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

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____to _____

333-194748
Commission file number

HotApp Blockchain Inc.
(Exact name of registrant as specified in its charter)

Delaware	**45-4742558**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4800 Montgomery Lane, Suite 210 Bethesda MD	**20814**
(Address of principal executive offices)	(Zip Code)

301-971-3940
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☑
(Do not check if a 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 ☑

Indicate the number of shares outstanding of each the registrant's classes of common stock, as of the latest practicable date. As of May 13, 2019, there were 506,898,576 shares outstanding of the registrant's common stock $0.0001 par value.

Throughout this Report on Form 10-Q, the terms "Company," "we," "us" and "our" refer to HotApp Blockchain Inc., and "our board of directors" refers to the board of directors of HotApp Blockchain Inc.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve a number of risks and uncertainties. Although our forward-looking statements reflect the good faith judgment of our management, these statements can be based only on facts and factors of which we are currently aware. Consequently, forward-looking statements are inherently subject to risks and uncertainties. Actual results and outcomes may differ materially from results and outcomes discussed in the forward-looking statements.

Forward-looking statements can be identified by the use of forward-looking words such as "may," "will," "should," "anticipate," "believe," "expect," "plan," "future," "intend," "could," "estimate," "predict," "hope," "potential," "continue," or the negative of these terms or other similar expressions. Such forward-looking statements are based on our management's current plans and expectations and are subject to risks, uncertainties and changes in plans that may cause actual results to differ materially from those anticipated in the forward-looking statements. You should be aware that, as a result of any of these factors materializing, the trading price of our common stock may decline. These factors include, but are not limited to, the following:

- the availability and adequacy of capital to support and grow our business;
- economic, competitive, business and other conditions in our local and regional markets;
- actions taken or not taken by others, including competitors, as well as legislative, regulatory, judicial and other governmental authorities;
- competition in our industry;
- changes in our business and growth strategy, capital improvements or development plans;
- the availability of additional capital to support development; and
- other factors discussed elsewhere in this annual report.

The cautionary statements made in this quarterly report are intended to be applicable to all related forward-looking statements wherever they may appear in this report.

We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to publicly update any forward looking-statements, whether as a result of new information, future events or otherwise.

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PART I FINANCIAL INFORMATION

ITEM 1. INTERIM FINANCIAL STATEMENTS

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HOTAPP BLOCKCHAIN INC. (FORMERLY KNOWN AS HOTAPP INTERNATIONAL, INC.)

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2019 (UNAUDITED) AND DECEMBER 31, 2018

	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash	$ 56,293	$ 108,777
Accounts receivable-related parties, net of allowance	-	39,427
Accounts receivable-trade, net of allowance	-	10,216
Prepaid expenses	50,185	588
Deposit and other receivable	-	549
Current assets of discontinued operations	-	14,317
TOTAL CURRENT ASSETS	106,478	173,874
Other investment	102	-
Promissory note-related parties	100,000	-
Non-current assets of discontinued operations	-	1,765
TOTAL ASSETS	**$ 206,580**	**$ 175,639**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 20,300	$ 59,559
Accrued taxes and franchise fees	7,742	7,742
Amount due to related parties	1,266,681	1,127,004
Current liabilities of discontinued operations	-	174,606
TOTAL CURRENT LIABILITIES	1,294,723	1,368,911
TOTAL LIABILITIES	1,294,723	1,368,911
STOCKHOLDERS' (DEFICIT):		
Preferred stock, $0.0001 par value, 15,000,000 shares authorized, 0 issued and outstanding as of March 31, 2019 and December 31, 2018	-	-
Common stock, $0.0001 par value, 1,000,000,000 shares authorized, 506,898,576 shares issued and outstanding, as of March 31, 2019 and December 31, 2018	50,690	50,690
Accumulated other comprehensive loss	(272,511)	(225,119)
Additional paid-in capital	4,604,191	4,604,191
Accumulated deficit	(5,470,513)	(5,623,034)
TOTAL STOCKHOLDERS' DEFICIT	(1,088,143)	(1,193,272)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	**$ 206,580**	**$ 175,639**

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

HOTAPP BLOCKCHAIN INC. (FORMERLY KNOWN AS HOTAPP INTERNATIONAL, INC.)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018 (UNAUDITED)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenues:		
Project fee-related parties	**$ -**	**$ 23,046**
	-	**23,046**
Cost of revenues	**-**	**11,230**
Gross profit	**$ -**	**$ 11,816**
Operating expenses:		
Depreciation	$ -	$ 2,809
General and administrative	151,205	94,008
Total operating expenses	**151,205**	**96,817**
(Loss) from operations	**(151,205)**	**(85,001)**
Other income:		
Interest income	9	1
Foreign exchange gain	8,174	34,324
Gain on disposal of subsidiary	299,255	-
Total other income	**307,438**	**34,325**
Income (Loss) before taxes from continuing operations	**156,233**	**(50,676)**
Income tax provision	-	-
Net income (loss) from continuing operations	**156,233**	**(50,676)**
Loss from discontinued operations, net of tax	**(3,712)**	**(19,969)**
Net income (loss) applicable to common shareholders	**$ 152,521**	**$ (70,645)**
Net income (loss) from continuing operations per share - basic and diluted	$ (0.00)	$ (0.00)
Net loss from discontinued operations per share - basic and diluted	$ (0.00)	$ (0.00)
Net income (loss) per share - basic and diluted	$ (0.00)	$ (0.00)
Weighted number of shares outstanding - Basic and diluted	506,898,576	506,898,576
Comprehensive Income (Loss):		
Net income (loss)	$ 152,521	$ (70,645)
Foreign currency translation (loss)	(47,392)	(59,452)
Total comprehensive income (loss)	**$ 105,129**	**$ (130,097)**

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

HOTAPP BLOCKCHAIN INC. (FORMERLY KNOWN AS HOTAPP INTERNATIONAL, INC.)

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) FOR THE THREE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)

	Common		Paid-In	Accumulated Other Comprehensive	Accumulated	Stockholders' Equity
	Shares	Par Value	Capital	Income (Loss)	Deficit	(Deficit)
Balance December 31, 2018	**506,898,576**	**$ 50,690**	**$4,604,191**	**$ (225,119)**	**$(5,623,034)**	**$(1,193,272)**
Net income for period	-	-	-	-	152,521	152,521
Foreign currency translation adjustment	-	-	-	(47,392)	-	(47,392)
Balance March 31, 2019	**506,898,576**	**$ 50,690**	**$4,604,191**	**$ (272,511)**	**$(5,470,513)**	**$(1,088,143)**

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

HOTAPP BLOCKCHAIN INC. (FORMERLY KNOWN AS HOTAPP INTERNATIONAL, INC.)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018 (UNAUDITED)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss) including noncontrolling interests from continuing operations:	**$ 156,233**	**$ (50,676)**
Net (Loss) including noncontrolling interests from discontinued operations:	**(3,712)**	**(19,969)**
Net Income (Loss) including noncontrolling interests, total	**152,521**	**(70,645)**
Adjustments to reconcile net loss to cash used in operations:		
Depreciation	48	8,684
(Gain) on disposal of subsidiary	(299,255)	-
Impairment on accounts receivable	49,625	-
Foreign exchange transaction loss (gain)	(8,172)	(39,305)
Change in operating assets and liabilities:		
Accounts receivable-related parties	-	(23,000)
Accounts receivable-trade	-	17,914
Security deposit and other receivable	481	(159)
Prepaid expenses	(49,597)	2,574
Promissory note-related party	(100,000)	-
Accounts payable and accrued expenses	(11,017)	(5,853)
Deferred revenue	-	-
Net cash used in operating activities	**$ (265,366)**	**$ (109,790)**
CASH FLOW FROM INVESTING ACTIVITIES:		
Other investment	(102)	-
Net cash inflow on disposal of subsidiary	68,940	-
Purchase of fixed asset	-	(2,571)
Net cash generated from (used in) investing activities	**$ 68,838**	**$ (2,571)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Advance from related parties	139,677	82,489
Net cash generated from financing activities	**$ 139,677**	**$ 82,489**
NET (DECREASE)/INCREASE IN CASH	(56,851)	(29,872)
Effects of exchange rates on cash	(4,901)	(20,147)
CASH AND CASH EQUIVALENTS at beginning of period	**118,045**	**124,739**
CASH AND CASH EQUIVALENTS at end of period	**$ 56,293**	**$ 74,720**

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

HOTAPP BLOCKCHAIN INC. (FORMERLY KNOWN AS HOTAPP INTERNATIONAL, INC.)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. THE COMPANY HISTORY AND NATURE OF THE BUSINESS

HotApp Blockchain Inc., formerly HotApp International, Inc., (the "Company" or "Group") was incorporated in the State of Delaware on March 7, 2012 and established a fiscal year end of December 31. The Company's initial business plan was to be a financial acquisition intermediary which would serve buyers and sellers for companies that are in highly fragmented industries. Our Board determined it was in the best interest of the Company to expand our business plan. On October 15, 2014, through a sale and purchase agreement, the Company acquired all the issued and outstanding stock of HotApps International Pte Ltd ("HIP") from Singapore eDevelopment Limited ("SeD"). SeD is presently our largest stockholder. HIP owned certain intellectual property relating to instant messaging for portable devices (referred to herein as the "HotApp Application").

The HotApp Application is a cross-platform mobile application that incorporates instant messaging and ecommerce. This application can be used on any mobile platform (i.e. IOS Online or Android). The HotApp Application offered messaging and calling services for HotApp Application users (text, photo, audio); however, the messaging and calling services we offered were terminated in 2017.

On December 29, 2017, our Board approved a change of the Company's name from "HotApp International, Inc." to "HotApp Blockchain Inc." to reflect the Board's determination that it was in the best interest of the Company to expand its activities to include the development and commercialization of blockchain-related technologies. Such services, which have not yet commenced commercially, would include white paper development, blockchain design and web development. We intend to outsource certain aspects of these projects to potential partners we have identified. We believe that the increasing acceptance of blockchain technologies by potential customers will benefit us, however, public skepticism and regulatory concerns remain and may adversely impact our prospects in this area.

In 2018, one of our main developments was a broadening of our scope of planned operations into a digital transformation technology business. As a digital transformation technology business, we are committed to enabling enterprises we work with to engage in a digital transformation by providing consulting, implementation and development services with various technologies, including instant messaging, blockchain, e-commerce, social media and payment solutions. We continue to be involved in mobile application product development and other businesses, providing information technology services to end-users, service providers and other commercial users through multiple platforms.

We are focused on serving business-to-business (B2B) needs in e-commerce, collaboration and supply chains. We will help enterprises and community users to transform their business model with digital economy in a more effective manner. With our platform, users can discover and build their own communities and create valuable content. Enterprises can in turn enhance the user experience with premium content, all of which are facilitated by the transactions of every stakeholder via e-commerce.

Our technology platform consists of instant messaging systems, social media, e-commerce and payment systems, network marketing platforms and e-real estate. We are focused on business-to-business solutions such as enterprise messaging and workflow. We have successfully implemented several strategic platform developments for clients, including a mobile front-end solution for network marketing, a hotel e-commerce platform for Asia and a real estate agent management platform in China. We have also enhanced our technological capability from mobile application development to include blockchain architectural design, allowing mobile-friendly front-end solutions to integrate with blockchain platforms.

In January 2017, we entered into a revenue-sharing agreement with iGalen, a network marketing company selling health products (SeD, our majority stockholder, is also a significant stockholder of iGalen). Under the agreement, HotApp customized a secure app for iGalen's communication and management system. The app enables mobile friendly backend access for iGalen members, among other functions. We intend to utilize blockchain supply logistics to offer services to other companies engaged in network marketing, as members of our management have a particular experience offering services to that industry and we believe our solutions are particularly suited to that industry's needs.

As of March 31, 2019, details of the Company's subsidiaries are as follows:

Subsidiaries	Date of Incorporation	Place of Incorporation	Percentage of Ownership
1st Tier Subsidiary:			
HotApps International Pte Ltd ("HIP")	May 23, 2014	Republic of Singapore	100% by Company
Crypto Exchange Inc.	December 15, 2017	State of Nevada, the United States of America	100% by Company
HWH World Inc.	August 28, 2018	State of Delaware, the United States of America	100% by Company
2nd Tier Subsidiaries:			
HWH World Pte. Ltd. (formerly known as Crypto Exchange Pte. Ltd.)	September 15, 2014	Republic of Singapore	100% owned by HIP
HotApp International Limited*	July 8, 2014	Hong Kong (Special Administrative Region)	100% owned by HIP

* On March 25, 2015, HotApps International Pte Ltd acquired 100% of the issued and outstanding shares of HotApp International Limited.

These financial statements have been prepared using accounting principles generally accepted in the United States of America applicable for a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. Since inception, the Company has incurred net losses of $5,470,513 and has net working capital deficit of $1,188,245 at March 31, 2019. Management has concluded that due to the conditions described above, there is substantial doubt about the entities ability to continue as a going concern through May 13, 2020. We have evaluated the significance of the conditions in relation to our ability to meet our obligations and believe that our current cash balance along with our current operations will not provide sufficient capital to continue operation through 2019. Our ability to continue as a going concern is dependent upon achieving sales growth, the management of operating expenses and the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due, and upon profitable operations.

Our majority shareholder has advised us not to depend solely on them for financing. We have increased our efforts to raise additional capital through equity or debt financings from other sources. However, we cannot be certain that such capital (from our shareholders or third parties) will be available to us or whether such capital will be available on terms that are acceptable to us. Any such financing likely would be dilutive to existing stockholders and could result in significant financial operating covenants that would negatively impact our business. If we are unable to raise sufficient additional capital on acceptable terms, we will have insufficient funds to operate our business or pursue our planned growth.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These condensed consolidated financial statements should be read in conjunction with the financial statements and additional information as contained in our Annual Report on Form 10-K for the year ended December 31, 2018. Results of operations for the three month periods ended March 31, 2019 are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2019. The other information in these condensed consolidated financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise.

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of HotApp Blockchain Inc. and its subsidiaries. All inter-company transactions and balances have been eliminated upon consolidation.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues, cost and expenses in the financial statements and accompanying notes. Significant accounting estimates reflected in the Group's consolidated financial statements include revenue recognition, the useful lives and impairment of property and equipment.

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents. There were no cash equivalents as of March 31, 2019 and December 31, 2018.

Foreign currency risk

Because of its foreign operations, the Company holds cash in non-US dollars. As of March 31, 2019, cash and cash equivalents of the Group includes, on an as converted basis to US dollars $46,518 and $9,077 in Hong Kong Dollars (“HK$”) and Singapore Dollars (“S$”), respectively.

Concentrations

Financial instruments that potentially expose the Group to concentration of credit risk consist primarily of cash. Although the cash at each particular bank in the United States is insured up to $250,000 by Federal Deposit Insurance Corporation (FDIC), the Group exposes to risk due to its concentration of cash in foreign countries. The Group places their cash with financial institutions with high-credit ratings and quality. The Group also exposes to credit risk due to its concentration for customers with revenue in excess of 10%.

	Total Amount	Related parties Amount	Related parties Percentage	Trade Amount	Trade Percentage
Accounts receivables					
As of March 31, 2019	$ -	$ -	-%	$ -	-%
As of December 31, 2018	$ 49,643	$ 39,427	79%	$ 10,216	21%
Revenue					
Continuing operations					
For the three months ended March 31, 2019	$ -	$ -	-%	$ -	-%
For the three months ended March 31, 2018	$ 23,046	$ 23,046	100%	$ -	-%
Discontinued operations					
For the three months ended March 31, 2019	$ -	$ -	-%	$ -	-%
For the three months ended March 31, 2018	$ 4,623	$ -	-%	$ 4,623	100%

During the three months of 2019, the Company has made full provision for the amount of accounts receivables brought forward from 2018.

Fixed assets, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Office equipment	3 years
Computer equipment	3 years
Furniture and fixtures	3 years

Fair value

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities, and borrowings, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

Revenue recognition

Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. The Company adopted this new standard on January 1, 2018 under the modified retrospective method to all contracts not completed as of January 1, 2018 and the adoption did not have a material effect on our financial statements but we expanded our disclosures related to contracts with customers below.

Revenue is recognized when (or as) the Company transfers promised goods or services to its customers in amounts that reflect the consideration to which the Company expects to be entitled to in exchange for those goods or services, which occurs when (or as) the Company satisfies its contractual obligations and transfers over control of the promised goods or services to its customers. Costs to obtain or fulfill a contract are expensed as incurred when the amortization period is less than one-year.

Disaggregation of Revenue

We generate revenue from the project involving provision of services and web/software development to customers. In respect to the provision of services, the agreement are less than one year with cancellable clause and are typically billed on a monthly basis. The following table depicts the disaggregation of revenue according to revenue type and is consistent with how we evaluate our financial performance:

	For the three months ended March 31, 2019					
	Provision of Services		Web / Software Development		Total	
Primary Geographical Markets						
North America	$	$ -	$	$ -	$	$ -
Asia		-		-		-
	$	$ -	$	$ -	$	$ -
Timing of Revenue Recognition						
Goods transferred at a point in time	$	$ -	$	$ -	$	$ -
Services transferred over time		-		-		-
	$	$ -	$	$ -	$	$ -

	For the three months ended March 31, 2018		
	Provision of Services	Web / Software Development	Total
Primary Geographical Markets			
Continuing operations			
North America	$ 23,046	$ -	$ 23,046
Asia	-	-	-
	$ 23,046	$ -	$ 23,046
Discontinued operations			
Asia	$ -	$ 4,623	$ 4,623
	$ -	$ 4,623	$ 4,623
Timing of Revenue Recognition			
Goods transferred at a point in time	$ -	$ 4,623	$ 4,623
Services transferred over time	23,046	-	23,046
	$ 23,046	$ 4,623	$ 27,669

Contract assets and contract liabilities

Based on our contracts, we normally invoice customers once our performance obligations have been satisfied, at which point payment is unconditional. Accordingly, our contracts do not give rise to contract assets or liabilities under ASC 606. Accounts receivable are recorded when the right to consideration becomes unconditional.

Remaining performance obligations

As of March 31, 2019, the aggregate amount of the transaction price allocated to the remaining performance obligation is $0.

Income taxes

Current income taxes are provided for in accordance with the laws of the relevant tax authorities. Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Net operating loss carry forwards and credits are applied using enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more-likely-than-not that a portion of or all of the deferred tax assets will not be realized. The components of the deferred tax assets and liabilities are individually classified as non-current based on their characteristics.

The impact of an uncertain income tax position on the income tax return is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for income taxes. The Group did not recognize any income tax due to uncertain tax position or incur any interest and penalties related to potential underpaid income tax expenses for the period ended March 31, 2019 or 2018, respectively.

Foreign currency translation

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

The functional and reporting currency of the Company is the United States dollar (“U.S. dollar”). The financial records of the Company’s subsidiaries located in Singapore and Hong Kong and the PRC are maintained in their local currencies, the Singapore Dollar (S$), Hong Kong Dollar (HK$) and Renminbi ("RMB"), which are also the functional currencies of these entities.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the statement of operations.

The Company’s entities with functional currency of Renminbi, Hong Kong Dollar and Singapore Dollar, translate their operating results and financial positions into the U.S. dollar, the Company’s reporting currency. Assets and liabilities are translated using the exchange rates in effect on the balance sheet date. Revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of comprehensive income (loss).

For the three months ended March 31, 2019, the Company recorded other comprehensive income from translation loss of $47,392 in the consolidated financial statements. For the three months ended March 31, 2018, the Company recorded other comprehensive income from translation loss of $59,452 in the consolidated financial statements.

Comprehensive income (loss)

Comprehensive income (loss) includes gains (losses) from foreign currency translation adjustments. Comprehensive income (loss) is reported in the consolidated statements of operations and comprehensive loss.

Loss per share

Basic loss per share is computed by dividing net loss attributable to shareholders by the weighted average number of shares outstanding during the period.

The Company's convertible preferred shares are not participating securities and have no voting rights until converted to common stock. As of March 31, 2019, no shares of preferred stock are eligible for conversion into voting common stock.

As of March 31, 2019, there are no potentially dilutive securities that were excluded from the computation of diluted EPS.

Recent accounting pronouncements

On February 25, 2016, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) (the Update). The ASU requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. In July 2018, the FASB issued ASU 2018-10 and ASU 2018-11, Codification Improvements to Topic 842, Leases, amending various aspects of Topic 842. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

Topic 842 is effective for annual and interim periods beginning in the first quarter 2019, with early adoption permitted. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. We have adopted the new standard on January 1, 2019 and use the effective date as our date of initial application.

The new standard provides a number of optional practical expedients in transition. We elected the 'package of practical expedients', which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs, and we do not expect to elect the use-of- hindsight.

The new standard also provides practical expedients for an entity's ongoing accounting. We elected the short-term lease recognition exemption for all leases that qualify. For those leases that qualify, we will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. We also elected the practical expedient to not separate lease and non-lease components for all of our leases.

Adoption of Topic 842 did not have a material impact on the Company's consolidated financial statements because no lease is in force as at March 31, 2019.

In February 2018, the FASB issued Accounting Standards Update No. 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from accumulated Other Comprehensive Income, or ASU 2018-02, which requires the reclassification from accumulated other comprehensive income to retained earnings for the stranded tax effects arising from the change in the reduction of the U.S. federal statutory income tax rate to 21% from 35%. ASU 2018-02 is effective for interim and annual periods beginning after December 15, 2018. We have adopted ASU 2018-02 on January 1, 2019. The adoption of this Update had no material effect on the Company.

In June 2018, the FASB issued Accounting Standards Update No. 2018-07, which simplifies several aspects of the accounting for nonemployee share-based payment transactions resulting from expanding the scope of Topic 718, Compensation-Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. Some of the areas for simplification apply only to nonpublic entities. The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Topic 606, Revenue from Contracts with Customers. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. We have adopted ASU 2018-07 on January 1, 2019. The adoption of this Update had no material effect on the Company.

Note 3. FIXED ASSETS, NET

Fixed assets, net consisted of the following:

	March 31, 2019	December 31, 2018
Computer equipment	$ -	$ 45,458
Office equipment	-	20,886
Furniture and fixtures	-	4,847
Total	$ -	$ 71,191
Less: accumulated depreciation	-	(69,426)
Fixed assets, net	$ -	$ 1,765

All fixed assets have been disposed in conjunction with the disposal of subsidiary in January 2019. Depreciation expenses for continuing and discontinued operations charged to the consolidated statements of operations for the three months ended March 31, 2019 were $0 and $48, respectively.

Note 4. OTHER INVESTMENT

Other investment relates to the investment in an unquoted entity.

Note 5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2019	December 31, 2018
Continuing operations		
Accrued professional fees	$ 15,497	$ 55,894
Other	4,803	3,665
Total	$ 20,300	$ 59,559
Discontinued operations		
Accrued payroll & benefits	$ -	$ 163,653
Accrued professional fees	-	-
Other	-	19,953
Total	$ -	$ 174,606

Note 6. SHARE CAPITALIZATION

The Company is authorized to issue 1 billion shares of common stock and 15 million shares of preferred stock. The authorized share capital of the Company's common stock was increased from 500 million to 1 billion on May 5, 2017. Both share types have a $0.0001 par value. As of March 31, 2019 and December 31, 2018, the Company had issued and outstanding, 506,898,576 of common stock, and 0 shares of preferred stock.

Common Shares:

Pursuant to the Purchase Agreement, dated October 15, 2014, the Company issued 1,000,000 shares of common stock to SeD. Such amount represented 19% ownership in the Company.

On July 13, 2015, Singapore eDevelopment Limited ("SeD") acquired 777,687 shares of the Company common stock by converting outstanding loans made to the Company into common stock of the Company at a rate of $5.00 per share (rounded to the nearest full share). After such transactions, SeD owned 98.17% of the Company.

On March 27, 2017, the Company entered into a Loan Conversion Agreement with SeD, pursuant to which SeD agreed to convert $450,890 of debt owed by Company to SeD into 500,988,889 common shares at a conversion price of $0.0009. The captioned shares were issued on June 9, 2017, and SeD owned 99.979% of the Company after such transactions. On December 20, 2018, The Board of Directors (the "Board") of SeD announced to enter into sale and purchase agreements ("SPAs") in relation to, among others, the sale of up to 3,200,000 shares (representing approximately 0.63% of the total issued and paid-up capital) in HotApp Blockchain Inc. (formerly known as HotApp International Inc.) ("HotApp") to independent third parties at US$0.50 per share for an aggregate cash consideration of up to US$1,600,000 (the "Proposed Sale"). The consideration for the Proposed Sale was arrived at on a willing-buyer-willing-seller basis, taking into consideration, among others, the latest net tangible asset value of HotApp which is currently negative. The purpose of the Proposed Sale is to raise funds for the general corporate and working capital of HotApp, including but not limited to the operating costs of HotApp. The Proposed Sale is expected to be completed by 30 June 2019. As of December 31, 2018, SeD sold 167,000 shares of HotApp to independent third parties, and SeD owned 99.946% of the Company after such transactions. During the three months in 2019, SeD further sold 274,500 shares of HotApp to independent third parties, which led to a decrease in SeD's shareholding to 99.892% after such transactions.

Preferred Shares:

Pursuant to the Purchase Agreement, dated October 15, 2014, the Company issued 13,800,000 shares of a class of preferred stock called Perpetual Preferred Stock ("Preferred Stock") to SeD. The Preferred Stock has no dividend or voting rights. The Preferred Stock is convertible to common stock of the Company dependent upon the number of commercial users of the Software. For each 1,000,000 commercial users of the Software (without duplication), SeD shall have the right to convert 1,464,000 shares of Perpetual Preferred Stock into 7,320,000 shares of Common Stock, so that there must be a minimum of 9,426,230 commercial users in order for all of the shares of the Perpetual Preferred Stock to be converted into common stock of the Company (13,800,000 shares of Preferred Stock convertible into 69,000,000 shares of common stock).

On March 27, 2017, SeD and the Company entered into a Preferred Stock Cancellation Agreement, by which SeD agreed to cancel its 13,800,000 shares Perpetual Preferred Stock issued by the Company. On June 8, 2017, a Certificate of Retirement for 13,800,000 shares of the Perpetual Preferred Stock has been filed to the office of Secretary of State of the State of Delaware.

Other than the conversion rights described above, the Preferred Stock has no voting, dividend, redemption or other rights.

Note 7. EQUITY INCENTIVE PLAN

On July 30, 2018, the Company adopted the Equity Incentive Plan ("The Plan"). The Plan is intended to encourage ownership of Shares by Employees and directors of and certain consultants to the Company in order to attract and retain such people, to induce them to work for the benefit of the Company. The Plan provides for the grant of options and/or other stock-based or stock-denominated awards. Subject to adjustment in accordance with the terms of the Plan, 50,000,000 shares of Common Stock of the Company have been reserved for issuance pursuant to awards under the Plan. The Plan will be administered by the Company's Board of Directors. This Plan shall terminate ten (10) years from the date of its adoption by the Board of Directors. There have been no awards issued under the Plan as of March 31, 2019.

Note 8. DISCONTINUED OPERATIONS

On October 25, 2018, HotApps International Pte. Ltd. ("HIP") entered into an Equity Purchase Agreement with DSS Asia Limited ("DSS Asia"), a Hong Kong subsidiary of DSS International Inc. ("DSS International"), pursuant to which HIP agreed to sell to DSS Asia all of the issued and outstanding shares of HotApps Information Technology Co. Ltd., also known as Guangzhou HotApps Technology Ltd. ("Guangzhou HotApps"). Guangzhou HotApps was a wholly owned subsidiary of HIP, which was primarily engaged in engineering work for software development, mainly voice over internet protocol. Guangzhou HotApps was also involved in a number of outsourcing projects, including projects related to real estate and lighting.

The parties to the Equity Purchase Agreement agreed that the purchase price for this transaction would be $100,000, which would be paid in the form of a two-year, interest free, unsecured, demand promissory note in the principal amount of $100,000, and that such note would be due and payable in full in two years. The closing of the Equity Purchase Agreement was subject to certain conditions; these conditions were met and the transaction closed on January 14, 2019.

The composition of assets and liabilities included in discontinued operations was as follows:

	January 14, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash	$ 31,060	$ 9,268
Deposit and other receivable	5,136	5,049
TOTAL CURRENT ASSETS	36,196	14,317
Fixed assets, net	1,717	1,765
TOTAL ASSETS	**$ 37,913**	**$ 16,082**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 202,848	$ 174,606
TOTAL CURRENT LIABILITIES	202,848	174,606
TOTAL LIABILITIES	**$ 202,848**	**$ 174,606**

The aggregate financial results of discontinued operations were as follows:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenues:		
Project fee-others	$ -	$ 4,623
	-	**4,623**
Cost of revenues	**-**	**3,174**
Gross profit	**$ -**	**$ 1,449**
Operating expenses:		
Depreciation	$ 48	$ 5,875
General and administrative	3,662	20,729
Total operating expenses	**3,710**	**26,604**
(Loss) from operations	**(3,710)**	**(25,155)**
Other income (expenses):		
Other sundry income	-	205
Foreign exchange (loss) gain	(2)	4,981
Total other (expenses) income	**(3.712)**	**5,186**
Loss from discontinued operations	**$ (3.712)**	**$ (19,969)**

The cash flows attributable to the discontinued operation are as follows:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Operating	$ 24,493	$ (15,139)
Investing	-	(2,716)
Financing	-	10,295
Net cash (outflows)/inflows	**$ 24,493**	**$ (7,560)**

Note 9. INVESTMENT IN SUBSIDIARIES

a. Composition of the Group

Name of company	Country of incorporation	Proportion of (%) of ownership interest	
		March 31, 2019	December 31, 2018
HotApps International Pte Ltd ("HIP")	Republic of Singapore	100% by Company	100% by Company
Crypto Exchange Inc.	State of Nevada, the United States of America	100% by Company	100% by Company
HWH World Inc.	State of Delaware, the United States of America	100% by Company	100% by Company
2nd Tier Subsidiaries:			
HWH World Pte. Ltd. (formerly known as Crypto Exchange Pte. Ltd.)	Republic of Singapore	100% owned by HIP	100% owned by HIP
HotApp International Limited*	Hong Kong (Special Administrative Region)	100% owned by HIP	100% owned by HIP
HotApps Information Technology Co Ltd (also known as Guangzhou HotApps Technology Ltd.)	People's Republic of China	-% owned by HIP	100% owned by HIP

b. Gain on disposal of subsidiary

As mentioned in Note 7 above, on October 25, 2018, HotApps International Pte. Ltd. ("HIP") entered into an Equity Purchase Agreement with DSS Asia Limited ("DSS Asia"), a Hong Kong subsidiary of DSS International Inc. ("DSS International"), pursuant to which HIP agreed to sell to DSS Asia all of the issued and outstanding shares of HotApps Information Technology Co. Ltd., also known as Guangzhou HotApps Technology Ltd. ("Guangzhou HotApps"). Guangzhou HotApps was a wholly owned subsidiary of HIP. The parties to the Equity Purchase Agreement agreed that the purchase price for this transaction would be $100,000, which would be paid in the form of a two-year, interest free, unsecured, demand promissory note in the principal amount of $100,000, and that such note would be due and payable in full in two years. The closing of the Equity Purchase Agreement was subject to certain conditions; these conditions were met and the transaction closed on January 14, 2019.

Consideration received	$ 100,000
Net liabilities disposal of	164,935
Cumulative exchange gain in respect of the net liabilities of subsidiary	34,320
Gain on disposal	$ 299,255

c. Net cash inflow on disposal of subsidiary

Consideration received	$ 100,000
Less: cash and cash equivalent balances disposed of	(31,060)
Net cash inflow on disposal of disposed subsidiary	$ 68,940

Note 10. COMMITMENTS AND CONTINGENCIES

On May 9, 2016, the Company entered into a lease agreement for 1,231 square feet of office space in Guangzhou, China. The lease commenced on May 9, 2016 and run through May 8, 2018 with monthly payments of $2,330. The Company renewed the lease agreement with monthly payments of $2,447. The Company was required to put up a security deposit of $4,491. For the year ended December 31, 2018, the Company recorded rent expense of $28,897 for Guangzhou office. On January 14, 2019, the sale of our operations in Guangzhou closed. Accordingly, we no longer have this office space or any continuing obligations for this rent.

On March 16, 2017, the Company entered into a lease agreement for 1,504 square feet of office space in Kowloon, Hong Kong. This lease commenced on March 16, 2017 and runs through March 31, 2019 with monthly payments of $3,253. The Company was required to put up a security deposit of $6,515. The lease was terminated on September 30, 2018 and the security deposit has been returned in the last quarter of 2018.

Note 11. RELATED PARTY BALANCES AND TRANSACTIONS

SeD is the Company's majority stockholder. Chan Heng Fai, the Executive Chairman and Acting Chief Executive Officer of the Company's Board of Directors, is also the Chief Executive Officer and a member of SeD's Board of Directors, as well as the majority stockholder of SeD. Conn Flanigan, who served as a member of the Company's Board of Directors until September of 2018, serves in various director and officer positions with subsidiaries of SeD. Lui Wai Leung Alan, the Company's Chief Financial Officer, is also the Chief Financial Officer of SeD. As of the date of this report, the Company has not entered into any employment arrangement with any director or officer.

On March 1, 2018, the Company's subsidiary HotApp International Ltd. entered into an Outsource Technology Development Agreement (the "Agreement") with Document Security Systems, Inc. ("Document Security Systems"), which may be terminated by either party on 30-days' notice. The purpose of the Agreement is to facilitate Document Security Systems' development of a software application to be included as part of Document Security Systems' AuthentiGuard® Technology suite. Under this agreement, Document Security Systems agreed to pay $23,000 per month for access to HotApp International Ltd.'s software programmers. The agreement was terminated on July 31, 2018. Mr. Chan Heng Fai is a member of the Company's Board of Directors and, through his control of the Company's majority stockholder, the beneficial owner of a majority of the Company's common stock. Mr. Chan is also a member of the Board of Document Security Systems and a stockholder of Document Security Systems.

As of March 31, 2019, the Company has amount due to SeD of $1,261,274, an amount due to a director of $5,305, plus an amount due to an affiliate of $102 and an amount due from an affiliate of $2,213. The Company has made full impairment provision for the amount due from the affiliate. As of December 31, 2018, the Company has amount due to SeD of $1,121,730, plus an amount due to a director of $5,274 and an amount due from an affiliate of $2,200. The Company has made full impairment provision for the amount due from the affiliate.

The account receivable as of March 31, 2019 includes a trade receivable from an affiliate by common ownership amounting to $39,427 resulting from the revenue earned from that affiliate during the year 2017, and the company has put up a full allowance for the said amount.

On October 25, 2018, HotApps International Pte. Ltd. ("HIP") entered into an Equity Purchase Agreement with DSS Asia Limited ("DSS Asia"), a Hong Kong subsidiary of DSS International Inc. ("DSS International"), pursuant to which HIP agreed to sell to DSS Asia all of the issued and outstanding shares of HotApps Information Technology Co. Ltd., also known as Guangzhou HotApps Technology Ltd. ("Guangzhou HotApps"). Guangzhou HotApps was a wholly owned subsidiary of HIP, which was primarily engaged in engineering work for software development, mainly voice over internet protocol. Guangzhou HotApps was also involved in a number of outsourcing projects, including projects related to real estate and lighting.

The parties to the Equity Purchase Agreement agreed that the purchase price for this transaction would be $100,000, which would be paid in the form of a two-year, interest free, unsecured, demand promissory note in the principal amount of $100,000, and that such note would be due and payable in full in two years. The closing of the Equity Purchase Agreement was subject to certain conditions; these conditions were met and the transaction closed on January 14, 2019.

Mr. Chan Heng Fai is the Acting Chief Executive Officer and a Member of the Board of Directors of the Company. He is also the Chief Executive Officer, Chairman and controlling stockholder of Singapore eDevelopment Limited, the majority stockholder of the Company. Mr. Chan is also the Chief Executive Officer and Chairman of DSS International and a significant stockholder and a member of the Board of Document Security Systems Inc., which is the sole owner of DSS International. Mr. Chan Heng Fai is also a member of the Board of Directors of Document Security Systems and a stockholder of Document Security Systems. Lum Kan Fai, a member of the Board of Directors of the Company, is also an employee of DSS International.

Note 12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date these financial statements were issued and determined that there are no reportable subsequent events.

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

FORWARD-LOOKING STATEMENTS

Certain matters discussed herein are forward-looking statements. Such forward-looking statements contained in this Form 10-Q involve risks and uncertainties, including statements as to:

1. our future operating results;
2. our business prospects;
3. any contractual arrangements and relationships with third parties;
4. the dependence of our future success on the general economy;
5. any possible financings; and
6. the adequacy of our cash resources and working capital.

These forward-looking statements can generally be identified as such because the context of the statement will include words such as we "believe," "anticipate," "expect," "estimate" or words of similar meaning. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which are described in close proximity to such statements and which could cause actual results to differ materially from those anticipated as of the date of filing of this Form 10-Q. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of filing of this Form 10-Q, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

This discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those anticipated in these forward-looking statements.

Background and business

HotApp Blockchain Inc., formerly HotApp International, Inc., (the "Company" or "Group") was incorporated in the State of Delaware on March 7, 2012 and established a fiscal year end of December 31. The Company's initial business plan was to be a financial acquisition intermediary which would serve buyers and sellers for companies that are in highly fragmented industries. Our Board determined it was in the best interest of the Company to expand our business plan. On October 15, 2014, through a sale and purchase agreement, the Company acquired all the issued and outstanding stock of HotApps International Pte Ltd ("HIP") from Singapore eDevelopment Limited ("SeD"). SeD is presently our largest stockholder. HIP owned certain intellectual property relating to instant messaging for portable devices (referred to herein as the "HotApp Application").

The HotApp Application is a cross-platform mobile application that incorporates instant messaging and ecommerce. This application can be used on any mobile platform (i.e. IOS Online or Android). The HotApp Application offered messaging and calling services for HotApp Application users (text, photo, audio); however, the messaging and calling services we offered were terminated in 2017.

On December 29, 2017, our Board approved a change of the Company's name from "HotApp International, Inc." to "HotApp Blockchain Inc." to reflect the Board's determination that it was in the best interest of the Company to expand its activities to include the development and commercialization of blockchain-related technologies. Such services, which have not yet commenced commercially, would include white paper development, blockchain design and web development. We intend to outsource certain aspects of these projects to potential partners we have identified. We believe that the increasing acceptance of blockchain technologies by potential customers will benefit us, however, public skepticism and regulatory concerns remain and may adversely impact our prospects in this area.

In 2018, one of our main developments was a broadening of our scope of planned operations into a digital transformation technology business. As a digital transformation technology business, we are committed to enabling enterprises we work with to engage in a digital transformation by providing consulting, implementation and development services with various technologies, including instant messaging, blockchain, e-commerce, social media and payment solutions. We continue to be involved in mobile application product development and other businesses, providing information technology services to end-users, service providers and other commercial users through multiple platforms.

We are focused on serving business-to-business (B2B) needs in e-commerce, collaboration and supply chains. We will help enterprises and community users to transform their business model with digital economy in a more effective manner. With our platform, users can discover and build their own communities and create valuable content. Enterprises can in turn enhance the user experience with premium content, all of which are facilitated by the transactions of every stakeholder via e-commerce.

Our technology platform consists of instant messaging systems, social media, e-commerce and payment systems, network marketing platforms and e-real estate. We are focused on business-to-business solutions such as enterprise messaging and workflow. We have successfully implemented several strategic platform developments for clients, including a mobile front-end solution for network marketing, a hotel e-commerce platform for Asia and a real estate agent management platform in China. We have also enhanced our technological capability from mobile application development to include blockchain architectural design, allowing mobile-friendly front-end solutions to integrate with blockchain platforms.

As of March 31, 2019, details of the Company's subsidiaries are as follows:

Subsidiaries	Date of Incorporation	Place of Incorporation	Percentage of Ownership
1st Tier Subsidiary:			
HotApps International Pte Ltd ("HIP")	May 23, 2014	Republic of Singapore	100% by Company
Crypto Exchange Inc.	December 15, 2017	State of Nevada, the United States of America	100% by Company
HWH World Inc.	August 28, 2018	State of Delaware, the United States of America	100% by Company
2nd Tier Subsidiaries:			
HWH World Pte. Ltd. (formerly known as Crypto Exchange Pte. Ltd.)	September 15, 2014	Republic of Singapore	100% owned by HIP
HotApp International Limited*	July 8, 2014	Hong Kong (Special Administrative Region)	100% owned by HIP

* On March 25, 2015, HotApps International Pte Ltd acquired 100% of the issued and outstanding shares of HotApp International Limited.

The Group has relied significantly on SeD, our majority stockholder, as its principal sources of funding during the period. SeD has advised us not to depend solely on it for financing. We have increased our efforts to raise additional capital through equity or debt financings from other sources. However, we cannot be certain that such capital (from our stockholders or third parties) will be available to us or whether such capital will be available on terms that are acceptable to us. Any such, financing likely would be dilutive to existing stockholders and could result in significant financial operating covenants that would negatively impact our business. If we are unable to raise sufficient additional capital on acceptable terms, we will have insufficient funds to operate our business or pursue our planned growth.

Trends in the Market and Our Opportunity

We believe that digital and mobile technologies are reshaping the B2B marketplace. We believe that this is not only a technological revolution, but rather a paradigm shift in how B2B buyers consume content, make informed buying decisions and engage with sales people.

A report by Statista on B2B e-commerce in 2017 has estimated $2.3 trillion B2C sales online while for B2B it is $7.7 trillion (a 234.78% difference). The reasons behind the dominance of B2B are:

- the rise of self-service: 57% B2B customers use typical purchase process for accomplishing proactive research online; and
- the simplified ordering experiences: The wholesale customers on B2B portals find simplified interface compared to a number of "bells and whistles" required on the B2C e-commerce sites.

Mobile phones are increasingly playing a critical role in the B2B customer journey. In fact, 50% of B2B search queries today are made on smartphones. Research from the Boston Consulting Group projects that this figure will grow to 70% by 2020.

Based upon the above trends, we believe significant opportunities exist for:

- Enterprises deploying mobile platform to effectively engage different stakeholders.
- User Experience in Mobile Commerce is one of the critical success factor, HotApp has been able to capitalize our experience in B2C and apply to B2B world.
- Enterprises to increase usage of OTT Services, such as adoption of Enterprise messaging Apps alongside with using of email, video and audio conferencing, collaboration through cloud services, as a new medium for different stakeholder engagement including customers, to promote and market their products and services (Collaboration Framework). HotApp's approach in white labelling for the enterprises will augment and fill this demand in the market. White label refers to packaging HotApp solution under brand name of clients with some content being customized only for clients.
- Industries such as Network Marketing and Hospitality and Franchising businesses are utilizing Mobile friendly solutions to reach out effectively to their marketing network on a global basis.
- Application of Block Chain technology is no longer confined in the Financial industry, enterprises are looking block chain as a way to address product diversion, counterfeiting and track and trace solution. These applications become a major building block of B2B commerce.
- Enterprises deploying mobile platform to effectively engage different stakeholders.
- User Experience in Mobile Commerce is one of the critical success factor, HotApp has been able to capitalize our experience in B2C and apply to B2B world.
- Enterprises to increase usage of OTT Services, such as adoption of Enterprise messaging Apps alongside with using of email, video and audio conferencing, collaboration through cloud services, as a new medium for different stakeholder engagement including customers, to promote and market their products and services (Collaboration Framework). HotApp's approach in white labelling for the enterprises will augment and fill this demand in the market. White label refers to packaging HotApp solution under brand name of clients with some content being customized only for clients.
- Industries such as Network Marketing and Hospitality and Franchising businesses are utilizing Mobile friendly solutions to reach out effectively to their marketing network on a global basis.
- Application of Block Chain technology is no longer confined in the Financial industry, enterprises are looking block chain as a way to address product diversion, counterfeiting and track and trace solution. These applications become a major building block of B2B commerce.

Our Plan of Operations and Growth Strategy

We believe that we have significant opportunities to further enhance the value we deliver to our users. We intend to pursue the following growth strategy:

- continual focus in business-to-business market;
- identify strategic partnership opportunities globally through “Powered by HotApp” initiatives, enabling Mobile B2B commerce; and
- focus on network marketing business support.

Results of Operations

Summary of Key Results

For the unaudited three months period ending March 31, 2019 and 2018

Revenue

Revenue consist primarily of the service rendered on projects which require significant software production. The Company had no revenue during the three months ended March 31, 2019. Total revenue for the three months ended March 31, 2018 for continuing operations were $23,046 from related parties. Total revenue for the three months ended March 31, 2018 for discontinued operations were $4,623, including none from related parties.

Cost of revenue

Cost of revenue consist primarily of salary and outside consulting expenses incurred directly to the projects. Total cost of revenue for the three months ended March 31, 2019 and 2018 for continuing operations were $0 and $11,230, respectively. Total cost of revenue for the three months ended March 31, 2019 and 2018 for discontinued operations were $0 and $3,174, respectively.

General and Administrative

General and administrative expenses consist primarily of salary and benefits, professional fees and rental expense. We expect our general and administrative expenses to maintain with moderate changes in line with business activities. Total general and administrative expenses for the three months ended March 31, 2019 and 2018 for continuing operations were $151,205 and $96,817, of which $0 and $2,809 were depreciation expenses and $49,625 and $0 of bad debt expense, respectively. Total general and administrative expenses for the three months ended March 31, 2019 and 2018 for discontinued operations were $3,710 and $26,604, of which $48 and $5,875 were depreciation expenses, respectively.

Other (Expense) / Income

For the three months ended March 31, 2019 and 2018, we have incurred $8,174 and $34,324 in foreign exchange gain, $299,255 and $0 in gain on disposal of investment, and $9 and $1 in interest income respectively for continuing operations. For the three months ended March 31, 2019 and 2018, we have incurred $(2) and $4,981 in unrealized foreign exchange (loss) gain, and $0 and $205 in other sundry income, respectively for discontinued operations.

Liquidity and Capital Resources

At March 31, 2019, we had cash of $56,293 and working capital deficit of $1,188,245. Cash had decreased during the three months ended March 31, 2019 primarily due to operating expenses incurred during the quarter and the payment for the 2018 accounts payable and accrued expenses.

We had a total stockholders’ deficit of $1,088,143 and an accumulated deficit of $5,470,513 as of March 31, 2019 compared with a total stockholders’ deficit of $1,193,272 and an accumulated deficit of $5,623,034 as of December 31, 2018. This difference is primarily due to the net income arising from the gain on disposal of subsidiary during the period.

For the three months ended March 31, 2019, we recorded a net income of $152,521.

We had net cash used in operating activities of $265,366 for the three months ended March 31, 2019. We had a positive change of $481 due to security deposit and other receivables, and a negative change of $49,597 due to prepaid expenses. We had a negative change of $100,000 due to promissory note, and a negative change of $11,017 due to accounts payable and accrued expenses.

For the three months ended March 31, 2018, we recorded a net loss of $70,645.

We had net cash used in operating activities of $109,790 for the three months ended March 31, 2018. We had a negative change of $5,086 due to accounts receivable, a negative change of $159 due to security deposit and other receivables, and a positive change of $2,574 due to prepaid expenses. We had a negative change of $5,853 due to accounts payable and accrued expenses.

For the three months ended March 31, 2019, we spent $102 on other investment and received a net cash inflow of $68,940 on the disposal of subsidiary, resulting in net cash generated from investing activities of $68,838 for the period.

For the three months ended March 31, 2018, we spent $2,571 on the acquisition of fixed assets, resulting in net cash used in investing activities of $2,571 for the period.

For the three months ended March 31, 2019, we had net cash provided by financial activities of $139,677 due to advances from an affiliate.

For the three months ended March 31, 2018, we had net cash provided by financial activities of $82,489 due to advances from an affiliate.

As of March 31, 2019, we do not have any fixed operating office lease agreements.

We will need to raise additional capital through equity or debt financings. However, we cannot be certain that such capital (from SeD or third party) will be available to us or whether such capital will be available on terms that are acceptable to us. Any such financing likely would be dilutive to existing shareholders and could result in significant financial and operating covenants that would negatively impact our business. If we are unable to raise sufficient additional capital on acceptable terms, we will have insufficient funds to operate our business and pursue our business plan.

Consistent with Section 144 of the Delaware General Corporation Law, it is our current policy that all transactions between us and our officers, directors and their affiliates will be entered into only if such transactions are approved by a majority of the disinterested directors, are approved by vote of the stockholders, or are fair to us as corporation as of the time it is authorized, approved or ratified by the board. We will conduct an appropriate review of all related party transactions on an ongoing basis.

Critical Accounting Policies

Our discussion and analysis of the financial condition and results of operations are based upon the Company's financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. Because of the uncertainty inherent in these matters, actual results could differ from the estimates we use in applying the critical accounting policies. Certain of these critical accounting policies affect working capital account balances, including the policies for revenue recognition, allowance for doubtful accounts, inventory reserves and income taxes. These policies require that we make estimates in the preparation of our financial statements as of a given date.

Within the context of these critical accounting policies, we are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

Revenue recognition

Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. The Company adopted this new standard on January 1, 2018 under the modified retrospective method to all contracts not completed as of January 1, 2018 and the adoption did not have a material effect on our financial statements but we expanded our disclosures related to contracts with customers below.

Revenue is recognized when (or as) the Company transfers promised goods or services to its customers in amounts that reflect the consideration to which the Company expects to be entitled to in exchange for those goods or services, which occurs when (or as) the Company satisfies its contractual obligations and transfers over control of the promised goods or services to its customers. Costs to obtain or fulfill a contract are expensed as incurred.

Disaggregation of Revenue

We generate revenue from the project involving provision of services and web/software development to customers. In respect to the provision of services, the agreement are less than one year with cancellable clause and are typically billed on a monthly basis. The following table depicts the disaggregation of revenue according to revenue type and is consistent with how we evaluate our financial performance:

	For the three months ended March 31, 2019		
	Provision of Services	Web / Software Development	Total
Primary Geographical Markets			
North America	$ -	$ -	$ -
Asia	-	-	-
	$ -	$ -	$ -
Timing of Revenue Recognition			
Goods transferred at a point in time	$ -	$ -	$ -
Services transferred over time	-	-	-
	$ -	$ -	$ -

	For the three months ended March 31, 2018		
	Provision of Services	Web / Software Development	Total
Primary Geographical Markets			
Continuing operations			
North America	$ 23,046	$ -	$ 23,046
Asia	-	-	-
	$ 23,046	$ -	$ 23,046
Discontinued operations			
Asia	$ -	$ 4,623	$ 4,623
	$ -	$ 4,623	$ 4,623
Timing of Revenue Recognition			
Goods transferred at a point in time	$ -	$ 4,623	$ 4,623
Services transferred over time	23,046	-	23,046
	$ 23,046	$ 4,623	$ 27,669

Contract assets and contract liabilities

Based on our contracts, we normally invoice customers once our performance obligations have been satisfied, at which point payment is unconditional. Accordingly, our contracts do not give rise to contract assets or liabilities under ASC 606. Accounts receivable are recorded when the right to consideration becomes unconditional.

Remaining performance obligations

As of March 31, 2019, the aggregate amount of the transaction price allocated to the remaining performance obligation is $0.

Income taxes

Current income taxes are provided for in accordance with the laws of the relevant tax authorities. Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. Net operating loss carry forwards and credits are applied using enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more-likely-than-not that a portion of or all of the deferred tax assets will not be realized. The components of the deferred tax assets and liabilities are individually classified as non-current based on their characteristics.

The impact of an uncertain income tax position on the income tax return is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes will be classified as a component of the provisions for income taxes. The Group did not recognize any income tax due to uncertain tax position or incur any interest and penalties related to potential underpaid income tax expenses for the period ended March 31, 2019 or 2018, respectively.

Off-Balance Sheet Arrangements

As of March 31, 2019, the Company did not have any off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 10(f)(1) of Regulation S-K, the Company is not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of our Quarterly Report on Form 10-Q, an evaluation was carried out by management, with the participation of our Acting Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act) as of March 31, 2019. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified, and that such information is accumulated and communicated to management, including the Acting Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

During evaluation of disclosure controls and procedures as of March 31, 2019 conducted as part of our preparation of our interim financial statements, management conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures and concluded that our disclosure controls and procedures were not effective. Management determined that at March 31, 2019, we had a material weakness that relates to the relatively small number of employees who have bookkeeping and accounting functions and therefore prevents us from segregating duties within our internal control system.

Management's Report on Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the financial statements included in this quarterly report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and reflect management's judgment and estimates concerning effects of events and transactions that are accounted for or disclosed.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting includes those policies and procedures that pertain to our ability to record, process, summarize and report reliable data. Management recognizes that there are inherent limitations in the effectiveness of any internal control over financial reporting, including the possibility of human error and the circumvention or overriding of internal control. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

In order to ensure that our internal control over financial reporting is effective, management regularly assesses controls and did so most recently for its financial reporting as of March 31, 2019. This assessment was based on criteria for effective internal control over financial reporting described in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this assessment, management has concluded that, as of March 31, 2019, we had a material weakness that relates to the relatively small number of employees who have bookkeeping and accounting functions and therefore prevents us from segregating duties within our internal control system. The inadequate segregation of duties is a weakness because it could lead to the untimely identification and resolution of accounting and disclosure matters or could lead to a failure to perform timely and effective reviews. The Company also noted the internal staff has limited US GAAP and SEC Reporting experience.

This quarterly report filed on Form 10-Q does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this quarterly report.

Changes in the Company's Internal Controls over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any legal proceedings. Management is not aware of any legal proceedings proposed to be initiated against us. However, from time to time, we may become subject to claims and litigation generally associated with any business venture operating in the ordinary course.

ITEM 1A. RISK FACTORS

Not applicable to a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K.

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 filed with this Form 10-Q Quarterly Report:

Exhibit Number	Description
31.1	Certification of Acting Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBXRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extenstion Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

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

HOTAPP BLOCKCHAIN INC.

Date: May 13, 2019

By: /s/ Chan Heng Fai

Chan Heng Fai
Acting Chief Executive Officer
(Principal Executive Officer)

Date: May 13, 2019

By: /s/ Lui Wai Leung, Alan

Lui Wai Leung, Alan
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)