PORTER HOLDING INTERNATIONAL, INC.

FORM 10-Q
(Quarterly Report)

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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: March 31, 2019

☐ **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	**42-1777496**
(State or other jurisdiction of incorporation or organization)	(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)

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 ☒	Smaller reporting company ☒
Emerging growth company ☒	

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

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
None	**Not applicable**	**Not applicable**

The number of shares outstanding of each of the issuer's classes of common stock, as of May 10, 2019 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.

PORTER HOLDING INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

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

	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 680,180	$ 728,121
Accounts receivable, net of $32,338 and $37,547 allowance for doubtful accounts as of March 31, 2019 and December 31, 2018, respectively	935,699	726,912
Prepayments and other receivables	48,252	31,164
Total current assets	1,664,131	1,486,197
NON-CURRENT ASSETS		
Long-term rental deposits	37,521	36,625
Long-term prepayments	5,069	2,860
Property, plant and equipment, net	64,236	67,595
Intangible assets, net	30,711	30,967
Operating lease right-of-use assets	944,754	-
Total non-current assets	1,082,291	138,047
TOTAL ASSETS	$ 2,746,422	$ 1,624,244
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 86,282	$ 7,139
Accruals and other payables	319,200	214,558
Deferred revenue	243,129	-
Tax payable	142,577	128,174
Amounts due to shareholders	1,731,258	1,659,262
Amounts due to related parties	58,215	183,545
Operating lease liabilities - current	222,976	-
Total current liabilities	2,803,637	2,192,678
NON-CURRENT LIABILITIES		
Operating lease liabilities - non-current	761,766	-
TOTAL LIABILITIES	3,565,403	2,192,678
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Preferred stock, par value $0.001 per share 250,000,000 shares authorized and nil shares issued as of March 31, 2019 and December 31, 2018	-	-
Common stock, par value $0.001 per share; 750,000,000 shares authorized, 508,110,000 shares issued and outstanding as of March 31, 2019 and December 31, 2018	508,110	508,110
Additional paid-in capital	525,914	400,561
Accumulated deficit	(1,996,011)	(1,626,596)
Accumulated other comprehensive income	77,552	93,674
Total Porter Holding International, Inc. stockholders' deficit	(884,435)	(624,251)
Non-controlling interests	65,454	55,817
Total stockholders' deficit	(818,981)	(568,434)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 2,746,422	$ 1,624,244

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 March 31, 2019	2018
REVENUE	$ 708,946	$ 43,366
COST OF REVENUE	(525,573)	(19,593)
GROSS PROFIT	183,373	23,773
OPERATING EXPENSES		
General and administrative expenses	(489,423)	(411,344)
Total operating expenses	(489,423)	(411,344)
LOSS FROM OPERATIONS	(306,050)	(387,571)
OTHER INCOME, NET		
Other income	5,169	56
Total other income, net	5,169	56
NET LOSS BEFORE TAXES	(300,881)	(387,515)
Income tax expense	(60,305)	(87)
NET LOSS	(361,186)	(387,602)
Less: Net income attributable to non-controlling interests	8,229	-
Net loss attributable to Porter Holding International, Inc. common stockholders	(369,415)	(387,602)
NET LOSS	(361,186)	(387,602)
Other comprehensive loss		
Foreign currency translation loss	(14,714)	(90,082)
Total Comprehensive loss	(375,900)	(477,684)
Less: comprehensive income attributable to non-controlling interests	9,637	-
Comprehensive loss attributable to Porter Holding International, Inc. common stockholders	$ (385,537)	$ (477,684)
Basic and diluted loss per share	$ -*	$ -*
Weighted average number of common shares outstanding - basic and diluted	508,110,000	508,110,000

* 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-MONTH PERIOD ENDED MARCH 31, 2019 and 2018
(Unaudited)
(In U.S. dollars)

	Common stock		Additional		Accumulated	Non-	
	Number of shares	Amount	paid-in capital	Accumulated deficit	other comprehensive income (loss)	controlling interests	Total Equity
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)

	Common stock		Additional		Accumulated Accumulated other	
	Number of shares	Amount	paid-in capital	Accumulated deficit	comprehensive income (loss)	Total Equity
Balance at December 31, 2017	508,110,000	$ 508,110	$ 400,561	$ (3,033,438)	$ 41,769	$ (2,082,998)
Net loss	-	-	-	(387,602)	-	(387,602)
Foreign currency translation adjustment	-	-	-	-	(90,082)	(90,082)
Balance at March 31, 2018	508,110,000	$ 508,110	$ 400,561	$ (3,421,040)	$ (48,313)	$ (2,560,682)

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)

	Three Months Ended March 31, 2019	2018
Cash flows from operating activities		
Net loss	$ (361,186)	$ (387,602)
Adjustments to reconcile net loss to cash used in operating activities:		
Gain on disposal of property, plant and equipment	(51)	-
Depreciation and amortization	5,994	2,810
Amortization of operating lease right-of-use assets	50,218	-
Recovery of doubtful accounts	(6,097)	-
Changes in assets and liabilities		
Accounts receivable	(185,789)	11,782
Prepayments and other receivables	(17,185)	64,104
Operating lease liabilities	(52,758)	-
Accounts payable	78,719	(6,683)
Accruals and other payables	148,812	33,228
Deferred revenue	241,921	-
Tax payable	11,391	87
Net cash used in operating activities	(86,011)	(282,274)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,144)	(36,515)
Purchase of investments	-	(96,797)
Proceeds from disposal of investments	-	78,697
Net cash used in investing activities	(1,144)	(54,615)
Cash flows from financing activities		
Advances from related parties	3,848	1,308
Repayment to related parties	(4,448)	(1,452,992)
Advances from shareholders	1,411,933	1,761,118
Repayment to shareholders	(1,339,937)	-
Net cash provided by financing activities	71,396	309,434
Effect of exchange rates on cash	(32,182)	6,613
Net decrease in cash and cash equivalents	(47,941)	(20,842)
Cash and cash equivalents at beginning of period	728,121	240,072
Cash and cash equivalents at end of period	$ 680,180	$ 219,230
Supplemental of cash flow information		
Cash paid for interest expenses	$ -	$ -
Cash paid for income tax	$ -	$ -
Non-cash financing activities:		
Operating lease asset obtained in exchange for operating lease obligation	$ 1,032,608	$ -

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

PORTER HOLDING INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(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.

On December 16, 2016, the Company entered into a share purchase agreement (the "Purchase Agreement") with Porter Group Limited ("PGL") to acquire all issued and outstanding shares of PGL. Under the terms of the Purchase Agreement, the Company agreed to issue 500,000,000 shares of its common stock to the owners of the PGL ("the share exchange").

Porter Group Limited ("PGL") was incorporated in the Republic of Seychelles on October 13, 2016, and is a holding company. PGL owns 100% of Porter Perspective Business Group Limited, a company incorporated in Hong Kong ("PPBGL") which in turn owns 100% of Shenzhen Qianhai Porter Industrial Co. Ltd. ("Qianhai Porter"), a company incorporated in the People's Republic of China (the "PRC").

On December 15, 2016, Qianhai Porter, Shenzhen Portercity Investment Management Co. Ltd. (a company incorporated in the PRC; "Portercity") and Mr. Zonghua Chen (the Company's Chairman, Chief Executive Officer, Chief Financial Officer and President since December 19, 2016) and Ms. Xiaomei Xiong (spouse of Mr. Zongjian Chen), the shareholders (the "Shareholders") of Portercity entered into commercial arrangements, or collectively, VIE Agreements, pursuant to which PGL has contractual rights to control and operate the businesses of Portercity and its three operating wholly-owned subsidiaries incorporated in the PRC (collectively the "VIE Entities"):

(a) Shenzhen Porter Warehouse E-Commerce Co. Ltd. ("Porter E-Commerce");

(b) 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.

On June 28, 2018, Portercity and Mr. Zhibo Mao established Weifang Porter City Commercial Management Company Limited ("Weifang Portercity") in Weifang, Shandong Province, the PRC, with a registered capital of RMB1 million ($0.1 million), which should be paid up by December 31, 2028. Portercity and Mr. Zhibo Mao hold 60% and 40% equity interest in Weifang Portercity, respectively. On February 19, 2019, Mr. Zhibo Mao transferred 40% equity interest to Mr. Zhiqing Mao. Weifang Portercity engages in the business of providing 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 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. Starting from the second quarter of 2018, the Company provides investment and corporate management consulting services to its clients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with United States of America generally accepted accounting principles ("U.S. GAAP"). The 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
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Unaudited)
(In U.S. dollars)

The interim condensed consolidated financial information as of March 31, 2019 and for the three month periods ended March 31, 2019 and 2018 have been prepared without audit, pursuant to the rules and regulations of the 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 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, 2018, previously filed with the SEC on April 15, 2019.

In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these 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 condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred net loss of $361,186 during the three months ended March 31, 2019, resulting in an accumulated deficit of $1,996,011 as of March 31, 2019, and it currently has net working capital deficit of $1,139,506. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. The Company may have to rely on additional debt financing, loans from existing directors and shareholders and private placements of capital stock for additional funding. There can be no assurance that the Company will be successful in its plans described above or in attracting equity or alternative financing on acceptable terms, or if at all.

These 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.

Use of Estimates

The preparation of these condensed consolidation 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.

Basis of Consolidation

The condensed consolidated financial statements include the financial statements of the Company, its subsidiaries and consolidated VIEs. All significant inter-company balances and transactions have been eliminated upon consolidation.

A subsidiary is an entity in which (i) the Company directly or indirectly controls more than 50% of the voting power; or (ii) the Company has the power to appoint or remove the majority of the members of the board of directors or to cast a majority of votes at the meeting of the board of directors or to govern the financial and operating policies of the investee pursuant to a statute or under an agreement among the shareholders or equity holders.

PORTER HOLDING INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Unaudited)
(In U.S. dollars)

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 in its consolidated financial statements 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:

	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 672,122	$ 524,115
Accounts receivable, net	623,754	726,912
Prepayments and other receivables	48,043	30,961
Total current assets	1,343,919	1,281,988
NON-CURRENT ASSETS		
Long term rental deposit	37,521	36,625
Long term prepayment	5,069	2,860
Property, plant and equipment, net	62,497	65,759
Intangible assets, net	30,711	30,967
Operating lease right-of-use assets	944,754	-
Total non-current assets	1,080,552	136,211
TOTAL ASSETS	$ 2,424,471	$ 1,418,199
CURRENT LIABILITIES		
Accounts payable	$ 86,282	$ 7,139
Accruals and other payables	272,778	160,120
Deferred revenue	243,129	-
Tax payable	101,121	128,174
Amounts due to shareholders of the Company	1,710,819	1,593,628
Amounts due to related parties	58,215	179,017
Operating lease liability - current	222,976	-
Total Current Liabilities	2,695,320	2,068,078
NON-CURRENT LIABILITIES		
Operating lease liability - non-current	761,766	-
TOTAL LIABILITIES	$ 3,457,086	$ 2,068,078

PORTER HOLDING INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Unaudited)
(In U.S. dollars)

	Three months ended March 31, 2019	2018
Net revenue	$ 391,698	$ 43,366
Net loss	$ 599,337	$ 304,628

	Three months ended March 31, 2019	2018
Net cash used in operating activities	$ (36,530)	$ (162,678)
Net cash used in investing activities	(1,144)	(52,254)
Net cash provided by financing activities	172,083	196,892

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 ASU No. 2014-09: (i) identify contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenues when (or as) the Company satisfies the performance obligation.

Revenues are recognized when control of the promised goods or services is transferred to our 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 we expect to be entitled to in exchange for those goods or services.

The Company via Porter Consulting earns commissions of $25,798 and $40,965 for the three months ended March 31, 2019 and 2018, respectively, primarily from a third-party payment service provider when China UnionPay card transactions are completed and settled. Revenue related to commissions is recognized in the income statement 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.

Starting from the second quarter of 2018, 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 etc. Management estimates that Phase II normally takes about five months to complete based its past experiences.

Phase III consulting services primarily include shell company identification and recommendation for customers expecting to become publicly listed through reverse merger transaction; assistance in preparation of customers’ 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.

Revenue Recognition (continued)

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 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 $333,230 and $nil for the three months ended March 31, 2019 and 2018, is recognized when the service is performed.

In accordance with ASC 606, the Company evaluates whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned by PPBGL as commissions. 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 cosmetic trading business. For the three months ended March 31, 2019 and 2018, the Company recognized a net revenue of $9,132 and $nil, 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.

Starting from the first quarter of 2019, the Company via PPBGL provides various training services to its clients, primarily related to e-commerce platform operation, expansion of channels and promotion strategy, 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.

Practical expedients and exemption

The company had no occurred any costs to obtain contracts, and do 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.

PORTER HOLDING INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Unaudited)
(In U.S. dollars)

Revenue Recognition (continued)

Revenue by major product line

	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Investment and corporate management consulting services	$ 333,230	$ -
Training service	308,117	-
Third-party payment service	25,798	40,965
Cosmetic trading business	9,132	-
Others	32,669	2,401
	$ 708,946	$ 43,366

Revenue by recognition over time vs point in time

	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Revenue by recognition over time	$ 333,230	$ -
Revenue by recognition at a point in time	375,716	43,366
	$ 708,946	$ 43,366

Fixed price contract

	March 31, 2019 Contract Amount	March 31, 2019 Future Estimated Revenue
Investment and corporate management consulting services	$ 7,580,000	$ 4,652,000

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.

PORTER HOLDING INTERNATIONAL, INC.
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Foreign Currency and Foreign Currency Translation (continued)

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 income statement. 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		
March 31, 2019	RMB6.7112 to $1	HKD7.8498 to $1
December 31, 2018	RMB6.8755 to $1	HKD7.8305 to $1
Income statement and cash flows items		
For the three months ended March 31, 2019	RMB6.7447 to $1	HKD7.8460 to $1
For the three months ended March 31, 2018	RMB6.3535 to $1	HKD7.8279 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 income statement 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 consolidation 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 March 31,	
	2019	**2018**
Net loss attributable to Porter Holding International, Inc.	$ (369,415)	$ (387,602)
Weighted average number of common shares outstanding - basic and diluted	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 and cash equivalents, 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 March 31, 2019 and December 31, 2018, the Company had no investments in financial instruments.

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.

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

Recent Accounting Pronouncements

Recently Adopted Accounting Standards

On January 1, 2019, the Company adopted ASU 2016-02, *Leases* , using the modified retrospective method which allows for the application of the transition provisions at the beginning of the period of adoption, rather than at the beginning of the earliest comparative period presented in these unaudited condensed consolidated financial statements. As permitted by the guidance, the Company elected to retain the original lease classification and historical accounting for initial direct costs for leases existing prior to the adoption date and did not reassess contracts entered into prior to the adoption date for the existence of a lease. The Company also did not recognize ROU assets and lease liabilities for short-term leases, which are leases in existence as of the adoption date with an original term of twelve months or less.

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Recently Adopted Accounting Standards (continued)

As a result of the adoption of the standard, based on the present value of the lease payments for the remaining lease term of the Company's existing leases, the Company recognized ROU assets of $0.94 million and lease liabilities of $0.98 million, on its unaudited condensed consolidated balance sheet as of March 31, 2019. The assets and liabilities recognized upon application of the transition provisions were primarily associated with existing office and storage leases. There was no finance leases as of March 31, 2019.

In August 2018, the SEC issued Release No. 33-10532 that amends and clarifies certain financial reporting requirements. The principal change to our financial reporting will be the inclusion of the annual disclosure requirement of changes in stockholders' equity in Rule 3-04 of Regulation S-X to interim periods. The Company has adopted this new rule beginning with our financial reporting for the quarter ending March 31, 2019. The Company has included our Unaudited Condensed Consolidated Statements of Change in Stockholders' Deficit with each quarterly filing on Form 10-Q.

Accounting Pronouncements Issued But Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early application will be permitted for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company does not expect this standard to have a material impact on its consolidated financial statements.

In August 2018, the FASB Accounting Standards Board issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). ASU 2018-13 modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for public entities for fiscal years beginning after December 15, 2019, with early adoption permitted for any removed or modified disclosures. The removed and modified disclosures will be adopted on a retrospective basis and the new disclosures will be adopted on a prospective basis. The Company does not expect this guidance will have a material impact on its consolidated financial statements.

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. ACCOUNTS RECEIVABLE, NET

Accounts receivable consist of the following:

	March 31, 2019	December 31, 2018
Accounts receivable	$ 968,037	$ 764,459
Less: allowance for doubtful accounts	(32,338)	(37,547)
	$ 935,699	$ 726,912

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

	March 31, 2019	December 31, 2018
Beginning	$ 37,547	$ -
Additions	-	37,547
Reversals	(6,097)	-
Exchange rate difference	888	-
Balance	$ 32,338	$ 37,547

4 . PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables consist of the following:

	March 31, 2019	December 31, 2018
Prepaid service expenses	$ 13,680	$ 9,027
Advances to employees	31,834	19,152
Others	2,738	2,985
	$ 48,252	$ 31,164

5 . PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consist of the following:

	March 31, 2019	December 31, 2018
Office and computer equipment	$ 174,070	$ 190,605
Less: Accumulated depreciation	(109,834)	(123,010)
	$ 64,236	$ 67,595

Depreciation expenses charged to the statements of operations for the three months ended March, 2019 and 2018 were $4,985 and $1,740, respectively. Gain on disposal of property, plant and equipment for the three months ended March, 2019 and 2018 were $51 and $nil, respectively.

6 . INTANGIBLE ASSETS, NET

Intangible assets, net, consist of the following:

	March 31, 2019	December 31, 2018
Domain names and trademarks	$ 41,237	$ 40,251
Less: Accumulated amortization	(10,526)	(9,284)
	$ 30,711	$ 30,967

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Amortization charged to the statements of operations for the three months ended March 31, 2019 and 2018 were $1,009 and $1,070, respectively.

7. ACCRUALS AND OTHER PAYABLES

Accruals and other payables consist of the following:

	March 31, 2019	December 31, 2018
Salary payables	$ 96,560	$ 89,112
Accrued professional fees	39,389	53,965
Advance from employees	1,452	-
Deposits	163,905	-
Accrued rental expenses	-	43,601
Advance from customers	15,767	27,826
Others	2,127	54
	$ 319,200	$ 214,558

The advance from employee is interest-free, unsecured and repayable on demand.

8. BALANCES WITH RELATED PARTIES

	Note	March 31, 2019	December 31, 2018
Due to related companies			
Liaoning Northeast Asia Porter City Investment Limited	(a)	58,215	183,545
		$ 58,215	$ 183,545
Due to shareholders			
Mr. Zonghua Chen (the Company's Chairman, Chief Executive Officer, Chief Financial Officer and President)		$ 1,234,627	$ 1,338,336
Mr. Zongjian Chen (brother of Mr. Zongjian Chen)		396,277	269,844
Ms. Xiaofang Huang (director of Porter Investment Limited)		100,354	51,082
		$ 1,731,258	$ 1,659,262

(a) Mr. Zonghua Chen is a supervisor and Mr. Zongjian Chen is a 45% shareholder of Liaoning Northeast Asia Porter City Investment Limited.

All the above balances are interest-free and unsecured. These related companies and shareholders have agreed not to demand repayment until the Company is financially capable to do so.

During the period of the three months ended March 31, 2019, Mr. Zongjian Chen transfer his creditor's rights of Liaoning Northeast Asia Porter City Investment Limited amounted $125,353 to the Company. The Company regards as his donation and off-set the amount due to Liaoning Northeast Asia Porter City Investment Limited accordingly.

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9. 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 March 31, 2019. As of March 31, 2019, future net operating losses of approximately $45,437 from ULNV are available to offset future taxable income through 2038. Accumulated deficit as of March 31, 2019 and December 31, 2018 was approximately $2.0 million and $1.6 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 three months ended March 31, 2019.

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 three months ended March 31, 2019, it generated $317,090 of net profit and $41,358 tax expenses accrued accordingly. For the three months ended March 31, 2018, 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.

PRC Tax

The Company's subsidiary and consolidated VIEs in China are subject to corporate income tax ("CIT") at 25% for the three months ended March 31, 2019 and 2018. As of March 31, 2019, the Company had approximately $2.7 million of net operating loss carried forward from the foreign subsidiaries which will expire in various years through 2023.

The Ministry of Finance ("MOF") and State Administration of Taxation ("SAT") on June 9, 2017 jointly issued Cai Shui 2017 No. 43. This clarified that from January 1, 2017 to December 31, 2019, eligible small enterprises whose taxable income falls under RMB500,000 (previously RMB300,000), may pay CIT on 50% of their whole income at a rate of 20% (i.e., effective rate is 10%).

Separately, the SAT on the same day issued Announcement 2017 No. 23 ("Announcement No. 23") further clarifying CIT collection matters:

- Eligible small enterprise, no matter whether they are subject to CIT on an accounts assessment basis or on a deemed income basis, are entitled to enjoy this preferential CIT treatment.
- Eligible small enterprises may enjoy this preferential tax treatment just by completing the relevant information in the tax filing form when they prepay CIT and perform CIT annual filing. No special record is required.
- Announcement No. 23 clarifies that small enterprises shall prepay CIT on a quarterly basis. It also provides clarifications on how to apply this preferential CIT treatment in relation to small enterprise CIT prepayments in the following situations:
  - A small enterprise subject to CIT on an accounts assessment basis, or on a fixed rate basis, or on a fixed amount basis;
  - An enterprise which was not qualified for small enterprise treatment in the prior tax year but which expects to be qualified in the current tax year;
  - An enterprise which is newly set up in the current year and expects to be qualified for small enterprise treatment in the same year.
- Where a small enterprise has claimed the incentives at the time of prepayment, but is not qualified for small enterprise when performing CIT annual filing, the enterprise shall make a retroactive tax payment.

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Porter Consulting enjoyed the above preferential policy on its profits in fiscals 2018 and 2019.

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 March 31, 2019	2018
Loss before income taxes	$ (300,881)	$ (387,515)
United States statutory income tax rate	21%	21%
Income tax credit computed at statutory corporate income tax rate	(63,185)	(81,378)
Reconciling items:		
Effect of different tax jurisdictions	1,080	(17,033)
Non-deductible expenses	110,321	38,686
Change in valuation allowance	12,089	56,567
Effect of tax exemption granted to Porter Consulting	-	3,245
Income tax expense	$ 60,305	$ 87

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of March 31, 2019 and December 31, 2018 are presented below

	March 31, 2019	December 31, 2018
Deferred tax assets:		
Net operating loss carryforwards:		
- United States of America	$ 9,542	$ 9,542
- Hong Kong	-	10,973
- PRC	656,465	633,403
	666,007	653,918
Less: Valuation allowance	(666,007)	(653,918)
	$ -	$ -

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.

10. 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 three months ended March 31, 2019 and 2018, the Company's China based subsidiaries and consolidated VIEs contributed a total of $12,202 and $10,029, respectively, to these funds.

11. 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.

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The following table provides a summary of leases by balance sheet location as of March 31, 2019:

Assets/liabilities	**Classification**		**As of March 31, 2019**
Assets			
Operating lease right-of-use assets	Operating lease assets	$	944,754
Liabilities			
Current			
Operating lease liability - current	Current operating lease liabilities	$	222,976
Long-term			
Operating lease liability - non-current	Long-term operating lease liabilities		761,766
Total lease liabilities		$	984,742

The operating lease expenses for the three months ended March 31, 2019 were as follows:

Lease Cost	**Classification**		**Three months ended March 31, 2019**
Operating lease cost	General and administrative expenses	$	70,520
Total lease cost		$	70,520

Maturities of operating lease liabilities at March 31, 2019 were as follows:

Maturity of Lease Liabilities		**Operating Leases**
12 months ending March 31,		
2020	$	293,697
2021		293,697
2022		293,697
2023		269,223
Total lease payments	$	1,150,314
Less: interest		(165,572)
Present value of lease payments	$	984,742

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

Future minimum lease payments as of March 31, 2019 were as follows:

12 months ending March 31,		
2020		225,127
2021		225,127
2022		225,127
2023		206,367
Total	$	881,748

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Lease Term and Discount Rate	**March 31, 2019**
Weighted-average remaining lease term (years)	
Operating leases	3.92
Weighted-average discount rate (%)	
Operating leases	8%

12. CONCENTRATIONS AND CREDIT RISK

(a) *Concentrations*

In the three months ended March 31, 2019, three customers accounted for 73.2% of the Company's revenues. No other customer accounts for more than 10% of the Company's revenue in the three months ended March 31, 2019. In the three months ended March 31, 2018, one customer accounted for 89.4% of the Company's revenues. No other customer accounts for more than 10% of the Company's revenue in the three months ended March 31, 2018, respectively.

As of March 31, 2019, three customers accounted for 97.4% of the Company's accounts receivable. As of December 31, 2018, two customers accounted for 83% 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 and cash equivalents. As of March 31, 2019 and December 31, 2018, substantially all of the Company's cash and cash equivalents 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.

13. SUBSEQUENT EVENT

The Company has analyzed its operations subsequent to March 31, 2019 to the date these condensed consolidation financial statements were issued, and has determined that it does not have any 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 March 30, 2018, 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 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 Yihuilian Information Consulting Co. Ltd., a PRC company and wholly-owned subsidiary of Portercity;
- "Porter Commercial" are to Shenzhen Porter Commercial Perspective Network Co., Ltd., a PRC company and wholly-owned subsidiary of Portercity;
- "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.

On April 7, 2017, we completed the acquisition of PGL pursuant to the share purchase agreement. As a result of the acquisition, PGL became our wholly-owned subsidiary and the former shareholders of PGL became the holders of approximately 98.4% of our issued and outstanding capital stock on a fully-diluted basis. 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"), under which 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.

As a newly established company with limited operation history, we are at the early stage of developing our O2O business and our goal is to become a leading innovative O2O business platform operator providing both online E- commerce and offline physical business facilities to our merchant customers, where they can conduct business, interact with their existing and potential end-consumers face to face. Different from most other O2O companies, which often lack of integrated platforms, 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 intend to offer products and services including both 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 are currently developing merchant clients who are engaged in businesses including manufacturing, real estate, trade and financing. 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 demand and future 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 increased their 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 themselves 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 will make full use of our expertise and resources in the capital markets to assist these customers to achieve their goals.

Results of Operations

Comparison of Three Months Ended March 31, 2019 and 2018

The following table sets forth key components of our results of operations during the three months ended March 31, 2019 and 2018, both in dollars and as a percentage of our revenue.

	Three Months Ended March 31,			
	2019		2018	
	Amount	% of Revenue	Amount	% of Revenue
Revenue	$ 708,946	100.00	$ 43,366	100.00
Cost of revenue	(525,573)	(74.13)	(19,593)	(45.18)
Gross profit	183,373	25.87	23,773	54.82
Operating expenses				
General and administrative expenses	(489,423)	(69.04)	(411,344)	(948.54)
Loss from operations	(306,050)	(43.17)	(387,571)	(893.72)
Other income	5,169	0.73	56	0.13
Loss before income taxes	(300,881)	(42.44)	(387,515)	(893.59)
Income tax expense	(60,305)	(8.51)	(87)	(0.20)
Net loss	$ (361,186)	(50.95)	$ (387,602)	(893.79)
Less: Net income attributable to non-controlling interests	8,229	1.16	-	-
Net loss attributable to Porter Holding International Inc. common stockholders	$ (369,415)	(52.11)	$ (387,602)	(893.79)

Revenue. Our revenue was $708,946 for the three months ended March 31, 2019, compared to $43,366 for the same period last year. Starting from the second quarter of 2018, we commenced to provide 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 $333,230 for the three months ended March 31, 2019. Moreover, starting from the first quarter of 2019, the Company provides various training services to its clients, primarily related to e-commerce platform operation, expansion of channels and promotion strategy, via live and online sessions. The service income from providing training services totaled $308,117 for the three months ended March 31, 2019. Through Porter Consulting we also promoted the payment service of a third-party payment service provider to merchants in Shenzhen and in return share a portion of the processing fees earned by the third-party payment service provider as commission. Our commission totaled $25,798 and $40,965 for the three months ended March 31, 2019 and 2018, respectively.

Cost of revenue. Our cost of revenue was $525,573 for the three months ended March 31, 2019, compared to $19,593 for the same period last year. Cost of revenue refers to the cost of consulting services, third-party payment service and other business. The increase was mainly due to the consulting services started since the second quarter of 2018. The cost of consulting service refers to the shell acquisition, legal and accounting advisory service outsourced to third-party service providers.

Gross profit and gross margin. Our gross profit was $183,373 for the three months ended March 31, 2019, compared to $23,773 for the same period last year. Gross profit as a percentage of revenue (gross margin) was 25.87% for the three months ended March 31, 2019, compared to 54.82% for the same quarter last year. The increase of gross profit was mainly due to various consulting services started since the second quarter of 2018.

General and administrative expenses. 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 $78,079 to $489,423 for the three months ended March 31, 2019, from $411,344 for the same period in 2018. We incurred more staff salaries as we expanded our business of consulting services to customers.

	Three months ended March 31,					
	2019		2018		Fluctuation	
	Amount ($)	%	Amount ($)	%	Amount	%
Salary and staff benefits	312,534	63.86	246,726	59.98	65,808	16.00
Lease and management fee	71,874	14.69	76,627	18.63	(4,753)	(1.16)
Legal and professional fees	73,148	14.95	64,082	15.58	9,066	2.20
Dep and amortization	5,994	1.22	2,810	0.68	3,184	0.77
Others	25,873	5.28	21,099	5.13	4,774	1.17
Total G&A	489,423	100.00	411,344	100.00	78,079	18.97

Income tax expense . Our Income tax expense was $60,305 for the three months ended March 31, 2019, compared to $87 for the same period last year. The increase was mainly due to PPBGL generated $317,090 of net profit and $41,358 tax expenses accrued accordingly for current period.

Net loss . As a result of the cumulative effect of the factors described above, our net loss decreased by $26,416, to $361,186 for the three months ended March 31, 2019 from $387,602 for the same period in 2018.

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 establishment 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 $150,000 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

	March 31, 2019	December 31, 2018
Current Assets	$ 1,664,131	$ 1,486,197
Current Liabilities	2,803,637	2,192,678
Working Capital Deficiency	$ 1,139,506	$ 706,481

As of March 31, 2019, we had cash and cash equivalents of $680,180. To date, we have financed our operations primarily through borrowings from our stockholders, related and unrelated parties.

Going Concern Uncertainties

The accompanying condensed consolidated financial statements have been prepared assuming we will continue as a going concern. We have incurred net loss of $361,186 during the three months ended March 31, 2019, resulting in an accumulated deficit of $1,996,011 as of March 31, 2019, and it currently has net working capital deficit of $1,139,506. These conditions raise substantial doubt about our ability to continue as a going concern. The ability to continue as a going concern is dependent upon generating profitable operations in the future and/or obtaining the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they become due. We may have to rely on additional debt financing, loans from existing directors and shareholders and private placements of capital stock for additional funding. Our sources of capital in the past have included borrowings from our stockholders and related parties. 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. If we are unable to generate profitable operations and/ or obtaining the necessary financing, we may be forced to curtail operations.

	Three Months Ended March 31,	
	2019	**2018**
Net cash used in operating activities	$ (86,011)	$ (282,274)
Net cash used in investing activities	(1,144)	(54,615)
Net cash provided by financing activities	71,396	309,434
Effect of exchange rate changes on cash and cash equivalents	(32,182)	6,613
Net decrease in cash and cash equivalents	(47,941)	(20,842)
Cash and cash equivalents at the beginning of period	728,121	240,072
Cash and cash equivalents at the end of period	$ 680,180	$ 219,230

Operating Activities

Net cash used in operating activities was $86,011 for the three months ended March 31, 2019, as compared to $282,274 net cash used in operating activities for the three months ended March 31, 2018. The net cash used in operating activities for the three months ended March 31, 2019 was mainly due to our net loss of $361,186, an increase in account receivables of $185,789, partially offset by the increase in deferred revenue of $241,921, accruals and other payables of $148,812, and accounts payable of $78,719. The net cash used in operating activities for the three months ended March 31, 2018 was mainly due to our net loss of $387,602, partially offset by a decrease in prepayments and other receivables of $64,104 and the increase in accruals and other payables of $33,228.

Investing Activities

Net cash used in investing activities was $1,144 for the three months ended March 31, 2019, as compared to $54,615 for the three months ended March 31, 2018. The cash used in investing activities for the three months ended March 31, 2019 was attributable to the purchase of property, plant and equipment of $1,144. The cash used in investing activities for the three months ended March 31, 2018 was mainly attributable to short-term investments of $18,100 and purchase of property, plant and equipment of $36,515.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2019 was $71,396, as compared to $309,434 for the three months ended March 31, 2018. During the three months ended March 31, 2019, we obtained advances of $1,411,933 from shareholders, and repaid $1,339,937 to shareholders. During the three months ended March 31, 2018, we obtained advances of $1,761,118 from shareholders, and repaid $1,452,992 to related parties.

Contractual Obligations and Commercial Commitments

We had the following contractual obligations and commercial commitments as of March 31, 2019:

Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Amounts due to shareholders	$ 1,731,258	$ 1,731,258	$ -	$ -	$ -
Amount due to related parties	58,215	58,215	-	-	-
Leases	881,748	225,127	450,254	206,367	-
TOTAL	2,671,221	2,014,600	450,254	206,367	-

Capital Expenditures

We incurred capital expenditures of $1,144 and $36,515 in the three months ended March 31, 2019 and 2018, 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.

The Company's accounting policies were revised in connection with the implementation of ASC 842. See Note 2, "Summary of Significant Accounting Policies" in Part I, Item 1, of this Quarterly Report on Form 10-Q for a further discussion of
the implementation of ASC 842. 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, 2018 included in the Annual Report on Form 10-K filed on April 15, 2019.

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 March 31, 2019. 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 March 31, 2019 due to the following material weaknesses that our management identified in our internal control over financial reporting as of March 31, 2019:

(1) We did not hold any formal board meetings or 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 consolidation financial statements as of and for the period ended March 31, 2019 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 March 31, 2019 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. We are currently not aware of any legal proceedings or claims that would require disclosure under Item 103 of Regulation S-K. 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.

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

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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: May 15, 2019

PORTER HOLDING INTERNATIONAL, INC.

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

EXHIBIT 31.1

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 condensed consolidation 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 condensed consolidation 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: May 15, 2019

/s/ Zonghua Chen

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

EXHIBIT 32.1

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 March 31, 2019 (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 15 th day of May, 2019.

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

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.