

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

Porter Holding International, Inc.

CIK: **1605810** | IRS No.: **421777496** | State of Incorporation: **NV** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **333-196336** | Film No.: **201338705**
SIC: **5810** Eating & drinking places

| Mailing Address | Business Address |
|---|--|
| 36TH FL, SHENZHEN DEV. CTR., 2010 S RENMIN RD., LUOHU DIST. SHENZHEN, GUANGDONG F4 518004 | 36TH FL, SHENZHEN DEV. CTR., 2010 S RENMIN RD., LUOHU DIST. SHENZHEN, GUANGDONG F4 518004 86-755-22230580 |

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **September 30, 2020**

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

For the transition period from _____ to _____

Commission File Number: 333-196336

PORTER HOLDING INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State or other jurisdiction of incorporation or organization)

42-1777496

(I.R.S. Employer Identification No.)

**36th Floor, Shenzhen Development Center, #2010, Renmin South Road
Luohu District, Shenzhen, Guangdong, China, 518001**

(Address of principal executive offices, Zip Code)

+86-755-22230666

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| N/A | N/A | N/A |

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

Smaller reporting 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of each of the issuer's classes of common stock, as of November 20, 2020 is as follows:

| Class of Securities | Shares Outstanding |
|---------------------------------|---------------------------|
| Common Stock, \$0.001 par value | 508,110,000 |

PORTER HOLDING INTERNATIONAL, INC.

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

PORTER HOLDING INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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PORTER HOLDING INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In U.S. dollars)

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|--|-------------------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 34,621 | \$ 224,733 |
| Accounts receivable, net of \$307,416 and \$3,065 allowance for doubtful accounts as of September 30, 2020 and December 31, 2019, respectively | 591,397 | 1,079,316 |
| Due from shareholders | 306,130 | - |
| Prepayments and other receivables | 57,458 | 94,161 |
| Total current assets | <u>989,606</u> | <u>1,398,210</u> |
| NON-CURRENT ASSETS | | |
| Long-term rental deposits | 37,088 | 63,946 |
| Long-term prepayments | 5,938 | 5,589 |
| Equipment, net | 39,381 | 49,936 |
| Intangible assets, net | 24,400 | 257,141 |
| Operating lease right-of-use assets | 611,613 | 891,733 |
| Goodwill | - | 34,297 |
| Total non-current assets | <u>718,420</u> | <u>1,302,642</u> |
| TOTAL ASSETS | <u>\$ 1,708,026</u> | <u>\$ 2,700,852</u> |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 131,873 | \$ 134,798 |
| Accruals and other payables | 491,898 | 120,692 |
| Deferred revenue | 346,123 | 288,330 |
| Taxes payable | 91,852 | 134,405 |
| Amounts due to shareholders | 1,904,212 | 1,433,151 |
| Amounts due to related parties | - | 1,106 |
| Operating lease liabilities – current | 248,403 | 323,403 |
| Total current liabilities | <u>3,214,361</u> | <u>2,435,885</u> |
| NON-CURRENT LIABILITIES | | |
| Operating lease liabilities - non-current | <u>387,599</u> | <u>604,597</u> |
| TOTAL LIABILITIES | <u>3,601,960</u> | <u>3,040,482</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' DEFICIT | | |
| Common stock, par value \$0.001 per share; 750,000,000 shares authorized, 508,110,000 shares issued and outstanding as of September 30, 2020 and December 31, 2019 | 508,110 | 508,110 |
| Additional paid-in capital | 1,128,241 | 1,077,986 |
| Accumulated deficit | (3,642,863) | (2,200,932) |
| Accumulated other comprehensive income | 36,185 | 92,800 |
| Total Porter Holding International, Inc. stockholders' deficit | <u>(1,970,327)</u> | <u>(522,036)</u> |
| Non-controlling interests | <u>76,393</u> | <u>182,406</u> |

| | | |
|--|---------------------|---------------------|
| Total stockholders' deficit | <u>(1,893,934)</u> | <u>(339,630)</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | <u>\$ 1,708,026</u> | <u>\$ 2,700,852</u> |

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

PORTER HOLDING INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS
(Unaudited)
(In U.S. dollars)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| REVENUE, NET | \$ 58,794 | \$ 367,553 | \$ 529,727 | \$ 2,061,992 |
| COST OF REVENUE | (11,570) | (243,240) | (391,374) | (1,042,658) |
| GROSS PROFIT | 47,224 | 124,313 | 138,353 | 1,019,334 |
| TOTAL OPERATING EXPENSES | (604,678) | (455,244) | (1,631,213) | (1,618,336) |
| LOSS FROM OPERATIONS | (557,454) | (330,931) | (1,492,860) | (599,002) |
| TOTAL OTHER INCOME, NET | 6,927 | 31,822 | 28,226 | 39,405 |
| NET LOSS BEFORE TAXES | (550,527) | (299,109) | (1,464,634) | (559,597) |
| Income tax benefit (expense) | - | 1,968 | - | (43,762) |
| NET LOSS | (550,527) | (297,141) | (1,464,634) | (603,359) |
| Less: Net (loss) income attributable to non-controlling interests | (3,175) | 44 | (22,703) | 3360 |
| Net loss attributable to Porter Holding International, Inc. common stockholders | <u>(547,352)</u> | <u>(297,185)</u> | <u>(1,441,931)</u> | <u>(606,719)</u> |
| Other comprehensive (loss) income | | | | |
| Foreign currency translation (loss) income | (70,173) | 41,242 | (55,204) | 46,102 |
| Total Comprehensive loss | (620,700) | (255,899) | (1,519,838) | (557,257) |
| Less: comprehensive income (loss) attributable to non-controlling interests | 812 | (2,262) | (21,292) | 1,100 |
| Comprehensive loss attributable to Porter Holding International, Inc. common stockholders | <u>\$ (621,512)</u> | <u>\$ (253,637)</u> | <u>\$ (1,498,546)</u> | <u>\$ (558,357)</u> |
| Basic and diluted loss per share | <u>\$ -*</u> | <u>\$ -*</u> | <u>\$ -*</u> | <u>\$ -*</u> |
| Weighted average number of common shares outstanding - basic and diluted | <u>508,110,000</u> | <u>508,110,000</u> | <u>508,110,000</u> | <u>508,110,000</u> |

* Less than \$0.01 per share

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

PORTER HOLDING INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 and 2019
(Unaudited)
(In U.S. dollars)

| | Common stock | | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Non- controlling interests | Total |
|---|---------------------|-------------------|----------------------------------|------------------------|--|----------------------------------|----------------------|
| | Number of shares | Amount | | | | | |
| Balance at December 31, 2019 | 508,110,000 | \$ 508,110 | \$1,077,986 | \$ (2,200,932) | \$ 92,800 | \$ 182,406 | \$ (339,630) |
| Net loss | - | - | - | (552,067) | - | (2,697) | (554,764) |
| Foreign currency translation adjustment | - | - | - | - | 23,030 | (3,027) | 20,003 |
| Balance at March 31, 2020 | 508,110,000 | \$ 508,110 | \$1,077,986 | \$ (2,752,999) | \$ 115,830 | \$ 176,682 | \$ (874,391) |
| Net loss | - | - | - | (342,512) | - | (16,831) | (359,343) |
| Foreign currency translation adjustment | - | - | - | - | (5,485) | 451 | (5,034) |
| Balance at June 30, 2020 | 508,110,000 | \$ 508,110 | \$1,077,986 | \$ (3,095,511) | \$ 110,345 | \$ 160,302 | \$(1,238,768) |
| Sales of subsidiary shares to non- controlling interests | - | - | 50,255 | - | - | 21,247 | 71,502 |
| Disposal of a subsidiary | - | - | - | - | - | (105,968) | (105,968) |
| Net loss | - | - | - | (547,352) | - | (3,175) | (550,527) |
| Foreign currency translation adjustment | - | - | - | - | (74,160) | 3,987 | (70,173) |
| Balance at September 30, 2020 | <u>508,110,000</u> | <u>\$ 508,110</u> | <u>\$1,128,241</u> | <u>\$ (3,642,863)</u> | <u>\$ 36,185</u> | <u>\$ 76,393</u> | <u>\$(1,893,934)</u> |

PORTER HOLDING INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 and 2019
(Unaudited)
(In U.S. dollars)

| | Common stock | | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income (loss) | Non- controlling interests | Total Deficit |
|--|---------------------|-------------------|----------------------------------|------------------------|--|----------------------------------|----------------------|
| | Number of shares | Amount | | | | | |
| Balance at December 31, 2018 | 508,110,000 | \$ 508,110 | \$ 400,561 | \$ (1,626,596) | \$ 93,674 | \$ 55,817 | \$ (568,434) |
| Net (loss) income | - | - | - | (369,415) | - | 8,229 | (361,186) |
| Capital contribution | - | - | 125,353 | - | - | - | 125,353 |
| Foreign currency translation adjustment | - | - | - | - | (16,122) | 1,408 | (14,714) |
| Balance at March 31, 2019 | 508,110,000 | \$ 508,110 | \$ 525,914 | \$ (1,996,011) | \$ 77,552 | \$ 65,454 | \$ (818,981) |
| Net income (loss) | - | - | - | 59,881 | - | (4,913) | 54,968 |
| Foreign currency translation adjustment | - | - | - | - | 20,936 | (1,362) | 19,574 |
| Balance at June 30, 2019 | 508,110,000 | \$ 508,110 | \$ 525,914 | \$ (1,936,130) | \$ 98,488 | \$ 59,179 | \$ (744,439) |
| Net income (loss) | - | - | - | (297,185) | - | 44 | (297,141) |
| Foreign currency translation adjustment | - | - | - | - | 43,548 | (2,306) | 41,242 |
| Balance at September 30, 2019 | <u>508,110,000</u> | <u>\$ 508,110</u> | <u>\$ 525,914</u> | <u>\$ (2,233,315)</u> | <u>\$ 142,036</u> | <u>\$ 56,917</u> | <u>\$(1,000,338)</u> |

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

PORTER HOLDING INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In U.S. dollars)

| | Nine Months Ended September 30, | |
|---|--|---------------------|
| | 2020 | 2019 |
| Cash flows from operating activities | | |
| Net loss | \$ (1,464,634) | \$ (603,359) |
| Adjustments to reconcile net loss to cash used in operating activities: | | |
| Impairment on goodwill | 34,145 | - |
| Impairment on intangible asset | 17,791 | - |
| Gain on disposal of a subsidiary | (4,730) | - |
| Depreciation and amortization | 32,406 | 19,771 |
| Gain on disposal of property, plant and equipment | - | (50) |
| Amortization of operating lease right-of-use assets | 214,035 | 158,538 |
| Bad debt expense | 498,018 | 16,090 |
| Changes in assets and liabilities | | |
| Accounts receivable | 1,675 | (326,789) |
| Prepayments and other receivables | (645) | (543,046) |
| Operating lease liabilities | (221,963) | (165,960) |
| Accounts payable | (6,160) | 35,926 |
| Accruals and other payable | 125,212 | 166,934 |
| Deferred revenue | 63,361 | 136,190 |
| Tax payable | (44,614) | 21,657 |
| Net cash used in operating activities | <u>(756,103)</u> | <u>(1,084,098)</u> |
| Cash flows from investing activities | | |
| Purchase of equipment | (3,548) | (1,548) |
| Purchase of intangible asset | (20,021) | - |
| Proceeds from disposal of investments | 90,207 | - |
| Cash acquired through business combination | - | 4,963 |
| Net cash provided by investing activities | <u>66,638</u> | <u>3,415</u> |
| Cash flows from financing activities | | |
| Sales of subsidiary shares to non-controlling interests | 71,502 | - |
| Advances from related parties | - | 301,625 |
| Repayment to related parties | - | (293,873) |
| Advances from shareholders | 3,243,880 | 6,116,491 |
| Repayment to shareholders | (2,760,900) | (5,405,862) |
| Net cash provided by financing activities | <u>554,482</u> | <u>718,381</u> |
| Effect of exchange rates on cash | <u>(55,129)</u> | <u>(99,047)</u> |
| Net decrease in cash | <u>(190,112)</u> | <u>(461,349)</u> |
| Cash at beginning of period | <u>224,733</u> | <u>728,121</u> |
| Cash at end of period | <u>\$ 34,621</u> | <u>\$ 266,772</u> |
| Supplemental of cash flow information | | |
| Cash paid for interest expenses | <u>\$ -</u> | <u>\$ -</u> |
| Cash paid for income tax | <u>\$ -</u> | <u>\$ -</u> |
| Non-cash financing activities: | | |
| Operating lease asset obtained in exchange for operating lease obligation | <u>\$ -</u> | <u>\$ 1,184,455</u> |
| Capital contribution | <u>\$ -</u> | <u>\$ 125,353</u> |

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



PORTER HOLDING INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In U.S. dollars)

1. ORGANIZATION AND BUSINESS

Porter Holding International, Inc. (formerly known as Uni Line Corp., “ULNV” or the “Company”) was incorporated in the State of Nevada on September 5, 2013.

As of September 30, 2020, the Company has subsidiaries incorporated in countries and jurisdictions including the People’s Republic of China (“PRC”), Hong Kong, and Seychelles. As of December 31, 2019, the Company also effectively controls a number of variable interest entities (“VIEs”) through the Primary Beneficiaries, as defined below. The VIEs include:

- (a) Shenzhen Porter Warehouse E-Commerce Co. Ltd. (“Porter E-Commerce”);
- (b) Shenzhen Porter Shops Lot Technology Co., Ltd. (formerly named Shenzhen Yihuilian Information Consulting Co. Ltd.) (“Porter Consulting”); and
- (c) Shenzhen Porter Commercial Perspective Network Co. Ltd. (“Porter Commercial”).

As a result of the above contractual arrangements, or the Contractual Arrangements, PGL has substantial control over the VIE Entities’ daily operations and financial affairs, election of their senior executives and all matters requiring shareholder approval. Furthermore, as the primary beneficiary of the VIE Entities, the Company is entitled to consolidate the financial results of the VIE Entities in its own consolidated financial statements under Financial Accounting Standards Board Accounting Standard Codification (“ASC”) Topic 810 and related subtopics related to the consolidation of variable interest entities, or ASC Topic 810.

In August 2019, Porter E-Commerce acquired 60% of the equity interest in Shenzhen Qianhai Maihuolang E-commerce Co., Ltd. (“Maihuolang E-commerce”), which is engaged in the business of online E-commerce (See Note 3 – Business combinations). In October 2019, the shareholders of Maihuolang E-commerce resolved that the registered capital from RMB 5,000,000 (\$718,205) to RMB 5,263,157 (\$756,005), and such increase in registered capital would be contributed by the non-controlling interest shareholder. Consequently, the equity interest in Maihuolang E-commerce owned by the Company was changed to 57%. On July 15, 2020, Porter E-Commerce entered into an Equity Transfer Agreement (the “Agreement”) with Mr. Kezhan Ma, whereby Porter E-Commerce transferred its 57% equity interests in Maihuolang E-Commerce to Mr. Kezhan Ma, for cash consideration of RMB 650,000 (approximately \$95,735) which amount is received on July 27, 2020. The Company did not report the operation of Maihuolang E-commerce as discontinued operation as the sale did not represent a strategic shift that would have a major effect on the Company’s operations and financial results. An impairment loss of \$51,936 and a disposal gain of \$4,730 were recognized.

In July 2020, the shareholders of Porter Consulting resolved that the registered capital from RMB 1,000,000 (\$147,284) to RMB 1,176,470 (\$173,275), and such increase in registered capital would be contributed by the non-controlling interest shareholder. Consequently, the equity interest in Porter Consulting owned by the Company was changed to 85%. Besides, Porter Consulting change from Shenzhen Yihuilian Information Consulting Co. Ltd. to Shenzhen Porter Shops Lot Technology Co., Ltd.

The Company and its subsidiaries and VIE entities (collectively referred to as the “Company”) focus its business as an innovative O2O (Online to Offline) business platform operator covering both online E-commerce and offline commercial chain entity of three dimensional synchronous operation together with integrated comprehensive services for merchant clients, service income from organizing and delivering an event and forum, and third-party payment service. The Company provides investment and corporate management consulting services to its clients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States of America generally accepted accounting principles (“U.S. GAAP”). The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries and its variable interest entities. All significant inter-company transactions and balances have been eliminated in consolidation.

PORTER HOLDING INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In U.S. dollars)

The interim unaudited condensed consolidated financial information as of September 30, 2020 and December 31, 2019, and for the three and nine months periods ended September 30, 2020 and 2019 have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures, which are normally included in consolidated financial statements prepared in accordance with U.S. GAAP have not been included. The interim unaudited condensed consolidated financial information should be read in conjunction with the Consolidated Financial Statements and the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, previously filed with the SEC on May 1, 2020.

In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these unaudited condensed consolidated financial statements, which are of a normal and recurring nature, have been included. The results reported in the condensed consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year.

Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern.

As of September 30, 2020, the Company had working capital deficiency of \$2,224,755 as compared to working capital deficiency of \$1,037,675 as of December 31, 2019.

Net cash used in operating activities for the nine months ended September 30, 2020 was \$756,103 as compared to \$1,084,098 for the nine months ended September 30, 2019. The decrease in net cash used in operating activities for the nine months ended September 30, 2020 was primarily due to a decrease in accounts receivable, and prepayment and other receivables in the period.

Net cash provided by investing activities for the nine months ended September 30, 2020 was \$66,638 as compared to \$3,415 for the nine months ended September 30, 2019. The cash provided by investing activities for the nine months ended September 30, 2020 are mainly from proceeds from disposal of investments.

Historically, the Company financed its operations through loans from shareholders. The Company’s actions to improve operation efficiency, cost reduction, and develop core cash-generating business include the following: seeking advances from the major shareholders, pursuing additional public and/or private issuance of securities, and looking for strategic business partners to optimize its operations.

The Company has considered whether there is substantial doubt about its ability to continue as a going concern due to (1) its recurring losses from operations, including approximately \$1,441,931 net loss attributable to the Company’s stockholders for the nine months ended September 30, 2020, (2) its accumulated deficit of approximately \$3,642,863 as of September 30, 2020 and (3) the fact that the Company had negative operating cash flows of approximately \$756,103 for the nine months ended September 30, 2020.

In evaluating if there is substantial doubt about its ability to continue as a going concern, the Company is trying to alleviate the going concern risk through (1) increasing cash generated from operations by controlling operating expenses and expanding more revenue streams, (2) loans from existing directors and shareholders, and (3) equity or debt financing. The Company has certain plans to mitigate these adverse conditions and to increase the liquidity of the Company.

On an on-going basis, the Company also received and will continue to receive financial support commitments from the Company’s related parties.

The Company’s cash balance as of September 30, 2020 will not be sufficient to support its operations for the next 12 months after the date that the financial statements issued. The Company has several actions to implement as mentioned above. However, if the Company is unable to obtain the necessary additional capital on a timely basis and on acceptable terms, the Company will be unable to implement its current plans for expansion, repay debt obligations or respond to competitive market pressures, which will have negative influence upon its business, prospects, financial condition and results of operations.

PORTER HOLDING INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In U.S. dollars)

The negative operating results of cash flow and working capital in the nine months ended September 30, 2020 raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued operations are highly dependent upon its ability to increase revenues and if needed complete equity and/or debt financing.

The Company believes if it is unable to obtain its resources to fund operations, it may be required to delay, scale back or eliminate some or all of its planned operations, which may have a material adverse effect on its business, results of operations and ability to operate as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, workforces, customers, and created significant volatility and disruption of financial markets. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's services and harm its business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on its business or results of operations at this time.

These unaudited condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

As of September 30, 2020, the Company's cash balance was \$34,621 and its current liabilities exceed current assets by \$2,224,755 which together with continued losses from operations raises substantial doubt about its ability to continue as a going concern. The Company's operating results for future periods are subject to uncertainties and it is uncertain if the management will be able to achieve profitability and continued growth for the foreseeable future. If the management is not able to increase revenue and manage operating expenses in line with revenue forecasts, the Company may not be able to achieve profitability.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements requires management of the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an on-going basis, the Company evaluates its estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Identified below are the accounting policies that reflect the Company's most significant estimates and judgments, and those that the Company believes are the most critical to fully understanding and evaluating its condensed consolidated financial statements.

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business slowdowns or shutdowns, depress demand for the Company's business, and adversely impact its results of operations. During the three months ended September 30, 2020, the Company faced increasing uncertainties around its estimates of revenue collectability and accounts receivable credit losses. The Company expects uncertainties around its key accounting estimates to continue to evolve depending on the duration and degree of impact associated with the COVID-19 pandemic. Its estimates may change as new events occur and additional information emerges, and such changes are recognized or disclosed in its unaudited condensed consolidated financial statements.

VIE Consolidation

The Company's VIEs with the exception of Weifang Portercity, are wholly owned by Mr. Zonghua Chen and Ms. Xiaomei Xiong as nominee shareholders. For the consolidated VIEs, management made evaluations of the relationships between the Company and the VIEs and the economic benefit flow of contractual arrangements with the VIEs. In connection with such evaluation, management also took into account the fact that, as a result of such contractual arrangements, the Company controls the shareholders' voting interests in these VIEs. As a result of such evaluation, management concluded that the Company is the primary beneficiary of its consolidated VIEs.

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PRC laws and regulations prohibit or restrict foreign ownership of companies that operate Internet information and content, Internet access, online games, mobile, value added telecommunications and certain other businesses in which the Company is engaged or could be deemed to be engaged. Consequently, the Company conducts certain of its operations and businesses in the PRC through its VIEs. The Company consolidates all of the VIEs of which the Company is the primary beneficiary.

The following financial information of the Company's consolidated VIEs (including subsidiary of VIEs) is included in the accompanying condensed consolidated financial statements:

| | <u>September 30,</u> <u>2020</u> | <u>December 31,</u> <u>2019</u> |
|--|-------------------------------------|------------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 23,428 | \$ 203,037 |
| Accounts receivable, net | 561,022 | 1,021,078 |
| Prepayments and other receivables | 57,320 | 94,116 |
| Due from shareholders | 418,985 | - |
| Amount due from the Company and its non-VIE subsidiaries (1) | 386,704 | 205,856 |
| Total current assets | <u>1,447,459</u> | <u>1,524,087</u> |
| NON-CURRENT ASSETS | | |
| Long term rental deposit | 37,088 | 63,946 |
| Long term prepayment | 5,938 | 5,589 |
| Equipment, net | 38,291 | 48,566 |
| Intangible assets, net | 24,400 | 257,141 |
| Operating lease right-of-use assets | 611,613 | 891,733 |
| Goodwill | - | 34,297 |
| Total non-current assets | <u>717,330</u> | <u>1,301,272</u> |
| TOTAL ASSETS | <u>\$ 2,164,789</u> | <u>\$ 2,825,359</u> |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 131,873 | \$ 134,798 |
| Accruals and other payables | 469,837 | 99,836 |
| Deferred revenue | 346,123 | 288,330 |
| Tax payable | 91,852 | 134,394 |
| Amounts due to shareholders of the Company | 2,156,078 | 1,618,720 |
| Operating lease liability - current | 248,403 | 323,403 |
| Total current liabilities | <u>3,444,166</u> | <u>2,599,481</u> |
| NON-CURRENT LIABILITIES | | |
| Operating lease liability - non-current | 387,599 | 604,597 |
| TOTAL LIABILITIES | <u>\$ 3,831,765</u> | <u>\$ 3,204,078</u> |

(1) Amount due from the Company and its non-VIE subsidiaries consists of intercompany from other non-VIE subsidiaries within the Company.

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| | Three months ended September 30, | | Nine months ended September 30, | |
|-------------|-------------------------------------|--------------|------------------------------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| Net revenue | \$ 30,453 | \$ 367,362 | \$ 451,367 | \$ 1,721,893 |
| Net loss | \$ (477,129) | \$ (228,611) | \$ (1,184,321) | \$ (699,163) |

| | Nine months ended September 30, | |
|---|------------------------------------|--------------|
| | 2020 | 2019 |
| Net cash used in operating activities | \$ (509,188) | \$ (942,578) |
| Net cash provided by investing activities | 66,638 | 3,415 |
| Net cash provided by financing activities | 263,160 | 670,003 |

Revenue Recognition

The Company recognizes revenues when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company recognizes revenues following the five step model prescribed under Accounting Standards Update (“ASU”) No. 2014-09: (i) identify contract(s) with a customer: Due to impact of COVID-19, the Company, starting from first quarter of 2020, determines to receive cash prior to performing investment and corporate management consulting services in order to ensure probable collection of consideration and hence existence of a contract; (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) the Company satisfies the performance obligation.

Revenues are recognized when control of the promised goods or services is transferred to the customers, which may occur at a point in time or over time depending on the terms and conditions of the agreement, in an amount that reflects the consideration the Company expect to be entitled to in exchange for those goods or services.

The Company via Porter Consulting earns commissions of \$11,087 and \$34,682 for the three and nine months ended September 30, 2020 respectively, primarily from a third-party payment service provider when China UnionPay card transactions are completed and settled. Commissions of \$19,801 and \$67,902 for the three and nine months ended September 30, 2019 respectively. Revenue related to commissions is recognized in the statement of operation at the time when the underlying transaction is completed.

The third-party payment provider is a China UnionPay card acquiring institution and earns processing fees from China UnionPay card transactions. The Company’s performance obligation is to promote, via Porter Consulting, the payment service of the third-party payment service provider to merchants in Shenzhen, for which the Company shares a portion of the processing fees earned by the third-party payment service provider from China UnionPay, as commission.

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

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

Phase II consulting services primarily include reorganization, pre-listing education and tutoring, talent search, legal and audit firm recommendation and coordination, VIE contracts and other public-listing related documents review, merger and acquisition planning, investor referral and pre-listing equity financing source identification and recommendation, independent directors and audit committee candidates recommendation; shell company identification and recommendation for customers expecting to become

publicly listed through reverse merger transaction; etc. Management estimates that Phase II normally takes about five months to complete based its past experiences.

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Phase III consulting services primarily include assistance in preparation of customers' registration statement under IPO transactions or Form 8-K under reverse merger transactions; assistance in answering comments and questions received from regulatory agencies etc. Management believes it is very difficult to estimate the timing of this phase of service as the completion of Phase III services is not within the Company's control.

Under ASC Topic 606, in order to recognize revenue, the Company is required to identify an approved contract with commitments to perform respective obligations, identify rights of each party in the transaction regarding goods to be transferred, identify the payment terms for the goods transferred, verify that the contract has commercial substance and verify that collection of substantially all consideration is probable. Each phase of consulting services is standalone and fees associated with each phase are usually clearly identified in service agreements. Revenue from providing Phase I and Phase II consulting services to customers is recognized based on the output methods, including surveys of performance completed to date or milestones reached of each phase only when the Company has an enforceable right to payment for performance completed to date. Otherwise, such revenue is recognized at a point in time when services are delivered and accepted by customers. Revenue from providing Phase III consulting services to customers is recognized upon completion of reverse merger transaction or IPO transaction, which is evidenced by filing of 8-K for reverse merger transaction or receipt of effective notice from regulatory agencies for IPO transaction. Revenue that has been billed and not yet recognized is reflected as deferred revenue on the condensed consolidated balance sheets.

Depending on the complexity of the underlying service arrangement and related terms and conditions, significant judgments, assumptions and estimates may be required to determine when substantial delivery of contract elements has occurred, whether any significant ongoing obligations exist subsequent to contract execution, whether amounts due are collectible and the appropriate period or periods in which, or during which, the completion of the earnings process occurs. Depending on the magnitude of specific revenue arrangements, adjustment may be made to the judgments, assumptions and estimates regarding contracts executed in any specific period. Service income from consulting services, totaled \$nil and \$306,286 for the three and nine months ended September 30, 2020, is recognized when the service is performed. Service income from consulting services, totaled \$329,000 and \$1,590,010 for the three and nine months ended September 30, 2019.

Regarding the trading business, the Company evaluates whether it is appropriate to record the gross amount of product sales and related costs or the net amount as commissions in accordance with ASC 606. When the Company is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenues should be recorded on a gross basis. When the Company is not the primary obligor, does not bear the inventory risk and does not have the ability to establish the price, revenues are recorded on a net basis. The Company determined that it is not the primary obligor in its trading business. For the three and nine months ended September 30, 2020, the Company recognized a net revenue of \$nil and \$11,928, when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. For the three and nine months ended September 30, 2019, the Company recognized a net revenue of \$18 and \$31,684.

Starting from the first quarter of 2019, the Company, via PPBGL, Maihuolang E-commerce and Porter Commercial, provides various training services to its clients, primarily related to e-commerce platform operation, expansion of channels and promotion strategy, and capital market operation, via live and online sessions. Under ASC Topic 606, in order to recognize revenue, the Company is required to identify an approved contract with commitments to perform respective obligations, identify rights of each party in the transaction regarding goods to be transferred, identify the payment terms for the goods transferred, verify that the contract has commercial substance and verify that collection of substantially all consideration is probable. The fees associated with the course of training sessions are clearly identified in service agreements. Training service revenue is recognized at the time when the training sessions stipulated in the contract are completed. The Company recognized \$42,447 and \$132,090 for the three and nine months ended September 30, 2020. The Company recognized \$173 and \$308,416 for the three and nine months ended September 30, 2019.

Practical expedients and exemption

The company has not incurred any costs to obtain contracts, and does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

Other service income is earned when services have been rendered.

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Revenue by major product line

| | For Three Months Ended | | For Nine Months Ended | |
|---|-------------------------------|-------------------|------------------------------|---------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Investment and corporate management consulting services | \$ - | \$ 329,000 | \$ 306,286 | \$ 1,590,010 |
| Training service | 42,447 | 173 | 132,090 | 308,416 |
| Third-party payment service | 11,087 | 19,801 | 34,682 | 67,902 |
| Trading business | - | 18 | 11,928 | 31,684 |
| Others | 5,260 | 18,561 | 44,741 | 63,980 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

Revenue by recognition over time vs point in time

| | For Three Months Ended | | For Nine Months Ended | |
|---|-------------------------------|-------------------|------------------------------|---------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenue by recognition over time | \$ - | \$ 329,000 | \$ 306,286 | \$ 1,590,010 |
| Revenue by recognition at a point in time | 58,794 | 38,553 | 223,441 | 471,982 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

Revenue by gross vs net

| | For Three Months Ended | | For Nine Months Ended | |
|------------------|-------------------------------|-------------------|------------------------------|---------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenue by gross | \$ 58,794 | \$ 367,535 | \$ 517,799 | \$ 2,030,308 |
| Revenue by net | - | 18 | 11,928 | 31,684 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

Foreign Currency and Foreign Currency Translation

The functional currency of the Company and PGL is the United States dollar (“US dollar”). The functional currency of the PPBGL is the Hong Kong dollar. The Company’s subsidiary and VIEs with operations in PRC uses the local currency, the Chinese Yuan (“RMB”), as their functional currencies. An entity’s functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which the entity primarily generates and expends cash. Management’s judgment is essential to determine the functional currency by assessing various indicators, such as cash flows, sales price and market, expenses, financing and inter-company transactions and arrangements.

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Foreign currency transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-measured at the applicable rates of exchange in effect at that date. Gains and losses resulting from foreign currency re-measurement are included in the statements of comprehensive loss.

The condensed consolidated financial statements are presented in U.S. dollars. Assets and liabilities are translated into U.S. dollars at the current exchange rate in effect at the balance sheet date, and revenues and expenses are translated at the average of the exchange rates in effect during the reporting period. Stockholders' equity accounts are translated using the historical exchange rates at the date the entry to stockholders' equity was recorded, except for the change in retained earnings during the period, which is translated using the historical exchange rates used to translate each period's statement of operation. Differences resulting from translating functional currencies to the reporting currency are recorded in accumulated other comprehensive income in the condensed consolidated balance sheets.

Translation of amounts from RMB into U.S. dollars has been made at the following exchange rates:

| | | |
|---|------------------|------------------|
| Balance sheet items, except for equity accounts | | |
| September 30, 2020 | RMB6.7896 to \$1 | HKD7.7500 to \$1 |
| December 31, 2019 | RMB6.9618 to \$1 | HKD7.7894 to \$1 |
| Income statement and cash flows items | | |
| For the nine-month period ended September 30, 2020 | RMB6.9928 to \$1 | HKD7.7573 to \$1 |
| For the nine-month period ended September 30, 2019 | RMB6.8628 to \$1 | HKD7.8384 to \$1 |
| For the three-month period ended September 30, 2020 | RMB6.9153 to \$1 | HKD7.7504 to \$1 |
| For the three-month period ended September 30, 2019 | RMB7.0150 to \$1 | HKD7.8300 to \$1 |

Net loss per share of common stock

The Company has adopted ASC Topic 260, "Earnings per Share," ("EPS") which requires presentation of basic EPS on the face of the statement of operation for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation. In the accompanying condensed consolidated financial statements, basic earnings (loss) per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period.

| | Three Months Ended September | | Nine Months Ended September | |
|--|------------------------------|--------------|-----------------------------|--------------|
| | 30, 2020 | 2019 | 30, 2020 | 2019 |
| Net loss attributable to Porter Holding International, Inc. | \$ (547,352) | \$ (297,185) | \$ (1,441,931) | \$ (606,719) |
| Weighted average number of common shares outstanding - basic and diluted | 508,110,000 | 508,110,000 | 508,110,000 | 508,110,000 |
| Basic and diluted loss per share | \$ - | \$ - | \$ - | \$ - |

The Company has no potentially dilutive securities, such as options or warrants, currently issued and outstanding.

Segments

The Company evaluates a reporting unit by first identifying its operating segments, and then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meets the definition of a business, the Company evaluates those components to determine if they must be aggregated into one

or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated. The Company has only one major reportable segment in the periods presented.

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Fair Value of Financial Instruments

U.S. GAAP establishes a three-tier hierarchy to prioritize the inputs used in the valuation methodologies in measuring the fair value of financial instruments. This hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three-tier fair value hierarchy is:

Level 1 – observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – include other inputs that are directly or indirectly observable in the market place.

Level 3 – unobservable inputs which are supported by little or no market activity.

The carrying value of the Company's financial instruments, including cash, accounts and other receivables, other current assets, accounts and other payables, and other short-term liabilities approximate their fair value due to their short maturities.

In accordance with ASC 825, for investments in financial instruments with a variable interest rate indexed to performance of underlying assets, the Company elected the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the accompanying condensed consolidated statements of operations and comprehensive loss as other income (expense). To estimate fair value, the Company refers to the quoted rate of return provided by banks at the end of each period using the discounted cash flow method. The Company classifies the valuation techniques that use these inputs as Level 2 of fair value measurements.

As of September 30, 2020 and December 31, 2019, the Company had no investments in financial instruments.

Goodwill

The Company allocates goodwill from business combinations to reporting units based on the expectation that the reporting unit is to benefit from the business combination. The Company evaluates its reporting units on an annual basis and, if necessary, reassigns goodwill using a relative fair value allocation approach. Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

Application of the goodwill impairment test requires judgments, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and the determination of the fair value of each reporting unit. The Company first assesses qualitative factors to determine whether it is more likely than not that goodwill is impaired. If the more likely than not threshold is met, the Company performs a quantitative impairment test.

As of September 30, 2020 and December 31, 2019, the Company performed goodwill impairment testing. Base on the impairment test result per the fact that the considerations to be received for the disposal of 57% ownership of Maihuolang E-Commerce in July 2020 was lower than the related net carrying value, the Company fully impaired the goodwill of \$34,145 as of September 30, 2020.

Impairment for long-lived assets

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

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As of September 30, 2020 and December 31, 2019, \$17,791 and \$nil of impairment of intangible assets was recognized, respectively. Since the considerations to be received for the disposal of 57% ownership of Maihuolang E-Commerce in July 2020 was lower than the related net carrying value, impairment was made to the intangible assets, on top of the full impairment of goodwill.

Apart from intangible assets, the Company recognized no impairment loss for other long-lived assets as of September 30, 2020 and December 31, 2019.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Operating lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the operating lease, the Company generally uses an incremental borrowing rate based on information available at the commencement date to determine the present value of future lease payments. Operating lease right-of-use (“ROU assets”) assets represent the Company’s right to control the use of an identified asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets are generally recognized based on the amount of the initial measurement of the lease liability. The lease has remaining lease term of approximately four years. Lease expense 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 nonfinancial assets.

ROU assets are tested for impairment individually or as part of an asset group if the cash flows related to the ROU asset are not independent from the cash flows of other assets and liabilities. An asset group is the unit of accounting for long-lived assets to be held and used, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities.

The Company recognized no impairment of ROU assets as of September 30, 2020 and December 31, 2019.

The operating lease is included in operating lease right-of-use assets, operating lease liabilities-current and operating lease liabilities-non-current on the condensed consolidated balance sheets.

Recent Accounting Pronouncements

Accounting Pronouncements Issued But Not Yet Adopted

In May 2019, the Financial Accounting Standards Board (“FASB”) issued ASU 2019-05, which is an update to ASU Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced the expected credit losses methodology for the measurement of credit losses on financial assets measured at amortized cost basis, replacing the previous incurred loss methodology. The amendments in Update 2016-13 added Topic 326, Financial Instruments—Credit Losses, and made several consequential amendments to the Codification. Update 2016-13 also modified the accounting for available-for-sale debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis, in accordance with Subtopic 326-30, Financial Instruments—Credit Losses—Available-for-Sale Debt Securities. The amendments in this ASU address those stakeholders’ concerns by providing an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. For those entities, the targeted transition relief will increase comparability of financial statement information by providing an option to align measurement methodologies for similar financial assets. Furthermore, the targeted transition relief also may reduce the costs for some entities to comply with the amendments in Update 2016-13 while still providing financial statement users with decision-useful information. ASU 2019-05 is effective for the

Company for fiscal year beginning after December 15, 2022. The Company is currently evaluating the impact of this new standard on its condensed consolidated financial statements and related disclosures.

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In December 2019, the FASB issued ASU 2019-12: Simplifying the Accounting for Income Taxes (Topic 740), which removes certain exceptions to the general principles in Topic 740 and improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, with early adoption permitted. The Company is evaluating the effect of adopting this new accounting guidance but does not expect adoption will have a material impact on the Company's unaudited condensed consolidated financial statements and related disclosures.

Except for the above-mentioned pronouncements, there are no new recent issued accounting standards that will have material impact on the consolidated financial position, statements of operations and cash flows.

3. BUSINESS COMBINATIONS

On August 25, 2019, Porter E-Commerce entered into a share purchase agreement (the "Maihuolang Agreement") with Mr. Kezhan Ma, former controlling shareholder of Maihuolang E-commerce ("Maihuolang Seller"). Neither Porter E-Commerce nor its affiliates have any material relationship with the Maihuolang Seller other than with respect to the Maihuolang Agreement.

Pursuant to the Maihuolang Agreement, Porter E-Commerce agreed to acquire 60% of the capital stock of Maihuolang E-commerce collectively held by the Maihuolang Seller, for an aggregate consideration of RMB 1 (\$0.1) in cash.

The Company's acquisition of Maihuolang E-commerce was accounted for as a business combination in accordance with ASC 805. The Company has allocated the purchase price of Maihuolang E-commerce based upon the fair value of the identifiable assets acquired and liabilities assumed on the acquisition date. The Company estimated the fair values of the assets acquired and liabilities assumed at the acquisition date in accordance with the business combination standard issued by the FASB with the valuation methodologies using cost approach. Management of the Company is responsible for determining the fair value of assets acquired, liabilities assumed and intangible assets identified as of the acquisition date and considered a number of factors including valuations from independent appraisers. Acquisition-related costs incurred for the acquisitions are not material and have been expensed as incurred in general and administrative expense.

The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, which represents the net purchase price allocation at the date of the acquisition of Maihuolang E-commerce based on a valuation performed by an independent valuation firm engaged by the Company:

| | Fair Value |
|---|-------------------|
| Cash | \$ 4,761 |
| Prepayments | 280 |
| Other receivables | 27,026 |
| Intangible assets | 233,455 |
| Long-term deferred assets | 607 |
| Operating lease right-of-use assets | 158,004 |
| Goodwill | 33,375 |
| Total assets | <u>457,508</u> |
| Accrued payroll | (4,094) |
| Accrued tax | (18) |
| Other payables | (290,687) |
| Operating lease liability - current | (88,217) |
| Operating lease liability - non-current | (74,492) |
| Total liabilities | <u>(457,508)</u> |
| Net assets acquired | <u>\$ -</u> |

\$33,375 of goodwill arising from the acquisition consists largely of synergies expected from combining the operations of Porter E-Commerce and Maihuolang E-commerce. None of the goodwill is expected to be deductible for income tax purposes.

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4. ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following:

| | September 30, 2020 | December 31, 2019 |
|---------------------------------------|-------------------------------|------------------------------|
| Billed | \$ 61,303 | \$ 61,303 |
| Unbilled | 837,510 | 1,021,078 |
| Accounts receivable | 898,813 | \$ 1,082,381 |
| Less: allowance for doubtful accounts | (307,416) | (3,065) |
| | <u>\$ 591,397</u> | <u>\$ 1,079,316</u> |

The following table sets forth the movement of allowance for doubtful accounts:

| | September 30, 2020 | December 31, 2019 |
|--------------------------|-------------------------------|------------------------------|
| Beginning | \$ 3,065 | \$ - |
| Additions | 498,018 | 476,694 |
| Write off | (201,702) | (470,696) |
| Exchange rate difference | 8,035 | (2,933) |
| Balance | <u>\$ 307,416</u> | <u>\$ 3,065</u> |

During the nine months ended September 30, 2020, the Company encountered further uncertainties of collectability due to impact of COVID-19, and hence took legal action in attempt to recover the accounts receivables. As such, for the three and nine months ended September 30, 2020, the Company wrote off \$38,871 and \$201,702 of uncollectible accounts receivable, respectively.

5. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables consist of the following:

| | September 30, 2020 | December 31, 2019 |
|-------------|-------------------------------|------------------------------|
| Prepayments | \$ 13,923 | \$ 53,998 |
| Others | 43,535 | 40,163 |
| | <u>\$ 57,458</u> | <u>\$ 94,161</u> |

6. EQUIPMENT, NET

Equipment, net consist of the following:

| | September 30, 2020 | December 31, 2019 |
|--------------------------------|-------------------------------|------------------------------|
| Office and computer equipment | \$ 177,799 | \$ 170,455 |
| Less: Accumulated depreciation | (138,418) | (120,519) |
| | <u>\$ 39,381</u> | <u>\$ 49,936</u> |



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Depreciation expenses charged to the statements of operations for the nine months ended September 30, 2020 and 2019 were \$14,430 and \$14,755, respectively. Depreciation expenses charged to the statements of operations for the three months ended September 30, 2020 and 2019 were \$4,746 and \$4,817, respectively. Gain on disposal of property, plant and equipment for the nine months ended September 30, 2020 and 2019 were \$nil and \$50, respectively.

7. INTANGIBLE ASSETS, NET

Intangible assets, net, consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|-----------------------------|-------------------------------|------------------------------|
| Software copyright | \$ - | \$ 233,560 |
| Domain names and trademarks | 40,818 | 46,158 |
| Intangible asset | 40,818 | 279,718 |
| Less: | | |
| Accumulated amortization | (16,418) | (22,577) |
| | <u>\$ 24,400</u> | <u>\$ 257,141</u> |

Amortization charged to the statements of operations for the nine months period ended September 30, 2020 and 2019 were \$17,976 and \$5,016, respectively. Amortization charged to the statements of operations for the three months period ended September 30, 2020 and 2019 were \$1,068 and \$3,010, respectively.

8. GOODWILL

The changes in the carrying amount of goodwill are as follows:

| | <u>Maihuolang E-commerce</u> |
|---|----------------------------------|
| Balance as of December 31, 2019 | \$ 34,297 |
| Goodwill acquired through acquisitions | - |
| Impairment | (34,145) |
| Foreign currency translation adjustment | (152) |
| Balance as of September 30, 2020 | <u>\$ -</u> |

As of September 30, 2020, the Company fully impaired the goodwill of \$34,145.

9. ACCRUALS AND OTHER PAYABLES

Accruals and other payables consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|---------------------------|-------------------------------|------------------------------|
| Salary payables | \$ 103,012 | \$ 69,557 |
| Refund to third parties | 294,568 | - |
| Accrued professional fees | 19,778 | 19,778 |
| Accrued rental expenses | 72,746 | 8,868 |
| Others | 1,794 | 22,489 |
| | <u>\$ 491,898</u> | <u>\$ 120,692</u> |

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10. BALANCES WITH RELATED PARTIES

| | <u>Note</u> | <u>September 30,</u> <u>2020</u> | <u>December 31,</u> <u>2019</u> |
|---|-------------|-------------------------------------|------------------------------------|
| Due from shareholders | | | |
| Mr. Zongjian Chen and Ms. Xiaomei Xiong (wife of Mr. Zongjian Chen) | (a) | \$ 294,568 | \$ - |
| Mr. Zongjian Chen (brother of Mr. Zonghua Chen) | | 11,562 | - |
| | | <u>\$ 306,130</u> | <u>\$ -</u> |
| Due to related parties | | | |
| Mr. Kezhan Ma | (b) | \$ - | \$ 1,106 |
| Due to shareholders | | | |
| Mr. Zonghua Chen (the Company's Chairman, Chief Executive Officer, Chief Financial Officer and President) | | \$ 1,904,212 | \$ 1,284,061 |
| Mr. Zongjian Chen (brother of Mr. Zonghua Chen) | | - | 149,090 |
| | | <u>\$ 1,904,212</u> | <u>\$ 1,433,151</u> |

- (a) On April 13, 2020, Henan Longji Real Estate Development Co., Ltd. ("Longji Real Estate") filed an action against Porter E-Commerce, Zongjian Chen and Xue'an Yan related to certain loan of RMB 2 million (approximately \$283,082) which loan occurred before Porter E-Commerce merged with the Company. On May 10, 2020, Porter E-Commerce, Zongjian Chen, Xue'an Yan and Longji Real Estate reached a settlement under which Porter E-Commerce agreed to pay off the loan principal of RMB 2 million in two installments before June 30, 2021 and interest accrued on unpaid principal since January 1, 2020 at a rate of 6% per annum. In addition, under the settlement, Zongjian Chen and Xue'an Yan, the two original shareholders of Porter E-Commerce agreed to be severally and jointly liable for the payoff of the principal and interest of the loan. Porter E-Commerce, Zongjian Chen and Xue'an Yan were also jointly liable for the litigation costs of RMB11,400 (approximately \$1,614).
- (b) Mr. Kezhan Ma is a 38% minority shareholder of Maihuolang E-commerce. After Porter E-Commerce transferred its 57% equity interests in Maihuolang E-Commerce to Mr. Kezhan Ma on July 15, 2020, Maihuolang E-Commerce was deconsolidated from the Company and Mr. Kezhan Ma was no longer considered as a related party.

All the above balances are due on demand, interest-free and unsecured. The Company used the funds for its operations. For the nine months ended September 30, 2020, the Company had transactions amounted \$3,243,880 from shareholders and \$2,760,900 to shareholders, comparing to \$6,116,491 from shareholders and \$5,405,862 to shareholders for the same period in 2019. For the nine months ended September 30, 2020, the Company had transactions amounted \$nil from and to related parties, comparing to \$301,625 from related parties and \$293,873 to related parties for the same period in 2019.

11. INCOME TAXES

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

ULNV is incorporated in the State of Nevada and is subject to the U.S. federal tax and has incurred net operating loss for income tax purposes through September 30, 2020. As of September 30, 2020, future net operating losses of approximately \$45,437 from ULNV are available to offset future taxable income. Accumulated deficit as of September 30, 2020 and December 31, 2019 was approximately \$3.6 million and \$2.2 million, respectively.

The 2017 Tax Act created a new requirement that, for the periods beginning after January 1, 2018, certain income (referred to as global intangible low taxed income or "GILTI") earned by foreign subsidiaries in excess of a deemed return on tangible assets of foreign corporations must be included in U.S. taxable income. The GILTI income is eligible for a deduction, which lowers the effective tax rate to 10.5% for calendar years 2018 through 2025 and 13.125% after 2025. Under U.S. GAAP, companies are allowed to make an accounting policy election to either (i) account for GILTI as a component of tax expense in the period in which a company is subject to the rules – the period cost method, or (ii) account for GILTI in a company's measurement of deferred taxes – the deferred method.

The Company elected to account for GILTI in the period the tax is incurred. The Company did not generate any GILTI during the nine months period ended September 30, 2020.

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PGL is registered as an international business company and is exempted from corporation tax in Seychelles.

PPBGL is subject to Hong Kong profits tax rate of 16.5%. For the nine-month period ended September 30, 2020, it did not have any assessable profits arising in or derived from Hong Kong and accordingly no provision for Hong Kong profits tax was made. For the nine-month period ended September 30, 2020, it generated \$216,249 of net loss. For the nine-month period ended September 30, 2019, it generated \$325,290 of net income and \$42,700 tax expenses accrued accordingly.

PRC Tax

The Company's subsidiary and consolidated VIEs in China are subject to corporate income tax ("CIT") at 25% for the nine-month period ended September 30, 2020 and 2019. As of September 30, 2020, the Company had approximately \$3.6 million of net operating loss carried forward from the foreign subsidiaries which will expire in various years through 2025.

The Ministry of Finance ("MOF") and State Administration of Taxation ("SAT") on January 17, 2019 jointly issued Cai Shui 2019 No. 13. This clarified that from January 1, 2019 to December 31, 2021, eligible small enterprises whose taxable income falls under RMB1,000,000 (previously RMB500,000), may pay CIT on 25% of their whole income at a rate of 20% (i.e., effective rate is 5%).

A reconciliation of the income tax expense determined at the statutory income tax rate to the Company's income taxes is as follows:

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|-------------------|-------------------|------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Loss before income taxes | \$ (550,527) | \$ (299,109) | \$ (1,464,634) | \$ (559,597) |
| United States statutory income tax rate | 21% | 21% | 21% | 21% |
| Income tax benefit computed at statutory corporate income tax rate | (115,619) | (62,813) | (307,581) | (117,515) |
| Reconciling items: | | | | |
| Effect of different tax jurisdictions | (33,206) | (185,282) | (49,035) | (306,518) |
| Non-deductible expenses | 120,595 | 72,659 | 196,784 | 109,534 |
| Change in valuation allowance | 28,230 | 173,468 | 159,832 | 358,261 |
| Income tax (benefit) expense | <u>\$ -</u> | <u>\$ (1,968)</u> | <u>\$ -</u> | <u>\$ 43,762</u> |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of September 30, 2020 and December 31, 2019 are presented below

| | September 30, 2020 | December 31, 2019 |
|-----------------------------------|-----------------------|----------------------|
| Deferred tax assets: | | |
| Net operating loss carryforwards: | | |
| - United States of America | \$ 9,542 | \$ 9,542 |
| - Hong Kong | 37,825 | 2,504 |
| - PRC | 709,003 | 586,509 |
| | <u>756,370</u> | <u>598,555</u> |
| Less: Valuation allowance | <u>(756,370)</u> | <u>(598,555)</u> |
| Acquisition/(Disposal): | | |
| - PRC | (184,866) | 182,849 |
| Less: Valuation allowance | 184,866 | (182,849) |
| | <u>\$ -</u> | <u>\$ -</u> |

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Management believes that it is more likely than not that the Company will not realize these potential tax benefits as these operations will not generate any operating profits in the foreseeable future. As a result, a valuation allowance was provided against the full amount of the potential tax benefits.

12. CHINA CONTRIBUTION PLAN

The Company's subsidiaries and consolidated VIEs in China participate in a government-mandated multi-employer defined contribution plan pursuant to which certain retirement, medical and other welfare benefits are provided to employees. Chinese labor regulations require the Company's subsidiaries and consolidated VIEs to pay to the local labor bureau a monthly contribution at a stated contribution rate based on the monthly compensation of qualified employees. The relevant local labor bureau is responsible for meeting all retirement benefit obligations; the Company's China-based subsidiaries and consolidated VIEs have no further commitments beyond their monthly contributions. For the nine months ended September 30, 2020 and 2019, the Company's China based subsidiaries and consolidated VIEs contributed a total of \$16,221 and \$36,815, respectively, to these funds. For the three months ended September 30, 2020 and 2019, the Company's China based subsidiaries and consolidated VIEs contributed a total of \$4,959 and \$11,838, respectively, to these funds.

13. OPERATING LEASE

The Company has operating leases for its office facilities. The Company's leases have remaining terms of approximately four years. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company does not separate non-lease components from the lease components to which they relate, and instead accounts for each separate lease and non-lease component associated with that lease component as a single lease component for all underlying asset classes.

The Company subleases certain office space to a third party that has a remaining term of less than 12 months.

The following table provides a summary of leases by balance sheet location as of September 30, 2020:

| Assets/liabilities | September 30, 2020 | December 31, 2019 |
|---|-------------------------------|------------------------------|
| Assets | | |
| Operating lease right-of-use assets | \$ 611,613 | \$ 891,733 |
| Liabilities | | |
| Operating lease liability - current | \$ 248,403 | \$ 323,403 |
| Operating lease liability - non-current | 387,599 | 604,597 |
| Total lease liabilities | <u>\$ 636,002</u> | <u>\$ 928,000</u> |

The operating lease expenses were as follows:

| Lease Cost | Classification | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------|-------------------------------------|---|-------------|--|-------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Operating lease cost | General and administrative expenses | \$ 68,779 | \$ 76,144 | \$ 253,567 | \$ 216,374 |

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Maturities of operating lease liabilities at September 30, 2020 were as follows:

| <u>Maturity of Lease Liabilities</u> | <u>Operating Leases</u> |
|---|--------------------------------|
| 12 months ending September 30, | |
| 2021 | \$ 290,306 |
| 2022 | 290,306 |
| 2023 | 120,961 |
| Total lease payments | 701,573 |
| Less: interest | (65,571) |
| Present value of lease payments | <u>\$ 636,002</u> |

Lease liabilities include lease and non-lease component such as management fee.

Future minimum lease payments, which do not include the non-lease components, as of September 30, 2020 were as follows:

| | |
|--------------------------------|-------------------|
| 12 months ending September 30, | |
| 2021 | \$ 222,528 |
| 2022 | 222,528 |
| 2023 | 92,720 |
| Total | <u>\$ 537,776</u> |

| <u>Lease Term and Discount Rate</u> | <u>September 30, 2020</u> |
|--|----------------------------------|
| Weighted-average remaining lease term (years) | |
| Operating leases--- Shenzhen Development Center, 36/F, LuoHu, Shenzhen | 2.42 |
| Weighted-average discount rate (%) | |
| Operating leases | 8% |

14. CONCENTRATIONS AND CREDIT RISK

(a) *Concentrations*

In the three months ended September 30, 2020, one customer accounted for 48% of the Company's revenues, respectively. In the nine months ended September 30, 2020, one customer accounted for 58% of the Company's revenues, respectively.

In the three months ended September 30, 2019, two customers accounted for 51% and 38% of the Company's revenues, respectively. In the nine months ended September 30, 2019, four customers accounted for 23%, 22%, 12% and 12% of the Company's revenues, respectively.

No other customer accounts for more than 10% of the Company's revenue in the three and nine months ended September 30, 2020 and 2019.

As of September 30, 2020, three customers accounted for 80% of the Company's accounts receivable. As of December 31, 2019, four customers accounted for 86% of the Company's accounts receivable.

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(b) *Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. As of September 30, 2020, and December 31, 2019, substantially all of the Company's cash were held by major financial institutions located in the PRC, which management believes are of high credit quality.

For the credit risk related to trade accounts receivable, the Company performs ongoing credit evaluations of its customers and, if necessary, maintains reserves for potential credit losses. Historically, such losses have been within management's expectations.

15. CONTINGENCIES

During May 2020, a claim was filed against Porter E-Commerce related to a debt dispute of RMB 2 million (approximately \$283,082) whereas the debt took place before its merger with the Company. The two original shareholders of Porter E-Commerce guaranteed to settle the related principal, interest and penalty. If the amount would not be settled by the two original shareholders, Porter E-Commerce will be held responsible for this debt settlement.

16. SUBSEQUENT EVENT

The Company has analyzed its operations subsequent to September 30, 2020 to the date these condensed consolidated financial statements were issued and has determined that it does not have any other material subsequent events to disclose in these condensed consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following management's discussion and analysis should be read in conjunction with our financial statements and the notes thereto and the other financial information appearing elsewhere in this report. Our financial statements are prepared in U.S. dollars and in accordance with U.S. GAAP.

Special Note Regarding Forward Looking Statements

In addition to historical information, this report contains forward-looking statements. We use words such as "believe," "expect," "anticipate," "project," "target," "plan," "optimistic," "intend," "aim," "will" or similar expressions which are intended to identify forward-looking statements. Such statements include, among others, those concerning market and industry segment growth; any projections of earnings, revenue, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding future economic conditions or performance; as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including those identified in our Annual Report on Form 10-K filed on May 1, 2020, as well as assumptions, which, if they were to ever materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and our other filings with the SEC. These reports attempt to advise interested parties of the risks and factors that may affect our business, financial condition and results of operations and prospects. The forward-looking statements made in this report speak only as of the date hereof and we disclaim any obligation, except as required by law, to provide updates, revisions or amendments to any forward-looking statements to reflect changes in our expectations or future events.

Use of Terms

Except as otherwise indicated by the context and for the purposes of this report only, references in this report to:

- "Company", "we", "us" and "our" are to the combined business of Porter Holding International, Inc., a Nevada corporation, and its consolidated subsidiaries and variable interest entities;
- "PGL" are to Porter Group Limited, a Republic of Seychelles company and our wholly-owned subsidiary;
- "PPBGL" are to Porter Perspective Business Group Limited, a Hong Kong company and wholly-owned subsidiary of PGL;
- "Qianhai Porter" are to Shenzhen Qianhai Porter Industrial Co. Ltd., a PRC company and wholly-owned subsidiary of PPBGL;
- "Portercity" are to Shenzhen Portercity Business Management Co. Ltd. (formerly Shenzhen Portercity Investment Management Co. Ltd.), a PRC company;
- "Porter E-Commerce" are to Shenzhen Porter Warehouse E-Commerce Co. Ltd., a PRC company and wholly-owned subsidiary of Portercity;
- "Porter Consulting" are to Shenzhen Porter Shops Lot Technology Co., Ltd. (formerly named Shenzhen Yihuilian Information Consulting Co. Ltd.), a PRC company and 85% owned subsidiary of Portercity;
- "Porter Commercial" are to Shenzhen Porter Commercial Perspective Network Co., Ltd., a PRC company and wholly-owned subsidiary of Portercity;
- "Weifang Portercity" are to Weifang Porter City Commercial Management Company Limited, a PRC company and a 60% owned subsidiary of Portercity;
- "Maihuolang E-Commerce" are to Shenzhen Qianhai Maihuolang E-Commerce Co., Ltd., a PRC company and a 57% owned subsidiary of Porter E-Commerce until July 15, 2020;
- "VIEs" means our consolidated variable interest entities, including Portercity and its subsidiaries, Porter E-Commerce, Porter Consulting and Porter Commercial as depicted in our organizational chart below;
- "Hong Kong" refers to the Hong Kong Special Administrative Region of the People's Republic of China;
- "China" and "PRC" refer to the People's Republic of China;
- "Renminbi" and "RMB" refer to the legal currency of China;
- "U.S. dollars," "dollars" and "\$" refer to the legal currency of the United States;
- "SEC" are to the U.S. Securities and Exchange Commission;
- "Exchange Act" are to the Securities Exchange Act of 1934, as amended;
- "Securities Act" are to the Securities Act of 1933, as amended.

Overview

We were incorporated in the State of Nevada on September 5, 2013. Our original business plan was to sell freshly squeezed juices from mobile stands in London, United Kingdom, but this business was not successful and we did not generate any revenue from this business. Since 2016, through our VIE entity, Porter Consulting, we have partnered with China Payment Technology Co., Ltd., a third-party online payment service provider (“China Payment”) to promote China Payment’s online payment platform to companies and businesses in Shenzhen and in return share a portion of the processing fees earned by China Payment as commission. Porter Consulting also partners with Shenzhen Xinghua Tongfu Technology Co., Ltd., a third-party online payment service provider (“Shenzhen Tongfu”), whereby Porter Consulting agreed to promote Shenzhen Tongfu’s online payment platform, including the Point of Sale (POS) system, to companies and businesses in China and in return obtain a certain amount of commission based on the volume of trading through such online payment platform.

On July 15, 2020, Porter E-Commerce entered into an Equity Transfer Agreement (the “Agreement”) with Mr. Kezhan Ma, whereby Porter E-Commerce transferred its 57% equity interests in Maihuolang E-Commerce to Mr. Kezhan Ma, for cash consideration of RMB 650,000 (approximately \$95,735). An impairment loss of \$51,936 and a disposal gain of \$4,730 were recognized.

Moreover, we have been developing our O2O (Online to Offline) business by serving as an O2O business platform operator that provides both online E-commerce and offline physical business facilities to our merchant customers where they can conduct business and interact with their existing and potential end-consumers face to face. Our goal is to provide one-stop services for our customers through our integrated online and offline platforms. As described fully below, we are developing and offering our O2O products and services including hosting our online marketplaces (www.pt37.com and www.17yugo.com) for our merchant clients to post and sell their products and services online and managing and operating physical business facilities, Porter City, that our online merchant clients can utilize to conduct their businesses offline. We currently focus on merchant clients who are engaged in manufacturing, real estate, trade and financing sectors. In the future, we intend to expand our merchant client base to industries of big data, new materials, new energy, green food and environment protection.

According to the development demands and goals of our customers, in 2018, we started to offer a series of services such as business planning, financial guidance, business matching and guidance for listing primarily in the United States. At present, in our customer pool, many small and medium-sized enterprises have gained certain public awareness. They are seeking the potential advantages of being a listed company and striving for obtaining the recognition of international capital to accelerate their corporate expansion. However, many enterprises may not be familiar with the listing requirements, laws and regulations of different capital markets, and the process of obtaining financing from overseas markets.

In order to help our customers who intend to access overseas capital markets, we have a team of experienced professionals who have professional knowledge of the listing rules and regulations of various capital markets. We capitalize on our expertise and resources in the capital markets to assist these customers to achieve their goals.

Starting from the first quarter of 2019, we via PPBGL provide various training services to our clients, primarily those related to e-commerce platform operation, expansion of channels and promotion strategies, via live and online sessions.

During the first half of 2020, the COVID-19 pandemic has caused economic slowdowns, depressed demand for the Company’s services, and adversely impacted the Company’s operating results. The Company’s revenue decreased by \$1,532,265, or 74.31% for the nine months of 2020, compared to \$2,061,992 for the same period of 2019. Therefore, the Company changed to require upfront cash payments prior to performing certain consulting services, in order to enhance collection of accounts receivable. The Company expects uncertainties around its key accounting estimates to continue to evolve depending on the duration and degree of impact associated with the COVID-19.

Results of Operations**Comparison of Three Months Ended September 30, 2020 and 2019**

The following table sets forth key components of our results of operations during the three months ended September 30, 2020 and 2019, both in dollars and as a percentage of our revenue.

| | Three Months Ended September 30, | | | |
|--|---|---------------------|---------------|---------------------|
| | 2020 | | 2019 | |
| | Amount | % of Revenue | Amount | % of Revenue |
| Revenue, net | \$ 58,794 | 100.00 | \$ 367,553 | 100.00 |
| Cost of revenue | (11,570) | (19.68) | (243,240) | (66.18) |
| Gross profit | 47,224 | 80.32 | 124,313 | 33.82 |
| Operating expenses | | | | |
| General and administrative expenses | (604,678) | (1,028.47) | (455,244) | (123.86) |
| Loss from operations | (557,454) | (948.15) | (330,931) | (90.04) |
| Total other income, net | 6,927 | 11.78 | 31,822 | 8.66 |
| Net loss before income taxes | (550,527) | (936.37) | (299,109) | (81.38) |
| Income tax benefits | - | - | 1,968 | 0.54 |
| Net loss | \$ (550,527) | (936.37) | \$ (297,141) | (80.84) |
| Less: Net (loss) income attributable to non-controlling interests | (3,175) | (5.40) | 44 | 0.01 |
| Net loss attributable to Porter Holding International Inc. common stockholders | \$ (547,352) | (930.97) | \$ (297,185) | (80.85) |

Revenue, net. Our revenue was \$58,794 for the three months ended September 30, 2020, compared to \$367,553 for the same period last year. Starting from the second quarter of 2018, we commenced providing various consulting services to our customers, especially those who have the intention to be publicly listed primarily on the stock exchanges in the United States, and we received service income from the provision of these consulting services totaled \$nil and \$329,000 for the three months ended September 30, 2020 and 2019. The significant decrease was mainly attributable to the impacts of COVID-19 and depressed market demand. Moreover, starting from 2019, the Company provides various training services to its clients, primarily related to e-commerce platform operation, expansion of channels, promotion strategy and capital market operation, via live and online sessions. The service income from providing training services totaled \$42,447 and \$173 for the three months ended September 30, 2020 and 2019. Through Porter Consulting we also have promoted the payment service of third-party payment service providers to merchants in Shenzhen and in return share a portion of the processing fees earned by such third-party payment service providers as commission. Our commission totaled \$11,087 and \$19,801 for the three months ended September 30, 2020 and 2019, respectively. The approximately 50% decline in commission for the third quarter of 2020 was also the result of the COVID-19 pandemic and nationwide economic slowdowns. Revenues of \$nil and \$18 were generated from trading business for the three months ended September 30, 2020 and 2019, respectively. Revenue of others were \$5,260 and \$18,561 for the three months ended September 30, 2020 and 2019, respectively.

Due to the impact of COVID-19, the Company, starting from the first quarter of 2020, determines to require upfront payments prior to performing investment and corporate management consulting services in order to ensure collection of service fees.

Cost of revenue. Our cost of revenue was \$11,570 for the three months ended September 30, 2020, compared to \$243,240 for the same period last year. Cost of revenue refers to the cost incurred in performing consulting services, third-party payment service and other business. The cost of consulting service arises from shell acquisitions, and legal and accounting advisory service outsourced to third-party service providers. The decrease of cost of revenue is in line with the decrease of revenue.

Gross profit and gross margin. Our gross profit was \$47,224 for the three months ended September 30, 2020, compared to \$124,313 for the same period last year. Gross profit as a percentage of revenue (gross margin) was 80.32% for the three months ended September 30, 2020, compared to 33.82% for the same quarter last year. The decrease of gross profit was mainly due to the decrease of business demand and suspension of business as a result of the impacts of COVID-19.

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General and administrative expenses. As shown below, our general and administrative expenses consist primarily of compensation and benefits to our general management, finance and administrative staff, professional fees and other expenses incurred in connection with general operations. Our general and administrative expenses increased by \$149,434 to \$604,678 for the three months ended September 30, 2020, compared to \$455,244 for the same period in 2019. Salary and staff benefits decreased \$164,409 due to the reduction of the basic salary as a result of fewer working days than usual as employees had to stay at home caused by COVID-19 since the beginning of 2020. Besides, there was a decrease of legal and professional fees by \$9,700, compared to corresponding period in prior year. On the other hand, \$336,103 additional allowance for doubtful accounts was reserved during the three months ended September 30, 2020. Due to the impact of COVID-19, the Company encountered further uncertainties in accounts collectability during July and September 2020. This led to addition of allowance for doubtful accounts.

| | Three months ended September 30, | | | | | |
|---|----------------------------------|--------|------------|--------|--------------|-------------|
| | 2020 | | 2019 | | Fluctuation | |
| | Amount | % | Amount | % | Amount | % |
| Salary and staff benefits | \$ 104,188 | 17.23 | \$ 268,597 | 59.00 | \$ (164,409) | (61.21) |
| Lease and management fee | 78,324 | 12.95 | 77,873 | 17.11 | 451 | 0.58 |
| Legal and professional fees | 68,902 | 11.39 | 78,602 | 17.27 | (9,700) | (12.34) |
| Depreciation and amortization | 5,816 | 0.96 | 7,827 | 1.72 | (2,011) | (25.69) |
| Bad debt (recovery) provision | 335,187 | 55.43 | (916) | (0.20) | 336,103 | (36,692.47) |
| Impairment | 291 | 0.05 | - | - | 291 | - |
| Others | 11,970 | 1.99 | 23,261 | 5.10 | (11,291) | (48.54) |
| Total general and administrative expenses | \$ 604,678 | 100.00 | \$ 455,244 | 100.00 | \$ 149,434 | 32.83 |

Income tax benefit. Our Income tax expense was \$nil for the three months ended September 30, 2020, compared to income tax benefit of \$1,968 for the same period last year.

Net loss. As a result of the cumulative effect of the factors described above, our net loss was \$550,527 for the three months ended September 30, 2020, compared with a net income of \$297,141 for the same period in 2019.

Comparison of Nine Months Ended September 30, 2020 and 2019

The following table sets forth key components of our results of operations during the nine months ended September 30, 2020 and 2019, both in dollars and as a percentage of our revenue.

| | Nine Months Ended September 30, | | | |
|--|---------------------------------|--------------|--------------|--------------|
| | 2020 | | 2019 | |
| | Amount | % of Revenue | Amount | % of Revenue |
| Revenue, net | \$ 529,727 | 100.00 | \$ 2,061,992 | 100.00 |
| Cost of revenue | (391,374) | (73.88) | (1,042,658) | (50.57) |
| Gross profit | 138,353 | 26.12 | 1,019,334 | 49.43 |
| Operating expenses | | | | |
| General and administrative expenses | (1,631,213) | (307.94) | (1,618,336) | (78.48) |
| Loss from operations | (1,492,860) | (281.82) | (599,002) | (29.05) |
| Total other income, net | 28,226 | 5.33 | 39,405 | 1.91 |
| Loss before income taxes | (1,464,634) | (276.49) | (559,597) | (27.14) |
| Income tax expense | - | - | (43,762) | (2.12) |
| Net loss | \$ (1,464,634) | (276.49) | \$ (603,359) | (29.26) |
| Less: Net (loss) income attributable to non-controlling interests | (22,703) | (4.29) | 3,360 | 0.16 |
| Net loss attributable to Porter Holding International Inc. common stockholders | (1,441,931) | (272.20) | (606,719) | (29.42) |

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Revenue, net. Our revenue was \$529,727 for the nine months ended September 30, 2020, compared to \$2,061,992 for the same period last year. Starting from the second quarter of 2018, we commenced providing various consulting services to our customers, especially those who have the intention to be publicly listed primarily on the stock exchanges in the United States, and we received service income from the provision of these consulting services totaled \$306,286 and \$1,590,010 for the nine months ended September 30, 2020 and 2019, respectively. The significant decrease of revenue in the nine months of 2020 was mainly attributable to the impacts of COVID-19 and depressed market demand. Starting from 2019, the Company provides various training services to its clients, primarily related to e-commerce platform operation, expansion of channels, promotion strategy and capital market operation, via live and online sessions. The service income from providing training services totaled \$132,090 and \$308,416 for the nine months ended September 30, 2020 and 2019. Through Porter Consulting we have also promoted the payment service of third-party payment service providers to merchants in Shenzhen and in return share a portion of the processing fees earned by such third-party payment service providers as commission. Our commission totaled \$34,682 and \$67,902 for the nine months ended September 30, 2020 and 2019, respectively. The approximately 50% decline in commission for the first nine months of 2020 was also the result of the COVID-19 pandemic and nationwide economic slowdowns. Revenues of \$11,928 and \$31,684 were generated from trading business for the nine months ended September 30, 2020 and 2019, respectively. Revenue of others were \$44,741 and \$63,980 for the nine months ended September 30, 2020 and 2019, respectively.

Cost of revenue. Our cost of revenue was \$391,374 for the nine months ended September 30, 2020, compared to \$1,042,658 for the same period last year. Cost of revenue refers to the cost incurred in performing consulting services, third-party payment service and other business. The cost of consulting service arises from shell acquisitions, and legal and accounting advisory service outsourced to third-party service providers. The decrease of cost of revenue in the nine months ended September 30, 2020 is in line with the decrease of revenue.

Gross profit and gross margin. Our gross profit was \$138,353 for the nine months ended September 30, 2020, compared to \$1,019,334 for the same period last year. Gross profit as a percentage of revenue (gross margin) was 26.12% for the nine months ended September 30, 2020, compared to 49.43% for the same quarter last year. The decrease of gross profit was mainly due to the decrease of business demand and suspension of business as a result of the impacts of COVID-19.

General and administrative expenses. As shown below, our general and administrative expenses consist primarily of compensation and benefits to our general management, finance and administrative staff, professional fees and other expenses incurred in connection with general operations. Our general and administrative expenses increased by \$12,877 to \$1,631,213 for the nine months ended September 30, 2020, compared to \$1,618,336 for the same period in 2019. Salary and staff benefits decreased \$494,165 due to the reduction of the basic salary as a result of fewer working days than usual as employees had to stay at home caused by COVID-19 since the beginning of 2020. Besides, there was a decrease of legal and professional fees by \$23,812 and an increase of lease and management fee by \$45,040, respectively, compared to corresponding period in prior year. On the other hand, \$481,928 additional allowance for doubtful accounts was reserved during the nine months ended September 30, 2020. Due to the impact of COVID-19, the Company encountered further uncertainties in accounts collectability during July and August 2020, and hence brought legal actions in attempt to recover the accounts receivable. This led to addition of allowance for doubtful accounts.

| | Nine months ended September 30, | | | | | |
|---|---------------------------------|--------|--------------|--------|--------------|----------|
| | 2020 | | 2019 | | Fluctuation | |
| | Amount | % | Amount | % | Amount | % |
| Salary and staff benefits | \$ 400,687 | 24.56 | \$ 894,852 | 55.29 | \$ (494,165) | (55.22) |
| Lease and management fee | 266,085 | 16.31 | 221,045 | 13.66 | 45,040 | 20.38 |
| Legal and professional fees | 335,968 | 20.60 | 359,780 | 22.23 | (23,812) | (6.62) |
| Depreciation and amortization | 32,406 | 1.99 | 19,771 | 1.22 | 12,635 | 63.91 |
| Bad debt provision | 498,018 | 30.53 | 16,090 | 0.99 | 481,928 | 2,995.20 |
| Impairment | 51,936 | 3.18 | - | - | 51,936 | - |
| Others | 46,113 | 2.83 | 106,798 | 6.61 | (60,685) | (56.82) |
| Total general and administrative expenses | \$ 1,631,213 | 100.00 | \$ 1,618,336 | 100.00 | \$ 12,877 | 0.80 |

Income tax expense. Our Income tax expense was \$nil for the nine months ended September 30, 2020, compared to income tax expense \$43,762 for the same period last year.

Net loss. As a result of the cumulative effect of the factors described above, our net loss increased by \$861,275 to \$1,464,634 for the nine months ended September 30, 2020 from \$603,359 for the same period in 2019.

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Limited Operating History; Need for Additional Capital

There is limited historical financial information about us on which to base an evaluation of our performance. We cannot guarantee we will be successful in our business operations. Our business is subject to risks inherent in the development of a new business enterprise, including limited capital resources, a narrow client base, limited sources of revenue, and possible cost overruns due to the price and cost increases in supplies and services.

Without additional funding, management believes that we will not have sufficient funds to meet our obligations beyond one year after the date our condensed consolidated financial statements are issued. These conditions give rise to substantial doubt as to our ability to continue as a going concern.

We have been, and intend to continue, working toward identifying and obtaining new sources of financing. To date we have been dependent on related parties for our source of funding. No assurances can be given that we will be successful in obtaining additional financing in the future. Any future financing that we may obtain may cause significant dilution to existing stockholders. Any debt financing or other financing of securities senior to common stock that we are able to obtain will likely include financial and other covenants that will restrict our flexibility. Any failure to comply with these covenants would have a negative impact on our business, prospects, financial condition, results of operations and cash flows.

If adequate funds are not available, we may be required to delay, scale back or eliminate portions of our operations or obtain funds through arrangements with strategic partners or others that may require us to relinquish rights to certain of our assets. Accordingly, the inability to obtain such financing could result in a significant loss of ownership and/or control of our assets and could also adversely affect our ability to fund our continued operations and our expansion efforts.

Currently, we spend approximately \$200,000 per month for basic operations. During the next 12 months, we expect to incur the same amount of expenses each month. However, as we work to expand our operations, we expect to incur significant research, marketing and development costs and expenses on our online service platforms that meet the constantly evolving industry standards and consumer demands. We will also need to hire additional employees in order to provide new services and accommodate new clients.

Liquidity and Capital Resources

Working Capital

| | September 30, 2020 | December 31, 2019 |
|----------------------------|-------------------------------|------------------------------|
| Current Assets | \$ 989,606 | \$ 1,398,210 |
| Current Liabilities | 3,214,361 | 2,435,885 |
| Working Capital Deficiency | <u>\$ (2,224,755)</u> | <u>\$ (1,037,675)</u> |

As of September 30, 2020, we had cash of \$34,621. To date, we have financed our operations primarily through borrowings from our stockholders, related and unrelated parties.

Going Concern Uncertainties

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern.

As of September 30, 2020, we had working capital deficiency of \$2,224,755 as compared to working capital deficiency of \$1,037,675 as of December 31, 2019.

Net cash used in operating activities for the nine months ended September 30, 2020 was \$756,103 as compared to \$1,084,098 for the nine months ended September 30, 2019. The decrease in net cash used in operating activities for the nine months ended September 30, 2020 was primarily due to a decrease in accounts receivable, and prepayment and other receivables in the period.

Net cash provided by investing activities for the nine months ended September 30, 2020 was \$66,638 as compared to \$3,415 for the nine months ended September 30, 2019. The cash provided by investing activities for the nine months ended September 30, 2020 was mainly from proceeds from disposal of investments.

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As of September 30, 2020, our cash balance was \$34,621 and our current liabilities exceed current assets by \$2,224,755 which together with continued losses from operations raises substantial doubt about our ability to continue as a going concern. The Company's operating results for future periods are subject to uncertainties and it is uncertain if the management will be able to achieve profitability and continued growth for the foreseeable future. If the management is not able to increase revenue and manage operating expenses in line with revenue forecasts, the Company may not be able to achieve profitability.

Historically, the Company financed its operations through loans from shareholders. The Company's actions to improve operation efficiency, cost reduction, and develop core cash-generating business include the following: seeking advances from the major shareholders, pursuing additional public and/or private issuance of securities, and looking for strategic business partners to optimize our operations.

We have considered whether there is substantial doubt about our ability to continue as a going concern due to (1) our recurring losses from operations, including approximately \$1,441,931 net loss attributable to our stockholders for the nine months ended September 30, 2020, (2) our accumulated deficit of approximately \$3,642,863 as of September 30, 2020 and (3) the fact that we had negative operating cash flows of approximately \$756,103 for the nine months ended September 30, 2020.

In evaluating if there is substantial doubt about our ability to continue as a going concern, we are trying to alleviate the going concern risk through (1) increasing cash generated from operations by controlling operating expenses and increasing more live events, (2) financing from domestic banks and other financial institutions, and (3) equity or debt financing. We have certain plans to mitigate these adverse conditions and to increase the liquidity of the Company.

On an on-going basis, the Company also received and will continue to receive financial support commitments from the Company's related parties.

Our cash balance as of September 30, 2020 will not be sufficient to support our operations for the next 12 months after the date that the financial statements issued. We have several actions to implement as mentioned above. However, if we are unable to obtain the necessary additional capital on a timely basis and on acceptable terms, we will be unable to implement our current plans for expansion, repay debt obligations or respond to competitive market pressures, which will have negative influence upon our business, prospects, financial condition and results of operations.

The negative operating results of cash flow and working capital in the nine months ended September 30, 2020 raise substantial doubt about our ability to continue as a going concern. Our continued operations are highly dependent upon our ability to increase revenues and if needed complete equity and/or debt financing.

We believe if we are unable to obtain our resources to fund operations, we may be required to delay, scale back or eliminate some or all of our planned operations, which may have a material adverse effect on our business, results of operations and ability to operate as a going concern.

| | Nine Months Ended | |
|---|--------------------------|----------------|
| | September 30, | |
| | 2020 | 2019 |
| Net cash used in operating activities | \$ (756,103) | \$ (1,084,098) |
| Net cash provided by investing activities | 66,638 | 3,415 |
| Net cash provided by financing activities | 554,482 | 718,381 |
| Effect of exchange rate changes on cash | (55,129) | (99,047) |
| Net decrease in cash | (190,112) | (461,349) |
| Cash at the beginning of period | 224,733 | 728,121 |
| Cash at the end of period | \$ 34,621 | \$ 266,772 |

Operating Activities

Net cash used in operating activities was \$756,103 for the nine months ended September 30, 2020, as compared to \$1,084,098 net cash used in operating activities for the nine months ended September 30, 2019. The net cash used in operating activities for the nine months ended September 30, 2020 was mainly due to our net loss of \$1,464,634, an increase in bad debt expense of \$498,018, accruals and other payables of \$125,212 and deferred revenue of \$63,361, partially offset by the decrease in operating lease liabilities of \$221,963 and tax payable of \$44,614. The net cash used in operating activities for the nine months ended September 30, 2019

was mainly due to our net loss of \$603,359, an increase in accounts receivable of \$326,789, an increase in prepayments and other receivables of \$543,046 and a decrease in operating lease liability of \$165,960, partially offset by the increase in accruals and other payables of \$166,934 and deferred revenue of \$136,190.

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Investing Activities

Net cash provided by investing activities was \$66,638 for the nine months ended September 30, 2020, as compared to \$3,415 net cash provided by investing activities for the nine months ended September 30, 2019. The net cash used in investing activities for the nine months ended September 30, 2020 was attributable to the purchase of \$3,548 of equipment, \$20,021 of intangible assets and \$90,207 proceeds from disposal of investments. The net cash provided by investing activities for the nine months ended September 30, 2019 was mainly attributable to the business combination of Maihuolang E-commerce.

Financing Activities

Net cash provided by financing for the nine months ended September 30, 2020 was \$554,482, as compared to \$718,381 for the nine months ended September 30, 2019. For the nine months ended September 30, 2020, we obtained proceeds from sales of non-controlling interests of \$71,502, advances of \$3,243,880 from shareholders and repaid \$2,760,900 to shareholders. For the nine months ended September 30, 2019, we obtained advances of \$6,116,491 from shareholders and repaid \$5,405,862 to shareholders, advances of \$301,625 from related parties and repaid \$293,873 to related parties.

Contractual Obligations and Commercial Commitments

We had the following contractual obligations and commercial commitments as of September 30, 2020:

| Contractual Obligations | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
|--------------------------------|---------------------|-------------------------|-------------------|------------------|--------------------------|
| Amounts due to shareholders | \$ 1,904,212 | \$ 1,904,212 | \$ - | \$ - | \$ - |
| Leases | 537,776 | 222,528 | 315,248 | - | - |
| Total | <u>\$ 2,441,988</u> | <u>\$ 2,126,740</u> | <u>\$ 315,248</u> | <u>\$ -</u> | <u>\$ -</u> |

We believe that our current cash and financing from our existing stockholders are adequate to support operations for the next 12 months. We may, however, in the future, require additional cash resources due to changed business conditions, implementation of our strategy to expand our business or other investments or acquisitions we may decide to pursue. If our own financial resources are insufficient to satisfy our capital requirements, we may seek to sell additional equity or debt securities or obtain additional credit facilities. The sale of additional equity securities could result in dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to expand our business operations and could harm our overall business prospects.

Capital Expenditures

We incurred capital expenditures of \$23,569 and \$1,548 for the nine months ended September 30, 2020 and 2019, respectively.

Off-Balance Sheet Transactions

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

Critical Accounting Policies

Our condensed consolidated financial information has been prepared in accordance with U.S. GAAP, which requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application. There were no other material changes to the critical accounting policies previously disclosed in our audited consolidated financial statements for the year ended December 31, 2019 included in the Annual Report on Form 10-K filed on May 1, 2020.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, our management has carried out an evaluation, with the participation and under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2020. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

Management conducted its evaluation of disclosure controls and procedures under the supervision of our chief executive officer and chief financial officer. Based upon, and as of the date of this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of September 30, 2020 due to the following material weaknesses that our management identified in our internal control over financial reporting as of September 30, 2020:

- (1) We did not hold shareholders meetings during the last fiscal year;
- (2) We do not have an audit committee;
- (3) We do not have sufficient and skilled accounting personnel with an appropriate level of technical accounting knowledge and experience in the application of accounting principles generally accepted in the United States commensurate with our financial reporting requirements;
- (4) We do not have appropriate policies and procedures in place to evaluate the proper accounting and disclosures of key documents and agreements of revenue process;
- (5) We have not maintained sufficient internal controls over cash related controls, including failure to segregate cash handling and accounting functions and did not require dual signature on the Company's bank accounts. Alternatively, the effects of poor cash controls were mitigated by the fact that we had limited transactions in our bank accounts; and
- (6) We retain copies of all financial data and material agreements; however, there is no formal procedure or evidence of normal backup of our data or off-site storage of data in the event of theft, misplacement, or loss due to unmitigated factors. We did not implement appropriate information technology controls.

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

We plan to take steps to remediate these material weaknesses as soon as practicable by implementing a plan to improve our internal control over financial reporting including, but not limited to, hiring additional staff and/or outside consultants experienced in US GAAP financial reporting as well as in SEC reporting requirements. Our management team will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements.

Our management does not believe that these material weaknesses had a material effect on our financial condition or results of operations or caused our condensed consolidated financial statements as of and for the period ended September 30, 2020 to contain a material misstatement.

Changes in Internal Control over Financial Reporting

Except for the matters described above, there were no changes in our internal controls over financial reporting during the quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these, or other matters, may arise from time to time that may harm our business. Other than the legal proceedings set forth below, we are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results:

On April 13, 2020, Henan Longji Real Estate Development Co., Ltd. (“Longji Real Estate”) filed an action against Porter E-Commerce, Zongjian Chen and Xue’an Yan related to certain loan of RMB 2 million (approximately \$283,082) which loan occurred before Porter E-Commerce merged with the Company. On May 10, 2020, Porter E-Commerce, Zongjian Chen, Xue’an Yan and Longji Real Estate reached a settlement under which Porter E-Commerce agreed to pay off the loan principal of RMB 2 million in two installments before June 30, 2021 and interest accrued on unpaid principal since January 1, 2020 at a rate of 6% per annum. In addition, under the settlement, Zongjian Chen and Xue’an Yan, the two original shareholders of Porter E-Commerce agreed to be severally and jointly liable for the payoff of the principal and interest of the loan. Porter E-Commerce, Zongjian Chen and Xue’an Yan were also jointly liable for the litigation costs of RMB11,400 (approximately \$1,614).

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The following exhibits are filed as part of this report or incorporated by reference:

| Exhibit No. | Description |
|--------------------|---|
| 31.1 | Certifications of Principal Executive Officer and Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certifications of Principal Executive Officer and Principal Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |

- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

Date: November 23, 2020

PORTER HOLDING INTERNATIONAL, INC.

By: /s/ Zonghua Chen
Zonghua Chen
Chief Executive Officer and Chief Financial Officer

CERTIFICATIONS

I, Zonghua Chen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Porter Holding International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2020

/s/ Zonghua Chen

Zonghua Chen

Chief Executive Officer and Chief Financial Officer

(Principal Executive Officer, Principal Financial Officer and Accounting Officer)

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

The undersigned, Zonghua Chen, Chief Executive Officer and Chief Financial Officer of PORTER HOLDING INTERNATIONAL, INC. (the “Company”), DOES HEREBY CERTIFY that:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has executed this statement this 23rd day of November, 2020.

/s/ Zonghua Chen
Zonghua Chen
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer, Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Porter Holding International, Inc. and will be retained by Porter Holding International, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The forgoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Document And Entity
Information - shares**

**9 Months Ended
Sep. 30, 2020**

Nov. 20, 2020

Document Information Line Items

| | | |
|--|------------------------------------|-------------|
| <u>Entity Registrant Name</u> | Porter Holding International, Inc. | |
| <u>Document Type</u> | 10-Q | |
| <u>Current Fiscal Year End Date</u> | --12-31 | |
| <u>Entity Common Stock, Shares Outstanding</u> | | 508,110,000 |
| <u>Amendment Flag</u> | false | |
| <u>Entity Central Index Key</u> | 0001605810 | |
| <u>Entity Current Reporting Status</u> | Yes | |
| <u>Entity Filer Category</u> | Non-accelerated Filer | |
| <u>Document Period End Date</u> | Sep. 30, 2020 | |
| <u>Document Fiscal Year Focus</u> | 2020 | |
| <u>Document Fiscal Period Focus</u> | Q3 | |
| <u>Entity Small Business</u> | true | |
| <u>Entity Emerging Growth Company</u> | false | |
| <u>Entity Shell Company</u> | false | |
| <u>Entity Interactive Data Current</u> | Yes | |

**CONDENSED
CONSOLIDATED
BALANCE SHEETS - USD
(\$)**

| | Sep. 30, 2020 | Dec. 31, 2019 |
|---|--------------------------|--------------------------|
| <u>CURRENT ASSETS</u> | | |
| <u>Cash</u> | \$ 34,621 | \$ 224,733 |
| <u>Accounts receivable, net of \$307,416 and \$3,065 allowance for doubtful accounts as of September 30, 2020 and December 31, 2019, respectively</u> | 591,397 | 1,079,316 |
| <u>Due from shareholders</u> | 306,130 | 0 |
| <u>Prepayments and other receivables</u> | 57,458 | 94,161 |
| <u>Total current assets</u> | 989,606 | 1,398,210 |
| <u>NON-CURRENT ASSETS</u> | | |
| <u>Long-term rental deposits</u> | 37,088 | 63,946 |
| <u>Long-term prepayments</u> | 5,938 | 5,589 |
| <u>Equipment, net</u> | 39,381 | 49,936 |
| <u>Intangible assets, net</u> | 24,400 | 257,141 |
| <u>Operating lease right-of-use assets</u> | 611,613 | 891,733 |
| <u>Goodwill</u> | 0 | 34,297 |
| <u>Total non-current assets</u> | 718,420 | 1,302,642 |
| <u>TOTAL ASSETS</u> | 1,708,026 | 2,700,852 |
| <u>CURRENT LIABILITIES</u> | | |
| <u>Accounts payable</u> | 131,873 | 134,798 |
| <u>Accruals and other payables</u> | 491,898 | 120,692 |
| <u>Deferred revenue</u> | 346,123 | 288,330 |
| <u>Taxes payable</u> | 91,852 | 134,405 |
| <u>Amounts due to shareholders</u> | 1,904,212 | 1,433,151 |
| <u>Amounts due to related parties</u> | [1]0 | 1,106 |
| <u>Operating lease liabilities – current</u> | 248,403 | 323,403 |
| <u>Total current liabilities</u> | 3,214,361 | 2,435,885 |
| <u>NON-CURRENT LIABILITIES</u> | | |
| <u>Operating lease liabilities - non-current</u> | 387,599 | 604,597 |
| <u>TOTAL LIABILITIES</u> | 3,601,960 | 3,040,482 |
| <u>STOCKHOLDERS' DEFICIT</u> | | |
| <u>Common stock, par value \$0.001 per share; 750,000,000 shares authorized, 508,110,000 shares issued and outstanding as of September 30, 2020 and December 31, 2019</u> | 508,110 | 508,110 |
| <u>Additional paid-in capital</u> | 1,128,241 | 1,077,986 |
| <u>Accumulated deficit</u> | (3,642,863) | (2,200,932) |
| <u>Accumulated other comprehensive income</u> | 36,185 | 92,800 |
| <u>Total Porter Holding International, Inc. stockholders' deficit</u> | (1,970,327) | (522,036) |
| <u>Non-controlling interests</u> | 76,393 | 182,406 |
| <u>Total stockholders' deficit</u> | (1,893,934) | (339,630) |
| <u>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</u> | \$ 1,708,026 | \$ 2,700,852 |

[1] Mr. Kezhan Ma is a 38% minority shareholder of Maihuolang E-commerce. After Porter E-Commerce transferred its 57% equity interests in Maihuolang E-Commerce to Mr. Kezhan Ma on July 15, 2020, Maihuolang E-Commerce was deconsolidated from the Company and Mr. Kezhan Ma was no longer considered as a related party.

**CONDENSED
CONSOLIDATED
BALANCE SHEETS
(Parentheticals) - USD (\$)**

Sep. 30, 2020 Dec. 31, 2019

Statement of Financial Position [Abstract]

| | | |
|--|-------------|-------------|
| <u>Accounts receivable, allowance for doubtful accounts (in Dollars)</u> | \$ 307,416 | \$ 3,065 |
| <u>Common stock, par value (in Dollars per share)</u> | \$ 0.001 | \$ 0.001 |
| <u>Common stock, shares authorized</u> | 750,000,000 | 750,000,000 |
| <u>Common stock, shares issued</u> | 508,110,000 | 508,110,000 |
| <u>Common stock, shares outstanding</u> | 508,110,000 | 508,110,000 |

**CONDENSED
CONSOLIDATED
STATEMENTS OF
OPERATIONS AND
COMPREHENSIVE LOSS -
USD (\$)**

3 Months Ended

9 Months Ended

**Sep. 30,
2020**

**Sep. 30,
2019**

**Sep. 30,
2020**

**Sep. 30,
2019**

Income Statement [Abstract]

| | | | | |
|--|--------------|--------------|----------------|--------------|
| <u>REVENUE, NET</u> | \$ 58,794 | \$ 367,553 | \$ 529,727 | \$ 2,061,992 |
| <u>COST OF REVENUE</u> | (11,570) | (243,240) | (391,374) | (1,042,658) |
| <u>GROSS PROFIT</u> | 47,224 | 124,313 | 138,353 | 1,019,334 |
| <u>TOTAL OPERATING EXPENSES</u> | (604,678) | (455,244) | (1,631,213) | (1,618,336) |
| <u>LOSS FROM OPERATIONS</u> | (557,454) | (330,931) | (1,492,860) | (599,002) |
| <u>TOTAL OTHER INCOME, NET</u> | 6,927 | 31,822 | 28,226 | 39,405 |
| <u>NET LOSS BEFORE TAXES</u> | (550,527) | (299,109) | (1,464,634) | (559,597) |
| <u>Income tax benefit (expense)</u> | 0 | 1,968 | 0 | (43,762) |
| <u>NET LOSS</u> | (550,527) | (297,141) | (1,464,634) | (603,359) |
| <u>Less: Net (loss) income attributable to non-controlling interests</u> | (3,175) | 44 | (22,703) | 3,360 |
| <u>Net loss attributable to Porter Holding International, Inc. common stockholders</u> | (547,352) | (297,185) | (1,441,931) | (606,719) |
| <u>Other comprehensive (loss) income</u> | | | | |
| <u>Foreign currency translation (loss) income</u> | (70,173) | 41,242 | (55,204) | 46,102 |
| <u>Total Comprehensive loss</u> | (620,700) | (255,899) | (1,519,838) | (557,257) |
| <u>Less: comprehensive income (loss) attributable to non-controlling interests</u> | 812 | (2,262) | (21,292) | 1,100 |
| <u>Comprehensive loss attributable to Porter Holding International, Inc. common stockholders</u> | \$ (621,512) | \$ (253,637) | \$ (1,498,546) | \$ (558,357) |
| <u>Basic and diluted loss per share (in Dollars per share)</u> | [1] \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Weighted average number of common shares outstanding - basic and diluted (in Shares)</u> | 508,110,000 | 508,110,000 | 508,110,000 | 508,110,000 |

[1] Less than \$0.01 per share

| CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT - USD (\$) | Common Stock [Member] | Additional Paid-in Capital [Member] | Retained Earnings [Member] | AOCI Attributable to Parent [Member] | Noncontrolling Interest [Member] | Total |
|---|--------------------------------------|--|---|---|---|--------------|
| <u>Balance at Dec. 31, 2018</u> | \$ 508,110 | \$ 400,561 | \$ (1,626,596) | \$ 93,674 | \$ 55,817 | \$ (568,434) |
| <u>Balance (in Shares) at Dec. 31, 2018</u> | 508,110,000 | | | | | |
| <u>Net income (loss)</u> | | | (369,415) | | 8,229 | (361,186) |
| <u>Capital contribution</u> | | 125,353 | | | | 125,353 |
| <u>Foreign currency translation adjustment</u> | | | | (16,122) | 1,408 | (14,714) |
| <u>Balance at Mar. 31, 2019</u> | \$ 508,110 | 525,914 | (1,996,011) | 77,552 | 65,454 | (818,981) |
| <u>Balance (in Shares) at Mar. 31, 2019</u> | 508,110,000 | | | | | |
| <u>Balance at Dec. 31, 2018</u> | \$ 508,110 | 400,561 | (1,626,596) | 93,674 | 55,817 | (568,434) |
| <u>Balance (in Shares) at Dec. 31, 2018</u> | 508,110,000 | | | | | |
| <u>Net income (loss)</u> | | | | | | (603,359) |
| <u>Foreign currency translation adjustment</u> | | | | | | 46,102 |
| <u>Balance at Sep. 30, 2019</u> | \$ 508,110 | 525,914 | (2,233,315) | 142,036 | 56,917 | (1,000,338) |
| <u>Balance (in Shares) at Sep. 30, 2019</u> | 508,110,000 | | | | | |
| <u>Balance at Mar. 31, 2019</u> | \$ 508,110 | 525,914 | (1,996,011) | 77,552 | 65,454 | (818,981) |
| <u>Balance (in Shares) at Mar. 31, 2019</u> | 508,110,000 | | | | | |
| <u>Net income (loss)</u> | | | 59,881 | | (4,913) | 54,968 |
| <u>Foreign currency translation adjustment</u> | | | | 20,936 | (1,362) | 19,574 |
| <u>Balance at Jun. 30, 2019</u> | \$ 508,110 | 525,914 | (1,936,130) | 98,488 | 59,179 | (744,439) |
| <u>Balance (in Shares) at Jun. 30, 2019</u> | 508,110,000 | | | | | |
| <u>Net income (loss)</u> | | | (297,185) | | 44 | (297,141) |
| <u>Foreign currency translation adjustment</u> | | | | 43,548 | (2,306) | 41,242 |
| <u>Balance at Sep. 30, 2019</u> | \$ 508,110 | 525,914 | (2,233,315) | 142,036 | 56,917 | (1,000,338) |
| <u>Balance (in Shares) at Sep. 30, 2019</u> | 508,110,000 | | | | | |
| <u>Balance at Dec. 31, 2019</u> | \$ 508,110 | 1,077,986 | (2,200,932) | 92,800 | 182,406 | (339,630) |
| <u>Balance (in Shares) at Dec. 31, 2019</u> | 508,110,000 | | | | | |
| <u>Net income (loss)</u> | | | (552,067) | | (2,697) | (554,764) |

| | | | | | | |
|--|-------------|--------------|----------------|-----------|-----------|----------------|
| <u>Foreign currency translation adjustment</u> | | | | 23,030 | (3,027) | 20,003 |
| <u>Balance at Mar. 31, 2020</u> | \$ 508,110 | 1,077,986 | (2,752,999) | 115,830 | 176,682 | (874,391) |
| <u>Balance (in Shares) at Mar. 31, 2020</u> | 508,110,000 | | | | | |
| <u>Balance at Dec. 31, 2019</u> | \$ 508,110 | 1,077,986 | (2,200,932) | 92,800 | 182,406 | (339,630) |
| <u>Balance (in Shares) at Dec. 31, 2019</u> | 508,110,000 | | | | | |
| <u>Net income (loss)</u> | | | | | | (1,464,634) |
| <u>Foreign currency translation adjustment</u> | | | | | | (55,204) |
| <u>Balance at Sep. 30, 2020</u> | \$ 508,110 | 1,128,241 | (3,642,863) | 36,185 | 76,393 | (1,893,934) |
| <u>Balance (in Shares) at Sep. 30, 2020</u> | 508,110,000 | | | | | |
| <u>Balance at Mar. 31, 2020</u> | \$ 508,110 | 1,077,986 | (2,752,999) | 115,830 | 176,682 | (874,391) |
| <u>Balance (in Shares) at Mar. 31, 2020</u> | 508,110,000 | | | | | |
| <u>Net income (loss)</u> | | | (342,512) | | (16,831) | (359,343) |
| <u>Foreign currency translation adjustment</u> | | | | (5,485) | 451 | (5,034) |
| <u>Balance at Jun. 30, 2020</u> | \$ 508,110 | 1,077,986 | (3,095,511) | 110,345 | 160,302 | (1,238,768) |
| <u>Balance (in Shares) at Jun. 30, 2020</u> | 508,110,000 | | | | | |
| <u>Sales of subsidiary shares to non-controlling interests</u> | | 50,255 | | | 21,247 | 71,502 |
| <u>Disposal of a subsidiary</u> | | | | | (105,968) | (105,968) |
| <u>Net income (loss)</u> | | | (547,352) | | (3,175) | (550,527) |
| <u>Foreign currency translation adjustment</u> | | | | (74,160) | 3,987 | (70,173) |
| <u>Balance at Sep. 30, 2020</u> | \$ 508,110 | \$ 1,128,241 | \$ (3,642,863) | \$ 36,185 | \$ 76,393 | \$ (1,893,934) |
| <u>Balance (in Shares) at Sep. 30, 2020</u> | 508,110,000 | | | | | |

**CONDENSED
CONSOLIDATED
STATEMENTS OF CASH
FLOWS - USD (\$)**

9 Months Ended

Sep. 30, 2020 Sep. 30, 2019

Cash flows from operating activities

Net loss \$ (1,464,634) \$ (603,359)

Adjustments to reconcile net loss to cash used in operating activities:

Impairment on goodwill 34,145 0

Impairment on intangible asset 17,791 0

Gain on disposal of a subsidiary (4,730) 0

Depreciation and amortization 32,406 19,771

Gain on disposal of property, plant and equipment 0 (50)

Amortization of operating lease right-of-use assets 214,035 158,538

Bad debt expense 498,018 16,090

Changes in assets and liabilities

Accounts receivable 1,675 (326,789)

Prepayments and other receivables (645) (543,046)

Operating lease liabilities (221,963) (165,960)

Accounts payable (6,160) 35,926

Accruals and other payable 125,212 166,934

Deferred revenue 63,361 136,190

Tax payable (44,614) 21,657

Net cash used in operating activities (756,103) (1,084,098)

Cash flows from investing activities

Purchase of equipment (3,548) (1,548)

Purchase of intangible asset (20,021) 0

Proceeds from disposal of investments 90,207 0

Cash acquired through business combination 0 4,963

Net cash provided by investing activities 66,638 3,415

Cash flows from financing activities

Sales of subsidiary shares to non-controlling interests 71,502 0

Advances from related parties 0 301,625

Repayment to related parties 0 (293,873)

Advances from shareholders 3,243,880 6,116,491

Repayment to shareholders (2,760,900) (5,405,862)

Net cash provided by financing activities 554,482 718,381

Effect of exchange rates on cash (55,129) (99,047)

Net decrease in cash (190,112) (461,349)

Cash at beginning of period 224,733 728,121

Cash at end of period 34,621 266,772

Supplemental of cash flow information

Cash paid for interest expenses 0 0

Cash paid for income tax 0 0

Non-cash financing activities:

| | | |
|--|------|------------|
| <u>Operating lease asset obtained in exchange for operating lease obligation</u> | 0 | 1,184,455 |
| <u>Capital contribution</u> | \$ 0 | \$ 125,353 |

ORGANIZATION AND BUSINESS

**9 Months Ended
Sep. 30, 2020**

[Accounting Policies](#)

[\[Abstract\]](#)

[Organization, Consolidation and Presentation of Financial Statements Disclosure \[Text Block\]](#)

1. ORGANIZATION AND BUSINESS

Porter Holding International, Inc. (formerly known as Uni Line Corp., “ULNV” or the “Company”) was incorporated in the State of Nevada on September 5, 2013.

As of September 30, 2020, the Company has subsidiaries incorporated in countries and jurisdictions including the People’s Republic of China (“PRC”), Hong Kong, and Seychelles. As of December 31, 2019, the Company also effectively controls a number of variable interest entities (“VIEs”) through the Primary Beneficiaries, as defined below. The VIEs include:

- (a) Shenzhen Porter Warehouse E-Commerce Co. Ltd. (“Porter E-Commerce”);
- (b) Shenzhen Porter Shops Lot Technology Co., Ltd. (formerly named Shenzhen Yihuilian Information Consulting Co. Ltd.) (“Porter Consulting”); and
- (c) Shenzhen Porter Commercial Perspective Network Co. Ltd. (“Porter Commercial”).

As a result of the above contractual arrangements, or the Contractual Arrangements, PGL has substantial control over the VIE Entities’ daily operations and financial affairs, election of their senior executives and all matters requiring shareholder approval. Furthermore, as the primary beneficiary of the VIE Entities, the Company is entitled to consolidate the financial results of the VIE Entities in its own consolidated financial statements under Financial Accounting Standards Board Accounting Standard Codification (“ASC”) Topic 810 and related subtopics related to the consolidation of variable interest entities, or ASC Topic 810.

In August 2019, Porter E-Commerce acquired 60% of the equity interest in Shenzhen Qianhai Maihuolang E-commerce Co., Ltd. (“Maihuolang E-commerce”), which is engaged in the business of online E-commerce (See Note 3 – Business combinations). In October 2019, the shareholders of Maihuolang E-commerce resolved that the registered capital from RMB 5,000,000 (\$718,205) to RMB 5,263,157 (\$756,005), and such increase in registered capital would be contributed by the non-controlling interest shareholder. Consequently, the equity interest in Maihuolang E-commerce owned by the Company was changed to 57%. On July 15, 2020, Porter E-Commerce entered into an Equity Transfer Agreement (the “Agreement”) with Mr. Kezhan Ma, whereby Porter E-Commerce transferred its 57% equity interests in Maihuolang E-Commerce to Mr. Kezhan Ma, for cash consideration of RMB 650,000 (approximately \$95,735) which amount is received on July 27, 2020. The Company did not report the operation of Maihuolang E-commerce as discontinued operation as the sale did not represent a strategic shift that would have a major effect on the Company’s operations and financial results. An impairment loss of \$51,936 and a disposal gain of \$4,730 were recognized.

In July 2020, the shareholders of Porter Consulting resolved that the registered capital from RMB 1,000,000 (\$147,284) to RMB 1,176,470 (\$173,275), and such increase in registered capital would be contributed by the non-controlling interest shareholder. Consequently, the equity interest in Porter Consulting owned by the Company was changed to 85%. Besides, Porter Consulting change from Shenzhen Yihuilian Information Consulting Co. Ltd. to Shenzhen Porter Shops Lot Technology Co., Ltd.

The Company and its subsidiaries and VIE entities (collectively referred to as the “Company”) focus its business as an innovative O2O (Online to Offline) business platform operator covering both online E-commerce and offline commercial chain entity of three dimensional synchronous operation together with integrated comprehensive services for merchant clients, service income

from organizing and delivering an event and forum, and third-party payment service. The Company provides investment and corporate management consulting services to its clients.

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES**

9 Months Ended

Sep. 30, 2020

[Accounting Policies](#)

[\[Abstract\]](#)

[Significant Accounting](#)

[Policies \[Text Block\]](#)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States of America generally accepted accounting principles (“U.S. GAAP”). The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries and its variable interest entities. All significant inter-company transactions and balances have been eliminated in consolidation.

The interim unaudited condensed consolidated financial information as of September 30, 2020 and December 31, 2019, and for the three and nine months periods ended September 30, 2020 and 2019 have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures, which are normally included in consolidated financial statements prepared in accordance with U.S. GAAP have not been included. The interim unaudited condensed consolidated financial information should be read in conjunction with the Consolidated Financial Statements and the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, previously filed with the SEC on May 1, 2020.

In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these unaudited condensed consolidated financial statements, which are of a normal and recurring nature, have been included. The results reported in the condensed consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year.

Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern.

As of September 30, 2020, the Company had working capital deficiency of \$2,224,755 as compared to working capital deficiency of \$1,037,675 as of December 31, 2019.

Net cash used in operating activities for the nine months ended September 30, 2020 was \$756,103 as compared to \$1,084,098 for the nine months ended September 30, 2019. The decrease in net cash used in operating activities for the nine months ended September 30, 2020 was primarily due to a decrease in accounts receivable, and prepayment and other receivables in the period.

Net cash provided by investing activities for the nine months ended September 30, 2020 was \$66,638 as compared to \$3,415 for the nine months ended September 30, 2019. The cash provided by investing activities for the nine months ended September 30, 2020 are mainly from proceeds from disposal of investments.

Historically, the Company financed its operations through loans from shareholders. The Company’s actions to improve operation efficiency, cost reduction, and develop core cash-generating business include the following: seeking advances from the major shareholders, pursuing additional public and/or private issuance of securities, and looking for strategic business partners to optimize its operations.

The Company has considered whether there is substantial doubt about its ability to continue as a going concern due to (1) its recurring losses from operations, including approximately \$1,441,931 net loss attributable to the Company's stockholders for the nine months ended September 30, 2020, (2) its accumulated deficit of approximately \$3,642,863 as of September 30, 2020 and (3) the fact that the Company had negative operating cash flows of approximately \$756,103 for the nine months ended September 30, 2020.

In evaluating if there is substantial doubt about its ability to continue as a going concern, the Company is trying to alleviate the going concern risk through (1) increasing cash generated from operations by controlling operating expenses and expanding more revenue streams, (2) loans from existing directors and shareholders, and (3) equity or debt financing. The Company has certain plans to mitigate these adverse conditions and to increase the liquidity of the Company.

On an on-going basis, the Company also received and will continue to receive financial support commitments from the Company's related parties.

The Company's cash balance as of September 30, 2020 will not be sufficient to support its operations for the next 12 months after the date that the financial statements issued. The Company has several actions to implement as mentioned above. However, if the Company is unable to obtain the necessary additional capital on a timely basis and on acceptable terms, the Company will be unable to implement its current plans for expansion, repay debt obligations or respond to competitive market pressures, which will have negative influence upon its business, prospects, financial condition and results of operations.

The negative operating results of cash flow and working capital in the nine months ended September 30, 2020 raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued operations are highly dependent upon its ability to increase revenues and if needed complete equity and/or debt financing.

The Company believes if it is unable to obtain its resources to fund operations, it may be required to delay, scale back or eliminate some or all of its planned operations, which may have a material adverse effect on its business, results of operations and ability to operate as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, workforces, customers, and created significant volatility and disruption of financial markets. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's services and harm its business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on its business or results of operations at this time.

These unaudited condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

As of September 30, 2020, the Company's cash balance was \$34,621 and its current liabilities exceed current assets by \$2,224,755 which together with continued losses from operations raises substantial doubt about its ability to continue as a going concern. The Company's operating results for future periods are subject to uncertainties and it is uncertain if the management will be able to achieve profitability and continued growth for the foreseeable future. If the management is not able to increase revenue and manage operating expenses in line with revenue forecasts, the Company may not be able to achieve profitability.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements requires management of the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an on-going basis, the

Company evaluates its estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Identified below are the accounting policies that reflect the Company's most significant estimates and judgments, and those that the Company believes are the most critical to fully understanding and evaluating its condensed consolidated financial statements.

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business slowdowns or shutdowns, depress demand for the Company's business, and adversely impact its results of operations. During the three months ended September 30, 2020, the Company faced increasing uncertainties around its estimates of revenue collectability and accounts receivable credit losses. The Company expects uncertainties around its key accounting estimates to continue to evolve depending on the duration and degree of impact associated with the COVID-19 pandemic. Its estimates may change as new events occur and additional information emerges, and such changes are recognized or disclosed in its unaudited condensed consolidated financial statements.

VIE Consolidation

The Company's VIEs with the exception of Weifang Portercity, are wholly owned by Mr. Zonghua Chen and Ms. Xiaomei Xiong as nominee shareholders. For the consolidated VIEs, management made evaluations of the relationships between the Company and the VIEs and the economic benefit flow of contractual arrangements with the VIEs. In connection with such evaluation, management also took into account the fact that, as a result of such contractual arrangements, the Company controls the shareholders' voting interests in these VIEs. As a result of such evaluation, management concluded that the Company is the primary beneficiary of its consolidated VIEs.

PRC laws and regulations prohibit or restrict foreign ownership of companies that operate Internet information and content, Internet access, online games, mobile, value added telecommunications and certain other businesses in which the Company is engaged or could be deemed to be engaged. Consequently, the Company conducts certain of its operations and businesses in the PRC through its VIEs. The Company consolidates all of the VIEs of which the Company is the primary beneficiary.

The following financial information of the Company's consolidated VIEs (including subsidiary of VIEs) is included in the accompanying condensed consolidated financial statements:

| | September 30, 2020 | December 31, 2019 |
|--|-------------------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 23,428 | \$ 203,037 |
| Accounts receivable, net | 561,022 | 1,021,078 |
| Prepayments and other receivables | 57,320 | 94,116 |
| Due from shareholders | 418,985 | - |
| Amount due from the Company and its non-VIE subsidiaries (1) | 386,704 | 205,856 |
| Total current assets | 1,447,459 | 1,524,087 |
| NON-CURRENT ASSETS | | |
| Long term rental deposit | 37,088 | 63,946 |
| Long term prepayment | 5,938 | 5,589 |
| Equipment, net | 38,291 | 48,566 |
| Intangible assets, net | 24,400 | 257,141 |
| Operating lease right-of-use assets | 611,613 | 891,733 |
| Goodwill | - | 34,297 |
| Total non-current assets | 717,330 | 1,301,272 |

| | | |
|--|---------------------|---------------------|
| TOTAL ASSETS | <u>\$ 2,164,789</u> | <u>\$ 2,825,359</u> |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 131,873 | \$ 134,798 |
| Accruals and other payables | 469,837 | 99,836 |
| Deferred revenue | 346,123 | 288,330 |
| Tax payable | 91,852 | 134,394 |
| Amounts due to shareholders of the Company | 2,156,078 | 1,618,720 |
| Operating lease liability - current | 248,403 | 323,403 |
| Total current liabilities | <u>3,444,166</u> | <u>2,599,481</u> |
| NON-CURRENT LIABILITIES | | |
| Operating lease liability - non-current | 387,599 | 604,597 |
| TOTAL LIABILITIES | <u>\$ 3,831,765</u> | <u>\$ 3,204,078</u> |

(1) Amount due from the Company and its non-VIE subsidiaries consists of intercompany from other non-VIE subsidiaries within the Company.

| | Three months ended | | Nine months ended | |
|-------------|---------------------------|--------------|--------------------------|--------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Net revenue | \$ 30,453 | \$ 367,362 | \$ 451,367 | \$ 1,721,893 |
| Net loss | \$ (477,129) | \$ (228,611) | \$ (1,184,321) | \$ (699,163) |

| | Nine months ended | |
|---|--------------------------|--------------|
| | September 30, | |
| | 2020 | 2019 |
| Net cash used in operating activities | \$ (509,188) | \$ (942,578) |
| Net cash provided by investing activities | 66,638 | 3,415 |
| Net cash provided by financing activities | 263,160 | 670,003 |

Revenue Recognition

The Company recognizes revenues when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company recognizes revenues following the five step model prescribed under Accounting Standards Update (“ASU”) No. 2014-09: (i) identify contract(s) with a customer: Due to impact of COVID-19, the Company, starting from first quarter of 2020, determines to receive cash prior to performing investment and corporate management consulting services in order to ensure probable collection of consideration and hence existence of a contract; (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) the Company satisfies the performance obligation.

Revenues are recognized when control of the promised goods or services is transferred to the customers, which may occur at a point in time or over time depending on the terms and conditions of the agreement, in an amount that reflects the consideration the Company expect to be entitled to in exchange for those goods or services.

The Company via Porter Consulting earns commissions of \$11,087 and \$34,682 for the three and nine months ended September 30, 2020 respectively, primarily from a third-party payment service provider when China UnionPay card transactions are completed and settled. Commissions of \$19,801 and \$67,902 for the three and nine months ended September 30, 2019 respectively.

Revenue related to commissions is recognized in the statement of operation at the time when the underlying transaction is completed.

The third-party payment provider is a China UnionPay card acquiring institution and earns processing fees from China UnionPay card transactions. The Company's performance obligation is to promote, via Porter Consulting, the payment service of the third-party payment service provider to merchants in Shenzhen, for which the Company shares a portion of the processing fees earned by the third-party payment service provider from China UnionPay, as commission.

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

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

Phase II consulting services primarily include reorganization, pre-listing education and tutoring, talent search, legal and audit firm recommendation and coordination, VIE contracts and other public-listing related documents review, merger and acquisition planning, investor referral and pre-listing equity financing source identification and recommendation, independent directors and audit committee candidates recommendation; shell company identification and recommendation for customers expecting to become publicly listed through reverse merger transaction; etc. Management estimates that Phase II normally takes about five months to complete based its past experiences.

Phase III consulting services primarily include assistance in preparation of customers' registration statement under IPO transactions or Form 8-K under reverse merger transactions; assistance in answering comments and questions received from regulatory agencies etc. Management believes it is very difficult to estimate the timing of this phase of service as the completion of Phase III services is not within the Company's control.

Under ASC Topic 606, in order to recognize revenue, the Company is required to identify an approved contract with commitments to perform respective obligations, identify rights of each party in the transaction regarding goods to be transferred, identify the payment terms for the goods transferred, verify that the contract has commercial substance and verify that collection of substantially all consideration is probable. Each phase of consulting services is standalone and fees associated with each phase are usually clearly identified in service agreements. Revenue from providing Phase I and Phase II consulting services to customers is recognized based on the output methods, including surveys of performance completed to date or milestones reached of each phase only when the Company has an enforceable right to payment for performance completed to date. Otherwise, such revenue is recognized at a point in time when services are delivered and accepted by customers. Revenue from providing Phase III consulting services to customers is recognized upon completion of reverse merger transaction or IPO transaction, which is evidenced by filing of 8-K for reverse merger transaction or receipt of effective notice from regulatory agencies for IPO transaction. Revenue that has been billed and not yet recognized is reflected as deferred revenue on the condensed consolidated balance sheets.

Depending on the complexity of the underlying service arrangement and related terms and conditions, significant judgments, assumptions and estimates may be required to determine when substantial delivery of contract elements has occurred, whether any significant ongoing obligations exist subsequent to contract execution, whether amounts due are collectible and the appropriate period or periods in which, or during which, the completion of the earnings process occurs. Depending on the magnitude of specific revenue arrangements, adjustment may be made to the judgments, assumptions and estimates regarding contracts executed in any specific period. Service income from consulting services, totaled \$nil and \$306,286 for the three and nine months ended September 30, 2020, is recognized when the service is performed. Service income from consulting

services, totaled \$329,000 and \$1,590,010 for the three and nine months ended September 30, 2019.

Regarding the trading business, the Company evaluates whether it is appropriate to record the gross amount of product sales and related costs or the net amount as commissions in accordance with ASC 606. When the Company is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenues should be recorded on a gross basis. When the Company is not the primary obligor, does not bear the inventory risk and does not have the ability to establish the price, revenues are recorded on a net basis. The Company determined that it is not the primary obligor in its trading business. For the three and nine months ended September 30, 2020, the Company recognized a net revenue of \$nil and \$11,928, when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. For the three and nine months ended September 30, 2019, the Company recognized a net revenue of \$18 and \$31,684.

Starting from the first quarter of 2019, the Company, via PPBGL, Maihuolang E-commerce and Porter Commercial, provides various training services to its clients, primarily related to e-commerce platform operation, expansion of channels and promotion strategy, and capital market operation, via live and online sessions. Under ASC Topic 606, in order to recognize revenue, the Company is required to identify an approved contract with commitments to perform respective obligations, identify rights of each party in the transaction regarding goods to be transferred, identify the payment terms for the goods transferred, verify that the contract has commercial substance and verify that collection of substantially all consideration is probable. The fees associated with the course of training sessions are clearly identified in service agreements. Training service revenue is recognized at the time when the training sessions stipulated in the contract are completed. The Company recognized \$42,447 and \$132,090 for the three and nine months ended September 30, 2020. The Company recognized \$173 and \$308,416 for the three and nine months ended September 30, 2019.

Practical expedients and exemption

The company has not incurred any costs to obtain contracts, and does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

Other service income is earned when services have been rendered.

Revenue by major product line

| | For Three Months Ended September 30, | | For Nine Months Ended September 30, | |
|---|---|-------------------|--|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Investment and corporate management consulting services | \$ - | \$ 329,000 | \$ 306,286 | \$ 1,590,010 |
| Training service | 42,447 | 173 | 132,090 | 308,416 |
| Third-party payment service | 11,087 | 19,801 | 34,682 | 67,902 |
| Trading business | - | 18 | 11,928 | 31,684 |
| Others | 5,260 | 18,561 | 44,741 | 63,980 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

Revenue by recognition over time vs point in time

| | For Three Months Ended September 30, | | For Nine Months Ended September 30, | |
|--|---|-------------|--|-------------|
| | 2020 | 2019 | 2020 | 2019 |

| | | | | | | | | |
|---|----|---------------|----|----------------|----|----------------|----|------------------|
| Revenue by recognition over time | \$ | - | \$ | 329,000 | \$ | 306,286 | \$ | 1,590,010 |
| Revenue by recognition at a point in time | | 58,794 | | 38,553 | | 223,441 | | 471,982 |
| | \$ | <u>58,794</u> | \$ | <u>367,553</u> | \$ | <u>529,727</u> | \$ | <u>2,061,992</u> |

Revenue by gross vs net

| | For Three Months Ended | | For Nine Months Ended | | | | | |
|------------------|------------------------|---------------|-----------------------|----------------|----|----------------|----|------------------|
| | September 30, | | September 30, | | | | | |
| | 2020 | 2019 | 2020 | 2019 | | | | |
| Revenue by gross | \$ | 58,794 | \$ | 367,535 | \$ | 517,799 | \$ | 2,030,308 |
| Revenue by net | | - | | 18 | | 11,928 | | 31,684 |
| | \$ | <u>58,794</u> | \$ | <u>367,553</u> | \$ | <u>529,727</u> | \$ | <u>2,061,992</u> |

Foreign Currency and Foreign Currency Translation

The functional currency of the Company and PGL is the United States dollar (“US dollar”). The functional currency of the PPBGL is the Hong Kong dollar. The Company’s subsidiary and VIEs with operations in PRC uses the local currency, the Chinese Yuan (“RMB”), as their functional currencies. An entity’s functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which the entity primarily generates and expends cash. Management’s judgment is essential to determine the functional currency by assessing various indicators, such as cash flows, sales price and market, expenses, financing and inter-company transactions and arrangements.

Foreign currency transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-measured at the applicable rates of exchange in effect at that date. Gains and losses resulting from foreign currency re-measurement are included in the statements of comprehensive loss.

The condensed consolidated financial statements are presented in U.S. dollars. Assets and liabilities are translated into U.S. dollars at the current exchange rate in effect at the balance sheet date, and revenues and expenses are translated at the average of the exchange rates in effect during the reporting period. Stockholders’ equity accounts are translated using the historical exchange rates at the date the entry to stockholders’ equity was recorded, except for the change in retained earnings during the period, which is translated using the historical exchange rates used to translate each period’s statement of operation. Differences resulting from translating functional currencies to the reporting currency are recorded in accumulated other comprehensive income in the condensed consolidated balance sheets.

Translation of amounts from RMB into U.S. dollars has been made at the following exchange rates:

Balance sheet items, except for equity accounts

| | | |
|--------------------|------------------|------------------|
| September 30, 2020 | RMB6.7896 to \$1 | HKD7.7500 to \$1 |
| December 31, 2019 | RMB6.9618 to \$1 | HKD7.7894 to \$1 |

Income statement and cash flows items

| | | |
|---|------------------|------------------|
| For the nine-month period ended September 30, 2020 | RMB6.9928 to \$1 | HKD7.7573 to \$1 |
| For the nine-month period ended September 30, 2019 | RMB6.8628 to \$1 | HKD7.8384 to \$1 |
| For the three-month period ended September 30, 2020 | RMB6.9153 to \$1 | HKD7.7504 to \$1 |
| For the three-month period ended September 30, 2019 | RMB7.0150 to \$1 | HKD7.8300 to \$1 |

Net loss per share of common stock

The Company has adopted ASC Topic 260, “Earnings per Share,” (“EPS”) which requires presentation of basic EPS on the face of the statement of operation for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation. In the accompanying condensed consolidated financial statements, basic earnings (loss) per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period.

| | Three Months Ended | | Nine Months Ended | |
|--|---------------------------|--------------|--------------------------|--------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Net loss attributable to Porter Holding International, Inc. | \$ (547,352) | \$ (297,185) | \$ (1,441,931) | \$ (606,719) |
| Weighted average number of common shares outstanding - basic and diluted | 508,110,000 | 508,110,000 | 508,110,000 | 508,110,000 |
| Basic and diluted loss per share | \$ - | \$ - | \$ - | \$ - |

The Company has no potentially dilutive securities, such as options or warrants, currently issued and outstanding.

Segments

The Company evaluates a reporting unit by first identifying its operating segments, and then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meets the definition of a business, the Company evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated. The Company has only one major reportable segment in the periods presented.

Fair Value of Financial Instruments

U.S. GAAP establishes a three-tier hierarchy to prioritize the inputs used in the valuation methodologies in measuring the fair value of financial instruments. This hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three-tier fair value hierarchy is:

Level 1 – observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – include other inputs that are directly or indirectly observable in the market place.

Level 3 – unobservable inputs which are supported by little or no market activity.

The carrying value of the Company’s financial instruments, including cash, accounts and other receivables, other current assets, accounts and other payables, and other short-term liabilities approximate their fair value due to their short maturities.

In accordance with ASC 825, for investments in financial instruments with a variable interest rate indexed to performance of underlying assets, the Company elected the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the accompanying condensed consolidated statements of operations and comprehensive loss as other income (expense). To estimate fair value, the Company refers to the quoted rate of return provided by banks at the end of each period using the discounted cash flow

method. The Company classifies the valuation techniques that use these inputs as Level 2 of fair value measurements.

As of September 30, 2020 and December 31, 2019, the Company had no investments in financial instruments.

Goodwill

The Company allocates goodwill from business combinations to reporting units based on the expectation that the reporting unit is to benefit from the business combination. The Company evaluates its reporting units on an annual basis and, if necessary, reassigns goodwill using a relative fair value allocation approach. Goodwill is tested for impairment at the reporting unit level on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

Application of the goodwill impairment test requires judgments, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and the determination of the fair value of each reporting unit. The Company first assesses qualitative factors to determine whether it is more likely than not that goodwill is impaired. If the more likely than not threshold is met, the Company performs a quantitative impairment test.

As of September 30, 2020 and December 31, 2019, the Company performed goodwill impairment testing. Base on the impairment test result per the fact that the considerations to be received for the disposal of 57% ownership of Maihuolang E-Commerce in July 2020 was lower than the related net carrying value, the Company fully impaired the goodwill of \$34,145 as of September 30, 2020.

Impairment for long-lived assets

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

As of September 30, 2020 and December 31, 2019, \$17,791 and \$nil of impairment of intangible assets was recognized, respectively. Since the considerations to be received for the disposal of 57% ownership of Maihuolang E-Commerce in July 2020 was lower than the related net carrying value, impairment was made to the intangible assets, on top of the full impairment of goodwill.

Apart from intangible assets, the Company recognized no impairment loss for other long-lived assets as of September 30, 2020 and December 31, 2019.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Operating lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the operating lease, the Company generally uses an incremental borrowing rate based on information available at the commencement date to determine the present value of future lease payments. Operating lease right-of-use (“ROU assets”) assets

represent the Company's right to control the use of an identified asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are generally recognized based on the amount of the initial measurement of the lease liability. The lease has remaining lease term of approximately four years. Lease expense 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 nonfinancial assets.

ROU assets are tested for impairment individually or as part of an asset group if the cash flows related to the ROU asset are not independent from the cash flows of other assets and liabilities. An asset group is the unit of accounting for long-lived assets to be held and used, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities.

The Company recognized no impairment of ROU assets as of September 30, 2020 and December 31, 2019.

The operating lease is included in operating lease right-of-use assets, operating lease liabilities-current and operating lease liabilities-non-current on the condensed consolidated balance sheets.

Recent Accounting Pronouncements

Accounting Pronouncements Issued But Not Yet Adopted

In May 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-05, which is an update to ASU Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced the expected credit losses methodology for the measurement of credit losses on financial assets measured at amortized cost basis, replacing the previous incurred loss methodology. The amendments in Update 2016-13 added Topic 326, Financial Instruments—Credit Losses, and made several consequential amendments to the Codification. Update 2016-13 also modified the accounting for available-for-sale debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis, in accordance with Subtopic 326-30, Financial Instruments—Credit Losses—Available-for-Sale Debt Securities. The amendments in this ASU address those stakeholders' concerns by providing an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. For those entities, the targeted transition relief will increase comparability of financial statement information by providing an option to align measurement methodologies for similar financial assets. Furthermore, the targeted transition relief also may reduce the costs for some entities to comply with the amendments in Update 2016-13 while still providing financial statement users with decision-useful information. ASU 2019-05 is effective for the Company for fiscal year beginning after December 15, 2022. The Company is currently evaluating the impact of this new standard on its condensed consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12: Simplifying the Accounting for Income Taxes (Topic 740), which removes certain exceptions to the general principles in Topic 740 and improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, with early adoption permitted. The Company is evaluating the effect of adopting this new accounting guidance but does not expect adoption will have a material impact on the Company's unaudited condensed consolidated financial statements and related disclosures.

Except for the above-mentioned pronouncements, there are no new recent issued accounting standards that will have material impact on the consolidated financial position, statements of operations and cash flows.

BUSINESS COMBINATIONS

9 Months Ended
Sep. 30, 2020

[Business Combinations](#)

[\[Abstract\]](#)

[Business Combination Disclosure \[Text Block\]](#)

3. BUSINESS COMBINATIONS

On August 25, 2019, Porter E-Commerce entered into a share purchase agreement (the “Maihuolang Agreement”) with Mr. Kezhan Ma, former controlling shareholder of Maihuolang E-commerce (“Maihuolang Seller”). Neither Porter E-Commerce nor its affiliates have any material relationship with the Maihuolang Seller other than with respect to the Maihuolang Agreement.

Pursuant to the Maihuolang Agreement, Porter E-Commerce agreed to acquire 60% of the capital stock of Maihuolang E-commerce collectively held by the Maihuolang Seller, for an aggregate consideration of RMB 1 (\$0.1) in cash.

The Company’s acquisition of Maihuolang E-commerce was accounted for as a business combination in accordance with ASC 805. The Company has allocated the purchase price of Maihuolang E-commerce based upon the fair value of the identifiable assets acquired and liabilities assumed on the acquisition date. The Company estimated the fair values of the assets acquired and liabilities assumed at the acquisition date in accordance with the business combination standard issued by the FASB with the valuation methodologies using cost approach. Management of the Company is responsible for determining the fair value of assets acquired, liabilities assumed and intangible assets identified as of the acquisition date and considered a number of factors including valuations from independent appraisers. Acquisition-related costs incurred for the acquisitions are not material and have been expensed as incurred in general and administrative expense.

The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, which represents the net purchase price allocation at the date of the acquisition of Maihuolang E-commerce based on a valuation performed by an independent valuation firm engaged by the Company:

| | Fair Value |
|---|-----------------------|
| Cash | \$ 4,761 |
| Prepayments | 280 |
| Other receivables | 27,026 |
| Intangible assets | 233,455 |
| Long-term deferred assets | 607 |
| Operating lease right-of-use assets | 158,004 |
| Goodwill | 33,375 |
| Total assets | <u>457,508</u> |
| Accrued payroll | (4,094) |
| Accrued tax | (18) |
| Other payables | (290,687) |
| Operating lease liability - current | (88,217) |
| Operating lease liability - non-current | (74,492) |
| Total liabilities | <u>(457,508)</u> |
| Net assets acquired | <u>\$ -</u> |

\$33,375 of goodwill arising from the acquisition consists largely of synergies expected from combining the operations of Porter E-Commerce and Maihuolang E-commerce. None of the goodwill is expected to be deductible for income tax purposes.

**ACCOUNTS
RECEIVABLE, NET**

**9 Months Ended
Sep. 30, 2020**

[Receivables \[Abstract\]](#)

[Loans, Notes, Trade and Other](#)

[Receivables Disclosure \[Text](#)

[Block\]](#)

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following:

| | September 30, 2020 | December 31, 2019 |
|--|-------------------------------|------------------------------|
| Billed | \$ 61,303 | \$ 61,303 |
| Unbilled | 837,510 | 1,021,078 |
| Accounts receivable | 898,813 | \$1,082,381 |
| Less: allowance for doubtful accounts | (307,416) | (3,065) |
| | <u>\$ 591,397</u> | <u>\$1,079,316</u> |

The following table sets forth the movement of allowance for doubtful accounts:

| | September 30, 2020 | December 31, 2019 |
|--------------------------|-------------------------------|------------------------------|
| Beginning | \$ 3,065 | \$ - |
| Additions | 498,018 | 476,694 |
| Write off | (201,702) | (470,696) |
| Exchange rate difference | 8,035 | (2,933) |
| Balance | <u>\$ 307,416</u> | <u>\$ 3,065</u> |

During the nine months ended September 30, 2020, the Company encountered further uncertainties of collectability due to impact of COVID-19, and hence took legal action in attempt to recover the accounts receivables. As such, for the three and nine months ended September 30, 2020, the Company wrote off \$38,871 and \$201,702 of uncollectible accounts receivable, respectively.

**PREPAYMENTS AND
OTHER RECEIVABLES**

[Disclosure Text Block Supplement](#)

[\[Abstract\]](#)

[Other Current Assets \[Text Block\]](#)

**9 Months Ended
Sep. 30, 2020**

5. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|-------------|-------------------------------|------------------------------|
| Prepayments | \$ 13,923 | \$ 53,998 |
| Others | 43,535 | 40,163 |
| | <u>\$ 57,458</u> | <u>\$ 94,161</u> |

EQUIPMENT, NET

9 Months Ended
Sep. 30, 2020

[Property, Plant and
Equipment \[Abstract\]](#)

[Property, Plant and Equipment
Disclosure \[Text Block\]](#)

6. EQUIPMENT, NET

Equipment, net consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|--------------------------------|-------------------------------|------------------------------|
| Office and computer equipment | \$ 177,799 | \$ 170,455 |
| Less: Accumulated depreciation | <u>(138,418)</u> | <u>(120,519)</u> |
| | <u>\$ 39,381</u> | <u>\$ 49,936</u> |

Depreciation expenses charged to the statements of operations for the nine months ended September 30, 2020 and 2019 were \$14,430 and \$14,755, respectively. Depreciation expenses charged to the statements of operations for the three months ended September 30, 2020 and 2019 were \$4,746 and \$4,817, respectively. Gain on disposal of property, plant and equipment for the nine months ended September 30, 2020 and 2019 were \$nil and \$50, respectively.

**INTANGIBLE ASSETS,
NET**

**9 Months Ended
Sep. 30, 2020**

[Goodwill and Intangible
Assets Disclosure \[Abstract\]](#)

[Goodwill and Intangible
Assets Disclosure \[Text Block\]](#)

7. INTANGIBLE ASSETS, NET

Intangible assets, net, consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|-----------------------------|-------------------------------|------------------------------|
| Software copyright | \$ - | \$ 233,560 |
| Domain names and trademarks | 40,818 | 46,158 |
| Intangible asset | 40,818 | 279,718 |
| Less: | | |
| Accumulated amortization | (16,418) | (22,577) |
| | <u>\$ 24,400</u> | <u>\$ 257,141</u> |

Amortization charged to the statements of operations for the nine months period ended September 30, 2020 and 2019 were \$17,976 and \$5,016, respectively. Amortization charged to the statements of operations for the three months period ended September 30, 2020 and 2019 were \$1,068 and \$3,010, respectively.

GOODWILL

9 Months Ended
Sep. 30, 2020

[Disclosure Text Block Supplement](#)

[\[Abstract\]](#)

[Goodwill Disclosure \[Text Block\]](#)

8. GOODWILL

The changes in the carrying amount of goodwill are as follows:

| | Maihuolang E- commerce |
|--|---------------------------------------|
| Balance as of December 31, 2019 | \$ 34,297 |
| Goodwill acquired through acquisitions | - |
| Impairment | (34,145) |
| Foreign currency translation adjustment | (152) |
| Balance as of September 30, 2020 | <u>\$ -</u> |

As of September 30, 2020, the Company fully impaired the goodwill of \$34,145.

**ACCRUALS AND OTHER
PAYABLES**

**9 Months Ended
Sep. 30, 2020**

[Payables and Accruals \[Abstract\]](#)
[Accounts Payable and Accrued Liabilities
Disclosure \[Text Block\]](#)

9. ACCRUALS AND OTHER PAYABLES

Accruals and other payables consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|---------------------------|-------------------------------|------------------------------|
| Salary payables | \$ 103,012 | \$ 69,557 |
| Refund to third parties | 294,568 | - |
| Accrued professional fees | 19,778 | 19,778 |
| Accrued rental expenses | 72,746 | 8,868 |
| Others | 1,794 | 22,489 |
| | <u>\$ 491,898</u> | <u>\$ 120,692</u> |

**BALANCES WITH
RELATED PARTIES**

**9 Months Ended
Sep. 30, 2020**

[Related Party Transactions](#)

[\[Abstract\]](#)

[Related Party Transactions](#)

[Disclosure \[Text Block\]](#)

10. BALANCES WITH RELATED PARTIES

| | <u>Note</u> | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|---|-------------|-------------------------------|------------------------------|
| Due from shareholders | | | |
| Mr. Zongjian Chen and Ms. Xiaomei Xiong (wife of Mr. Zongjian Chen) | (a) | \$ 294,568 | \$ - |
| Mr. Zongjian Chen (brother of Mr. Zonghua Chen) | | 11,562 | - |
| | | <u>\$ 306,130</u> | <u>\$ -</u> |
| Due to related parties | | | |
| Mr. Kezhan Ma | (b) | \$ - | \$ 1,106 |
| Due to shareholders | | | |
| Mr. Zonghua Chen (the Company's Chairman, Chief Executive Officer, Chief Financial Officer and President) | | \$ 1,904,212 | \$ 1,284,061 |
| Mr. Zongjian Chen (brother of Mr. Zonghua Chen) | | - | 149,090 |
| | | <u>\$ 1,904,212</u> | <u>\$ 1,433,151</u> |

- (a) On April 13, 2020, Henan Longji Real Estate Development Co., Ltd. ("Longji Real Estate") filed an action against Porter E-Commerce, Zongjian Chen and Xue'an Yan related to certain loan of RMB 2 million (approximately \$283,082) which loan occurred before Porter E-Commerce merged with the Company. On May 10, 2020, Porter E-Commerce, Zongjian Chen, Xue'an Yan and Longji Real Estate reached a settlement under which Porter E-Commerce agreed to pay off the loan principal of RMB 2 million in two installments before June 30, 2021 and interest accrued on unpaid principal since January 1, 2020 at a rate of 6% per annum. In addition, under the settlement, Zongjian Chen and Xue'an Yan, the two original shareholders of Porter E-Commerce agreed to be severally and jointly liable for the payoff of the principal and interest of the loan. Porter E-Commerce, Zongjian Chen and Xue'an Yan were also jointly liable for the litigation costs of RMB11,400 (approximately \$1,614).
- (b) Mr. Kezhan Ma is a 38% minority shareholder of Maihuolang E-commerce. After Porter E-Commerce transferred its 57% equity interests in Maihuolang E-Commerce to Mr. Kezhan Ma on July 15, 2020, Maihuolang E-Commerce was deconsolidated from the Company and Mr. Kezhan Ma was no longer considered as a related party.

All the above balances are due on demand, interest-free and unsecured. The Company used the funds for its operations. For the nine months ended September 30, 2020, the Company had transactions amounted \$3,243,880 from shareholders and \$2,760,900 to shareholders, comparing to \$6,116,491 from shareholders and \$5,405,862 to shareholders for the same period in 2019. For the nine months ended September 30, 2020, the Company had transactions amounted \$nil from and to related parties, comparing to \$301,625 from related parties and \$293,873 to related parties for the same period in 2019.

INCOME TAXES

**9 Months Ended
Sep. 30, 2020**

[Income Tax Disclosure](#)

[\[Abstract\]](#)

[Income Tax Disclosure \[Text Block\]](#)

11. INCOME TAXES

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

ULNV is incorporated in the State of Nevada and is subject to the U.S. federal tax and has incurred net operating loss for income tax purposes through September 30, 2020. As of September 30, 2020, future net operating losses of approximately \$45,437 from ULNV are available to offset future taxable income. Accumulated deficit as of September 30, 2020 and December 31, 2019 was approximately \$3.6 million and \$2.2 million, respectively.

The 2017 Tax Act created a new requirement that, for the periods beginning after January 1, 2018, certain income (referred to as global intangible low taxed income or “GILTI”) earned by foreign subsidiaries in excess of a deemed return on tangible assets of foreign corporations must be included in U.S. taxable income. The GILTI income is eligible for a deduction, which lowers the effective tax rate to 10.5% for calendar years 2018 through 2025 and 13.125% after 2025. Under U.S. GAAP, companies are allowed to make an accounting policy election to either (i) account for GILTI as a component of tax expense in the period in which a company is subject to the rules – the period cost method, or (ii) account for GILTI in a company’s measurement of deferred taxes – the deferred method. The Company elected to account for GILTI in the period the tax is incurred. The Company did not generate any GILTI during the nine months period ended September 30, 2020.

PGL is registered as an international business company and is exempted from corporation tax in Seychelles.

PPBGL is subject to Hong Kong profits tax rate of 16.5%. For the nine-month period ended September 30, 2020, it did not have any assessable profits arising in or derived from Hong Kong and accordingly no provision for Hong Kong profits tax was made. For the nine-month period ended September 30, 2020, it generated \$216,249 of net loss. For the nine-month period ended September 30, 2019, it generated \$325,290 of net income and \$42,700 tax expenses accrued accordingly.

PRC Tax

The Company’s subsidiary and consolidated VIEs in China are subject to corporate income tax (“CIT”) at 25% for the nine-month period ended September 30, 2020 and 2019. As of September 30, 2020, the Company had approximately \$3.6 million of net operating loss carried forward from the foreign subsidiaries which will expire in various years through 2025.

The Ministry of Finance (“MOF”) and State Administration of Taxation (“SAT”) on January 17, 2019 jointly issued Cai Shui 2019 No. 13. This clarified that from January 1, 2019 to December 31, 2021, eligible small enterprises whose taxable income falls under RMB1,000,000 (previously RMB500,000), may pay CIT on 25% of their whole income at a rate of 20% (i.e., effective rate is 5%).

A reconciliation of the income tax expense determined at the statutory income tax rate to the Company’s income taxes is as follows:

| | Three Months Ended | | Nine Months Ended | |
|--------------------------|---------------------------|--------------|--------------------------|--------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Loss before income taxes | \$ (550,527) | \$ (299,109) | \$(1,464,634) | \$ (559,597) |

| | | | | |
|--|-----------|------------|-----------|-----------|
| United States statutory income tax rate | 21% | 21% | 21% | 21% |
| Income tax benefit computed at statutory corporate income tax rate | (115,619) | (62,813) | (307,581) | (117,515) |
| Reconciling items: | | | | |
| Effect of different tax jurisdictions | (33,206) | (185,282) | (49,035) | (306,518) |
| Non-deductible expenses | 120,595 | 72,659 | 196,784 | 109,534 |
| Change in valuation allowance | 28,230 | 173,468 | 159,832 | 358,261 |
| Income tax (benefit) expense | \$ - | \$ (1,968) | \$ - | \$ 43,762 |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of September 30, 2020 and December 31, 2019 are presented below

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|-----------------------------------|-------------------------------|------------------------------|
| Deferred tax assets: | | |
| Net operating loss carryforwards: | | |
| - United States of America | \$ 9,542 | \$ 9,542 |
| - Hong Kong | 37,825 | 2,504 |
| - PRC | 709,003 | 586,509 |
| | <u>756,370</u> | <u>598,555</u> |
| Less: Valuation allowance | <u>(756,370)</u> | <u>(598,555)</u> |
| Acquisition/(Disposal): | | |
| - PRC | (184,866) | 182,849 |
| Less: Valuation allowance | 184,866 | (182,849) |
| | <u>\$ -</u> | <u>\$ -</u> |

Management believes that it is more likely than not that the Company will not realize these potential tax benefits as these operations will not generate any operating profits in the foreseeable future. As a result, a valuation allowance was provided against the full amount of the potential tax benefits.

**CHINA CONTRIBUTION
PLAN**

**9 Months Ended
Sep. 30, 2020**

[Retirement Benefits](#)

[\[Abstract\]](#)

[Retirement Benefits \[Text
Block\]](#)

12. CHINA CONTRIBUTION PLAN

The Company's subsidiaries and consolidated VIEs in China participate in a government-mandated multi-employer defined contribution plan pursuant to which certain retirement, medical and other welfare benefits are provided to employees. Chinese labor regulations require the Company's subsidiaries and consolidated VIEs to pay to the local labor bureau a monthly contribution at a stated contribution rate based on the monthly compensation of qualified employees. The relevant local labor bureau is responsible for meeting all retirement benefit obligations; the Company's China-based subsidiaries and consolidated VIEs have no further commitments beyond their monthly contributions. For the nine months ended September 30, 2020 and 2019, the Company's China based subsidiaries and consolidated VIEs contributed a total of \$16,221 and \$36,815, respectively, to these funds. For the three months ended September 30, 2020 and 2019, the Company's China based subsidiaries and consolidated VIEs contributed a total of \$4,959 and \$11,838, respectively, to these funds.

OPERATING LEASE

9 Months Ended
Sep. 30, 2020

[Disclosure Text Block](#)

[\[Abstract\]](#)

[Lessee, Operating Leases](#)

[\[Text Block\]](#)

13. OPERATING LEASE

The Company has operating leases for its office facilities. The Company's leases have remaining terms of approximately four years. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company does not separate non-lease components from the lease components to which they relate, and instead accounts for each separate lease and non-lease component associated with that lease component as a single lease component for all underlying asset classes.

The Company subleases certain office space to a third party that has a remaining term of less than 12 months.

The following table provides a summary of leases by balance sheet location as of September 30, 2020:

| Assets/liabilities | September 30, 2020 | December 31, 2019 |
|---|-------------------------------|------------------------------|
| Assets | | |
| Operating lease right-of-use assets | \$ 611,613 | \$ 891,733 |
| Liabilities | | |
| Operating lease liability - current | \$ 248,403 | \$ 323,403 |
| Operating lease liability - non-current | 387,599 | 604,597 |
| Total lease liabilities | <u>\$ 636,002</u> | <u>\$ 928,000</u> |

The operating lease expenses were as follows:

| Lease Cost | Classification | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------|-------------------------------------|---|-------------|--|-------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Operating lease cost | General and administrative expenses | \$ 68,779 | \$ 76,144 | \$ 253,567 | \$ 216,374 |

Maturities of operating lease liabilities at September 30, 2020 were as follows:

| Maturity of Lease Liabilities | Operating Leases |
|--|-----------------------------|
| 12 months ending September 30, 2021 | \$ 290,306 |
| 2022 | 290,306 |
| 2023 | 120,961 |
| Total lease payments | 701,573 |
| Less: interest | (65,571) |
| Present value of lease payments | <u>\$ 636,002</u> |

Lease liabilities include lease and non-lease component such as management fee.

Future minimum lease payments, which do not include the non-lease components, as of September 30, 2020 were as follows:

| | |
|--------------------------------|-------------------|
| 12 months ending September 30, | |
| 2021 | \$ 222,528 |
| 2022 | 222,528 |
| 2023 | 92,720 |
| Total | <u>\$ 537,776</u> |

| <u>Lease Term and Discount Rate</u> | <u>September 30, 2020</u> |
|--|---------------------------|
| Weighted-average remaining lease term (years) | |
| Operating leases--- Shenzhen Development Center, 36/F, LuoHu, Shenzhen | 2.42 |
| Weighted-average discount rate (%) | |
| Operating leases | 8% |

**CONCENTRATIONS AND
CREDIT RISK**

**9 Months Ended
Sep. 30, 2020**

Risks and Uncertainties

[Abstract]

Concentration Risk Disclosure 14. CONCENTRATIONS AND CREDIT RISK

[Text Block]

(a) *Concentrations*

In the three months ended September 30, 2020, one customer accounted for 48% of the Company's revenues, respectively. In the nine months ended September 30, 2020, one customer accounted for 58% of the Company's revenues, respectively.

In the three months ended September 30, 2019, two customers accounted for 51% and 38% of the Company's revenues, respectively. In the nine months ended September 30, 2019, four customers accounted for 23%, 22%, 12% and 12% of the Company's revenues, respectively.

No other customer accounts for more than 10% of the Company's revenue in the three and nine months ended September 30, 2020 and 2019.

As of September 30, 2020, three customers accounted for 80% of the Company's accounts receivable. As of December 31, 2019, four customers accounted for 86% of the Company's accounts receivable.

(b) *Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. As of September 30, 2020, and December 31, 2019, substantially all of the Company's cash were held by major financial institutions located in the PRC, which management believes are of high credit quality.

For the credit risk related to trade accounts receivable, the Company performs ongoing credit evaluations of its customers and, if necessary, maintains reserves for potential credit losses. Historically, such losses have been within management's expectations.

CONTINGENCIES

**9 Months Ended
Sep. 30, 2020**

[Disclosure Text Block
Supplement \[Abstract\]
Commitments Disclosure
\[Text Block\]](#)

15. CONTINGENCIES

During May 2020, a claim was filed against Porter E-Commerce related to a debt dispute of RMB 2 million (approximately \$283,082) whereas the debt took place before its merger with the Company. The two original shareholders of Porter E-Commerce guaranteed to settle the related principal, interest and penalty. If the amount would not be settled by the two original shareholders, Porter E-Commerce will be held responsible for this debt settlement.

SUBSEQUENT EVENT

**9 Months Ended
Sep. 30, 2020**

[Subsequent Events](#)

[\[Abstract\]](#)

[Subsequent Events \[Text
Block\]](#)

16. SUBSEQUENT EVENT

The Company has analyzed its operations subsequent to September 30, 2020 to the date these condensed consolidated financial statements were issued and has determined that it does not have any other material subsequent events to disclose in these condensed consolidated financial statements.

**Accounting Policies, by
Policy (Policies)**

**9 Months Ended
Sep. 30, 2020**

[Accounting Policies](#)

[\[Abstract\]](#)

[Basis of Accounting, Policy](#)

[\[Policy Text Block\]](#)

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States of America generally accepted accounting principles (“U.S. GAAP”). The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries and its variable interest entities. All significant inter-company transactions and balances have been eliminated in consolidation.

The interim unaudited condensed consolidated financial information as of September 30, 2020 and December 31, 2019, and for the three and nine months periods ended September 30, 2020 and 2019 have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures, which are normally included in consolidated financial statements prepared in accordance with U.S. GAAP have not been included. The interim unaudited condensed consolidated financial information should be read in conjunction with the Consolidated Financial Statements and the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, previously filed with the SEC on May 1, 2020.

In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these unaudited condensed consolidated financial statements, which are of a normal and recurring nature, have been included. The results reported in the condensed consolidated financial statements for any interim periods are not necessarily indicative of the results that may be reported for the entire year.

[Going Concern, Policy \[Policy
Text Block\]](#)

Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern.

As of September 30, 2020, the Company had working capital deficiency of \$2,224,755 as compared to working capital deficiency of \$1,037,675 as of December 31, 2019.

Net cash used in operating activities for the nine months ended September 30, 2020 was \$756,103 as compared to \$1,084,098 for the nine months ended September 30, 2019. The decrease in net cash used in operating activities for the nine months ended September 30, 2020 was primarily due to a decrease in accounts receivable, and prepayment and other receivables in the period.

Net cash provided by investing activities for the nine months ended September 30, 2020 was \$66,638 as compared to \$3,415 for the nine months ended September 30, 2019. The cash provided by investing activities for the nine months ended September 30, 2020 are mainly from proceeds from disposal of investments.

Historically, the Company financed its operations through loans from shareholders. The Company’s actions to improve operation efficiency, cost reduction, and develop core cash-generating business include the following: seeking advances from the major shareholders, pursuing additional public and/or private issuance of securities, and looking for strategic business partners to optimize its operations.

The Company has considered whether there is substantial doubt about its ability to continue as a going concern due to (1) its recurring losses from operations, including approximately \$1,441,931 net loss attributable to the Company’s stockholders for the nine months ended September 30, 2020, (2) its accumulated deficit of approximately \$3,642,863 as of September 30, 2020 and (3) the

fact that the Company had negative operating cash flows of approximately \$756,103 for the nine months ended September 30, 2020.

In evaluating if there is substantial doubt about its ability to continue as a going concern, the Company is trying to alleviate the going concern risk through (1) increasing cash generated from operations by controlling operating expenses and expanding more revenue streams, (2) loans from existing directors and shareholders, and (3) equity or debt financing. The Company has certain plans to mitigate these adverse conditions and to increase the liquidity of the Company.

On an on-going basis, the Company also received and will continue to receive financial support commitments from the Company's related parties.

The Company's cash balance as of September 30, 2020 will not be sufficient to support its operations for the next 12 months after the date that the financial statements issued. The Company has several actions to implement as mentioned above. However, if the Company is unable to obtain the necessary additional capital on a timely basis and on acceptable terms, the Company will be unable to implement its current plans for expansion, repay debt obligations or respond to competitive market pressures, which will have negative influence upon its business, prospects, financial condition and results of operations.

The negative operating results of cash flow and working capital in the nine months ended September 30, 2020 raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued operations are highly dependent upon its ability to increase revenues and if needed complete equity and/or debt financing.

The Company believes if it is unable to obtain its resources to fund operations, it may be required to delay, scale back or eliminate some or all of its planned operations, which may have a material adverse effect on its business, results of operations and ability to operate as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, workforces, customers, and created significant volatility and disruption of financial markets. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's services and harm its business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on its business or results of operations at this time.

These unaudited condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

As of September 30, 2020, the Company's cash balance was \$34,621 and its current liabilities exceed current assets by \$2,224,755 which together with continued losses from operations raises substantial doubt about its ability to continue as a going concern. The Company's operating results for future periods are subject to uncertainties and it is uncertain if the management will be able to achieve profitability and continued growth for the foreseeable future. If the management is not able to increase revenue and manage operating expenses in line with revenue forecasts, the Company may not be able to achieve profitability.

[Use of Estimates, Policy](#)
[\[Policy Text Block\]](#)

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements requires management of the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an on-going basis, the Company evaluates its estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or

conditions. Identified below are the accounting policies that reflect the Company's most significant estimates and judgments, and those that the Company believes are the most critical to fully understanding and evaluating its condensed consolidated financial statements.

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business slowdowns or shutdowns, depress demand for the Company's business, and adversely impact its results of operations. During the three months ended September 30, 2020, the Company faced increasing uncertainties around its estimates of revenue collectability and accounts receivable credit losses. The Company expects uncertainties around its key accounting estimates to continue to evolve depending on the duration and degree of impact associated with the COVID-19 pandemic. Its estimates may change as new events occur and additional information emerges, and such changes are recognized or disclosed in its unaudited condensed consolidated financial statements.

[Consolidation, Variable Interest Entity, Policy \[Policy Text Block\]](#)

VIE Consolidation

The Company's VIEs with the exception of Weifang Portercity, are wholly owned by Mr. Zonghua Chen and Ms. Xiaomei Xiong as nominee shareholders. For the consolidated VIEs, management made evaluations of the relationships between the Company and the VIEs and the economic benefit flow of contractual arrangements with the VIEs. In connection with such evaluation, management also took into account the fact that, as a result of such contractual arrangements, the Company controls the shareholders' voting interests in these VIEs. As a result of such evaluation, management concluded that the Company is the primary beneficiary of its consolidated VIEs.

PRC laws and regulations prohibit or restrict foreign ownership of companies that operate Internet information and content, Internet access, online games, mobile, value added telecommunications and certain other businesses in which the Company is engaged or could be deemed to be engaged. Consequently, the Company conducts certain of its operations and businesses in the PRC through its VIEs. The Company consolidates all of the VIEs of which the Company is the primary beneficiary.

The following financial information of the Company's consolidated VIEs (including subsidiary of VIEs) is included in the accompanying condensed consolidated financial statements:

| | September 30, 2020 | December 31, 2019 |
|--|-------------------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 23,428 | \$ 203,037 |
| Accounts receivable, net | 561,022 | 1,021,078 |
| Prepayments and other receivables | 57,320 | 94,116 |
| Due from shareholders | 418,985 | - |
| Amount due from the Company and its non-VIE subsidiaries (1) | 386,704 | 205,856 |
| Total current assets | 1,447,459 | 1,524,087 |
| NON-CURRENT ASSETS | | |
| Long term rental deposit | 37,088 | 63,946 |
| Long term prepayment | 5,938 | 5,589 |
| Equipment, net | 38,291 | 48,566 |
| Intangible assets, net | 24,400 | 257,141 |
| Operating lease right-of-use assets | 611,613 | 891,733 |
| Goodwill | - | 34,297 |
| Total non-current assets | 717,330 | 1,301,272 |
| TOTAL ASSETS | \$ 2,164,789 | \$ 2,825,359 |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 131,873 | \$ 134,798 |
| Accruals and other payables | 469,837 | 99,836 |

| | | |
|--|---------------------|---------------------|
| Deferred revenue | 346,123 | 288,330 |
| Tax payable | 91,852 | 134,394 |
| Amounts due to shareholders of the Company | 2,156,078 | 1,618,720 |
| Operating lease liability - current | 248,403 | 323,403 |
| Total current liabilities | <u>3,444,166</u> | <u>2,599,481</u> |
| NON-CURRENT LIABILITIES | | |
| Operating lease liability - non-current | 387,599 | 604,597 |
| TOTAL LIABILITIES | <u>\$ 3,831,765</u> | <u>\$ 3,204,078</u> |

(1) Amount due from the Company and its non-VIE subsidiaries consists of intercompany from other non-VIE subsidiaries within the Company.

| | Three months ended | | Nine months ended | |
|-------------|---------------------------|--------------|--------------------------|--------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Net revenue | \$ 30,453 | \$ 367,362 | \$ 451,367 | \$ 1,721,893 |
| Net loss | \$ (477,129) | \$ (228,611) | \$ (1,184,321) | \$ (699,163) |

| | Nine months ended | |
|---|--------------------------|--------------|
| | September 30, | |
| | 2020 | 2019 |
| Net cash used in operating activities | \$ (509,188) | \$ (942,578) |
| Net cash provided by investing activities | 66,638 | 3,415 |
| Net cash provided by financing activities | 263,160 | 670,003 |

[Revenue \[Policy Text Block\]](#)

Revenue Recognition

The Company recognizes revenues when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. The Company recognizes revenues following the five step model prescribed under Accounting Standards Update (“ASU”) No. 2014-09: (i) identify contract(s) with a customer: Due to impact of COVID-19, the Company, starting from first quarter of 2020, determines to receive cash prior to performing investment and corporate management consulting services in order to ensure probable collection of consideration and hence existence of a contract; (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) the Company satisfies the performance obligation.

Revenues are recognized when control of the promised goods or services is transferred to the customers, which may occur at a point in time or over time depending on the terms and conditions of the agreement, in an amount that reflects the consideration the Company expect to be entitled to in exchange for those goods or services.

The Company via Porter Consulting earns commissions of \$11,087 and \$34,682 for the three and nine months ended September 30, 2020 respectively, primarily from a third-party payment service provider when China UnionPay card transactions are completed and settled. Commissions of \$19,801 and \$67,902 for the three and nine months ended September 30, 2019 respectively. Revenue related to commissions is recognized in the statement of operation at the time when the underlying transaction is completed.

The third-party payment provider is a China UnionPay card acquiring institution and earns processing fees from China UnionPay card transactions. The Company’s performance obligation is to promote, via Porter Consulting, the payment service of the third-party payment service provider

to merchants in Shenzhen, for which the Company shares a portion of the processing fees earned by the third-party payment service provider from China UnionPay, as commission.

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

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

Phase II consulting services primarily include reorganization, pre-listing education and tutoring, talent search, legal and audit firm recommendation and coordination, VIE contracts and other public-listing related documents review, merger and acquisition planning, investor referral and pre-listing equity financing source identification and recommendation, independent directors and audit committee candidates recommendation; shell company identification and recommendation for customers expecting to become publicly listed through reverse merger transaction; etc. Management estimates that Phase II normally takes about five months to complete based its past experiences.

Phase III consulting services primarily include assistance in preparation of customers' registration statement under IPO transactions or Form 8-K under reverse merger transactions; assistance in answering comments and questions received from regulatory agencies etc. Management believes it is very difficult to estimate the timing of this phase of service as the completion of Phase III services is not within the Company's control.

Under ASC Topic 606, in order to recognize revenue, the Company is required to identify an approved contract with commitments to perform respective obligations, identify rights of each party in the transaction regarding goods to be transferred, identify the payment terms for the goods transferred, verify that the contract has commercial substance and verify that collection of substantially all consideration is probable. Each phase of consulting services is standalone and fees associated with each phase are usually clearly identified in service agreements. Revenue from providing Phase I and Phase II consulting services to customers is recognized based on the output methods, including surveys of performance completed to date or milestones reached of each phase only when the Company has an enforceable right to payment for performance completed to date. Otherwise, such revenue is recognized at a point in time when services are delivered and accepted by customers. Revenue from providing Phase III consulting services to customers is recognized upon completion of reverse merger transaction or IPO transaction, which is evidenced by filing of 8-K for reverse merger transaction or receipt of effective notice from regulatory agencies for IPO transaction. Revenue that has been billed and not yet recognized is reflected as deferred revenue on the condensed consolidated balance sheets.

Depending on the complexity of the underlying service arrangement and related terms and conditions, significant judgments, assumptions and estimates may be required to determine when substantial delivery of contract elements has occurred, whether any significant ongoing obligations exist subsequent to contract execution, whether amounts due are collectible and the appropriate period or periods in which, or during which, the completion of the earnings process occurs. Depending on the magnitude of specific revenue arrangements, adjustment may be made to the judgments, assumptions and estimates regarding contracts executed in any specific period. Service income from consulting services, totaled \$nil and \$306,286 for the three and nine months ended September 30, 2020, is recognized when the service is performed. Service income from consulting services, totaled \$329,000 and \$1,590,010 for the three and nine months ended September 30, 2019.

Regarding the trading business, the Company evaluates whether it is appropriate to record the gross amount of product sales and related costs or the net amount as commissions in accordance with ASC 606. When the Company is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these

indicators, revenues should be recorded on a gross basis. When the Company is not the primary obligor, does not bear the inventory risk and does not have the ability to establish the price, revenues are recorded on a net basis. The Company determined that it is not the primary obligor in its trading business. For the three and nine months ended September 30, 2020, the Company recognized a net revenue of \$nil and \$11,928, when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. For the three and nine months ended September 30, 2019, the Company recognized a net revenue of \$18 and \$31,684.

Starting from the first quarter of 2019, the Company, via PPBGL, Maihuolang E-commerce and Porter Commercial, provides various training services to its clients, primarily related to e-commerce platform operation, expansion of channels and promotion strategy, and capital market operation, via live and online sessions. Under ASC Topic 606, in order to recognize revenue, the Company is required to identify an approved contract with commitments to perform respective obligations, identify rights of each party in the transaction regarding goods to be transferred, identify the payment terms for the goods transferred, verify that the contract has commercial substance and verify that collection of substantially all consideration is probable. The fees associated with the course of training sessions are clearly identified in service agreements. Training service revenue is recognized at the time when the training sessions stipulated in the contract are completed. The Company recognized \$42,447 and \$132,090 for the three and nine months ended September 30, 2020. The Company recognized \$173 and \$308,416 for the three and nine months ended September 30, 2019.

Practical expedients and exemption

The company has not incurred any costs to obtain contracts, and does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

Other service income is earned when services have been rendered.

Revenue by major product line

| | For Three Months Ended September 30, | | For Nine Months Ended September 30, | |
|---|---|-------------------|--|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Investment and corporate management consulting services | \$ - | \$ 329,000 | \$ 306,286 | \$ 1,590,010 |
| Training service | 42,447 | 173 | 132,090 | 308,416 |
| Third-party payment service | 11,087 | 19,801 | 34,682 | 67,902 |
| Trading business | - | 18 | 11,928 | 31,684 |
| Others | 5,260 | 18,561 | 44,741 | 63,980 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

Revenue by recognition over time vs point in time

| | For Three Months Ended September 30, | | For Nine Months Ended September 30, | |
|---|---|-------------------|--|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Revenue by recognition over time | \$ - | \$ 329,000 | \$ 306,286 | \$ 1,590,010 |
| Revenue by recognition at a point in time | 58,794 | 38,553 | 223,441 | 471,982 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

Revenue by gross vs net

| | For Three Months Ended | | For Nine Months Ended | |
|------------------|------------------------|-------------------|-----------------------|---------------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| Revenue by gross | \$ 58,794 | \$ 367,535 | \$ 517,799 | \$ 2,030,308 |
| Revenue by net | - | 18 | 11,928 | 31,684 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

[Foreign Currency Transactions and Translations Policy](#)
[Policy Text Block]

Foreign Currency and Foreign Currency Translation

The functional currency of the Company and PGL is the United States dollar (“US dollar”). The functional currency of the PPBGL is the Hong Kong dollar. The Company’s subsidiary and VIEs with operations in PRC uses the local currency, the Chinese Yuan (“RMB”), as their functional currencies. An entity’s functional currency is the currency of the primary economic environment in which it operates, normally that is the currency of the environment in which the entity primarily generates and expends cash. Management’s judgment is essential to determine the functional currency by assessing various indicators, such as cash flows, sales price and market, expenses, financing and inter-company transactions and arrangements.

Foreign currency transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are re-measured at the applicable rates of exchange in effect at that date. Gains and losses resulting from foreign currency re-measurement are included in the statements of comprehensive loss.

The condensed consolidated financial statements are presented in U.S. dollars. Assets and liabilities are translated into U.S. dollars at the current exchange rate in effect at the balance sheet date, and revenues and expenses are translated at the average of the exchange rates in effect during the reporting period. Stockholders’ equity accounts are translated using the historical exchange rates at the date the entry to stockholders’ equity was recorded, except for the change in retained earnings during the period, which is translated using the historical exchange rates used to translate each period’s statement of operation. Differences resulting from translating functional currencies to the reporting currency are recorded in accumulated other comprehensive income in the condensed consolidated balance sheets.

Translation of amounts from RMB into U.S. dollars has been made at the following exchange rates:

| | | |
|---|------------------|------------------|
| Balance sheet items, except for equity accounts | | |
| September 30, 2020 | RMB6.7896 to \$1 | HKD7.7500 to \$1 |
| December 31, 2019 | RMB6.9618 to \$1 | HKD7.7894 to \$1 |
| Income statement and cash flows items | | |
| For the nine-month period ended September 30, 2020 | RMB6.9928 to \$1 | HKD7.7573 to \$1 |
| For the nine-month period ended September 30, 2019 | RMB6.8628 to \$1 | HKD7.8384 to \$1 |
| For the three-month period ended September 30, 2020 | RMB6.9153 to \$1 | HKD7.7504 to \$1 |
| For the three-month period ended September 30, 2019 | RMB7.0150 to \$1 | HKD7.8300 to \$1 |

Net loss per share of common stock

The Company has adopted ASC Topic 260, “Earnings per Share,” (“EPS”) which requires presentation of basic EPS on the face of the statement of operation for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation. In the accompanying condensed consolidated financial statements, basic earnings (loss) per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period.

**Three Months Ended
September 30,**

**Nine Months Ended
September 30,**

[Earnings Per Share, Policy](#)
[Policy Text Block]

| | 2020 | 2019 | 2020 | 2019 |
|--|--------------|--------------|----------------|--------------|
| Net loss attributable to Porter Holding International, Inc. | \$ (547,352) | \$ (297,185) | \$ (1,441,931) | \$ (606,719) |
| Weighted average number of common shares outstanding - basic and diluted | 508,110,000 | 508,110,000 | 508,110,000 | 508,110,000 |
| Basic and diluted loss per share | \$ - | \$ - | \$ - | \$ - |

The Company has no potentially dilutive securities, such as options or warrants, currently issued and outstanding.

[Segment Reporting, Policy \[Policy Text Block\]](#)

Segments

The Company evaluates a reporting unit by first identifying its operating segments, and then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meets the definition of a business, the Company evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated. The Company has only one major reportable segment in the periods presented.

[Fair Value of Financial Instruments, Policy \[Policy Text Block\]](#)

Fair Value of Financial Instruments

U.S. GAAP establishes a three-tier hierarchy to prioritize the inputs used in the valuation methodologies in measuring the fair value of financial instruments. This hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three-tier fair value hierarchy is:

Level 1 – observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – include other inputs that are directly or indirectly observable in the market place.

Level 3 – unobservable inputs which are supported by little or no market activity.

The carrying value of the Company's financial instruments, including cash, accounts and other receivables, other current assets, accounts and other payables, and other short-term liabilities approximate their fair value due to their short maturities.

In accordance with ASC 825, for investments in financial instruments with a variable interest rate indexed to performance of underlying assets, the Company elected the fair value method at the date of initial recognition and carried these investments at fair value. Changes in the fair value are reflected in the accompanying condensed consolidated statements of operations and comprehensive loss as other income (expense). To estimate fair value, the Company refers to the quoted rate of return provided by banks at the end of each period using the discounted cash flow method. The Company classifies the valuation techniques that use these inputs as Level 2 of fair value measurements.

As of September 30, 2020 and December 31, 2019, the Company had no investments in financial instruments.

[Goodwill and Intangible Assets, Goodwill, Policy \[Policy Text Block\]](#)

Goodwill

The Company allocates goodwill from business combinations to reporting units based on the expectation that the reporting unit is to benefit from the business combination. The Company evaluates its reporting units on an annual basis and, if necessary, reassigns goodwill using a relative fair value allocation approach. Goodwill is tested for impairment at the reporting unit level on an

annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

Application of the goodwill impairment test requires judgments, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and the determination of the fair value of each reporting unit. The Company first assesses qualitative factors to determine whether it is more likely than not that goodwill is impaired. If the more likely than not threshold is met, the Company performs a quantitative impairment test.

As of September 30, 2020 and December 31, 2019, the Company performed goodwill impairment testing. Base on the impairment test result per the fact that the considerations to be received for the disposal of 57% ownership of Maihuolang E-Commerce in July 2020 was lower than the related net carrying value, the Company fully impaired the goodwill of \$34,145 as of September 30, 2020.

Impairment for long-lived assets

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

As of September 30, 2020 and December 31, 2019, \$17,791 and \$nil of impairment of intangible assets was recognized, respectively. Since the considerations to be received for the disposal of 57% ownership of Maihuolang E-Commerce in July 2020 was lower than the related net carrying value, impairment was made to the intangible assets, on top of the full impairment of goodwill.

Apart from intangible assets, the Company recognized no impairment loss for other long-lived assets as of September 30, 2020 and December 31, 2019.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Operating lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the discount rate for the lease at the commencement date. As the rate implicit in the lease is not readily determinable for the operating lease, the Company generally uses an incremental borrowing rate based on information available at the commencement date to determine the present value of future lease payments. Operating lease right-of-use (“ROU assets”) assets represent the Company’s right to control the use of an identified asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets are generally recognized based on the amount of the initial measurement of the lease liability. The lease has remaining lease term of approximately four years. Lease expense 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.

[Impairment or Disposal of Long-Lived Assets, Policy \[Policy Text Block\]](#)

[Lessee, Leases \[Policy Text Block\]](#)

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 nonfinancial assets.

ROU assets are tested for impairment individually or as part of an asset group if the cash flows related to the ROU asset are not independent from the cash flows of other assets and liabilities. An asset group is the unit of accounting for long-lived assets to be held and used, which represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities.

The Company recognized no impairment of ROU assets as of September 30, 2020 and December 31, 2019.

The operating lease is included in operating lease right-of-use assets, operating lease liabilities-current and operating lease liabilities-non-current on the condensed consolidated balance sheets

Recent Accounting Pronouncements

Accounting Pronouncements Issued But Not Yet Adopted

In May 2019, the Financial Accounting Standards Board (“FASB”) issued ASU 2019-05, which is an update to ASU Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which introduced the expected credit losses methodology for the measurement of credit losses on financial assets measured at amortized cost basis, replacing the previous incurred loss methodology. The amendments in Update 2016-13 added Topic 326, Financial Instruments—Credit Losses, and made several consequential amendments to the Codification. Update 2016-13 also modified the accounting for available-for-sale debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis, in accordance with Subtopic 326-30, Financial Instruments—Credit Losses—Available-for-Sale Debt Securities. The amendments in this ASU address those stakeholders’ concerns by providing an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. For those entities, the targeted transition relief will increase comparability of financial statement information by providing an option to align measurement methodologies for similar financial assets. Furthermore, the targeted transition relief also may reduce the costs for some entities to comply with the amendments in Update 2016-13 while still providing financial statement users with decision-useful information. ASU 2019-05 is effective for the Company for fiscal year beginning after December 15, 2022. The Company is currently evaluating the impact of this new standard on its condensed consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12: Simplifying the Accounting for Income Taxes (Topic 740), which removes certain exceptions to the general principles in Topic 740 and improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years, with early adoption permitted. The Company is evaluating the effect of adopting this new accounting guidance but does not expect adoption will have a material impact on the Company's unaudited condensed consolidated financial statements and related disclosures.

Except for the above-mentioned pronouncements, there are no new recent issued accounting standards that will have material impact on the consolidated financial position, statements of operations and cash flows.

[New Accounting
Pronouncements, Policy
\[Policy Text Block\]](#)

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES
(Tables)**

9 Months Ended

Sep. 30, 2020

[Accounting Policies](#)

[\[Abstract\]](#)

[Schedule of Variable Interest
Entities \[Table Text Block\]](#)

The following financial information of the Company's consolidated VIEs (including subsidiary of VIEs) is included in the accompanying condensed consolidated financial statements:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | | |
|--|-------------------------------|------------------------------|----------------|--------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 23,428 | \$ 203,037 | | |
| Accounts receivable, net | 561,022 | 1,021,078 | | |
| Prepayments and other receivables | 57,320 | 94,116 | | |
| Due from shareholders | 418,985 | - | | |
| Amount due from the Company and its non-VIE subsidiaries (1) | 386,704 | 205,856 | | |
| Total current assets | 1,447,459 | 1,524,087 | | |
| NON-CURRENT ASSETS | | | | |
| Long term rental deposit | 37,088 | 63,946 | | |
| Long term prepayment | 5,938 | 5,589 | | |
| Equipment, net | 38,291 | 48,566 | | |
| Intangible assets, net | 24,400 | 257,141 | | |
| Operating lease right-of-use assets | 611,613 | 891,733 | | |
| Goodwill | - | 34,297 | | |
| Total non-current assets | 717,330 | 1,301,272 | | |
| TOTAL ASSETS | <u>\$ 2,164,789</u> | <u>\$ 2,825,359</u> | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 131,873 | \$ 134,798 | | |
| Accruals and other payables | 469,837 | 99,836 | | |
| Deferred revenue | 346,123 | 288,330 | | |
| Tax payable | 91,852 | 134,394 | | |
| Amounts due to shareholders of the Company | 2,156,078 | 1,618,720 | | |
| Operating lease liability - current | 248,403 | 323,403 | | |
| Total current liabilities | 3,444,166 | 2,599,481 | | |
| NON-CURRENT LIABILITIES | | | | |
| Operating lease liability - non-current | 387,599 | 604,597 | | |
| TOTAL LIABILITIES | <u>\$ 3,831,765</u> | <u>\$ 3,204,078</u> | | |
| | Three months ended | Nine months ended | | |
| | September 30, | September 30, | | |
| | 2020 | 2020 | | |
| | 2019 | 2019 | | |
| Net revenue | \$ 30,453 | \$ 367,362 | \$ 451,367 | \$ 1,721,893 |
| Net loss | \$ (477,129) | \$ (228,611) | \$ (1,184,321) | \$ (699,163) |
| | Nine months ended | | | |
| | September 30, | | | |
| | 2020 | | | |
| | 2019 | | | |

Net cash used in operating activities \$ (509,188) \$ (942,578)

| | | |
|---|---------|---------|
| Net cash provided by investing activities | 66,638 | 3,415 |
| Net cash provided by financing activities | 263,160 | 670,003 |

[Revenue from External Customers by Products and Services \[Table Text Block\]](#)

Revenue by major product line

| | For Three Months Ended September 30, | | For Nine Months Ended September 30, | |
|---|---|-------------------|--|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Investment and corporate management consulting services | \$ - | \$ 329,000 | \$ 306,286 | \$ 1,590,010 |
| Training service | 42,447 | 173 | 132,090 | 308,416 |
| Third-party payment service | 11,087 | 19,801 | 34,682 | 67,902 |
| Trading business | - | 18 | 11,928 | 31,684 |
| Others | 5,260 | 18,561 | 44,741 | 63,980 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

[Revenue by Recognition Over Time vs Point in Time \[Table Text Block\]](#)

Revenue by recognition over time vs point in time

| | For Three Months Ended September 30, | | For Nine Months Ended September 30, | |
|---|---|-------------------|--|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Revenue by recognition over time | \$ - | \$ 329,000 | \$ 306,286 | \$ 1,590,010 |
| Revenue by recognition at a point in time | 58,794 | 38,553 | 223,441 | 471,982 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

[Revenue by Gross Vs Net \[Table Text Block\]](#)

| | For Three Months Ended September 30, | | For Nine Months Ended September 30, | |
|------------------|---|-------------------|--|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Revenue by gross | \$ 58,794 | \$ 367,535 | \$ 517,799 | \$ 2,030,308 |
| Revenue by net | - | 18 | 11,928 | 31,684 |
| | <u>\$ 58,794</u> | <u>\$ 367,553</u> | <u>\$ 529,727</u> | <u>\$ 2,061,992</u> |

[Schedule of Reporting Currency Exchange Rates \[Table Text Block\]](#)

| | | |
|---|------------------|------------------|
| Balance sheet items, except for equity accounts | | |
| September 30, 2020 | RMB6.7896 to \$1 | HKD7.7500 to \$1 |
| December 31, 2019 | RMB6.9618 to \$1 | HKD7.7894 to \$1 |

Income statement and cash flows items

| | | |
|---|------------------|------------------|
| For the nine-month period ended September 30, 2020 | RMB6.9928 to \$1 | HKD7.7573 to \$1 |
| For the nine-month period ended September 30, 2019 | RMB6.8628 to \$1 | HKD7.8384 to \$1 |
| For the three-month period ended September 30, 2020 | RMB6.9153 to \$1 | HKD7.7504 to \$1 |
| For the three-month period ended September 30, 2019 | RMB7.0150 to \$1 | HKD7.8300 to \$1 |

[Schedule of Earnings Per Share, Basic and Diluted \[Table Text Block\]](#)

The Company has adopted ASC Topic 260, "Earnings per Share," ("EPS") which requires presentation of basic EPS on the face of the statement of operation for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation. In the accompanying condensed consolidated financial statements, basic earnings (loss) per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period.

| Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------|------|------------------------------------|------|
| 2020 | 2019 | 2020 | 2019 |

| | | | | |
|--|--------------|--------------|----------------|--------------|
| Net loss attributable to Porter Holding International, Inc. | \$ (547,352) | \$ (297,185) | \$ (1,441,931) | \$ (606,719) |
| Weighted average number of common shares outstanding - basic and diluted | 508,110,000 | 508,110,000 | 508,110,000 | 508,110,000 |
| Basic and diluted loss per share | \$ - | \$ - | \$ - | \$ - |

**BUSINESS
COMBINATIONS (Tables)**

**9 Months Ended
Sep. 30, 2020**

[Business Combinations](#)

[\[Abstract\]](#)

[Schedule of Business](#)

[Acquisitions, by Acquisition](#)

[\[Table Text Block\]](#)

The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, which represents the net purchase price allocation at the date of the acquisition of Maihuolang E-commerce based on a valuation performed by an independent valuation firm engaged by the Company:

| | Fair Value |
|---|-----------------------|
| Cash | \$ 4,761 |
| Prepayments | 280 |
| Other receivables | 27,026 |
| Intangible assets | 233,455 |
| Long-term deferred assets | 607 |
| Operating lease right-of-use assets | 158,004 |
| Goodwill | 33,375 |
| Total assets | <u>457,508</u> |
| Accrued payroll | (4,094) |
| Accrued tax | (18) |
| Other payables | (290,687) |
| Operating lease liability - current | (88,217) |
| Operating lease liability - non-current | (74,492) |
| Total liabilities | <u>(457,508)</u> |
| Net assets acquired | <u>\$ -</u> |

**ACCOUNTS
RECEIVABLE, NET
(Tables)**

**9 Months Ended
Sep. 30, 2020**

[Receivables \[Abstract\]](#)

[Schedule of Accounts, Notes, Loans and Financing
Receivable \[Table Text Block\]](#)

Accounts receivable consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|---|-------------------------------|------------------------------|
| Billed | \$ 61,303 | \$ 61,303 |
| Unbilled | 837,510 | 1,021,078 |
| Accounts receivable | 898,813 | \$1,082,381 |
| Less: allowance for doubtful accounts | (307,416) | (3,065) |
| | <u>\$ 591,397</u> | <u>\$1,079,316</u> |

[Accounts Receivable, Allowance for Credit Loss
\[Table Text Block\]](#)

The following table sets forth the movement of allowance for doubtful accounts:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|-----------------------------|-------------------------------|------------------------------|
| Beginning | \$ 3,065 | \$ - |
| Additions | 498,018 | 476,694 |
| Write off | (201,702) | (470,696) |
| Exchange rate difference | 8,035 | (2,933) |
| Balance | <u>\$ 307,416</u> | <u>\$ 3,065</u> |

**PREPAYMENTS AND
OTHER RECEIVABLES**
(Tables)

**9 Months Ended
Sep. 30, 2020**

[Disclosure Text Block Supplement \[Abstract\]](#)
[Deferred Costs, Capitalized, Prepaid, and Other Assets](#)
[Disclosure \[Table Text Block\]](#)

Prepayments and other receivables consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|-------------|-------------------------------|------------------------------|
| Prepayments | \$ 13,923 | \$ 53,998 |
| Others | 43,535 | 40,163 |
| | <u>\$ 57,458</u> | <u>\$ 94,161</u> |

EQUIPMENT, NET (Tables)

9 Months Ended
Sep. 30, 2020

[Property, Plant and Equipment](#)

[\[Abstract\]](#)

[Property, Plant and Equipment \[Table
Text Block\]](#)

Equipment, net consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|--------------------------------|-------------------------------|------------------------------|
| Office and computer equipment | \$ 177,799 | \$ 170,455 |
| Less: Accumulated depreciation | (138,418) | (120,519) |
| | <u>\$ 39,381</u> | <u>\$ 49,936</u> |

INTANGIBLE ASSETS,
NET (Tables)

9 Months Ended
Sep. 30, 2020

[Goodwill and Intangible Assets Disclosure](#)

[\[Abstract\]](#)

[Schedule of Finite-Lived Intangible Assets](#)

[\[Table Text Block\]](#)

Intangible assets, net, consist of the following:

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|--------------------------------|-------------------------------|------------------------------|
| Software copyright | \$ - | \$ 233,560 |
| Domain names and trademarks | 40,818 | 46,158 |
| Intangible asset | 40,818 | 279,718 |
| Less: | | |
| Accumulated amortization | (16,418) | (22,577) |
| | <u>\$ 24,400</u> | <u>\$ 257,141</u> |

GOODWILL (Tables)

9 Months Ended
Sep. 30, 2020

[Disclosure Text Block Supplement](#)

[\[Abstract\]](#)

[Schedule of Goodwill \[Table Text Block\]](#) The changes in the carrying amount of goodwill are as follows:

| | Maihuolang E- commerce |
|--|---------------------------------------|
| Balance as of December 31, 2019 | \$ 34,297 |
| Goodwill acquired through acquisitions | - |
| Impairment | (34,145) |
| Foreign currency translation adjustment | (152) |
| Balance as of September 30, 2020 | <u>\$ -</u> |

**ACCRUALS AND OTHER
PAYABLES (Tables)**

**9 Months Ended
Sep. 30, 2020**

[Payables and Accruals \[Abstract\]](#)

[Schedule of Accrued Liabilities \[Table Text Block\]](#) Accruals and other payables consist of the following:

| | September 30, 2020 | December 31, 2019 |
|---------------------------|-------------------------------|------------------------------|
| Salary payables | \$ 103,012 | \$ 69,557 |
| Refund to third parties | 294,568 | - |
| Accrued professional fees | 19,778 | 19,778 |
| Accrued rental expenses | 72,746 | 8,868 |
| Others | 1,794 | 22,489 |
| | <u>\$ 491,898</u> | <u>\$ 120,692</u> |

**BALANCES WITH
RELATED PARTIES
(Tables)**

**9 Months Ended
Sep. 30, 2020**

[Related Party Transactions
\[Abstract\]
Schedule of Related Party
Transactions \[Table Text
Block\]](#)

| | Note | September 30, 2020 | December 31, 2019 |
|---|------|-----------------------|----------------------|
| Due from shareholders | | | |
| Mr. Zongjian Chen and Ms. Xiaomei Xiong (wife of Mr. Zongjian Chen) | (a) | \$ 294,568 | \$ - |
| Mr. Zongjian Chen (brother of Mr. Zonghua Chen) | | 11,562 | - |
| | | <u>\$ 306,130</u> | <u>\$ -</u> |
| Due to related parties | | | |
| Mr. Kezhan Ma | (b) | \$ - | \$ 1,106 |
| Due to shareholders | | | |
| Mr. Zonghua Chen (the Company's Chairman, Chief Executive Officer, Chief Financial Officer and President) | | \$ 1,904,212 | \$ 1,284,061 |
| Mr. Zongjian Chen (brother of Mr. Zonghua Chen) | | - | 149,090 |
| | | <u>\$ 1,904,212</u> | <u>\$ 1,433,151</u> |

- (a) On April 13, 2020, Henan Longji Real Estate Development Co., Ltd. ("Longji Real Estate") filed an action against Porter E-Commerce, Zongjian Chen and Xue'an Yan related to certain loan of RMB 2 million (approximately \$283,082) which loan occurred before Porter E-Commerce merged with the Company. On May 10, 2020, Porter E-Commerce, Zongjian Chen, Xue'an Yan and Longji Real Estate reached a settlement under which Porter E-Commerce agreed to pay off the loan principal of RMB 2 million in two installments before June 30, 2021 and interest accrued on unpaid principal since January 1, 2020 at a rate of 6% per annum. In addition, under the settlement, Zongjian Chen and Xue'an Yan, the two original shareholders of Porter E-Commerce agreed to be severally and jointly liable for the payoff of the principal and interest of the loan. Porter E-Commerce, Zongjian Chen and Xue'an Yan were also jointly liable for the litigation costs of RMB11,400 (approximately \$1,614).
- (b) Mr. Kezhan Ma is a 38% minority shareholder of Maihuolang E-commerce. After Porter E-Commerce transferred its 57% equity interests in Maihuolang E-Commerce to Mr. Kezhan Ma on July 15, 2020, Maihuolang E-Commerce was deconsolidated from the Company and Mr. Kezhan Ma was no longer considered as a related party.

INCOME TAXES (Tables)

**9 Months Ended
Sep. 30, 2020**

[Income Tax Disclosure \[Abstract\]](#)
[Schedule of Effective Income Tax Rate Reconciliation \[Table Text Block\]](#)

A reconciliation of the income tax expense determined at the statutory income tax rate to the Company's income taxes is as follows:

| | <u>Three Months Ended</u> <u>September 30,</u> | | <u>Nine Months Ended</u> <u>September 30,</u> | |
|--|---|-------------------|--|------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Loss before income taxes | \$ (550,527) | \$ (299,109) | \$(1,464,634) | \$ (559,597) |
| United States statutory income tax rate | 21% | 21% | 21% | 21% |
| Income tax benefit computed at statutory corporate income tax rate | (115,619) | (62,813) | (307,581) | (117,515) |
| Reconciling items: | | | | |
| Effect of different tax jurisdictions | (33,206) | (185,282) | (49,035) | (306,518) |
| Non-deductible expenses | 120,595 | 72,659 | 196,784 | 109,534 |
| Change in valuation allowance | 28,230 | 173,468 | 159,832 | 358,261 |
| Income tax (benefit) expense | <u>\$ -</u> | <u>\$ (1,968)</u> | <u>\$ -</u> | <u>\$ 43,762</u> |

[Schedule of Deferred Tax Assets and Liabilities \[Table Text Block\]](#)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of September 30, 2020 and December 31, 2019 are presented below

| | <u>September</u> <u>30, 2020</u> | <u>December</u> <u>31, 2019</u> |
|-----------------------------------|-------------------------------------|------------------------------------|
| Deferred tax assets: | | |
| Net operating loss carryforwards: | | |
| - United States of America | \$ 9,542 | \$ 9,542 |
| - Hong Kong | 37,825 | 2,504 |
| - PRC | 709,003 | 586,509 |
| | <u>756,370</u> | <u>598,555</u> |
| Less: Valuation allowance | (756,370) | (598,555) |
| Acquisition/(Disposal): | | |
| - PRC | (184,866) | 182,849 |
| Less: Valuation allowance | 184,866 | (182,849) |
| | <u>\$ -</u> | <u>\$ -</u> |

**OPERATING LEASE
(Tables)**

**9 Months Ended
Sep. 30, 2020**

[Disclosure Text Block \[Abstract\]](#)

[Lessee, Operating Lease, Disclosure \[Table Text Block\]](#)

The following table provides a summary of leases by balance sheet location as of September 30, 2020:

| Assets/liabilities | September 30, 2020 | December 31, 2019 |
|---|-------------------------------|------------------------------|
| Assets | | |
| Operating lease right-of-use assets | \$ 611,613 | \$ 891,733 |
| Liabilities | | |
| Operating lease liability - current | \$ 248,403 | \$ 323,403 |
| Operating lease liability - non-current | 387,599 | 604,597 |
| Total lease liabilities | \$ 636,002 | \$ 928,000 |

[Lease, Cost \[Table Text Block\]](#)

The operating lease expenses were as follows:

| Lease Cost | Classification | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------|-------------------------------------|---|-------------|--|-------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Operating lease cost | General and administrative expenses | \$68,779 | \$76,144 | \$253,567 | \$216,374 |

**Lease Term and Discount Rate September
30, 2020**

Weighted-average remaining lease term (years)

| | |
|--|------|
| Operating leases--- Shenzhen Development Center, 36/F, LuoHu, Shenzhen | 2.42 |
|--|------|

Weighted-average discount rate (%)

| | |
|------------------|----|
| Operating leases | 8% |
|------------------|----|

[Lessee, Operating Lease, Liability, Maturity \[Table Text Block\]](#)

Maturities of operating lease liabilities at September 30, 2020 were as follows:

| Maturity of Lease Liabilities | Operating Leases |
|--|-----------------------------|
| 12 months ending September 30, | |
| 2021 | \$ 290,306 |
| 2022 | 290,306 |
| 2023 | 120,961 |
| Total lease payments | 701,573 |
| Less: interest | (65,571) |
| Present value of lease payments | \$ 636,002 |

[Schedule of Future Minimum Rental Payments for Operating Leases \[Table Text Block\]](#)

Future minimum lease payments, which do not include the non-lease components, as of September 30, 2020 were as follows:

12 months ending September 30,

| | |
|-------|------------------|
| 2021 | \$222,528 |
| 2022 | 222,528 |
| 2023 | <u>92,720</u> |
| Total | <u>\$537,776</u> |

| ORGANIZATION AND BUSINESS (Details) | Jul. 15, 2020 | Jul. 15, 2020 | Jun. 30, 2020 | Jun. 30, 2020 | Jul. 31, 2020 | Jul. 31, 2020 | 1 Months Ended | | | |
|--|---------------------|------------------|---------------------|------------------|------------------|------------------|---------------------|------------------|---------------------|------------------|
| | USD (\$) | CNY (¥) | USD (\$) | CNY (¥) | USD (\$) | CNY (¥) | Oct. 31, 2019 | Oct. 31, 2019 | Aug. 31, 2019 | Aug. 31, 2019 |
| | USD (\$) | CNY (¥) | USD (\$) | CNY (¥) | USD (\$) | CNY (¥) | USD (\$) | CNY (¥) | USD (\$) | CNY (¥) |
| Shenzhen Qianhai Maihoulang E-Commerce Co. Ltd. ("Maihoulang") [Member] | | | | | | | | | | |
| ORGANIZATION AND BUSINESS (Details) [Line Items] | | | | | | | | | | |
| Equity Method Investment, Ownership Percentage | | | | | | | 57.00% | 57.00% | 60.00% | 60.00% |
| Subsidiary or Equity Method Investee, Cumulative Proceeds Received on All Transactions | | | | | | | \$ | ¥ | \$ | ¥ |
| Shenzhen Qianhai Maihoulang E-Commerce Co. Ltd. ("Maihoulang") [Member] Kezhan Ma [Member] | | | | | | | 756,005 | 5,263,157 | 718,205 | 5,000,000 |
| ORGANIZATION AND BUSINESS (Details) [Line Items] | | | | | | | | | | |
| Equity Method Investment, Ownership Percentage | | | | | | | 57.00% | 57.00% | | |
| Proceeds from Divestiture of Businesses | \$ | ¥ | | | | | 95,735 | 650,000 | | |
| Asset Impairment Charges | | | | | | | 51,936 | | | |
| Gain (Loss) on Disposition of Business | \$ | | | | | | 4,730 | | | |
| Shenzhen Porter Shops Lot Technology Co., Ltd. [Member] | | | | | | | | | | |
| ORGANIZATION AND BUSINESS (Details) [Line Items] | | | | | | | | | | |
| Equity Method Investment, Ownership Percentage | | | | | | | 85.00% | 85.00% | | |
| Subsidiary or Equity Method Investee, Cumulative Proceeds Received on All Transactions | | | | | | | \$ | ¥ | \$ | ¥ |
| | | | | | | | 147,284 | 1,000,000 | 173,275 | 1,176,470 |

| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details) | 3 Months Ended | | 9 Months Ended | | 12 Months Ended | | Dec. 31, 2018 USD (\$) |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|---------------------|------------------------------------|
| | Sep. 30, 2020 USD (\$) | Sep. 30, 2019 USD (\$) | Sep. 30, 2020 USD (\$) | Sep. 30, 2019 USD (\$) | Dec. 31, 2019 USD (\$) | Jul. 31, 2020 | |

**SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(Details) [Line Items]**

| | | | | | | | |
|---|---------------------|-------------------|----------------------|---------------------|-------------|--|---------------|
| <u>Working Capital (Deficit)</u> | | | \$ | | \$ | | |
| | | | 2,224,755 | | 1,037,675 | | |
| <u>Net Cash Provided by (Used in) Operating Activities</u> | | | (756,103) | \$ | (1,084,098) | | |
| <u>Net Cash Provided by (Used in) Investing Activities</u> | | | 66,638 | 3,415 | | | |
| <u>Net Income (Loss) Attributable to Parent</u> | \$ (547,352) | \$ (297,185) | (1,441,931) | (606,719) | | | |
| <u>Retained Earnings (Accumulated Deficit)</u> | (3,642,863) | | (3,642,863) | | (2,200,932) | | |
| <u>Cash and Cash Equivalents, at Carrying Value</u> | 34,621 | 266,772 | 34,621 | 266,772 | \$ 224,733 | | \$ 728,121 |
| <u>Commissions Revenue Revenues</u> | 11,087 \$ 58,794 | 19,801 367,553 | 34,682 \$ 529,727 | 67,902 2,061,992 | | | |
| <u>Number of Reporting Units</u> | | | 1 | | | | |
| <u>Goodwill, Impairment Loss</u> | | | \$ 34,145 | 0 | | | |
| <u>Impairment of Intangible Assets (Excluding Goodwill)</u> | | | \$ 17,791 | 0 | | | |
| <u>Lessee, Operating Lease, Term of Contract</u> | 4 years | | 4 years | | | | |

**SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(Details) [Line Items]**

| | | | | | | | |
|--|--|---------|------------|-----------|--|--|--|
| <u>Contract with Customer, Liability, Revenue Recognized</u> | | 329,000 | \$ 306,286 | 1,590,010 | | | |
|--|--|---------|------------|-----------|--|--|--|

**SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(Details) [Line Items]**

| | | | | | | | |
|--|---|----|--------|--------|--|--|--|
| <u>Revenues</u> | 0 | 18 | 11,928 | 31,684 | | | |
| <u>Training Service Revenue [Member]</u> | | | | | | | |

**SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(Details) [Line Items]**

Revenues \$ 42,447 \$ 173 \$ 132,090 \$ 308,416

Maihoulang E-Commerce [Member]

**SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

(Details) [Line Items]

Equity Method Investment,

Ownership Percentage

57.00%

| SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details) - Schedule of Variable Interest Entities - Variable Interest Entity, Primary Beneficiary [Member] - USD (\$) | 3 Months Ended | | 9 Months Ended | | |
|--|------------------|------------------|------------------|------------------|-------------------------|
| | Sep. 30, 2020 | Sep. 30, 2019 | Sep. 30, 2020 | Sep. 30, 2019 | Dec. 31, 2019 |
| <u>CURRENT ASSETS</u> | | | | | |
| <u>Cash</u> | \$ 23,428 | | \$ 23,428 | | \$ 203,037 |
| <u>Accounts receivable, net</u> | 561,022 | | 561,022 | | 1,021,078 |
| <u>Prepayments and other receivables</u> | 57,320 | | 57,320 | | 94,116 |
| <u>Due from shareholders</u> | 418,985 | | 418,985 | | 0 |
| <u>Amount due from the Company and its non-VIE subsidiaries (1)</u> | 386,704 | | 386,704 | | 205,856 |
| <u>Total current assets</u> | 1,447,459 | | 1,447,459 | | 1,524,087 |
| <u>NON-CURRENT ASSETS</u> | | | | | |
| <u>Long term rental deposit</u> | 37,088 | | 37,088 | | 63,946 |
| <u>Long term prepayment</u> | 5,938 | | 5,938 | | 5,589 |
| <u>Equipment, net</u> | 38,291 | | 38,291 | | 48,566 |
| <u>Intangible assets, net</u> | 24,400 | | 24,400 | | 257,141 |
| <u>Operating lease right-of-use assets</u> | 611,613 | | 611,613 | | 891,733 |
| <u>Goodwill</u> | 0 | | 0 | | 34,297 |
| <u>Total non-current assets</u> | 717,330 | | 717,330 | | 1,301,272 |
| <u>TOTAL ASSETS</u> | 2,164,789 | | 2,164,789 | | 2,825,359 |
| <u>CURRENT LIABILITIES</u> | | | | | |
| <u>Accounts payable</u> | 131,873 | | 131,873 | | 134,798 |
| <u>Accruals and other payables</u> | 469,837 | | 469,837 | | 99,836 |
| <u>Deferred revenue</u> | 346,123 | | 346,123 | | 288,330 |
| <u>Tax payable</u> | 91,852 | | 91,852 | | 134,394 |
| <u>Amounts due to shareholders of the Company</u> | 2,156,078 | | 2,156,078 | | 1,618,720 |
| <u>Operating lease liability - current</u> | 248,403 | | 248,403 | | 323,403 |
| <u>Total current liabilities</u> | 3,444,166 | | 3,444,166 | | 2,599,481 |
| <u>NON-CURRENT LIABILITIES</u> | | | | | |
| <u>Operating lease liability - non-current</u> | 387,599 | | 387,599 | | 604,597 |
| <u>TOTAL LIABILITIES</u> | 3,831,765 | | 3,831,765 | | \$ 3,204,078 |
| <u>Net revenue</u> | 30,453 | \$ 367,362 | 451,367 | \$ 1,721,893 | |
| <u>Net loss</u> | \$ (477,129) | \$ (228,611) | (1,184,321) | (699,163) | |
| <u>Net cash used in operating activities</u> | | | (509,188) | (942,578) | |
| <u>Net cash provided by investing activities</u> | | | 66,638 | 3,415 | |
| <u>Net cash provided by financing activities</u> | | | \$ 263,160 | \$ 670,003 | |

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES
(Details) - Revenue by Major
Product Line - USD (\$)**

| | 3 Months Ended | | 9 Months Ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Sep. 30, 2020 | Sep. 30, 2019 | Sep. 30, 2020 | Sep. 30, 2019 |
| <u>Revenue from External Customer [Line Items]</u> | | | | |
| <u>Revenue</u> | \$ 58,794 | \$ 367,553 | \$ 529,727 | \$ 2,061,992 |
| <u>Investment and Corporate Management Consulting Services [Member]</u> | | | | |
| <u>Revenue from External Customer [Line Items]</u> | | | | |
| <u>Revenue</u> | 0 | 329,000 | 306,286 | 1,590,010 |
| <u>Training Service [Member]</u> | | | | |
| <u>Revenue from External Customer [Line Items]</u> | | | | |
| <u>Revenue</u> | 42,447 | 173 | 132,090 | 308,416 |
| <u>Third-Party Payment Service [Member]</u> | | | | |
| <u>Revenue from External Customer [Line Items]</u> | | | | |
| <u>Revenue</u> | 11,087 | 19,801 | 34,682 | 67,902 |
| <u>Cosmetic Trading Business [Member]</u> | | | | |
| <u>Revenue from External Customer [Line Items]</u> | | | | |
| <u>Revenue</u> | 0 | 18 | 11,928 | 31,684 |
| <u>Product and Service, Other [Member]</u> | | | | |
| <u>Revenue from External Customer [Line Items]</u> | | | | |
| <u>Revenue</u> | \$ 5,260 | \$ 18,561 | \$ 44,741 | \$ 63,980 |

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES**
(Details) - Revenue by
recognition over time vs
point in time - USD (\$)

**3 Months
Ended** **9 Months Ended**

Sep. Sep. Sep. Sep. 30,
30, 30, 30, 30,
2020 2019 2020 2019

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details) -
Revenue by recognition over time vs point in time [Line Items]**

Revenue

\$ \$ \$ \$
58,794 367,553 529,727 2,061,992

Revenue Recognized Over Time [Member]

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details) -
Revenue by recognition over time vs point in time [Line Items]**

Revenue

0 329,000 306,286 1,590,010

Revenue Recognized at a Point in Time [Member]

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details) -
Revenue by recognition over time vs point in time [Line Items]**

Revenue

\$ \$ \$ \$
58,794 38,553 223,441 471,982

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES
(Details) - Revenue by gross
vs net - USD (\$)**

3 Months Ended 9 Months Ended
Sep. 30, Sep. 30, Sep. 30, Sep. 30,
2020 2019 2020 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details)

- Revenue by gross vs net [Line Items]

Revenue

| | | | | |
|--|-----------|------------|------------|--------------|
| | \$ 58,794 | \$ 367,553 | \$ 529,727 | \$ 2,061,992 |
|--|-----------|------------|------------|--------------|

Revenue by Gross [Member]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details)

- Revenue by gross vs net [Line Items]

Revenue

| | | | | |
|--|--------|---------|---------|-----------|
| | 58,794 | 367,535 | 517,799 | 2,030,308 |
|--|--------|---------|---------|-----------|

Revenue by Net [Member]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Details)

- Revenue by gross vs net [Line Items]

Revenue

| | | | | |
|--|------|-------|-----------|-----------|
| | \$ 0 | \$ 18 | \$ 11,928 | \$ 31,684 |
|--|------|-------|-----------|-----------|

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES
(Details) - Schedule of
Reporting Currency
Exchange Rates**

**Sep. 30, Dec. 31, Sep. 30,
2020 2019 2019**

[Balance Sheet Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

[Exchange Rates](#) 1 1

[China, Yuan Renminbi | Balance Sheet Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

[Exchange Rates](#) 6.7896 6.9618

[Hong Kong, Dollars | Balance Sheet Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

[Exchange Rates](#) 7.7500 7.7894

[Six-month Period \[Member\] | Income Statement and Cash Flows Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

[Exchange Rates](#) 1 1

[Six-month Period \[Member\] | China, Yuan Renminbi | Income Statement and Cash Flows Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

[Exchange Rates](#) 6.9928 6.8628

[Six-month Period \[Member\] | Hong Kong, Dollars | Income Statement and Cash Flows Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

[Exchange Rates](#) 7.7573 7.8384

[Three-month Period \[Member\] | Income Statement and Cash Flows Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

[Exchange Rates](#) 1 1

[Three-month Period \[Member\] | China, Yuan Renminbi | Income Statement and Cash Flows Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

[Exchange Rates](#) 6.9153 7.0150

[Three-month Period \[Member\] | Hong Kong, Dollars | Income Statement and Cash Flows Items \[Member\]](#)

[SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES \(Details\) - Schedule of Reporting Currency Exchange Rates \[Line Items\]](#)

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES
(Details) - Schedule of
Earnings Per Share, Basic
and Diluted - USD (\$)**

Schedule of Earnings Per Share, Basic and Diluted
[Abstract]

Net loss attributable to Porter Holding International, Inc.

| | 3 Months Ended | | 9 Months Ended | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Sep. 30, 2020 | Sep. 30, 2019 | Sep. 30, 2020 | Sep. 30, 2019 |
| | \$ (547,352) | \$ (297,185) | \$ (1,441,931) | \$ (606,719) |

Weighted average number of common shares outstanding -
basic and diluted

| | | | |
|-------------|-------------|-------------|-------------|
| 508,110,000 | 508,110,000 | 508,110,000 | 508,110,000 |
|-------------|-------------|-------------|-------------|

Basic and diluted loss per share

| | | | |
|----------|------|------|------|
| [1] \$ 0 | \$ 0 | \$ 0 | \$ 0 |
|----------|------|------|------|

[1] Less than \$0.01 per share

**BUSINESS
COMBINATIONS (Details) -
Maihoulang (Beijing)
Technology Limited
Company [Member]**

**Aug. 25, 2019 Aug. 25, 2019
USD (\$) CNY (¥)**

BUSINESS COMBINATIONS (Details) [Line Items]

| | | |
|---|-----------|--------|
| <u>Equity Method Investment, Ownership Percentage</u> | 60.00% | 60.00% |
| <u>Payments to Acquire Businesses, Gross</u> | \$ 0.1 | ¥ 1 |
| <u>Goodwill, Acquired During Period</u> | \$ 33,375 | |

**BUSINESS
COMBINATIONS (Details) -
Schedule of Business
Acquisitions, by Acquisition
- Maihoulang (Beijing)
Technology Limited
Company [Member]**

**Aug. 25, 2019
USD (\$)**

Business Acquisition [Line Items]

| | |
|--|-----------|
| <u>Cash</u> | \$ 4,761 |
| <u>Prepayments</u> | 280 |
| <u>Other receivables</u> | 27,026 |
| <u>Intangible assets</u> | 233,455 |
| <u>Long-term deferred assets</u> | 607 |
| <u>Operating lease right-of-use assets</u> | 158,004 |
| <u>Goodwill</u> | 33,375 |
| <u>Total assets</u> | 457,508 |
| <u>Accrued payroll</u> | (4,094) |
| <u>Accrued tax</u> | (18) |
| <u>Other payables</u> | (290,687) |
| <u>Operating lease liability - current</u> | (88,217) |
| <u>Operating lease liability - non-current</u> | (74,492) |
| <u>Total liabilities</u> | (457,508) |
| <u>Net assets acquired</u> | \$ 0 |

**ACCOUNTS
RECEIVABLE, NET**
(Details) - USD (\$)

| 3 Months Ended Jun. 30, 2020 | 9 Months Ended Sep. 30, 2020 | 12 Months Ended Dec. 31, 2019 |
|---|---|--|
|---|---|--|

[Receivables \[Abstract\]](#)

[Accounts Receivable, Allowance for Credit Loss,
Writeoff](#)

| | | |
|-----------|------------|------------|
| \$ 38,871 | \$ 201,702 | \$ 470,696 |
|-----------|------------|------------|

**ACCOUNTS
RECEIVABLE, NET
(Details) - Schedule of
Accounts, Notes, Loans and
Financing Receivable - USD
(\$)**

Sep. 30, 2020 Dec. 31, 2019

Schedule of Accounts, Notes, Loans and Financing Receivable [Abstract]

| | | |
|--|-------------------|---------------------|
| <u>Billed</u> | \$ 61,303 | \$ 61,303 |
| <u>Unbilled</u> | 837,510 | 1,021,078 |
| <u>Accounts receivable</u> | 898,813 | 1,082,381 |
| <u>Less: allowance for doubtful accounts</u> | (307,416) | (3,065) |
| | \$ 591,397 | \$ 1,079,316 |

| ACCOUNTS RECEIVABLE, NET (Details) - Accounts Receivable, Allowance for Credit Loss - USD (\$) | 3 Months Ended | 9 Months Ended | | 12 Months Ended |
|--|-------------------|------------------|------------------|--------------------|
| | Jun. 30, 2020 | Sep. 30, 2020 | Sep. 30, 2019 | Dec. 31, 2019 |

Accounts Receivable, Allowance for Credit Loss

[Abstract]

| | | | | |
|---------------------------------|-------------|------------|-----------|-----------|
| <u>Balance</u> | | \$ 3,065 | \$ 0 | \$ 0 |
| <u>Additions</u> | | 498,018 | \$ 16,090 | 476,694 |
| <u>Write off</u> | \$ (38,871) | (201,702) | | (470,696) |
| <u>Exchange rate difference</u> | | 8,035 | | (2,933) |
| <u>Balance</u> | | \$ 307,416 | | \$ 3,065 |

**PREPAYMENTS AND
OTHER RECEIVABLES
(Details) - Deferred Costs,
Capitalized, Prepaid, and
Other Assets - USD (\$)**

Sep. 30, 2020 Dec. 31, 2019

Deferred Costs, Capitalized, Prepaid, and Other Assets [Abstract]

| | | |
|--------------------|-----------|-----------|
| <u>Prepayments</u> | \$ 13,923 | \$ 53,998 |
| <u>Others</u> | 43,535 | 40,163 |
| | \$ 57,458 | \$ 94,161 |

| EQUIPMENT, NET (Details) - USD (\$) | 3 Months Ended | | 9 Months Ended | |
|--|----------------|---------------|----------------|---------------|
| | Sep. 30, 2020 | Sep. 30, 2019 | Sep. 30, 2020 | Sep. 30, 2019 |
| Property, Plant and Equipment [Abstract] | | | | |
| Depreciation | \$ 4,746 | \$ 4,817 | \$ 14,430 | \$ 14,755 |
| Gain (Loss) on Disposition of Property Plant Equipment | | | \$ 0 | \$ 50 |

EQUIPMENT, NET
(Details) - Property, Plant
and Equipment - USD (\$)

Sep. 30, 2020 Dec. 31, 2019

Property, Plant and Equipment [Abstract]

| | | |
|---------------------------------------|------------|------------|
| <u>Office and computer equipment</u> | \$ 177,799 | \$ 170,455 |
| <u>Less: Accumulated depreciation</u> | (138,418) | (120,519) |
| | \$ 39,381 | \$ 49,936 |

**INTANGIBLE ASSETS,
NET (Details) - USD (\$)**

| 3 Months Ended | | 9 Months Ended | |
|-----------------------|-----------------|-----------------------|-----------------|
| Sep. 30, | Sep. 30, | Sep. 30, | Sep. 30, |
| 2020 | 2019 | 2020 | 2019 |

Goodwill and Intangible Assets Disclosure

[Abstract]

Amortization of Intangible Assets

| | | | |
|----------|----------|-----------|----------|
| \$ 1,068 | \$ 3,010 | \$ 17,976 | \$ 5,016 |
|----------|----------|-----------|----------|

**INTANGIBLE ASSETS,
NET (Details) - Schedule of
Finite-Lived Intangible
Assets - USD (\$)**

Sep. 30, 2020 Dec. 31, 2019

Finite-Lived Intangible Assets [Line Items]

| | | |
|---------------------------------|-----------|------------|
| <u>Intangible Asset, gross</u> | \$ 40,818 | \$ 279,718 |
| <u>Accumulated amortization</u> | (16,418) | (22,577) |
| | 24,400 | 257,141 |

Computer Software, Intangible Asset [Member]

Finite-Lived Intangible Assets [Line Items]

| | | |
|--------------------------------|---|---------|
| <u>Intangible Asset, gross</u> | 0 | 233,560 |
|--------------------------------|---|---------|

Trademarks and Trade Names [Member]

Finite-Lived Intangible Assets [Line Items]

| | | |
|--------------------------------|-----------|-----------|
| <u>Intangible Asset, gross</u> | \$ 40,818 | \$ 46,158 |
|--------------------------------|-----------|-----------|

GOODWILL (Details) - USD
(\$)

9 Months Ended
Sep. 30, 2020 Sep. 30, 2019

[Disclosure Text Block Supplement \[Abstract\]](#)

| | | |
|--|-----------|------|
| <u>Goodwill, Impairment Loss</u> | \$ 34,145 | \$ 0 |
|--|-----------|------|

**GOODWILL (Details) -
Schedule of Goodwill - USD
(\$)**

**9 Months Ended
Sep. 30, 2020 Sep. 30, 2019**

Schedule of Goodwill [Abstract]

| | | |
|--|-----------|------|
| <u>Balance</u> | \$ 34,297 | |
| <u>Goodwill acquired through acquisitions</u> | 0 | |
| <u>Impairment</u> | (34,145) | \$ 0 |
| <u>Foreign currency translation adjustment</u> | (152) | |
| <u>Balance</u> | \$ 0 | |

ACCRUALS AND OTHER

PAYABLES (Details) -

Schedule of Accrued

Liabilities - USD (\$)

Sep. 30, 2020 Dec. 31, 2019

Schedule of Accrued Liabilities [Abstract]

| | | |
|------------------------------------|------------|------------|
| <u>Salary payables</u> | \$ 103,012 | \$ 69,557 |
| <u>Refund to third parties</u> | 294,568 | 0 |
| <u>Accrued professional fees</u> | 19,778 | 19,778 |
| <u>Accrued rental expenses</u> | 72,746 | 8,868 |
| <u>Others</u> | 1,794 | 22,489 |
| <u>Accruals and other payables</u> | \$ 491,898 | \$ 120,692 |

| BALANCES WITH RELATED PARTIES (Details) | 1 Months Ended | 6 Months Ended | 9 Months Ended | 12 Months Ended | | | |
|--|----------------|--------------------------|-------------------------|-----------------|---------------------------|---------------------------|---------------------------|
| | Jul. 15, 2020 | May 31, 2020 USD (\$) | May 31, 2020 CNY (¥) | Jul. 14, 2020 | Sep. 30, 2020 USD (\$) | Sep. 30, 2019 USD (\$) | Dec. 31, 2019 USD (\$) |
| <u>BALANCES WITH RELATED PARTIES (Details) [Line Items]</u> | | | | | | | |
| <u>Loss Contingency, Damages Sought, Value</u> | | \$ 283,082 | ¥ 2,000,000 | | | | |
| <u>Number of Installements</u> | | 2 | 2 | | | | |
| <u>Debt Instrument, Interest Rate, Stated Percentage</u> | | 6.00% | 6.00% | | | | |
| <u>Litigation Settlement, Expense</u> | | \$ 1,614 | ¥ 11,400 | | | | |
| <u>Proceeds from (Repayments of) Related Party Debt</u> | | | | | \$ 3,243,880 | \$ 6,116,491 | |
| <u>Increase (Decrease) in Due to Other Related Parties</u> | | | | | | 5,405,862 | \$ (2,760,900) |
| <u>Increase (Decrease) in Due to Related Parties</u> | | | | | | | |
| <u>Proceeds from Related Party Debt</u> | | | | | \$ 0 | 301,625 | |
| <u>Increase (Decrease) in Due to Other Related Parties, Current</u> | | | | | | \$ 293,873 | |
| <u>Kezhan Ma [Member]</u> | | | | | | | |
| <u>BALANCES WITH RELATED PARTIES (Details) [Line Items]</u> | | | | | | | |
| <u>Ownership Holding Percentage by Related Party in Related Party Entities</u> | | 57.00% | | 38.00% | | | |

**BALANCES WITH
RELATED PARTIES
(Details) - Schedule of
Related Party Transactions -
USD (\$)**

| | Sep. 30, 2020 | Dec. 31, 2019 |
|--|---------------|------------------|
| <u>Due from shareholders</u> | | |
| <u>Due from Related Companies</u> | \$ 306,130 | \$ 0 |
| <u>Due to related parties</u> | | |
| <u>Due to Related Companies</u> | [1] 0 | 1,106 |
| <u>Due to shareholders</u> | | |
| <u>Due to Shareholders</u> | 1,904,212 | 1,433,151 |
| <u>Immediate Family Member of Management or Principal Owner [Member]</u> | | |
| <u>Due from shareholders</u> | | |
| <u>Due from Related Companies</u> | [2] 294,568 | 0 |
| <u>Zongjian Chen [Member]</u> | | |
| <u>Due from shareholders</u> | | |
| <u>Due from Related Companies</u> | 11,562 | 0 |
| <u>Due to shareholders</u> | | |
| <u>Due to Shareholders</u> | 0 | 149,090 |
| <u>Zonghua Chen [Member]</u> | | |
| <u>Due to shareholders</u> | | |
| <u>Due to Shareholders</u> | \$ 1,904,212 | \$ 1,284,061 |

[1] Mr. Kezhan Ma is a 38% minority shareholder of Maihuolang E-commerce. After Porter E-Commerce transferred its 57% equity interests in Maihuolang E-Commerce to Mr. Kezhan Ma on July 15, 2020, Maihuolang E-Commerce was deconsolidated from the Company and Mr. Kezhan Ma was no longer considered as a related party.

[2] On April 13, 2020, Henan Longji Real Estate Development Co., Ltd. (“Longji Real Estate”) filed an action against Porter E-Commerce, Zongjian Chen and Xue’an Yan related to certain loan of RMB 2 million (approximately \$283,082) which loan occurred before Porter E-Commerce merged with the Company. On May 10, 2020, Porter E-Commerce, Zongjian Chen, Xue’an Yan and Longji Real Estate reached a settlement under which Porter E-Commerce agreed to pay off the loan principal of RMB 2 million in two installments before June 30, 2021 and interest accrued on unpaid principal since January 1, 2020 at a rate of 6% per annum. In addition, under the settlement, Zongjian Chen and Xue’an Yan, the two original shareholders of Porter E-Commerce agreed to be severally and jointly liable for the payoff of the principal and interest of the loan. Porter E-Commerce, Zongjian Chen and Xue’an Yan were also jointly liable for the litigation costs of RMB11,400 (approximately \$1,614).

| INCOME TAXES (Details) - USD (\$) | 3 Months Ended | | 9 Months Ended | | Dec. 31, 2019 |
|--|------------------|------------------|------------------|------------------|------------------|
| | Sep. 30, 2020 | Sep. 30, 2019 | Sep. 30, 2020 | Sep. 30, 2019 | |
| <u>INCOME TAXES (Details) [Line Items]</u> | | | | | |
| <u>Retained Earnings (Accumulated Deficit)</u> | \$ (3,642,863) | \$ (3,642,863) | \$ (3,642,863) | \$ (2,200,932) | |
| <u>Effective Income Tax Rate Reconciliation, at Federal Statutory Income Tax Rate, Percent</u> | 21.00% | 21.00% | 21.00% | 21.00% | |
| <u>Net Income (Loss) Attributable to Parent</u> | \$ (547,352) | \$ (297,185) | \$ (1,441,931) | \$ (606,719) | |
| <u>HONG KONG Foreign Tax Authority [Member]</u> | | | | | |
| <u>INCOME TAXES (Details) [Line Items]</u> | | | | | |
| <u>Effective Income Tax Rate Reconciliation, at Federal Statutory Income Tax Rate, Percent</u> | | | 16.50% | | |
| <u>Foreign Income Tax Expense (Benefit), Continuing Operations</u> | | | \$ 216,249 | 42,700 | |
| <u>Net Income (Loss) Attributable to Parent</u> | | | | \$ 325,290 | |
| <u>CHINA Foreign Tax Authority [Member]</u> | | | | | |
| <u>INCOME TAXES (Details) [Line Items]</u> | | | | | |
| <u>Operating Loss Carryforwards</u> | 3.6 | | \$ 3.6 | | |
| <u>Effective Income Tax Rate Reconciliation, at Federal Statutory Income Tax Rate, Percent</u> | | | 25.00% | 25.00% | |
| <u>Operating Loss Carryforwards, Expiration Date</u> | | | 2025 | | |
| <u>ULNY [Member]</u> | | | | | |
| <u>INCOME TAXES (Details) [Line Items]</u> | | | | | |
| <u>Operating Loss Carryforwards</u> | \$ 45,437 | | \$ 45,437 | | |
| <u>Calendar Years 2018 through 2025 [Member]</u> | | | | | |
| <u>INCOME TAXES (Details) [Line Items]</u> | | | | | |
| <u>Effective Income Tax Rate Reconciliation, Deduction, Extraterritorial Income Exclusion, Percent</u> | | | 10.50% | | |
| <u>Calendar Years after 2025 [Member]</u> | | | | | |
| <u>INCOME TAXES (Details) [Line Items]</u> | | | | | |
| <u>Effective Income Tax Rate Reconciliation, Deduction, Extraterritorial Income Exclusion, Percent</u> | | | 13.125% | | |

**INCOME TAXES (Details) -
Schedule of Effective Income
Tax Rate Reconciliation -
USD (\$)**

| 3 Months Ended | | 9 Months Ended | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Sep. 30, 2020 | Sep. 30, 2019 | Sep. 30, 2020 | Sep. 30, 2019 |

Schedule of Effective Income Tax Rate Reconciliation

[Abstract]

Loss before income taxes

| | | | |
|--|--------------|--------------|----------------|
| | \$ (550,527) | \$ (299,109) | \$ (1,464,634) |
| | | | \$ (559,597) |

United States statutory income tax rate

| | | | |
|--------|--------|--------|--------|
| 21.00% | 21.00% | 21.00% | 21.00% |
|--------|--------|--------|--------|

Income tax benefit computed at statutory corporate income tax rate

| | | | |
|--------------|-------------|--------------|--------------|
| \$ (115,619) | \$ (62,813) | \$ (307,581) | \$ (117,515) |
|--------------|-------------|--------------|--------------|

Reconciling items:

Effect of different tax jurisdictions

| | | | |
|----------|-----------|----------|-----------|
| (33,206) | (185,282) | (49,035) | (306,518) |
|----------|-----------|----------|-----------|

Non-deductible expenses

| | | | |
|---------|--------|---------|---------|
| 120,595 | 72,659 | 196,784 | 109,534 |
|---------|--------|---------|---------|

Change in valuation allowance

| | | | |
|--------|---------|---------|---------|
| 28,230 | 173,468 | 159,832 | 358,261 |
|--------|---------|---------|---------|

Income tax (benefit) expense

| | | | |
|------|------------|------|-----------|
| \$ 0 | \$ (1,968) | \$ 0 | \$ 43,762 |
|------|------------|------|-----------|

**INCOME TAXES (Details) -
Schedule of Deferred Tax
Assets and Liabilities - USD
(\$)**

| | 9 Months Ended | 12 Months Ended |
|--|---------------------------|----------------------------|
| | Sep. 30, 2020 | Dec. 31, 2019 |

INCOME TAXES (Details) - Schedule of Deferred Tax Assets and Liabilities

[Line Items]

| | | |
|-----------------------------------|------------|------------|
| <u>Deferred tax assets, gross</u> | \$ 756,370 | \$ 598,555 |
| <u>Less: Valuation allowance</u> | (756,370) | (598,555) |
| <u>- PRC</u> | (184,866) | 182,849 |
| <u>Less: Valuation allowance</u> | 184,866 | (182,849) |
| <u>Deferred tax assets, net</u> | 0 | 0 |

UNITED STATES

INCOME TAXES (Details) - Schedule of Deferred Tax Assets and Liabilities

[Line Items]

| | | |
|-----------------------------------|-------|-------|
| <u>Deferred tax assets, gross</u> | 9,542 | 9,542 |
|-----------------------------------|-------|-------|

HONG KONG

INCOME TAXES (Details) - Schedule of Deferred Tax Assets and Liabilities

[Line Items]

| | | |
|-----------------------------------|--------|-------|
| <u>Deferred tax assets, gross</u> | 37,825 | 2,504 |
|-----------------------------------|--------|-------|

CHINA

INCOME TAXES (Details) - Schedule of Deferred Tax Assets and Liabilities

[Line Items]

| | | |
|-----------------------------------|------------|------------|
| <u>Deferred tax assets, gross</u> | \$ 709,003 | \$ 586,509 |
|-----------------------------------|------------|------------|

**CHINA CONTRIBUTION
PLAN (Details) - USD (\$)**

| 3 Months Ended | | 9 Months Ended | |
|-----------------------|-----------------|-----------------------|-----------------|
| Sep. 30, | Sep. 30, | Sep. 30, | Sep. 30, |
| 2020 | 2019 | 2020 | 2019 |

[The Company's Subsidiary and VIEs in China \[Member\]](#)

[CHINA CONTRIBUTION PLAN \(Details\) \[Line
Items\]](#)

| | | | | |
|---|----------|-----------|-----------|-----------|
| Proceeds from Contributions from Affiliates | \$ 4,959 | \$ 11,838 | \$ 16,221 | \$ 36,815 |
|---|----------|-----------|-----------|-----------|

**OPERATING LEASE
(Details)**

Sep. 30, 2020

Disclosure Text Block [Abstract]

Lessee, Operating Lease, Term of Contract 4 years

OPERATING LEASE
(Details) - Lessee, Operating
Lease, Disclosure - USD (\$)

Sep. 30, 2020 Dec. 31, 2019

Lessee, Operating Lease, Disclosure [Abstract]

| | | |
|--|------------|------------|
| <u>Operating lease right-of-use assets</u> | \$ 611,613 | \$ 891,733 |
| <u>Operating lease liability - current</u> | 248,403 | 323,403 |
| <u>Operating lease liability - non-current</u> | 387,599 | 604,597 |
| <u>Total lease liabilities</u> | \$ 636,002 | \$ 928,000 |

OPERATING LEASE
(Details) - Lease, Cost - USD
(\$)

| | 3 Months Ended | | 9 Months Ended | |
|--|-----------------------|--------------------------|-----------------------|--------------------------|
| | Sep. 30, 2020 | Sep. 30, 2019 | Sep. 30, 2020 | Sep. 30, 2019 |

OPERATING LEASE (Details) - Lease, Cost [Line Items]

| | | | | |
|---------------------------------------|-----------|-----------|------------|------------|
| <u>Operating lease cost</u> | \$ 68,779 | \$ 76,144 | \$ 253,567 | \$ 216,374 |
| <u>Weighted-average discount rate</u> | 8.00% | | 8.00% | |

Room 02,20/F,Saixi Technology Building, Nanshan, Shenzhen [Member]

OPERATING LEASE (Details) - Lease, Cost [Line Items]

| | | |
|--|------------------|------------------|
| <u>Weighted-average remaining lease term, Operating leases</u> | 2 years 153 days | 2 years 153 days |
|--|------------------|------------------|

OPERATING LEASE
(Details) - Lessee, Operating
Lease, Liability, Maturity -
USD (\$)

Sep. 30, 2020 Dec. 31, 2019

Lessee, Operating Lease, Liability, Maturity [Abstract]

| | | |
|--|------------|------------|
| <u>2021</u> | \$ 290,306 | |
| <u>2022</u> | 290,306 | |
| <u>2023</u> | 120,961 | |
| <u>Total lease payments</u> | 701,573 | |
| <u>Less: interest</u> | (65,571) | |
| <u>Present value of lease payments</u> | \$ 636,002 | \$ 928,000 |

**OPERATING LEASE
(Details) - Schedule of
Future Minimum Rental
Payments for Operating
Leases [**

**Sep. 30, 2020
USD (\$)**

Schedule of Future Minimum Rental Payments for Operating Leases [[Abstract]

| | |
|--------------|------------|
| <u>2021</u> | \$ 222,528 |
| <u>2022</u> | 222,528 |
| <u>2023</u> | 92,720 |
| <u>Total</u> | \$ 537,776 |

| CONCENTRATIONS AND CREDIT RISK (Details) - Customer Concentration Risk [Member] | 3 Months Ended | | 9 Months Ended | | 12 Months Ended |
|--|----------------|---------------|----------------|---------------|-----------------|
| | Sep. 30, 2020 | Sep. 30, 2019 | Sep. 30, 2020 | Sep. 30, 2019 | Dec. 31, 2019 |
| Accounts Receivable [Member] | | | | | |
| CONCENTRATIONS AND CREDIT RISK (Details) [Line Items] | | | | | |
| Concentration Risk, Percentage | | | 80.00% | | 86.00% |
| Customer One [Member] Revenue Benchmark [Member] | | | | | |
| CONCENTRATIONS AND CREDIT RISK (Details) [Line Items] | | | | | |
| Concentration Risk, Percentage | 48.00% | 51.00% | 58.00% | 23.00% | |
| Customer Two [Member] Revenue Benchmark [Member] | | | | | |
| CONCENTRATIONS AND CREDIT RISK (Details) [Line Items] | | | | | |
| Concentration Risk, Percentage | | 38.00% | | 22.00% | |
| Customer Three [Member] Revenue Benchmark [Member] | | | | | |
| CONCENTRATIONS AND CREDIT RISK (Details) [Line Items] | | | | | |
| Concentration Risk, Percentage | | | | 12.00% | |
| Customer Four [Member] Revenue Benchmark [Member] | | | | | |
| CONCENTRATIONS AND CREDIT RISK (Details) [Line Items] | | | | | |
| Concentration Risk, Percentage | | | | 12.00% | |

CONTINGENCIES (Details)

**- 1 months ended May 31,
2020**

USD (\$) CNY (¥)

¥ in Millions

[Disclosure Text Block Supplement \[Abstract\]](#)

[Loss Contingency, Damages Sought, Value](#) \$ 283,082 ¥ 2