's account receivables and other receivables in the balance sheet are within the scope of ASC Topic 326. As the Company has limited customers and debtors, the Company uses the loss-rate method to evaluates the expected credit losses on an individual basis. When establishing the loss rate, the Company makes the assessment on various factors, including historical experience, credit-worthiness of customers and debtors, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from the customers and debtors. The Company also provides specific provisions for allowance when facts and circumstances indicate that the receivable is unlikely to be collected.

Expected credit losses are recorded as allowance for credit losses on the consolidated statements of operations. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. In the event the Company recovers amount that is previously reserved for, the Company will reduce the specific allowance for credit losses.

Accounts Receivable, **Net**

The Company's policy is to maintain an allowance for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. As of December 31, 2024 and 2023, there was no bad debt allowance. As of December 31, 2023, the bad debt allowance from discontinued operation (BEH) was $2,252.

Revenue Recognition

The Company recognizes revenues following the five-step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) we satisfy the performance obligation.

Revenue is measured at the amount of consideration we expect to receive in exchange for the sale of our product, which occurs at a point in time, typically upon delivery to the customer. The Company expenses incremental costs of obtaining a contract as and when incurred if the expected amortization period of the asset that it would have recognized is one year or less or the amount is immaterial.

Revenues from sales of goods are measured at net of reserves established for applicable discounts and allowances that are offered within contracts with the Company's customers, and are recognized when the goods are delivered to the customers.

Product revenue reserves, which are classified as a reduction in product revenues, are generally characterized in the following categories: discounts, returns and rebates. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable as the amount is payable to the Company's customers.

Revenues from manufacture services are recognized when the manufacture process is completed pursuant to the customers' requirement and the finished goods were delivered to the customers.

The Company's return policy allows for the return of damaged or defective products and shipment errors. A notice of damage or wrong items should make within five days from receiving the goods, and actual return of the products must be completed within 30 days from the date of receiving the goods. Delayed notification for damaged or wrong products will not be accepted for return or exchange. Custom formulas and capsules are not returnable. The amount for return of products was immaterial for the years ended December 31, 2024 and 2023.

Results of operations

Comparison of continuing operations for the years ended December 31, 2024 and 2023

The following table sets forth the results of our opera*tions for the periods* indicated as a percentage of net sales. Certain columns may not be added due to rounding.

	2024	% of Sales	2023	% of Sales	Dollar Increase (Decrease)	Percent Increase (Decrease)
Revenues	$ 323,940	100.00%	$ -	-%	$ 323,940	100.00%
Cost of revenues	106,863	32.99%	-	-%	106,863	100.00%
Gross profit	217,077	67.01%	-	%	217,077	100.00%
Selling expenses	-	-%	-	-%	-	-%
General and administrative expenses	676,515	208.84%	345,590	-%	330,925	95.76%
Total operating expenses	676,515	208.84%	345,590	-%	330,925	95.76%
Loss from operations	(459,438)	(141.83)%	(345,590)	-%	(113,848)	32.94%
Other expenses, net	(1,105,483)	(341.26)%	(57,414)	-%	(1,048,069)	1825.45%
Loss before income taxes	(1,564,921)	(483.09)%	(403,004)	-%	(1,161,917)	288.31%
Income tax expense	800	0.25%	1,600	-%	(800)	(50.00)%
Net loss from continuing operations	(1,565,721)	(483.34)%	(404,604)	-%	(1,161,117)	286.98%
Loss from discontinued operations	(120,827)	(37.30)%	(634,726)	-%	513,899	(80.96)%
Gain from disposal of discontinued operations	377,752	116.61%	67,451	-%	310,301	460.04%
Net loss	$(1,308,796)	(404.02)%	$ (971,879)	-%	$ (336,917)	(34.67)%

Revenues

Revenues from the company's continuing operations for the years ended December 31, 2024 and 2023 were $323,940 and $nil, respectively. We had $37,415 product sales, $282,752 OEM service revenue, and $3,773 shipping and delivery income for the year ended December 31, 2024. Revenues from the company's discontinued operations for the years ended December 31, 2024 and 2023 were $153,865 and $1,048,597, respectively.

Costs of revenues

Costs of revenues from the company's continuing operations for the years ended December 31, 2024 and 2023 were $106,863 and $nil, respectively. We had $20,513 cost of sales for products and$86,350 cost for OEM service revenue for the year ended December 31, 2024. Costs of revenues from the company's discontinued operations for the years ended December 31, 2024 and 2023 were $76,592 and $632,120, respectively.

Gross profit

For the factors mentioned above, the gross profits from the company's continuing operations for the years ended December 31, 2024 and 2023 were $217,077 and $nil, respectively. The gross profits from the company's discontinued operations for the years ended December 31, 2024 and 2023 were $77,273 and $416,477, respectively.

Operating expenses

Selling expenses consisted mainly of advertising, show expenses, products marketing, shipping expenses, and promotion expenses. There were no selling expenses from the company's continuing operations for the years ended December 31, 2024 and 2023. Selling expense from the company's discontinued operations was $13,716 for the year ended December 31, 2024, compared to $111,696 for the year ended December 31, 2023.

General and administrative expenses consisted mainly of employee salaries and welfare, business meeting, utilities, accounting, consulting, and legal expenses. General and administrative expenses from the company's continuing operations were $676,515 for the year ended December 31, 2024, compared to $345,590 for the year ended December 31, 2023, an increase of $330,925 or 95.76%, the increase was mainly due to increased office rent by $272,504, increased consulting fee by $67,620, which was partly offset by decreased accounting fee of $8,690. General and administrative expenses from the company's discontinued operations was $178,936 for the year ended December 31, 2024, compared to $1,004,784 for the year ended December 31, 2023.

Other expenses, net

Other expenses from the company's continuing operations were $1,105,483 and $57,414 for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2024, other expenses mainly consisted of interest expense of $2,153, impairment of ROU asset of $1,050,940 due to early termination of the lease, and other expenses of $53,091, which was partly offset by other income of $701. For the year ended December 31, 2023, other expenses mainly consisted of interest expense of $2,197, other expenses of $73,058, which was partly offset by net other income of $17,841. Other expenses from the company's discontinued operations were $5,448 for the year ended December 31, 2024, compared to other income of $66,877 for the year ended December 31, 2023.

Net loss from continuing operations

We had a net loss of $1,565,721 from the company's continuing operations for the year ended December 31, 2024, compared to $404,604 for the year ended December 31, 2023, an increase of $1,161,117 or 286.98%.

Net loss from discontinued operations

We had net gain of $256,925 from the company's discontinued operations for the year ended December 31, 2024 compared to net loss of $567,275 for the year end ended December 31, 2023.

Liquidity and Capital Resources

As of December 31, 2024, from the company's continuing operations, we had cash and equivalents of $1,371, other current assets of $279,321, other current liabilities of $2,802,700, working capital deficit of $2,522,008, a current ratio of 0.10:1. As of December 31, 2023, from the company's continuing operations, we had cash and equivalents of $nil, bank overdraft of $9,436, other current assets of $300,000, other current liabilities (excluding bank overdraft) of $2,441,020, working capital deficit of $2,150,456, a current ratio of 0.12:1.

The following is a summary of cash provided by or used in each of the indicated types of activities during the years ended December 31, 2024, and 2023, respectively.

	2024	2023
Net cash provided by (used in) operating activities for continuing operations	$ 639,817	$ (981,459)
Net cash used in operating activities for discontinued operations	(15,952)	(44,214)
Net cash provided by (used in) operating activities	623,865	(1,025,673)
Net cash used in investing activities for continuing operations	(114)	(3,614)
Net cash used in investing activities for discontinued operations	-	(87,870)
Net cash used in investing activities	(114)	(91, 484)
Net cash provided by (used in) financing activities for continuing operations	(613,171)	1,179,137
Net cash used in financing activities for discontinued operations	(9,323)	(68,128)
Net cash (used in) provided by financing activities	$ (622,494)	$ 1,111,009

Net cash provided by (used in) operating activities for continuing operations

Net cash provided by operating activities for continuing operations was $639,817 for the year ended December 31, 2024, compared to net cash used in operating activities of $981,459 in 2023. The increase of cash inflow of $1,621,276 from operating activities of continuing operations for the year ended December 31, 2024 was principally attributable to $700,000 payment received from sale of BEP and BEH, decreased cash outflow of prepayment and deposits to vendors by $28,187, decreased payment on accounts payable by $15,363, increased payment from customer deposit by $187,115, decreased payment of lease liability by $141,301, decreased payment on accrued labilities and other payables by $213,062, and change of adjustments to reconcile net loss to net cash provided by (used in) operating activities by $879,262; which was partly offset by increased net loss by $336,917 and decreased payment collected on other receivables by $200,969.

Net cash used in investing activities for continuing operations

Net cash used in investing activities for continuing operations was $114 for the year ended December 31, 2024, compared to net cash used in investing activities for continuing operations of $91,484 in 2023. The net cash used in investing activities for the year ended December 31, 2024 mainly consisted of $114 cash loss due to disposal of subsidiaries. The net cash used in investing activities for the year ended December 31, 2023 was mainly for $3,614 leasehold improvements.

Net cash provided by (used in) financing activities for continuing operations

Net cash used in financing activities for continuing operations was $613,171 for the year ended December 31, 2024, compared to net cash provided by financing activities for continuing operations of $1,179,137 in 2023. The net cash used in financing activities for the year ended December 31, 2024 mainly consisted of $602,500 loan repayment to one major shareholder (also the senior officer), decreased bank overdraft of $9,436, and payment of government loan of $1,235. The net cash provided by financing activities for the year ended December 31, 2023 consisted of proceeds of $1,170,891 from loan from one major shareholder (also the senior officer), and increased bank overdraft of $9,436, partly offset by repayment of SBA loan of $1,190.

Our current liabilities exceed current assets at December 31, 2024, and we incurred substantial losses. We may have difficulty meeting upcoming cash requirements. As of December 31, 2024, our principal source of funds was loans from an officer (also is the Company's major shareholder). As of December 31, 2024, we believe we will need $1.2 million cash to continue our current business for the next 12 months. In addition to our continuous effort to improve our sales and net profits, we have explored and continue to explore other options to provide additional financing to fund future operations as well as other possible courses of action. Such actions may include, but are not limited to, securing lines of credit, sales of debt or equity securities (which may result in dilution to existing shareholders), loans and cash advances from other third parties or banks, and other similar actions. There can be no assurance that we will be able to obtain additional funding (if needed), on acceptable terms or at all, through a sale of our common stock, loans from financial institutions, or other third parties, or any of the actions discussed above. If we cannot sustain profitable operations, and additional capital is unavailable, lack of liquidity could have a material adverse effect on our business viability, financial position, results of operations and cash flows.

Contractual Obligations

Long-Term Debts

Government loans

In May and June 2020, BEH, BEP and FDS received total of $215,600 from the Economic Injury Disaster Loan ("EIDL loan") from the SBA after deducting $100 Uniform Commercial Code ("UCC") handling charge and filing fee for each company. This is a low-interest federal disaster loan for working capital to small businesses and non-profit organizations of any size suffering substantial economic injury as a result of the Coronavirus (COVID-19), to help the businesses to meet financial obligations and operating expenses that could have been met had the disaster not occurred. This loan has interest of 3.75% and is not forgivable. The maturity of the loan is 30 years, installment payments including principal and interest of $515 monthly will begin 12 months from the date of the promissory note. On March 4, 2022, The FDS transferred its EIDL loan to BEC due to the dissolution of FDS. The SBA extended the deferment period to allow small businesses and not-for-profits that received EIDL funds do not have to begin payments on the loan until 30 months after the date of the note. Accordingly, the company began to make installment payments in the fourth quarter 2022.

As of December 31, 2024, the future minimum EIDL loan payments from the company's continuing operations to be paid by year are as follows:

Year Ending	Amount
	(unaudited)
December 31, 2025	$ 1,357
December 31, 2026	1,408
December 31, 2027	1,462
December 31, 2028	1,518
December 31, 2029	1,576
Thereafter	49,160
Total	$ 56,481

Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide this information.

Item 8. Financial Statements and Supplementary Data.

Please see the financial statements beginning on page F-1 located in this annual report on Form 10-K and incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There are not and have not been any changes in or disagreements between the Company and its accountants on any matter of accounting principles, practices, or financial statement disclosure.

Item 9A. Controls and Procedures.

The Company's Chief Executive, Yin Yan, and Chief Financial Officer, William Sluss, are responsible for establishing and maintaining disclosure controls and procedures for the Company.

Evaluation of Disclosure Controls and Procedures

For purposes of this Item 9A, the term disclosure controls and procedures means controls and other procedures of the Company (i) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (15 U.S.C. 78a *et seq.* and hereinafter the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC, and (ii) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

On December 31, 2024, Ms. Yan and Mr. Sluss reviewed the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report and has concluded that the Company's disclosure controls and procedures are not effective to ensure that material information relating to the Company is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. Ms. Yan and Mr. Sluss are working to develop and implement controls and procedures.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"), as defined in Exchange Act Rule 13a-15. Our ICFR is designed to provide reasonable assurance to our management and BOD regarding the preparation and fair presentation of published financial statements. Management conducted an assessment of our ICFR based on the framework and criteria established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). Based on the assessment, management concluded that, as of December 31, 2024, our ICFR were not effective at the reasonable assurance level based on those criteria. Management is working to implement ICFR standards within the Company.

Our independent public accountant has not conducted an audit of our controls and procedures regarding ICFR and therefore expresses no opinion with regards to the effectiveness or implementation of our controls and procedures with regards to ICFR.

Changes in Internal Controls over Financial Reporting

There were no changes in our ICFR identified in connection with our evaluation of these controls as of the end of the fiscal year, December 31, 2024, as covered by this report that has materially affected, or is reasonably likely to materially affect, our ICFR.

Inherent Limitations on Effectiveness of Controls

The Company's management does not expect that its disclosure controls or its ICFR will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 9B. Other Information.

Not applicable.

Item 9C. Disclosure Regarding Foreign that Jurisdiction that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Pursuant to Item 401 of Regulation S-K, the names and ages of the directors and executive officers and directors of the Company, and their positions with the Company, are detailed in the table below.

Name	Age	Position	Familial Relationships
Yin Yan	49	Chief Executive Officer and Chairman of the Board of Directors	None
William Sluss	70	Chief Financial Officer and Director	None
Dr. Siyavash Fooladian	53	Director	None

Yin Yan, Chief Executive Officer and Chairman of the Board of Directors

Ms. Yan serves as the Company's Chief Executive Officer, Chief Financial Officer, and Chairman of the Board of Directors. She began her career in 2002 at Intel Corp., a semiconductor designer and manufacturing company as automation project manager. From 2002 to 2004, Ms. Yan managed manufacturing automation and software as well as database development in computer infrastructure applications. From 2004 to present, she has been president of H&Y International, LLC, a real estate investment and brokerage company. Ms. Yan spends 20 hours per week on the affairs of H&Y International, LLC.

William Sluss, Chief Financial Officer and Director

Mr. Sluss has served as a financial executive for both private and publicly traded companies over the last thirty years. Most recently, he has served as director and Chief Financial Officer for Black Bird Biotech, Inc. located in Flower Mound, Texas. Prior to joining Black Bird Biotech, Inc., Mr. Sluss was the Chief Financial Officer and Secretary for EFT Holdings, Inc., a manufacturer and distributor of beauty and nutritional products headquartered in Los Angeles California. Prior to relocating to Los Angeles, California in 2010, Mr. Sluss served as the Chief Financial Officer for AccuForce Staffing Services in Kingsport, Tennessee. Prior to this role, Mr. Sluss was the Chief Financial Officer and Treasurer for Studsvik, Inc., a nuclear services company based in Erwin, Tennessee. In addition to serving as a Financial Executive, Mr. Sluss has worked as an attorney at Ecoff Campain Tilles & Kay, LLP in Beverly Hills, California where he oversaw corporate and civil litigation.

He is a licensed Certified Public Accountant and received his Bachelor of Science degree in accounting from the University of Virginia's College at Wise in 1990. Mr. Sluss received his Juris Doctorate degree from Irvine University College of Law in 2020. Mr. Sluss is a licensed attorney and member of the California Bar.

Dr. Siyavash Fooladian, Director

Siyavash Fooladian, MD, MPH is a board-certified Cardiac Anesthesiologist, Ironman triathlete, and a passionate advocate for a holistic, integrative approach to health and wellness. With over ten years of clinical experience caring for patients with an array of medical ailments, Dr. Fooladian understands the need for an integrative approach to health. He believes that optimal health can be achieved and maintained by holistic understanding of a patient's mind, body, and spirit and thereby, merging the best of Eastern and Western modalities to treat the root cause of disease.

Dr. Fooladian has seen firsthand how opioid addiction and the opioid crisis have affected the well-being of his patients. He has also witnessed complications, in both young and elderly patients, such as reversible and irreversible kidney failure, gastrointestinal bleeding, and liver dysfunction from pharmaceutical alternatives to opioids—NSAIDS (ibuprofen, Motrin, Alleve, etc.) and Tylenol. An expert in alleviating his patients' pain during and after surgery, Dr. Sia leveraged his medical knowledge and passion for creating impact to support integrative wellness. Dr. Fooladian maintains a daily practice of meditation and mindfulness, alongside nutraceutical supplementation and cold therapy in order to promote peak performance in his active lifestyle.

Dr. Fooladian holds a BA in history and education from UCLA. He received his MD and MPH in health management from The George Washington University School of Medicine and Health Sciences. He completed his residency and fellowship training at UCLA Medical Center, where he served as Chief Resident. He currently resides and practices in Orange County, California, and has done so for the past 10 years. The Company believes Dr. Fooladian's experience in the medical field will greatly benefit the Company as it expands is business model.

Tuan Tran, VP of Operations

Mr. Tuan Tran has over 20 years of experience in quality and operations working in the Nutrition, Dietary Supplements and OTC industries. Mr. Tran current responsibilities includes but are not limited Production, Warehouse & Distribution, Quality, Customer Service, R&D, Procurement, Human Resources, and Safety.

Mr. Tran has extensive knowledge in FDA regulations, GMPs, food safety, auditing, quality system, HACCP, Process Analytical Technology, CAPA, and Lean Manufacturing. Mr. Tran also specializes in crisis management, regulatory compliance, quality systems implementation, and supplier qualification.

Mr. Tran received his Bachelors of Science Degree in Public Health from Southern Connecticut State University. He holds certifications in Pharmaceutical Engineering, Six Sigma Green Belt, Food Safety, Technical Writing and HACCP. Mr. Tran is a senior member with the American Society for Quality.

B. Significant Employees.

None

C. Family Relationships.

None.

D. Involvement in Certain Legal Proceedings.

Except as otherwise disclosed, no officer, director, or persons nominated for such positions, promoter or significant employee has been involved in the last ten years in any of the following:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and
- Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Audit Committee

The Company has no separate audit committees. The Company has no qualified financial expert at this time because it has not been able to hire a qualified candidate. Further, the Company believes that it has inadequate financial resources at this time to hire such an expert. The Company intends to continue to search for a qualified individual for hire.

Code of Ethics

We do not currently have a code of ethics. The company is in the early stages of development and its chief executive officer, Ms. Yan, has not yet developed a code of ethics. The Company intends on developing one as the Company's business expands.

Nominating Committee

We have not adopted any procedures by which security holders may recommend nominees to our Board of Directors.

Item 11. Executive Compensation.

The Company does not have employment contracts with its officers or directors. All employees of the Company are at-will employees. The Company's principal executive and financial officer, Yin Yan and William Sluss, respectively, do not have written employment agreements and do not earn a salary. Compensation for Ms. Yan and Mr. Sluss, and the Company's highest paid employee are detailed in the Summary Compensation table below. Wenwen He earns $37,400 annually as the Company's accounting assistant.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Nonequity Incentive Plan Compensation	Change in pension value and nonqualified deferred compensation earnings	All Other Compensation	Total
Yin Yan (PEO)	2024	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
William Sluss (PFO)	2024	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Wenwen He	2024	$37,400.00	$ -	$ -	$ -	$ -	$ -	$ -	$34,700.00

Outstanding Equity Awards at Fiscal Year-End

	Option awards					Stock awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares of units of stock that have not vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
-	-	-	-	-	-	-	-	-	-

The Company does not have any outstanding equity awards for its employees.

Director Compensation

The following table provides information regarding the compensation of our named directors for the fiscal year ending on December 31, 2024.

Name and Principal Position	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Yin Yan (Chief Executive Officer and Director)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
William Sluss (Chief Financial Officer and Director)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Dr. Siyavash Fooladian	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Tuan Tran	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

The Company's directors serve in unpaid positions and do not receive an annual salary, bonus, or other compensation for their role as board members.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth the ownership of our common stock by each person known by us to be the beneficial owner of more than 5% of our outstanding common stock as a group as of December 31, 2024. There are no pending arrangements that may cause a change in control. The information presented below has been presented in accordance with the rules of the SEC and is not necessarily indicative of ownership for any other purpose.

A person is deemed to be a "beneficial owner" of a security if that person has or shares the power to vote or direct the voting of the security or the power to dispose or direct the disposition of the security. A person is deemed to own beneficially any security as to which such person has the right to acquire sole or shared voting or investment power within 60 days through the conversion or exercise of any convertible security, warrant, option or other right. More than one person may be deemed to be a beneficial owner of the same securities. The percentage of beneficial ownership by any person as of a particular date is calculated by dividing the number of shares beneficially owned by such person, which includes the number of shares as to which such person has the right to acquire voting or investment power within 60 days, by the sum of the number of shares outstanding as of such date plus the number of shares as to which such person has the right to acquire voting or investment power within 60 days. Consequently, the denominator used for calculating such percentage may be different for each beneficial owner.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	Yin Yan[(1)] – 31921 Apuesto Way, Trabuco Canyon CA, 92679	13,396,000 shares—directly owned	35.2%
Common Stock	Jian Yang[(2)] – 2012 Paseo Del Mar, Palos Verdes Estates, CA 90274	21,000,000 shares—directly owned	55.3%

(1) Yin Yan is the Company's Chief Executive Officer and Chairman of the Board of Directors

(2) Jain Yang is the Company's controlling shareholder and former director

This table is based upon information derived from our stock records. We believe that each of the shareholders named in this table has sole or shared voting and investment power with respect to the shares indicated as beneficially owned.

Securities Authorized for Issuance Under Equity Compensation Plans

The following chart is provided pursuant to Item 201(d) of Regulation S-K:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	N/A	N/A	N/A
Equity compensation plans not approved by security holders	N/A	N/A	N/A
TOTAL			0

Item 13. Certain Relationships and Related Transactions.

Except as otherwise indicated herein, there have been no related party transactions, or any other transactions or relationships required to be disclosed pursuant to Item 404 of Regulation S-K.

Item 14. Principal Accounting Fees and Services.

Simon & Edward, LLP ("SE LLP")is the Company's independent registered public accounting firm. Below are aggregate fees billed by SE LLP for professional services rendered for the year ended December 31, 2024.

Audit Fees

The fees for the audit services billed and to be billed by SE LLP for the year ended December 31, 2024 amounted to $5,000. SE LLP has charged the Company $20,000 for the fiscal year 2024 audit.

Audit-Related Fees

None.

Tax Fees

There were no fees billed by SE LLP for professional services for tax compliance, tax advice, and tax planning for 2023.

All Other Fees

There were no fees billed by SE LLP for other products and services for 2024.

Audit Committee's Pre-Approval Process

The Board of Directors acts as the audit committee of the Company, and accordingly, all services are approved by all the members of the Board of Directors.

Item 15. Exhibits, Financial Statement Schedules.

(a) Exhibits:

Exhibit	Exhibit Description	Filed herewith	Form	Period ending	Exhibit	Filing date
3.1	Certificate of Incorporation		S-1		3.1	7/26/19
3.2	By-Laws		S-1		3.2	7/26/19
3.3	Certificate of Amendment		S-1		3.3	7/26/19
4.1	Specimen Stock Certificate		S-1		4.1	7/26/19
4.2	Description of Securities	X				
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
101.INS	Inline XBRL Instance Document.					
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					

(b) The following documents are filed as part of the report:

1. Financial Statements: Balance Sheet, Statement of Operations, Statement of Stockholder’s Equity, Statement of Cash Flows, and Notes to Financial Statements.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bio Essence Corp.

Dated: March 28, 2025

By: /s/ Yin Yan
Yin Yan, Chief Executive Officer
(Principal Executive Officer)

Dated: March 28, 2025

By: /s/ William Sluss
William Sluss, Chief Financial Officer
(Principal Financial Officer)

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	POSITION	DATE
/s/ Yin Yan Yin Yan	Chief Executive Officer (Principal Executive Officer), Chief Accounting Officer (Controller or Principal Accounting Officer), and Director	March 28, 2025
/s/ William Sluss William Sluss	Chief Financial Officer (Principal Executive Officer) and Director	March 28, 2025
/s/ Siyavash Fooladian Dr. Siyavash Fooladian	Director	March 28, 2025

A PCAOB Registered CPA Firm
Simon & Edward, LLP
Certified Public Accountants & Consultants

17506 Colima Road, Ste 101,
City of Industry, CA 91748
Tel: +1 (626) 581-0818
Fax: +1 (626) 581-0809

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Bio Essence Corporation

Opinion on the financial statements

We have audited the accompanying balance sheet of Bio Essence Corporation (the "Company") as of December 31, 2024, the related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

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

Basis for Opinion

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

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

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

Critical Audit Matter

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involve our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

Simon & Edward, LLP

PCAOB ID: 2485
We have served as the Company's auditor since 2024.
Rowland Heights, CA

March 28, 2025

KEITH K. ZHEN, CPA
CERTIFIED PUBLIC ACCOUNTANT
2070 WEST 6TH STREET • BROOKLYN, NY 11223 • TEL (347) 408-0693 • FAX (347) 602-4686 • EMAIL KEITHZHEN@YAHOO.COM

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Bio Essence Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Bio Essence Corp. and subsidiaries (the Company) as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

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

Basis for Opinion

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

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

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

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there were no critical audit matters.

/S/ Keith K Zhen CPA
Keith K Zhen CPA

PCAOB ID 6673

Brooklyn, NY

April 15, 2024 (March 28, 2025 as to the effects of the discontinued operations as described in Note 3)
We have served as the Company's auditor since 2020. In 2024, we became the predecessor auditor

BIO ESSENCE CORPORATION
BALANCE SHEETS
As of December 31, 2024

	As of December 31, 2024	As of December 31, 2023
ASSETS		
Current Assets		
Cash and equivalents	$ 1,371	$ -
Accounts receivable	5,124	-
Receivable due from disposal of discontinued operations	-	300,000*
Prepayment to vendors	69,959	-
Prepaid expenses and other receivables	202,238	-
Security deposits	2,000	-
Total Current Assets	280,692	300,000
Non-current Assets		
Security deposits	-	52,545
Operating lease right-of-use assets, net	-	1,427,918
Property and equipment, net	-	3,688
Intangible assets, net	332	567
Total Non-current Assets	332	1,484,718
Assets classified as held for sale	-	973,862
Total Assets	**$ 281,024**	**$ 2,758,580**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Bank overdraft	$ -	$ 9,436
Accounts payable	17,738	12,453
Customer deposit	187,115	-
Accrued liabilities and other payables	338,136	137,700*
Accrued interest on government loans	2,306	2,377
Operating lease liabilities - current	1,069,871	495,217
Government loans payable - current portion	1,357	4,596
Loan from shareholders	1,186,177	1,788,677
Total Current Liabilities	2,802,700	2,450,456
Non-current Liabilities		
Operating lease liabilities - non-current	392,290	938,409
Government loans payable	55,124	53,120
Total Non-current Liabilities	447,414	991,529
Liabilities classified as held for sale	-	976,889
Total Liabilities	3,250,114	4,418,874
Commitment and contingencies		

Stockholders' Equity		
Preferred stock $0.0001 par value; authorized shares 10,000,000, no shares issued and outstanding as of December 31, 2024 and 2023	-	-
Common stock $0.0001 par value; authorized shares 100,000,000; issued and outstanding shares 38,009,000 as of December 31, 2024 and 2023	3,801	3,801
Paid in capital	7,476,379	7,476,379
Accumulated deficit	(10,449,270)	(9,140,474)
Total Stockholders' Deficit	(2,969,090)	(1,660,294)
Total Liabilities and Stockholders' Equity	**$ 281,024**	**$ 2,758,580**

* included a reclassification of $96,803 from other payables to receivable due from disposal of discontinued operations as of December 31, 2023.

BIO ESSENCE CORPORATION
STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2024	**2023**
Revenues		
Sales of goods, net	$ 37,415	$ -
Manufacture service revenue	282,752	-
Shipping and Delivery Income	3,773	-
Total revenues	323,940	-
Cost of Goods Sold		
Sales of goods	20,513	-
Cost of Goods manufacture	86,350	-
Total cost of revenues	106,863	-
Gross Profit	217,077	-
Operating Expenses		
Selling	-	-
General and administrative	676,515	345,590
Total operating Expenses	676,515	345,590
Loss from Operations	(459,438)	(345,590)
Other income (expenses)		
Impairment loss of ROU asset	(1,050,940)	-
Interest expense	(2,153)	(2,197)
Other income	701	17,841
Other expense	(53,091)	(73,058)
Other expenses, net	(1,105,483)	(57,414)
Loss before income tax	(1,564,921)	(403,004)
Income tax expense	800	1,600
Net loss from continuing operations	(1,565,721)	(404,604)
Loss from discontinued operations	(120,827)	(634,726)
Gain from disposal of discontinued operations	377,752	67,451
Net loss	**$ (1,308,796)**	**$ (971,879)**
Basic weighted average shares outstanding	38,009,000	33,954,205
Basic and diluted net loss per share	(0.03)	(0.03)

BIO ESSENCE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Common Stock		Paid-in	Accumulated	Total Stockholders' Equity
	Shares	Amount	Capital	Deficit	(Deficit)
Balance at January 1, 2023	33,009,000	$ 3,301	$ 4,926,879	$ (8,168,595)	$ (3,238,415)
Shares issued for shareholder's loan settlement	5,000,000	500	2,549,500	-	2,550,000
Net loss for the year	-	-	-	(971,879)	(971,879)
Balance at December 31, 2023	38,009,000	3,801	7,476,379	(9,140,474)	(1,660,294)
Net loss for the year	-	-	-	(1,308,796)	(1,308,796)
Balance at December 31, 2024	38,009,000	$ 3,801	$ 7,476,379	$ (10,449,270)	$ (2,969,090)

BIO ESSENCE CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,308,796)	$ (971,879)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	911	4,793
Loss on note conversion	-	50,000
Loss on disposal of fixed assets	3,012	7,165
Gain from disposal of discontinued operations	(377,752)	(67,451)
Operating lease expense	452,612	255,954
Impairment loss of ROU asset	1,050,940	-
Changes in assets/liabilities:		
Accounts receivable	(5,124)	-
Other receivables	(197,294)	3,675
Receivable from sales of BEP and BEH	700,000	-
Prepayment and deposits	(24,358)	(52,545)
Accounts payable	5,286	(10,077)
Customer deposit	187,115	-
Accrued interest	(72)	(68)
Accrued liability and other payables	200,437	(12,625)
Payment of lease liability	(47,100)	(188,401)
Net cash provided by (used in) operating activities from continuing operations	639,817	(981,459)
Net cash used in operating activities from discontinued operations	(15,952)	(44,214)
Net cash provided by (used in) operating activities	623,865	(1,025,673)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(3,614)
Cash loss due to disposal of subsidiary	(114)	-
Net cash used in investing activities from continue operations	(114)	(3,614)
Net cash used in investing activities from discontinued operations	-	(87,870)
Net cash used in investing activities	(114)	(91,484)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdraft	(9,436)	9,436
Loan from / repayment to shareholders	(602,500)	1,170,891
Repayment of SBA loan	(1,235)	(1,190)
Net cash (used in) provided by financing activities from continuing operations	(613,171)	1,179,137
Net cash used in financing activities from discontinued operations	(9,323)	(68,128)
Net cash (used in) provided by financing activities	(622,494)	1,111,009
NET INCREASE (DECREASE) IN CASH	1,257	(6,148)
CASH AT THE BEGINNING OF YEAR	114	6,262
CASH AT THE END OF YEAR	**$ 1,371**	**$ 114**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and equivalents	$ 1,371	$ -

Cash and equivalents included in discontinued operations	$ -	$ 114
Supplemental Cash flow data:		
Cash paid for interest	$ 6,307	$ 23,809
Cash paid for income taxes	$ 800	$ 3,200
Supplemental disclosures of non-cash financing activities:		
Conversion of loan from shareholders to common shares	$ -	$ 2,500,000
Recognition of ROU asset and operating lease liability	$ -	$ 1,589,863
Termination of ROU asset and operating lease liability	$ -	$ 935,073

BIO ESSENCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER31, 2024 AND 2023

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Bio Essence Corporation ("the Company" or "Bio Essence") was incorporated in 2000 in the state of California. Fusion Diet Systems ("FDS") was incorporated in 2010 in the state of Utah. Bio Essence and FDS have been under common control since 2016. Bio Essence and FDS are mainly engaged in manufacturing and distributing health supplement products. On March 1, 2017, the 100% shareholder of FDS transferred all of her ownership in FDS to Bio Essence. On December 7, 2021, the Company dissolved FDS.

In January 2017, Bio Essence incorporated two subsidiaries in the state of California: Bio Essence Pharmaceutical Inc. ("BEP") and Bio Essence Herbal Essentials, Inc. ("BEH"), Bio Essence transferred its manufacturing operation to BEP and transferred its distributing operation to BEH. On December 12, 2023, the Company entered into an agreement with Newways Inc. to sell the 100% equity ownership of BEP for $300,000. On March 28, 2024, the Company entered into an agreement with Health Up Inc. to sell the 100% equity ownership of BEH for $400,000.

Bio Essence incorporated a wholly owned subsidiary McBE Pharma Inc. ("McBE") in the state of California, McBE will be engaged in developing, manufacturing and sales of prescription medicine. McBE has not engaged in any operations since its inception. On April 15, 2024, the Company dissolved McBE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying consolidated financial statements ("CFS") are prepared in conformity with U.S. Generally Accepted Accounting Principles ("US GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The functional currency of Bio Essence is U.S. dollars ("$"). The accompanying financial statements are presented in U.S. dollars ("$"). The consolidated financial statements for the year ended December 31, 2024, include the financial statements of the Company and its subsidiaries, BEH (up to disposal date), and McBE (up to dissolution date). All significant inter-company transactions and balances were eliminated in consolidation.

Reclassification

Certain prior period accounts have been reclassified in conformity with the current period's presentation. These reclassifications had no impact on the reported results of operations and cash flows.

Going Concern

The Company incurred net loss of $1,308,796 and $971,879 for the years ended December 31, 2024 and 2023, respectively. The Company also had an accumulated deficit of $10,449,270 as of December 31, 2024. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company disposed non-profitable subsidiaries BEH and BEP, and is actively seeking other business opportunities including expanding OEM business and looking for potential acquisition targets. Management also intends to raise funds by way of a private or public offering, or by obtaining loans from banks or others. While the Company believes in the viability of its strategy to generate sufficient revenue and in its ability to raise additional funds on reasonable terms and conditions, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenue and its ability to raise additional funds by way of a public or private offering. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Use of Estimates

In preparing financial statements in conformity with US GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Significant estimates, required by management, include the recoverability of long-lived assets, allowance for doubtful accounts, and the reserve for obsolete and slow-moving inventories. Actual results could differ from those estimates.

Leases

The Company follows ASC 842 and determines if an arrangement is a lease or contains a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, and operating lease liabilities (current and non-current) in the Company's consolidated balance sheets. Finance leases are included in property and equipment, and finance lease liabilities (current and non-current) in the Company's consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company generally uses the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company elected the package of practical expedients permitted under the transition guidance to combine the lease and non-lease components as a single lease component for operating leases associated with the Company's office space lease, and to keep leases with an initial term of 12 months or less off the balance sheet and recognize the associated lease payments in the consolidated statements of income on a straight-line basis over the lease term.

ROU assets are reviewed for impairment when indicators of impairment are present. ROU assets from operating and finance leases are subject to the impairment guidance in ASC 360, Property, Plant, and Equipment, as ROU assets are long-lived non-financial assets. The Company recognized $1,050,940 and $nil impairment loss of ROU assets during the years ended December 31, 2024 and 2023, respectively.

Cash and Cash Equivalents

For financial statement purposes, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Credit Losses

On January1, 2023, the Company adopted Accounting Standards Update 2016-13 "Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments," which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The adoption of the credit loss accounting standard has no material impact on the Company's consolidated financial statements as of January 1, 2023.

The Company's account receivables and other receivables in the balance sheet are within the scope of ASC Topic 326. As the Company has limited customers and debtors, the Company uses the loss-rate method to evaluates the expected credit losses on an individual basis. When establishing the loss rate, the Company makes an assessment on various factors, including historical experience, credit-worthiness of customers and debtors, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from the customers and debtors. The Company also provides specific provisions for allowance when facts and circumstances indicate that the receivable is unlikely to be collected.

Expected credit losses are recorded as allowance for credit losses on the consolidated statements of operations. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. In the event the Company recovers amount that is previously reserved for, the Company will reduce the specific allowance for credit losses.

Accounts Receivable, Net

The Company's policy is to maintain an allowance for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. As of December 31, 2024, there was no bad debt allowance. As of December 31, 2023, the bad debt allowance from discontinued operation (BEH) was $2,252.

Property and Equipment. Net

Property and equipment are stated at cost, less accumulated depreciation, and impairment losses, if any. Major repairs and betterments that significantly extend original useful lives or improve productivity are capitalized and depreciated over the period benefited. Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets as follows:

Leasehold improvements	7-10 years
Office furniture	5 years

Impairment of Long-Lived Assets

Long-lived assets, which include property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of long-lived assets to be held and used is measured by comparing of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by it. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds its fair value ("FV"). FV is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. Based on its review, the Company believes that, as of December 31, 2024 and 2023, there was no significant impairments of its long-lived assets except $1,050,940 impairment of ROU assets during 2024.

Income Taxes

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

The Company follows ASC Topic 740, which prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures.

Under the provisions of ASC Topic 740, when tax returns are filed, it is likely that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest associated with unrecognized tax benefits is classified as interest expense and penalties are classified in selling, general and administrative expenses in the statement of income.

At December 31, 2024 and 2023, the Company did not take any uncertain positions that would necessitate recording a tax related liability. The Company files a U.S. income tax return. With few exceptions, the Company's U.S. income tax return filed for the years ending on December 31, 2021 and thereafter are subject to examination by the relevant taxing authorities.

The Company accounts for income taxes in interim periods in accordance with FASB ASC 740-270, "Interim Reporting." The Company has determined an estimated annual effective tax rate. The rate will be revised, if necessary, as of the end of each successive interim period during the Company's fiscal year to its best current estimate. The estimated annual effective tax rate is applied to the year-to-date ordinary income (or loss) at the end of the interim period.

Revenue Recognition

The Company recognizes revenues following the five-step model prescribed under ASC 606: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) we satisfy the performance obligation.

Revenue is measured at the amount of consideration we expect to receive in exchange for the sale of our product, which occurs at a point in time, typically upon delivery to customers. The Company expenses incremental costs of obtaining a contract as and when incurred if the expected amortization period of the asset that it would have recognized is one year or less or the amount is immaterial.

Revenues from sales of goods are measured at net of reserves established for applicable discounts and allowances that are offered within contracts with the Company's customers, and are recognized when the goods are delivered to customers.

Product revenue reserves, which are classified as a reduction in product revenues, are generally characterized in the following categories: discounts, returns and rebates. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable as the amount is payable to the Company's customers.

Revenues from manufacture or OEM services are recognized when the manufacture process is completed pursuant to the customers' requirements and the manufactured goods are delivered to the customers. The Company currently outsources manufacture service after disposal of BEP in December 2023.

The Company's return policy allows for the return of damaged or defective products and shipment errors. A notice of damage or wrong items should make within five days from receiving the goods, and actual return of the products must be completed within 30 days from the date of receiving the goods. Delayed notification for damaged or wrong products will not be accepted for return or exchange. Custom formulas and capsules are not returnable. The amount for return of products was immaterial for the years ended December 31, 2024 and 2023.

Cost of Revenue

Cost of goods sold ("COGS") consists primarily of finished goods purchased from other manufacturers, material costs, labor costs and related overhead that are directly attributable to the production of the products. Write-down of inventory to lower of cost or net realizable value is also recorded in COGS.

Cost of manufacture service/OEM consists primarily of direct labor costs and related overhead that are directly attributable to the manufacture process. However, the Company has been outsourcing manufacture service since disposal of BEP in December 2023.

Shipping and Handling Costs

Shipping and handling costs related to delivery of finished goods are included in selling expenses. During the years ended December 31, 2024 and 2023, shipping and handling costs from continuing operations were $1,286 and $nil, respectively.

During the years ended December31, 2024 and 2023, shipping and handling costs from discontinued operations were $8,009 and $45,071, respectively.

Advertising

Advertising expenses consist primarily of costs of promotion and marketing for the Company's image and products, and costs of direct advertising, and are included in selling expenses. The Company expenses all advertising costs as incurred. During the years ended December 31, 2024 and 2023, there was no advertising expenses from continuing operations incurred.

During the years ended December31, 2024 and 2023, advertising expenses from discontinued operations were $1,228 and $66,625, respectively.

Fair Value ("FV") of Financial Instruments

Certain of the Company's financial instruments, including cash and equivalents, accrued liabilities and accounts payable, carrying amounts approximate their FV due to their short maturities. FASB ASC Topic 825, "Financial Instruments," requires disclosure of the FV of financial instruments held by the Company. The carrying amounts reported in the balance sheets for current liabilities each qualify as financial instruments and are a reasonable estimate of their FV because of the short period of time between the origination of such instruments and their expected realization and the current market rate of interest.

Fair Value Measurements and Disclosures

ASC Topic 820, "Fair Value Measurements and Disclosures," defines FV, and establishes a three-level valuation hierarchy for disclosures of FV measurement that enhances disclosure requirements for FV measures. The three levels are defined as follow:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to the valuation methodology are unobservable and significant to the FV measurement.

As of December 31, 2024 and 2023, the Company did not identify any assets and liabilities that are required to be presented on the balance sheet at FV. The carrying value of cash, accounts receivable, prepaid expenses, advances to suppliers, accounts payable, taxes payable, other payables and accrued liabilities approximate estimated fair values because of their short maturities.

Share-based Compensation

The Company accounts for share-based compensation awards in accordance with ASC 718, "Compensation – Stock Compensation". The cost of services received from employees and non-employees in exchange for awards of equity instruments is recognized in the consolidated statement of operations based on the estimated fair value of those awards on the grant date and amortized on a straight-line basis over the requisite service period or vesting period. The Company records forfeitures as they occur.

Earnings (Loss) per Share (EPS)

Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS is computed similar to basic net income per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if all the potential common shares pertaining to warrants, stock options, and similar instruments had been issued and if the additional common shares were dilutive. Diluted EPS are based on the assumption that all dilutive convertible shares and stock options and warrants were converted or exercised. Dilution is computed by applying the treasury stock method for the outstanding unvested restricted stock, options and warrants, and the if-converted method for the outstanding convertible instruments. Under the treasury stock method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later) and as if funds obtained thereby were used to purchase common stock at the average market price during the period. Under the if-converted method, outstanding convertible instruments are assumed to be converted into common stock at the beginning of the period (or at the time of issuance, if later). There were no potentially dilutive securities outstanding (options and warrants) for the years ended December 31, 2024 and 2023.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist primarily of accounts and other receivables. The Company does not require collateral or other security to support these receivables. The Company conducts periodic reviews of the financial condition and payment practices of its customers to minimize collection risk on accounts receivable.

For the year ended December 31, 2024, the Company had four major customers accounted for 19.70%, 13.71%, 11.88% and 10.00%, respectively, of the Company's total sales. For the year ended December 31, 2023, one major customer accounted for 17% of the Company's total sales.

For the year ended December 31, 2024, the Company had one major vendor accounted for 100% of the Company's total purchases for the goods sold and one major vendor accounted for 100% of the Company's total manufacturing service. The Company had three major vendors accounted for 24%, 19%, and 14%, respectively, of total purchases during the year ended December 31, 2023.

Segment Reporting

ASC Topic 280, "Segment Reporting," requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's chief operating decision maker organizes segments within the Company for making operating decisions assessing performance and allocating resources. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company.

Management determined the Company's operations constitute a single reportable segment in accordance with ASC 280. The Company operates exclusively in one business and industry segment: manufacture / OEM and sale of health supplement products.

New Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09), which requires disclosure of incremental income tax information within the rate reconciliation and expanded disclosures of income taxes paid, among other disclosure requirements. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company's management does not believe the adoption of ASU 2023-09 will have a material impact on its financial statements and disclosures.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the Company's consolidated financial position, statements of comprehensive income and cash flows.

3. DISCONTINUED OPERATIONS

Disposal of BEP

On December 12, 2023, the Company entered into a Stock Purchase Agreement ("SPA") with Newways, Inc., a California corporation ("Newways") whereby the Company agreed to sell to Newways its wholly owned subsidiary, BEP, in exchange for cash consideration of $300,000. Newways is not a related party of the Company. The transaction was closed on December 31, 2023. The Company recorded $67,451 gain on disposal of the subsidiary, which was the difference between the selling price of $300,000 and the carrying value of the net assets of $232,549 of the disposal entity. The following table summarizes the carrying value of the assets and liabilities of BEP at December 31, 2023.

	AS OF DECEMBER 31, 2023
ASSETS	
CURRENT ASSETS	
Accounts receivable, net	$ 143,164
Other receivables	710,084
Prepaid expenses	7,288
Inventory, net	5,266
Property and equipment, net	208,241
Intangible assets, net	-
TOTAL ASSETS	**$ 1,074,043**
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES	
Bank overdraft	$ 7,806
Accounts payable	27,884
Taxes payable	9,993
Accrued liabilities and other payables	727,657
Accrued interest on government loans	592
Finance lease liabilities	11,003
Loan payables	10,340
Finance lease liabilities	24,643
Loan payables	15,221
Government loans payable	6,355
TOTAL LIABILITIES	**$ 841,494**
Net Assets	**232,549**
Consideration	**300,000**
Gain on disposal	**$ 67,451**

Disposal of BEH

On March 28, 2024, the Company entered into a Stock Purchase Agreement ("SPA") with Health Up Inc., a California corporation ("HUT"), an unrelated party whereby the Company agreed to sell to HUT its wholly owned subsidiary, BEH, in exchange for cash consideration of $400,000. The transaction was closed on April 1, 2024. The Company recorded $377,752 gain on disposal of the subsidiary, which was the difference between the selling price of $400,000 and the carrying value of the net assets of $22,248 of the disposal entity. The following table summarizes the carrying value of the assets and liabilities of BEH at December 31, 2023 and March 31, 2024, respectively.

	AS OF DECEMBER 31, 2023
ASSETS	
CURRENT ASSETS	
Cash and equivalents	$ 114
Accounts receivable, net	35,093
Other receivable	877,749
Prepaid expenses	5,633
Security deposit	41,841
Inventory, net	143,259
Total current assets	1,103,689
NONCURRENT ASSETS	
Property and equipment, net	94,454
ROU, Net	-
Total non-current assets	94,454
Intercompany receivable between BEC and BEH	(161,469)
Intercompany fixed assets sales between BEC and BEH	(62,812)
TOTAL ASSETS	$ 973,862
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES	
Bank overdraft	5,429
Accounts payable	157,475
Taxes payable	6,909
Accrued liabilities and other payables	833,911
Accrued interest on government loans	13,647
Finance lease liabilities	2,660
Loan payables	-
Loan from officer	34,000
Total current liabilities	1,054,031
NONCURRENT LIABILITIES	
Finance lease liabilities	1,381
Operating Lease liability	-
Government loans payable	146,487
Total non-current liabilities	147,868
Intercompany payable between BEC and BEH	(225,010)
TOTAL LIABILITIES	$ 976,889

	AS OF MARCH 31, 2024
ASSETS	
CURRENT ASSETS	
Cash and equivalents	$ 114
Accounts receivable, net	43,164
Other receivables	877,749
Prepaid expenses	52,419
Security deposit	5,364
Inventory, net	184,590
Property and equipment, net	92,274
ROU, Net	112,213
TOTAL ASSETS	$ 1,367,887
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES	
Bank overdraft	$ 2,532
Accounts payable	183,170
Taxes payable	14,515
Accrued liabilities and other payables	841,390
Accrued interest on government loans	13,603
Finance lease liabilities	2,694
Operating lease liability	50,331
Loan from officer	29,000
Finance lease liabilities	695
Operating lease liability	61,996
Government loans payable	145,714
TOTAL LIABILITIES	$ 1,345,640
Net Assets	22,248
Consideration	400,000
Gain on disposal	$ 377,752

The operations of BEP and BEH was accounted for as discontinued operations in the accompanying consolidated financial statements for all periods presented. The following table presents the components of discontinued operations reported in the consolidated statements of operations:

	For the years ended December 31,	
	2024	2023
Revenue, Net	$ 153,865	$ 996,418
Cost of Revenues	76,592	579,941
Gross Profit	77,273	416,477
Operating Expenses	192,652	1,116,480
Loss from Operations	(115,379)	(700,003)
Other Income (Expenses)		
Interest expense	(4,154)	(21,506)
Other income (expenses)	(1,294)	88,383
Total Other Income (Expenses)	(5,448)	66,877
Loss Before Income Taxes	(120,827)	(633,126)
Income Tax Expense	-	1,600
Net Loss from Discontinued Operations	$ (120,827)	$ (634,726)

4. PREPAID EXPENSE AND OTHER RECEIVABLES

As of December 31, 2024 and 2023, prepaid expense and other receivable were $202,238 and $nil, respectively. Other receivables mainly consisted of outstanding receivables from BEH.

5. SECURITY DEPOSIT

As of December 31, 2024, deposit mainly consisted of the office rent deposit of $2,000 (one-year operating lease effective on June 1, 2024). As of December 31, 2023, security deposit mainly consisted of the office rent deposit of $50,000 and gas company deposit of $2,545.

The Company made a security deposit of $50,000 (non-current security deposit) for a lease of BEC that was effective on September 1, 2023. On February 29, 2024, the Management early terminated this lease; as a result, the landlord didn't return the security deposit and expensed during 2024.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment from the company's continuing operations consisted of the following at December 31, 2024 and 2023:

	December31, 2024	December 31, 2023
Leasehold improvements	$ -	$ 3,614
Office furniture and equipment	56,505	56,505
Total	56,505	60,119
Less: accumulated depreciation	(56,505)	(56,431)
Net	$ -	$ 3,688

Depreciation expense for the years ended December 31, 2024 and 2023 from the Company's continuing operations were $911 and $4,558, respectively.

7. INTANGIBLE ASSETS, NET

Intangible assets from the company's continuing operations consisted of the following as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Computer Software	$ 36,928	$ 36,928
Trademark	2,350	2,350
Total	39,278	39,278
Less: accumulated amortization	(38,946)	(38,711)
Net	$ 332	$ 567

Amortization of intangible assets from the company's continuing operations were $235 and $235 for years ended December 31, 2024 and 2023, respectively.

Estimated amortization for the existing intangible assets with finite lives from the company's continuing operations for each of the next five years at December 31, 2024 is as follows: $235, $97, $nil, $nil and $nil.

8. ACCRUED LIABILITIES AND OTHER PAYABLES

As of December 31, 2024, accrued liabilities and other payables from the company's continuing operations consisted of 1) the payables to BEP of $256,741 and payables to BEH of $78,255, and 2) payroll and payroll tax payable of $3,140.

As of December 31, 2023, accrued liabilities and other payables from the company's continuing operations consisted of the payables to BEP and BEH totaling $137,700.

9. GOVERNMENT LOANS PAYABLE

In May and June 2020, BEH, BEP and FDS received total of $215,600 from the Economic Injury Disaster Loan ("EIDL loan") from the SBA after deducting $100 Uniform Commercial Code ("UCC") handling charge and filing fee for each company. This is a low-interest federal disaster loan for working capital to small businesses and non-profit organizations of any size suffering substantial economic injury as a result of the Coronavirus (COVID-19), to help the businesses to meet financial obligations and operating expenses that could have been met had the disaster not occurred. This loan has interest of 3.75% and is not forgivable. The maturity of the loan is 30 years, installment payments including principal and interest of $515 monthly will begin 12 months from the date of the promissory note. On March 4, 2022, The FDS transferred its EIDL loan to BEC due to the dissolution of FDS. The SBA extended the deferment period to allow small businesses and not-for-profits that received EIDL funds do not have to begin payments on the loan until 30 months after the date of the note. Accordingly, the company began to make installment payments in the fourth quarter 2022.

As of December 31, 2024, the future minimum EIDL loan payments from the company's continuing operations to be paid by year are as follows:

Year Ending	Amount
December 31, 2025	$ 1,357
December 1, 2026	1,408
December 31, 2027	1,462
December 31, 2028	1,518
December 31, 2029	1,576
Thereafter	49,160
Total	$ 56,481

10. RELATED PARTY TRANSACTIONS

Loans from Shareholder

As of December 31, 2024, and 2023, the Company held loans from one major shareholder (also the Company's senior officer) for $577,546 and $1,180,046, respectively. As of December 31, 2024 and 2023, the Company held the loan from another major shareholder for $608,631 for settling the litigation. There are no written loan agreements for these loans. These loans are unsecured, non-interest bearing and have no fixed terms of repayment, and therefore, deemed payable on demand. Cash flows from loans from shareholder are classified as cash flows from financing activities.

On May 31, 2023, the Board of Directors of Bio Essence Corp. (the "Company"), approved a debt-to-equity conversion. The Company and Ms. Yan (the Company's Chief Executive Officer also the Company's major shareholder) agreed to a debt conversion whereby Ms. Yan receives 5,000,000 shares of the Company's common stock in exchange for retirement of the $2,500,000 debt. The Board of Directors of the Company executed the Consent Resolution on June 2, 2023. On June 2, 2023, the closing price of the Company's common stocks trading on OTC Market was $0.51 per share. The Company incurred $50,000 loss from this conversion.

11. INCOME TAXES

The Company and its subsidiaries are subject to 21% federal corporate income tax in US.

At December 31, 2024 and 2023, the Company had net operating loss ("NOL") for income tax purposes; for federal income tax purposes, the NOL arising in tax years beginning after 2017 may only reduce 80% of a taxpayer's taxable income, and may be carried forward indefinitely; for California income tax purposes, the entire NOL can be carried forward up to 20 years.

The Company has NOL carry-forwards for Federal and California income tax purposes of $2.35 million and $2.27 million at December 31, 2024 and 2023, respectively. No tax benefit was reported with respect to these NOL carry-forwards in the accompanying consolidated financial statements because the Company believes the realization of the Company's net deferred tax assets for the NOL for both federal and California State of approximately $0.66 million as of December 31, 2024, was not considered more likely than not and accordingly, the potential tax benefits of the net loss carry-forwards are fully offset by a full valuation allowance.

Components of the Company's deferred tax assets from the company's continuing operations as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Net deferred tax assets (liability):		
Depreciation and amortization expense	$ 794	$ 794
Expected income tax benefit from NOL carry-forwards	658,441	635,598
Less: valuation allowance	(659,235)	(636,392)
Deferred tax assets, net of valuation allowance	$ -	$ -

Income Tax Provision in the Statements of Operations

A reconciliation of the consolidated federal statutory income tax rate and the effective income tax rate as a percentage of income before income taxes from the company's continuing operations for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Federal statutory income tax expense (benefit) rate	(21.00)%	(21.00)%
State statutory income tax (benefit) rate, net of effect of state income tax deductible to federal income tax	(6.98)%	(6.98)%
Permanent difference	21.08%	-%
Change in valuation allowance	6.95%	28.38%
Effective income tax rate	0.05%	0.40%

The provision for income tax expense for the continuing operations for the years ended December 31, 2024 and 2023 consisted of the following:

	2024	2023
Income tax expense – current	$ 800	$ 1,600
Income tax benefit – current	-	-
Total income tax expense	$ 800	$ 1,600

12. LEASES

Operating Leases

Effective October 1, 2018, the Company entered a 62.5 month lease for a facility including warehouse and office in the City of Irvine, California, with a security deposit of $41,841. The monthly rent is approximately $16,200 with a 3% increase each year. The lease provided an option to extend at lease maturity for another five-years, with six months prior written notice of lessee's intention to extend the lease. The Company's CEO is the guarantor of this lease. Lessor will have the right to proceed against guarantor following any breach or default by lessee without first proceeding against lessee and without previous notice to or demand upon either lessee or guarantor. At the commence of the lease, the Management intended to use the option to extend 3 more years in the lease term. Lately, the Management decided to let the lease expire without renew on September 30, 2023.

On May 18, 2023, the Company entered a 36-month lease for a facility including warehouse and office in the City of Irvine, California, with a security deposit of $50,000, effective on September 1, 2023. The monthly rent is approximately $47,100 with a 3% increase each year. On February 29, the Management moved out from the facilities and decided to seek early termination of this lease. The $50,000 security deposit was not returned to the Company and the negotiation of early termination is still ongoing as of the reporting date. As of December 31, 2024, the Company recorded the full impairment of ROU asset of $1.05 million and kept $1.46 million lease liabilities associated with this lease in the Company's consolidated financial statements due to uncertainty of the negotiation result with the landlord.

The components of lease costs for continuing operations, lease term and discount rate with respect of warehouse and office lease with an initial term of more than 12 months are as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating lease cost	$ 452,612	$ 255,954
Weighted Average Remaining Lease Term - Operating leases including options to renew	-	-
Weighted Average Discount Rate - Operating leases	5%	5%

13. LOAN PAYABLES

In June 2021, BEP, the discontinued entity entered a loan agreement of $14,549 for purchasing a videojet with interest rate of 14.11% and a term of three-years. In September 2021, BEP entered another loan agreement of $39,218 for purchasing a spectrophotometer workstation with interest rate of 10.26% and a term of five-years. The Company recorded interest expense of $3,524 during the year ended December 31, 2023. The loan was disposed as a result of disposal of BEP on December 31, 2023.

14. SUBSEQUENT EVENTS

The Company follows the guidance in FASB ASC 855-10 for the disclosure of subsequent events. The Company evaluated subsequent events through the date the financial statements were issued and determined the Company did not have any material subsequent event.