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

FORM 10-Q

(Mark One)
☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017
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 International 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 day. **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 if the Exchange Act.

Large accelerated filter	☐	Accelerated filter	☐
Non-accelerated filter	☐	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 12, 2017**, there were 5,909,687 shares outstanding of the registrant's common stock $0.001 par value.

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

CONDENSED CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016

	3/31/17	12/31/16
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 98,145	$ 102,776
Account receivable	96,365	-
Costs in excess of billings	-	30,332
Prepaid expenses	18,099	4,650
Deposit and other receivable	23,878	19,745
TOTAL CURRENT ASSETS	236,487	157,503
Fixed assets, net	41,358	46,096
TOTAL ASSETS	**$ 277,845**	**$ 203,599**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 220,076	$ 238,315
Accrued taxes and franchise fees	7,742	7,742
Amount due to related parties	766,164	455,857
TOTAL CURRENT LIABILITIES	993,982	701,914
TOTAL LIABILITIES	993,982	701,914
STOCKHOLDERS' EQUITY (DEFICIT):		
Preferred stock, $0.0001 par value, 15,000,000 shares authorized, 13,800,000 issued and outstanding	1,380	1,380
Common stock, $.0001 par value, 500,000,000 shares authorized, 5,909,687 shares issued and outstanding, as of March 31, 2017 and December 31, 2016, respectively	591	591
Accumulated other comprehensive loss	(157,334)	(73,330)
Additional paid-in capital	4,202,020	4,202,020
Accumulated deficit	(4,762,794)	(4,628,976)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(716,137)	(498,315)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 277,845**	**$ 203,599**

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

HOTAPP INTERNATIONAL INC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016 (UNAUDITED)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Revenues:		
Project fee	**$ 66,178**	**$ -**
	66,178	**-**
Cost of revenues	**14,105**	**-**
Gross profit	**$ 52,073**	**$ -**
Operating expenses:		
Research and product development	$ 52,662	$ 138,447
Sales and marketing	-	(64,576)
Deposits written off	2,663	-
Depreciation	8,636	14,209
General and administrative	187,502	245,705
Total operating expenses	**251,463**	**333,785**
(Loss) from operations	**(199,390)**	**(333,785)**
Other income:		
Foreign exchange gain	65,572	754
Total other income (expenses)	**65,572**	**754**
Loss before taxes	**(133,818)**	**(333,031)**
Income tax provision	-	7,037
Net loss applicable to common shareholders	**$ (133,818)**	**$ (340,068)**
Net loss per share - basic and diluted	$ (0.02)	$ (0.06)
Weighted number of shares outstanding - Basic and diluted	5,909,687	5,909,687
Comprehensive Income Loss:		
Net loss	$ (133,818)	$ (340,068)
Foreign currency translation gain (loss)	(84,004)	(3,243)
Total comprehensive loss	**$ (217,822)**	**$ (343,311)**

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

HOTAPP INTERNATIONAL INC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016 (UNAUDITED)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	**$ (133,818)**	**$ (340,068)**
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	8,636	14,209
Deposit written off	2,663	-
Foreign exchange transaction gain	(65,572)	(754)
Change in operating assets and liabilities:		
Costs in excess of billings and account receivable	(66,033)	-
Security deposit and other receivable	(6,796)	-
Prepaid expenses	(13,449)	(6,431)
Accounts payable and accrued expenses	(18,239)	(77,525)
Accrued taxes payable and franchise fees	-	7,037
Net cash used in operating activities	**$ (292,608)**	**$ (403,532)**
CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of fixed asset	(3,898)	(2,515)
Net cash used in investing activities	**$ (3,898)**	**$ (2,515)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Advance from affiliate	310,307	-
Net cash provided by financing activities	**$ 310,307**	**$ -**
NET DECREASE IN CASH	13,801	(406,047)
Effects of exchange rates on cash	(18,432)	(3,243)
CASH AND CASH EQUIVALENTS at beginning of period	**102,776**	**495,136**
CASH AND CASH EQUIVALENTS at end of period	**$ 98,145**	**$ 85,846**
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest	$ -	$ -
Income Taxes	$ -	$ -

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

HOTAPP INTERNATIONAL INC

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The Company History and Nature of the Business

Hotapp International Inc., formerly Fragmented Industry Exchange 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. The Company determined it was in the best interest of the shareholders to expand its business plan. On October 15, 2014, through a sale and purchase agreement (the "Purchase Agreement") the Company acquired all the issued and outstanding stock of HotApps International Pte Ltd (the "HIP") from Singapore eDevelopment Limited ("SeD"). HIP owned certain intellectual property relating to instant messaging for portable devices (the "HotApp"). HotApp is a cross-platform mobile application that incorporates instant messaging and ecommerce. It provides a messaging and calling services for HotApp users (text, photo, audio). HotApp can be used on any mobile platform (i.e. IOS Online or Android).

Pursuant to a Purchase Agreement, the Company issued SeD 1,000,000 shares of common stock and 13,800,000 shares of newly created convertible preferred stock. See Note 8 for further description.

As of March 31, 2017, 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
2nd Tier Subsidiaries:			
HotApps Call Pte Ltd	September 15, 2014	Republic of Singapore	100% owned by HIP
HotApps Information Technology Co Ltd	November 10, 2014	People's Republic of China	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 issued share capital in HotApp International Limited.

The 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 $4,762,794 and has net working capital deficit of $757,495 at March 31, 2017. 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 12, 2018. 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 2017. Our ability to continue as a going concern is dependent upon achieving sales growth, management of operating expenses and 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 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 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 condensed consolidated balance sheet at December 31, 2016 was derived from audited financial statement but does not include all disclosures required by accounting principles generally accepted in the United States of America. The other information in these condensed 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. These condensed financial statements, including notes, have been prepared in accordance with the applicable rules of the Securities and
Exchange Commission and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. These condensed 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, 2016.

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of Hotapp International 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, valuation allowance for deferred tax assets and share-based compensation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments, which are unrestricted from withdrawal or use, or which have original maturities of three months or less when purchased.

Foreign currency risk

Because of its foreign operations, the Company holds cash in non-US dollars. As of March 31, 2017, cash and cash equivalents of the Group includes, on an as converted basis to US dollars $25,365, $52,037 and $18,951 in Hong Kong Dollars ("HK$"), Reminbi ("RMB") and Singapore Dollars ("S$"), respectively.

The Renminbi ("RMB") is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

Concentration of credit risk

Financial instruments that potentially expose the Group to concentration of credit risk consist primarily of cash and cash equivalents. The Group places their cash with financial institutions with high-credit ratings and quality.

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
Motor vehicles	10 years

Fair value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Revenue recognition

The Group recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. The Group currently has $66,178 revenue from its services rendered on projects, and plans to derive its revenue from membership subscription services, offering the platform for Enterprise Collaboration with integration. Revenue is currently recognized under contract accounting due to the significant software production required, and the percentage-of-completion method is used in accordance with ASC 605-35. The Company is recognizing the percentage-of-completion based on input measures that measured directly from expenses incurred, and management reviews the progress to completion.

Research and development expenses

Research and development expenses primarily consist of (i) salaries and benefits for research and development personnel, and (ii) office rental, general expenses and depreciation expenses associated with the research and development activities. The Company's research and development activities primarily consist of the research and development of new features for its mobile platform and its self-developed mobile games. Expenditures incurred during the research phase are expensed as incurred.

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 current and 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 years ended December 31, 2016 or 2015, respectively.

Uncertainties exist with respect to the application of the New EIT Law to our operations, specifically with respect to our tax residency. The New EIT Law specifies that legal entities organized outside of the PRC will be considered residents for PRC income tax purposes if their "de facto management bodies" as "establishments that carry on substantial and overall management and control over the operations, personnel, accounting, properties, etc. of the Company." Because of the uncertainties that have resulted from limited PRC guidance on the issue, it is uncertain whether our legal entities outside the PRC constitute residents under the New EIT Law. If one or more of our legal entities organized outside the PRC were characterized as PRC residents, the impact would adversely affect our results of operations.

Foreign currency translation

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, 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, 2017, the Company recorded other comprehensive loss from translation loss of $84,004 in the consolidated financial statements.

Operating leases

Leases where the rewards and risks of ownership of assets primarily remain with the lessor are accounted for as operating leases. Payments made under operating leases are charged to the consolidated statements of operations on a straight-line basis over the lease periods.

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, 2017, no shares of preferred stock are eligible for conversion into voting common stock.

Recent accounting pronouncements not yet adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), which amends the existing accounting standards for revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which delays the effective date of ASU 2014-09 by one year. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. We do not expect the adoption of this guidance to have a significant effect on our consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes (ASU 2015-17), which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the balance sheet. The updated standard is effective for us beginning on January 1, 2017. We do not expect the adoption of this guidance to have a significant effect on our consolidated financial statements.

On Feb. 25, 2016, the Financial Accounting Standards Board (FASB) released Accounting Standards Update No. 2016-02, Leases (Topic 842) (the Update). The new leasing standard presents dramatic changes to the balance sheets of lessees. Lessor accounting is updated to align with certain changes in the lessee model and the new revenue recognition standard. The Company does not expect the adoption of ASU No. 2016-02 to have a material impact on its financial statements.

Note 3. FIXED ASSETS, NET

Fixed assets, net consisted of the following:

	March 31, 2017	December 31, 2016
Computer equipment	$ 73,159	$ 69,442
Office equipment	19,821	19,671
Furniture and fixtures	7,187	7,156
	$ 100,167	$ 96,269
Less: accumulated depreciation	(58,809)	(50,173)
Fixed assets, net	$ 41,358	$ 46,096

Depreciation expenses charged to the consolidated statements of operations for the three months ended March 31, 2017 and 2016 were $8,636 and $14,209, respectively.

Note 4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2017	December 31, 2016
Accrued payroll	$ 175,059	$ 180,464
Accrued professional fees	34,722	45,612
Other	10,295	12,239
Total	$ 220,076	$ 238,315

Note 5. SHARE CAPITALIZATION

The Company is authorized to issue 500 million shares of common stock and 15 million shares of preferred stock. Both share types have a $0.0001 par value. As of March 31, 2017 and 2016, the Company had issued and outstanding, 5,909,687 of common stock, respectively and 13,800,000 shares of preferred stock, respectively.

Common Shares:

On July 13, 2015, 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.

Preferred 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. 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).

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

Note 6. 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 runs through May 8, 2018 with monthly payments of $2,241. The Company was required to put up a security deposit of $4,482. For the three months ended March 31, 2017, the Company recorded rent expense of $6,734 for the Guangzhou office.

On April 10, 2015, the Company entered into a lease agreement for 347 square feet of office space in Kowloon, Hong Kong. This lease commenced on April 20, 2015 and runs through April 19, 2017 with monthly payments of $2,574. The Company was required to put up a security deposit of $5,147. 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 $3,281. The Company was required to put up a security deposit of $6,563. For the three months ended March 31, 2017, the Company recorded rent expense of $8,088 for these offices.

The following is a schedule by years of future minimum lease payments:

2017	$ 42,366
2018	9,844
Total	$ 52,212

Note 7. RELATED PARTY BALANCES AND TRANSACTIONS

During the period covered by this report, Mr. Chan Heng Fai was the Company's Chief Executive Officer (CEO) and a member of the Board. Mr. Chan is also the Chief Executive Officer of Singapore eDevelopment Limited ("SeD"), a Singapore company. SeD is the majority shareholder of the Company. The Company's other two directors included Lum Kan Fai, who served as the Company's Chief Technology Officer during the period covered by this report and who has entered into an employment arrangement with the Company's wholly owned subsidiary, HotApp International Limited. As of the date of this report, the Company has not entered into any employment arrangement with any director or officer.

Note 8. SUBSEQUENT EVENT

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 Company's board of directors and majority stockholder have approved an increase in the number of the Company's authorized shares of common stock from 500,000,000 to 1,000,000,000 by means of an amendment to the Company's Articles of Incorporation. This amendment was filed with the State of Delaware on May 5, 2017. This increase in authorized shares will permit the Company to issue the 500,988,889 shares of common stock described above.

On March 27, 2017, SeD and the Company also 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.

The terms of the additional shares of common stock will be identical to those of the currently outstanding shares of Common Stock. However, because the holders of common stock do not have preemptive rights to purchase or subscribe for any new issuances of common stock, the authorization and subsequent issuance of additional shares of common stock will reduce the current stockholders' percentage ownership interest in the total outstanding shares of common stock. This amendment and the creation of additional shares of authorized common stock will not alter current stockholders' relative rights and limitations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

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

Hotapp International Inc, formerly Fragmented Industry Exchange 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. The Company determined it was in the best interest of the shareholders to expand its business plan. On October 15, 2014, through a sale and purchase agreement (the "Purchase Agreement") the Company acquired all the issued and outstanding stock of HotApps International Pte Ltd (the "HIP") from Singapore eDevelopment Limited ("SeD"). HIP owned certain intellectual property relating to instant messaging for portable devices (the "HotApp"). HotApp is a cross-platform mobile application that incorporates instant messaging and ecommerce. It provides a messaging and calling services for HotApp users (text, photo, audio). HotApp can be used on any mobile platform (i.e. IOS Online or Android).

As of March 31, 2017, 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
2nd Tier Subsidiaries:			
HotApps Call Pte Ltd	September 15, 2014	Republic of Singapore	100% owned by HIP
HotApps Information Technology Co Ltd	November 10, 2014	People's Republic of China	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 issued share capital in HotApp International Limited.

The Group has relied significantly on SeD as its principal sources of funding during the year. The Board has, in the meantime, reviewed and approved the restructuring of HotApp, by which has since reduced by half its personnel resources as compared to 2015. HotApp has revamped its business model and technology platform to focus on business-to-business ("B2B") services, built around enterprise communications and workflow. Its product line will target these industries: (i) network and direct marketing; (ii) enterprise Voice-over-IP; (iii) enterprise messaging; (iv) real estate; (v) social media; (vi) e-commerce; (vii) investor relations; (viii) healthcare and wellness; and (ix) hospitality, combining HotApp applications with hotel-room management. This strategic shift is intended to create commercial value with a sharper focus.

Our Business

HotApp, our software application, is a community communications ecosystem (the "Platform"), connecting users who wish to seek out both local and global communities ("Users" or "Communities") and equipping them with necessary tools to communicate effectively across borders. HotApp will monetize the relationship between brands, Online-2-Offline ("O2O") operators and service providers (collectively, "Enterprises") and the HotApp Communities, and in the process mediate something of value to both parties.

With our Platform, users can discover and build their own communities and create valuable content. Our Platform tools empower these communities to share their thoughts and words across multiple channels. As these communities grow, they provide the critical mass that attracts enterprises. Enterprises in turn enhance user experience with premium contents, all of which are facilitated by the transactions of every stakeholder via e-commerce.

Trends in the Market and Our Opportunity

According to eMarketer Research in Nov 2016, by 2019, more than one-quarter of the world's population will be using mobile messaging apps.

Mobile phone messaging apps will be used by more than 1.4 billion people in 2016, an increase of almost 16% from 2015.

The Asia-Pacific region is home to more than 50% of all chat app users worldwide, with more than 805 million consumers in 2016.

In addition to the substantial opportunities in consumer messaging market, Enterprise Messaging and Collaboration Services and Apps are widely deployed in Small Medium Enterprises (SMEs) and Large Enterprise as an alternative to Email and Intranet. This emerging need in Enterprise Messaging and Collaboration offers a huge opportunity for IT service providers in offering development, integration and white label services for SMEs and Corporations. According to Statista, global messaging platform service providers are expected to bring in US$1.8 billion revenue riding on the growth in growing demand of Enterprise Messaging.

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

- Enterprise deploying messaging platform to effective engage different stakeholders.
- Continuing growth in demand for OTT Services encapsulated within a single mobile app with a clear intent and objectives fulfilling the communication need for specific communities and industries.
- 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 OTT Services to reach out effectively to their marketing network on a global basis.

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:

- Position HotApp as an open platform to be ready for integration with third party technology partnerships such as Payment Services, Loyalty Programs, and e-commerce.
- Engage Mobile App Integration Opportunities for Enterprises globally through "Powered by HotApp" initiatives, enabling Offline businesses to go On Line (O2O) with HotApp technology support. Powered by HotApp, is a business initiative from HotApp International, that offers modules in HotApp technology for service and customization, targeting vertical industry such as Hospitality and Real Estate Agencies.
- Identify Strategic Partnership Opportunities globally through "*Powered by HotApp* " initiatives, enabling Offline businesses to go On Line (O2O) with HotApp technology support
- Establish community and business partnerships (collectively, "HotApp Partnerships") to expand our user base and engagement.

Results of Operations

Summary of Key Results

For the unaudited three months period ending March 31, 2017 and 2016

Revenue

Revenue consist primarily of the service rendered on projects which require significant software production. Total revenue for the three months ended March 31, 2017 and 2016 were $66,178 and $0 respectively.

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, 2017 and 2016 were $14,105 and $0, respectively.

Research and Development Expense

Research and development expenses consists primarily of salary and benefits. Expenditures incurred during the research phase are expensed as incurred. We expect our research and development expenses to maintain with moderate changes in line with business activities. Total research and development for the quarters ended March 31, 2017 and 2016 were $52,662 and $138,447, respectively. The decrease was due to the reduction of development staff which is in line with the streamlining and restructuring of Company.

Sales and Marketing Expense

Sales and marketing expenses consist primarily of third party professional service providers. We expect our sales and marketing expenses to maintain with moderate changes in line with business activities. Total sales and marketing expenses for the quarters ended March 31, 2017 and 2016 were $0 and ($64,576), respectively. The negative ($64,576) was due to a reversal of $65,252 provision for HotApp Credit Points because the program was eliminated.

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 quarters ended March 31, 2017 and 2016 were $196,138 and $259,914, respectively.

Other Expense (Income)

In the quarters ended March 31, 2017 and 2016, we have incurred $65,572 and $754 in foreign exchange gain and $2,663 and $0 for the deposits written off.

Liquidity and Capital Resources

At March 31, 2017, we had cash of $98,145 and working capital deficit of $757,495. Cash had decreased during the three months ended March 31, 2017 primarily due to operating losses incurred during the quarter.

We had a total stockholders' deficit of $716,137 and an accumulated deficit of $4,762,794 as of March 31, 2017 compared with a total stockholders' deficit of $498,315 and an accumulated deficit of $4,628,976 as of December 31, 2016. This difference is primarily due to the net loss incurred during the quarter.

For the three months ended March 31, 2017, we recorded a net loss of $133,818. We made a positive adjustment of $8,636 due to depreciation, a positive adjustment of $2,663 due to deposits written off and a negative adjustment of $65,572 due to foreign currency transaction gain. We had a negative change of $66,033 due to costs in excess of billings and account receivable, a negative change of $6,796 due to security deposit and other receivables, and a negative change of $13,449 due to prepaid expenses. We had a negative change of $18,239 due to accounts payable and accrued expenses. As a result, we had net cash used in operating activities of $292,608 for the three months ended March 31, 2017.

For the three months ended March 31, 2016, we recorded a net loss of $340,068. We made a positive adjustment of $14,209 due to depreciation and a negative adjustment of $754 due to foreign currency transaction gain. We had a negative change of $77,525 due to accounts payable and accrued expenses. We had a negative change of $6,431 due to prepaid expenses and a positive change of $7,037 due to accrued taxes payable and franchise fees. As a result, we had net cash used in operating activities of $403,532 for the three months ended March 31, 2016.

For the three months ended March 31, 2017, we spent $3,898 on the acquisition of fixed assets, resulting in net cash used in investing activities of $3,898 for the period.

For the three months ended March 31, 2016, we spent $2,515 on the acquisition of fixed assets, resulting in net cash used in investing activities of $2,515 for the period.

For the three months ended March 31, 2017, we had net cash provided by financial activities of $310,307 due to advances from affiliate.

For the three months ended March 31, 2016, we did not pursue any financing activities.

As of March 31, 2017, we have fixed operating office lease agreements for Guangzhou's office amounting to $11,205 from 2017 to 2018, Hong Kong's offices minimum lease commitments of $41,007 from 2017 to 2018.

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 a term that is 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 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

The Group recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. The Group currently has $66,178 revenue from its services rendered on projects, and plans to derive its revenue from membership subscription services, offering the platform for Enterprise Collaboration with integration. Revenue is currently recognized under contract accounting due to the significant software production required, and the percentage-of-completion method is used in accordance with ASC 605-35. The Company is recognizing the percentage-of-completion based on input measures that measured directly from expenses incurred, and management reviews the progress to completion.

Research and development expenses

Research and development expenses primarily consist of (i) salaries and benefits for research and development personnel, and (ii) office rental, general expenses and depreciation expenses associated with the research and development activities. The Company's research and development activities primarily consist of the research and development of new features for its mobile platform and its self-developed mobile games. Expenditures incurred during the research phase are expensed as incurred.

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 current and non-current based on their characteristics.

Uncertainties exist with respect to the application of the New EIT Law to our operations, specifically with respect to our tax residency. The New EIT Law specifies that legal entities organized outside of the PRC will be considered residents for PRC income tax purposes if their "de facto management bodies" as "establishments that carry on substantial and overall management and control over the operations, personnel, accounting, properties, etc. of the Company." Because of the uncertainties resulted from limited PRC guidance on the issue, it is uncertain whether our legal entities outside the PRC constitute residents under the New EIT Law. If one or more of our legal entities organized outside the PRC were characterized as PRC residents, the impact would adversely affect our results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company.

(a) Evaluation of Disclosure Controls and Procedures

Based on the evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SECs") rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act 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.

(b) 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 SEC Regulation S-K

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

On March 27, 2017, the Company sold 500,988,889 shares of common stock to SeD in exchange for the conversion of $450,890.00 of debt owed by the Company to SeD at a conversion price of $0.0009 per share. The sale of these shares was made in accordance with the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended.

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
10.7	Agreement for Services dated January 25, 2017, by and between the Company and IGalen International Inc. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 21, 2017).
10.8	Loan Conversion Agreement, by and among HotApp International Inc. and Singapore eDevelopment Limited, dated as of March 27, 2017 (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 31, 2017).
10.9	Preferred Stock Cancellation Agreement, by and among HotApp International Inc. and Singapore eDevelopment Limited, dated as of March 27, 2017 (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 31, 2017).
31.1*	Certification of 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

*Filed herewith.

**XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for puposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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 INTERNATIONAL INC

Date: May 12, 2017

By:/s/ Chan Heng Fai

Chan Heng Fai
Chief Executive Officer and Director

Date: May 12, 2017

By:/s/ Lui Wai Leung, Alan

Lui Wai Leung, Alan
Chief Financial Officer