ZZLL INFORMATION TECHNOLOGY, INC

FORM 10-Q/A
(Amended Quarterly Report)

Filed 11/20/18 for the Period Ending 09/30/18

Telephone	852-5984-7571
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Symbol	ZZLL
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Industry	Leisure & Recreation
Sector	Consumer Cyclicals
Fiscal Year	12/31

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1 to Form 10-Q)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2018

OR

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

Commission File Number: 333-134991

ZZLL INFORMATION TECHNOLOGY, INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada	37-1847396
(State of Incorporation)	(IRS Employer Identification No.)
Unit 1504, 15/F, Carnival Commercial Building, 18 Java Road, North Point, Hong Kong	
(Address of Principal Executive Offices)	(Zip Code)

(+852) 3705 1571
(Registrant's Telephone Number, Including Country Code)

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

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

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) been subject to such filing requirements for the past 90 days. Yes T 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 file, non-accelerated filer, or a smaller reporting company.

Large accelerated filer £	Accelerated filed £
Non-accelerated filer £	Smaller reporting company T

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

As of November 19, 2018, the Registrant had 20,277,448 shares of common stock issued and outstanding.

EXPLANATORY NOTE: The Company has included the XBRL Interactive Data Table 101 Exhibits with this amended filing.

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Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of ZZLL Information Technology, Inc. (the "Company"), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason. This Quarterly Report, and unless otherwise noted, the words "we," "our," "us," the "Company," "ZZLL" or "Icon" refers to ZZLL Information Technology, Inc

PART I. FINANCIAL INFORMATION

ITEM: 1 FINANCIAL STATEMENT

ZZLL INFORMATION TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	Notes	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS			
Current assets:			
Cash and cash equivalents		$ 25,390	$ 18,430
Amount due from related party	8	-	-
Amount due from NSML – Non-controlling interest	6	294,872	294,872
Other receivables		12,081	4,155
Total current assets		332,343	317,457
Non-current assets:			
Property, plant and equipment, net		418	606
TOTAL ASSETS		$ **332,761**	**$ 318,063**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Note payable		$ 75,000	$ 75,000
Warrants liabilities	9	559,605	685,395
Amount due to related party	8	320,655	251,973
Other payables and accrued liabilities	7	212,548	138,601
Income tax payable		-	-
Total current liabilities		1,167,808	1,150,969
TOTAL LIABILITIES		$ **1,167,808**	$ **1,150,969**
Stockholders' equity			
Preferred stock, $0.0001 par value, 10,000,000 shares authorized; none issued and outstanding		$ -	$ -
Common stock, $0.0001 par value, 300,000,000 shares authorized; 20,277,448 and 19,252,448 shares issued and outstanding, at September 30, 2018 and December 31, 2017 respectively		2,028	1,925
Additional paid-in capital		1,671,847	1,630,950
Accumulated other comprehensive (loss) income		565	(388)
(Accumulated deficit)/ retained earnings		(2,795,118)	(2,751,744)
TOTAL STOCKHOLDERS' EQUITY		**(1,120,678)**	**(1,119,257)**
Attributable to Non-Controlling Interest		**285,631**	**286,351**
Attributable to The Group		**(835,047)**	**(832,906)**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ **332,761**	$ **318,063**

See accompanying notes to unaudited consolidated financial statements

ZZLL INFORMATION TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	*Three Months Ended Sept 30, 2018*	*Three Months Ended Sept 30, 2017*	*Nine Months Ended Sept 30, 2018*	*Nine Months Ended Sept 30,2017*	*Apr 15, 2011 (Inception) Through Sept 30, 2018*
		$	*$*	*$*	*$*	*$*
Revenue						
Net sales		28,206	1,728	42,287	1,728	47,640
Cost of sales		(13,081)	-	(21,737)	-	(24,602)
Gross profit		15,125	1,728	20,550	1,728	23,038
Administrative and other operating expenses		86,823	77,446	65,368	189,591	2,118,623
(Loss)/Income from operations		(71,698)	(75,718)	(44,818)	(187,863)	(2,095,585)
Other non-operating income		302	2,177	724	2,177	4,203
Interest expenses		-	-	-	-	(214)
(Loss)/Income before income taxes		(71,396)	(73,541)	(44,094)	(185,686)	(2,091,596)
Income taxes	5	-	-	-	-	-
Net (Loss)/Income		(71,396)	(73,541)	(44,094)	(185,686)	(2,091,596)
Non-controlling interest		(748)	6,569	720	21,443	34,882
Net Income (Loss) attributable to the Company		(72,144)	(66,972)	(43,374)	(164,243)	(2,056,714)
Comprehensive income statement:						
Net Income /(Loss)		(72,144)	(66,972)	(43,374)	(164,243)	(2,056,714)
Foreign currency translation adjustment		289		953	-	565
Comprehensive Income /(Loss)		(71,855)	(66,972)	(42,421)	(164,243)	(2,056,149)
Basic and diluted earnings /(loss) per share of common stock	4	(0.36) cents	(4.53) cents	(0.22) cents	(11.12) cents	(69.94) cents
Weighted average number of common stock - Basic and diluted *	4	20,277,448	1,476,431	20,062,063	1,476,431	2,940,743

* All shares outstanding for all periods have been retroactively restated to reflect ZZLL's 1-for-50 reverse stock split, which was effective on October 5, 2017.

See accompanying notes to unaudited consolidated financial statements

ZZLL INFORMATION TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS'DEFICIT AND COMPREHENSIVE INCOME

	Common stock Shares Outstanding*	Common stock Amount	Additional paid-in capital	Other Comprehensive Income	Accumulated deficit during the development stage	Total stockholders' equity/(deficit)
Balance, Jan 1, 2017	1,476,448	$ 148	$ 1,473,060	$ ---	$ (1,827,188)	$ (353,980)
Issuance of common stock	17,776,000	1,777	157,890	---	---	159,667
Exchange reserve	---	---	---	(388)	---	(388)
Net (loss) profit	---	---	---	---	(924,556)	(924,556)
Balance, Dec 31, 2017	19,252,448	$ 1,925	$ 1,630,950	$ (388)	$ (2,751,744)	$ (1,119,257)
Jan 1, 2018	19,252,448	$ 1,925	$ 1,630,950	$ (388)	$ (2,751,744)	$ (1,119,257)
Issuance of common stock	1,025,000	103	40,897	---	---	41,000
Exchange reserve	---	---	---	953	---	953
Net (loss) profit	---	---	---	---	(43,374)	(43,374)
Balance, September 30, 2018	20,277,448	$ 2,028	$ 1,671,847	$ 565	$ (2,795,118)	$ (1,120,678)

* All shares outstanding for all periods have been retroactively restated to reflect ZZLL's 1-for-50 reverse stock split, which was effective on October 5, 2017.

See accompanying notes to unaudited consolidated financial statements

ZZLL INFORMATION TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited)		(Unaudited)
	Nine Months Ended Sept 30,		Apr 15, 2011 (inception) Through
	2018	2017	Sept 30, 2018
Cash flows used in operating activities:			
Net (loss) income	$ (43,374)	$ (164,243)	$ (2,056,714)
Adjustments to reconcile net income (loss) to net cash used in operating activities:	-	-	
Re-organization (reverse merger and spin-off)	-	-	(9,195)
Depreciation and Amortization	188		188
Stock based compensation	-	-	85,000
Non-controlling interest	(720)	(21,443)	(34,882)
Changes in assets and liabilities:			
Prepayment	-	(5,711)	-
Other receivables	(7,926)	977	(12,081)
Warrant liabilities	(125,790)		559,605
Other payables and accrued liabilities	73,947	47,724	294,548
Notes payable	-	-	75,000
Net cash provided by (used for) operating activities	(103,675)	(142,696)	(1,098,531)
Cash flows used for investing activities:			
Disposal of subsidiary OODI	-	-	22,942
Purchase of office equipment	-	(647)	(606)
Net cash used for investing activities	-	(647)	22,336
Cash flows provided by (used for) financing activities:			
Proceed from Issuance of common stock	41,000	-	836,724
Amount due from NSML	-	25,641	25,641
Amounts due to / from related parties	68,682	89,539	238,655
Net cash provided by (used for) financing activities	109,682	115,180	1,101,020
Net increase (decrease) in cash	6,007	(28,163)	24,825
Effect of foreign currency translation	953	(155)	565
Cash – beginning of period	18,430	58,174	-
Cash – end of period	$ 25,390	$ 29,856	$ 25,390
Supplemental disclosures of cash flow information:			
Interest paid	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -

See accompanying notes to unaudited consolidated financial statements

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

ZZLL Information Technology, Inc. ("The Company") was incorporated under the laws of the State of Nevada on September 9, 2005, under the name of JML Holdings, Inc. The Company merged with Baoshinn International Express, Inc. ("BSIE") on March 31, 2006, by acquiring all of the issued and outstanding common stock of BSIE in a share exchange transaction. We issued 16,500,000 shares of our common stock in exchange for 100% of the issued and outstanding shares of BSIE common stock. The transaction was accounted for as a recapitalization of BSIE whereby BSIE is deemed to be the accounting acquirer and is deemed to have adopted our capital structure.

On June 17, 2015, Baoshinn Corporation has been amended to the name "Green Standard Technologies, Inc.".

On May 27, 2016, the Company changed its name with the State of Nevada from Green Standard Technologies, Inc. to "ZZLL Information Technology, Inc."

On May 27, 2016, ZZLL Information Limited acquired 4,992,500 common shares of the Company through a private Common Stock Purchase Agreement for investment purposes in the ordinary course of business. The aggregate number and percentage of common shares of the Issuer beneficially owned by Mr. Wei Liang is 4,992,500 common shares, or approximately 26.662% of the 18,725,003 issued common shares.

On June 14, 2016, Wei Liang ("Mr. Liang") was appointed to serve as a member of the Board of Directors of ZZLL Information Technology, Inc.

On June 24, 2016, ZZLL Technology Limited acquired 4,895,000 common shares of the Company through a private Common Stock Purchase Agreement for investment purposes in the ordinary course of business. The aggregate number and percentage of common shares of the Issuer beneficially owned by Mr. Wei Zhu is 4,895,000 common shares, or approximately 26.142% of the 18,725,003 issued common shares.

On August 18, 2016, the Company through SAL entered into a Joint Venture Agreement ("JVA") with Network Service Management Limited, a Hong Kong company ("NSML") in the formation of Z-Line International E-Commerce Company Limited ("Z-Line"), a Hong Kong based e-Commerce company. The Company through SAL owned 55% of Z-Line that provides consumer-to-consumer, business-to-consumer and business-to-business-sales services via web portals.

On August 25, 2016 and September 20, 2016, the Company issued 6,696,500 common shares and 32,000,000 common shares to the officer respectively. The issuance with an aggregate of 38,696,500 common shares in lieu of $193,483 compensation to the officer under an option resolved in 2013 to pay the officer by common stock in lieu of cash at a rate of $0.005 per share.

On November 10 and December 1, 2016, the Company further issued 1,000,000 common shares and 15,400,000 common shares to the officer respectively. The issuance with an aggregate of 16,400,000 common shares in lieu of $82,000 compensation to the officer under an option resolved in 2013 to pay the officer by common stock in lieu of cash at a rate of $0.005 per share.

Effective on October 5, 2017, the Company executed a reverse stock split pursuant to which fifty (50) shares of the Company's Common Stock, par value $0.0001 per share, issued and outstanding, was reclassified as and changed, into one (1) share of the Company's outstanding Common Stock.

On October 13, 2017, the Company issued 15,753,500 common shares to the officer. The issuance of 15,753,500 common shares was in lieu of $78,768 in compensation due to the officer under an option granted in 2013 to pay the officer by common stock in lieu of cash at a rate of $0.005 per share.

On December 12, 2017, the Company issued 2,022,500 shares of units consisting of its common stock and a warrant (the "Units"). The units were issued to five shareholders at a rate of $0.04 per Unit. The warrant exercise price is $0.05 for one common share valid for a two years period after the subscription date. The total consideration for the issuance was $80,900.

On January 31, 2018, the Company issued 475,000 units consisting of its common stock and a warrant (the "Units") to two shareholders at a rate of $0.04 per Unit. The warrant exercise price is $0.05 for one common share and it is valid for a two years period after the subscription date. The total consideration for the issuance was $19,000.

On March 23, 2018, the Company issued 550,000 units consisting of shares of its common stock and a warrant (the "Units") to three shareholders at a rate of $0.04 per Unit. The warrant exercise price is $0.05 for one common share and it is valid for a two years period after the subscription date. The total consideration for the issuance was $22,000.

NOTE 2. DESCRIPTION OF BUSINESS

Syndicore Asia Limited – Video Syndication and E-Commerce Company

Syndicore Asia Limited ("SAL") is a wholly owned subsidiary of the Company formed under the laws of Hong Kong. SAL is an online media company that syndicates video in a cloud-based, multimedia conduit serving a growing global community of content creators, news outlets and leading brands. SAL will be a provider of syndicated video media to news organizations in the Asia Pacific region. In addition, SAL plans to aggregate content from the Asia Pacific region and provide it to news organizations around the world.

On December 15, 2013, SAL entered into a Distribution Agreement (the "Distribution Agreement") with SendtoNews Video, Inc., a British Columbia company ("STN"). Under the terms of the Distribution Agreement, SAL was granted an exclusive license to use, modify, edit, reproduce, distribute, feed, store, communicate, display, and transmit STN's content in the Asia Pacific Territory (the "Content"). STN is the content provider for various worldwide sporting events. STN would also provide on-going assistance to SAL with regard to technical, administrative, and service-orientated issues relating to the delivery, utilization, transmission, storage and maintenance of the Content.

On January 20, 2014, SAL entered into a revised Distribution Agreement whereby STN has agreed to provide SAL transferrable rights for the use, reproduction, storage, display, and transmission of certain content subject to pre-approval in writing from STN. In addition, the revised Distribution Agreement includes changes to the revenue sharing terms, and adds a share of advertising revenue directly resulting from aggregated content by SAL within the territory.

SAL will strive to become a leading digital content provider for the Asia Pacific region, capitalizing on an explosively growing market with local, regional and national content that was previously unavailable in the area. This is a new and exciting market, and offers exciting opportunities for expansion and growth. There is no assurance, however, that SAL will be successful in its efforts.

On the other side of the distribution chain, we plan to create SAL's own proprietary news partnerships to provide guaranteed content distribution in return for a corresponding share of advertising revenues to a news industry looking to supplement their rapidly declining traditional ad revenue with viable "digital-age" revenue.

- Digital ad spending is on the rise. It is forecasted to expand from $117.60 billion USD in 2013 to $173.12 billion USD in 2017. (Go-Globe.com)
- The increase in worldwide digital ad spending is led by the Asia-Pacific region and specifically China.
- China is estimated to reach 33% of the world's total ad spending by 2017. (*Infographic*)
- Branded video content reaches nearly half (46%) of all internet users. More than half of these people (54%) go on to click though to the brand's website *(Econsultancy)*
- 80% of internet users recall watching a video ad on a website they visited in the past 30 days; 46% took some action after viewing the ad (*Online Publishers Association*)
- Video promotion is over 6 times more effective than print and online *(b2bmarketing.net)*

- Dr. James McQuivey of Forrester Research says a minute of video is worth 1.8 million words
- 90% of information transmitted to the brain is visual, and visuals are processed 60,000X faster in the brain than text (*3M Corporation* & *Zabisco*)

NOTE 2. DESCRIPTION OF BUSINESS (CONTINUED)

Management believes that SAL's customers will be willing to pay a "premium CPM" because:

- The ability to sponsor exclusive, highly sought-after short form video content
- Deep, creative advertising opportunities – other than rudimentary logo/banner overlays and pre-roll
- Premium positioning
- Unprecedented transparency and near real-time performance metrics to evaluate their investment
- Securing sponsorships with related enterprises
- Stronger control over distribution to help target intended audience.
- Other segments of the market are also benefiting. The high and rapidly increasing popularity of social media platforms such as Facebook, YouTube, and Twitter are expected to revolutionize the marketing strategies employed in areas such as the pharmaceuticals industry. There, in addition to marketing, an increasing number of pharma players have also begun leveraging these platforms to enhance consumer relationships and improve brand management, based on the market intelligence generated by monitoring and analyzing user-generated content. The ability to incorporate consumer feedback to develop new products is also expected to initiate a strategic shift in the operational model of pharma companies. Social media involvements are expected to increase product sales, especially those of OTC drugs, in the long term. Novartis for instance has already begun using YouTube and Facebook to enhance the sales for its OTC drugs such as Comtrex, Orofar and Bufferin. Johnson &Johnson, one of the first pharma giants to enter the social media space, has used online platforms for crisis management – when the company recalled its products (Tylenol and Benadryl tablets) it used social websites to apologize to consumers for irregularities in its manufacturing plant found during FDA inspection.

SAL is also in the startup phase and is in the process of entering into arrangements and agreements to implement the current business plan. Syndicore Asia Limited is devoting its resources to establishing the new business, and its planned operations have not yet commenced. Accordingly, no revenues have been earned during the period from its inception on April 23, 2013 to September 30, 2018.

Green Standard Technologies Enterprises, Inc. (F/K/A Green Standard Technologies, Inc.)

On August 1, 2014 the Company formed Green Standard Technologies, Inc. ("GSTE") as a wholly owned incorporated under the laws of the state of Nevada. The Company's second line of business is carried on by this subsidiary.

During the year 2017, GSTE was inactive, no longer had a useful purpose, and provided no revenue to the Company. On Dec 29, 2017, for the best interest of the Company, the Board decided to eliminate all costs in connection with GSTE, agreed not to continue GSTE and closed down with immediate effect.

Z-Line International E-Commerce Company Limited – E-Commerce Company

Z-Line International E-Commerce Company Limited ("Z-Line") is a 55% owned subsidiary of the Company formed under the laws of Hong Kong and incorporated on August 17, 2016. Z-Line is a Hong Kong based e-Commerce company that provides consumer-to-consumer, business-to-consumer, and business-to-business-sales services via web portals.

Z-Line currently operates through the web portal www.zzll.win and has begun additional development, which will occur as the site evolves to increase its functionality, sales, service, support and product offerings. Z-line Mall currently carries daily necessities, cosmetic products and skin care products.

NOTE 2. DESCRIPTION OF BUSINESS (CONTINUED)

Hunan Syndicore Asia Limited – E-Commerce Company

On June 28, 2017, Hunan Syndicore Asia Limited ("HSAL"), a 100% owned subsidiary of Syndicore Asia Limited incorporated under the laws of PRC. HSAL is a Wholly Foreign-Owned Enterprise ("WFOE") in China, established in the National High-Tech Industrial Development Zone of Changsha, Hunan. HSAL is a PRC based e-Commerce company that will endeavor to develop its in E-Commerce, video content and video streaming capabilities. Additionally, HSAL has now launched Hua Wen Mall ("HWM") - its first online member retail website at hwt.zzll.win. HWM is a platform that allows businesses to sell their products and services to HWM's members through this business-to-business and business-to-consumer portal. All payments and processing will go through HWM, for which they will receive a transaction fee. The Mall will develop its own branded products, and is especially moving towards products which have smart functionality allowing the Company to capture a greater segment of the market with data and information analytics as social media becomes increasingly influential in the Chinese market. Hua Wen Mall will also cooperate with ZZLL's existing Hong Kong platform, Z-Line Mall (www.zzll.win) to share members, customers and products.

NOTE 3. GOING CONCERN

The financial statements at September 30, 2018, at Dec 31, 2017, and for the period from April 15, 2011 (date of inception), to September 30, 2018, have been prepared in accordance with generally accepted principles in the United States applicable to a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. The Company incurred an accumulated deficits of $2,795,118 as of September 30, 2018 ($2,751,744 as of Dec 31, 2017), generated a net loss attributable to the Company of $43,374 for the nine months period ended September 30, 2018 (a net loss attributable to the Company of $164,243 for comparable period ended September 30, 2017). As of September 30, 2018, the Company has its current liabilities exceed its current assets resulting in negative working capital of $835,465 ($833,512 as of Dec 31, 2017). In view of the matters described above, recoverability of a major portion of the recorded asset amounts and realization of the portion of current liabilities into revenue shown in the accompanying balance sheets are dependent upon continued operations of the Company, which in turn are dependent upon the Company's ability to raise additional financing and to succeed in its future operations. The Company may need additional cash resources to operate during the upcoming 12 months, and the continuation of the Company may be dependent upon the continuing financial support of investors, directors and/or shareholders of the Company. However, there is no assurance that equity or debt offerings will be successful in raising sufficient funds to assure the eventual profitability of the Company. These accompanying 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 be necessary should the Company be unable to continue as a going concern.

Management plans to support the Company in operation and to maintain its business strategy is to raise funds through public and private offerings and to rely on officers and directors to perform essential functions with minimal compensation. If we do not raise all of the money we need from a public offering, we will have to find alternative sources, such as a private placement of securities, or loans from our officers, directors or others.

Moreover, management has actively taken steps to revise its operating and financial requirements, which believes that will allow the Company to continue its operations throughout this fiscal year.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and consolidation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial reporting and in accordance with instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited consolidated financial statements contained in this report reflect all adjustments that are normal and recurring in nature and considered necessary for a fair presentation of the financial position and the results of operations for the interim periods presented. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for the interim period are not necessarily indicative of the results expected for the full year. These unaudited, consolidated financial statements, footnote disclosures and other information should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

The consolidated financial statements are presented in US Dollars and include the accounts of the Group and its subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

The results of subsidiaries acquired or disposed of during the years are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal.

The Company has limited operations and is considered to be in the development stage under ASC 915-15.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table depicts the identity of the subsidiaries:

Name of Subsidiary	Place of Incorporation	Attributable Equity Interest %	Registered Capital
Green Standard Technologies Enterprise, Inc. (1)	Nevada	100	USD 100
Syndicore Asia Limited (2)	Hong Kong	100	HKD 1
Z-Line International E-Commerce Limited (3)	Hong Kong	55	HKD 8,000,000
Hunan Syndicore Asia Limited (4)	PRC	100	HKD 10,000,000

Note:
(1) Wholly owned subsidiary of ZZLL
(2) Wholly owned subsidiary of ZZLL
(3) 55% owned subsidiary of Syndicore Asia Limited
(4) Wholly owned subsidiary of Syndicore Asia Limited

The results of subsidiaries acquired or disposed of during the years are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal.

Use of estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reporting year. These accounts and estimates include, but are not limited to, the valuation of accounts receivable, deferred income taxes and the estimation on useful lives of plant and equipment. Actual results could differ from those estimates.

Concentrations of credit risk

Financial instruments that potentially subject the Group to significant concentrations of credit risk consist principally of accounts receivable. In respect of accounts receivable, the Group extends credit based on an evaluation of the customer's financial condition, generally without requiring collateral or other security. In order to minimize the credit risk, the management of the Group has delegated a team responsibility for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Further, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

Cash and cash equivalents

Cash and cash equivalents include all cash, deposits in banks and other highly liquid investments with initial maturities of three months or less. The Group currently maintains bank accounts in HK and PRC only.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable

Accounts receivable are stated at original amount less allowance made for doubtful receivables, if any, based on a review of all outstanding amounts at the year end. An allowance is also made when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. Bad debts are written off when identified. The Group extends unsecured credit to customers in the normal course of business and believes all accounts receivable in excess of the allowances for doubtful receivables to be fully collectible. The Group does not accrue interest on trade accounts receivable. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis credit evaluations are preferred on all customers requiring credit over a certain amount. The Group had experienced the bad debts of $nil and $nil during the three months period ended September 30, 2018 and 2017 respectively.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance, repairs and betterments, including replacement of minor items, are charged to expense; major additions to physical properties are capitalized.

Depreciation of plant and equipment is provided using the straight-line method over their estimated useful lives at the following annual rates:

Furniture and fixtures	20% - 50%
Office equipment	20%

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

Revenue recognition

The Group recognizes revenue when it is earned and realizable based on the following criteria: persuasive evidence that an arrangement exists, services have been rendered, the price is fixed or determinable and collectability is reasonably assured.

The Group also evaluates the presentation of revenue on a gross versus a net basis through application of Emerging Issues Task Force No. (“EITF”) 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent. The consensus of this literature is that the presentation of revenue as “the gross amount billed to a customer because it has earned revenue from the sale of goods or services or the net amount retained (that is, the amount billed to a customer less the amount paid to a supplier) because it has earned a commission or fee” is a matter of judgment that depends on the relevant facts and circumstances. In making an evaluation of this issue, some of the factors that should be considered are: whether the Group is the primary obligor in the arrangement (strong indicator); whether it has general inventory risk (before customer 1 order is placed under or upon customer return)(strong indicator); and whether we have latitude in establishing price. The guidance clearly indicates that the evaluations of these factors, which at times can be contradictory, are subject to significant judgment and subjectivity. If the conclusion drawn is that the Group performs as an agent or a broker without assuming the risks and rewards of ownership of goods, revenue should be reported on a net basis.

Advertising expenses

Advertising expenses are charged to expense as incurred. The advertising expenses incurred for the three months ended September 30, 2018 and 2017 were $Nil and $Nil respectively, and for the nine months ended September 30, 2018 and 2017 were also $Nil and $Nil respectively.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The FASB issued Accounting Standard Codification Topic 740 (ASC 740) “Income Taxes”. ASC 740 clarifies the accounting for uncertainty in tax positions. This requires that an entity recognized in the consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. The adoption of ASC 740 did not have any impact on the Group’s results of operations or financial condition for the nine months ended September 30, 2018. As of the date of the adoption of ASC 740, the Group has no material unrecognized tax benefit which would favorably affect the effective income tax rate in future periods. The Group has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of operations.

Comprehensive income

The Company has adopted FASB Accounting Standard Codification Topic 220 (“ASC 220”) “Comprehensive income” (formerly known as SFAS No. 130, “Reporting Comprehensive Income”), which establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Accumulated other comprehensive income represents the accumulated balance of foreign currency translation adjustments of the Company.

Foreign currency translation

For financial reporting purposes, the financial statements of the Group which are prepared using the functional currency have been translated into United States Dollars (“US$”). The functional currencies of the Company’s subsidiary operating business unit based in Hong Kong and PRC are the Hong Kong Dollar (“HK$”) and Chinese Renminbi (“RMB”) respectively. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Any differences between the initially recorded amount and the settlement amount are recorded as a gain or loss on foreign currency transaction in the consolidated statements of income. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency rate of exchange ruling at the balance sheet date. Any differences are taken to profit or loss as a gain or loss on foreign currency translation in the statements of income.

In accordance with ASC 830, Foreign Currency Matters, the Company translated the assets and liabilities into US $ using the rate of exchange prevailing at the applicable balance sheet date and the statements of income and cash flows are translated at an average rate during the reporting period. Adjustments resulting from the translation are recorded in shareholders’ equity as part of accumulated other comprehensive income. The rate used in translation of Hong Kong dollars to US$ is a ratio of US$1.00=HK$7.80, a fixed exchange rate maintained between Hong Kong and United States derived from the Hong Kong Monetary Authority pegging HK$ and US$ monetary policy.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Below is a table with foreign exchange rates used for translation:

For the three months ended, (Average Rate)		Sept 30, 2018		Sept 30, 2017
Chinese Renminbi (RMB)	RMB	6.76966	RMB	6.67150
United States dollar ($)	$	1.00000	$	1.00000

For the nine months ended, (Average Rate)		Sept 30, 2018		Sept 30, 2017
Chinese Renminbi (RMB)	RMB	6.76966	RMB	6.81629
United States dollar ($)	$	1.00000	$	1.00000

As of (Closing Rate)		Sept 30, 2018		Dec 31, 2017
Chinese Renminbi (RMB)	RMB	6.84992	RMB	6.50271
United States dollar ($)	$	1.00000	$	1.00000

For the three months, nine months and year ended, (Average Rate) and as of (Closing Rate)		Sept 30, 2018		Dec 31, 2017
Hong Kong (HKD)	HKD	7.80000	HKD	7.80000
United States dollar ($)	$	1.00000	$	1.00000

Fair value of financial instruments

The carrying values of the Group's financial instruments, including cash and cash equivalents, trade and other receivables, deposits, trade and other payables approximate their fair values due to the short-term maturity of such instruments. The carrying amounts of borrowings approximate their fair values because the applicable interest rates approximate current market rates.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock-Based Compensation

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, Share- Compensation (formerly, FASB Statement 123R), the Group measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognizes the costs over the period the employee is required to provide service in exchange for the award, which generally is the vesting period.

During the nine months ended September 30, 2018 and 2017, the Group did not record any stock-based compensation expense respectively

Basic and diluted earnings per share

The Group computes earnings per share ("EPS') in accordance with FASB Accounting Standard Codification Topic 260 ("ASC 260") "Earnings Per Share", and SEC Staff Accounting Bulletin No. 98 ("SAB 98"). ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as the income or loss available to common shareholders divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., convertible securities, options, and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

The calculation of diluted weighted average common shares outstanding for three and nine months ended September 30, 2018 is based on the estimate fair value of the Group's common stock during such periods applied to options using the treasury stock method to determine if they are dilutive.

Effective on October 5, 2017, the Company executed a reverse stock split pursuant to which fifty (50) shares of the Company's Common Stock, par value $.0001 per share, issued and outstanding, was reclassified as and changed, into one (1) share of the Company's outstanding Common Stock.

The following tables are a reconciliation of the weighted average shares used in the computation of basic and diluted earnings per share for the periods presented:

	Nine Months Ended September 30, 2018	*Nine Months Ended September 30, 2017*
	(unaudited)	*(unaudited)*
	$	*$*
Numerator for basic and diluted earnings per share:		
Net (Loss)/Income	(43,374)	(164,243)
Denominator:		
Basic weighted average shares	20,062,063	1,476,431
Effect of dilutive securities	-	-
Diluted weighted average shares	20,062,063	1,476,431
Basic earnings per share:	(0.22) cents	(11.12) cents
Diluted earnings per share:	(0.22) cents	(11.12) cents

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties transactions

A related party is generally defined as (i) any person that holds 10% or more of The Group's securities and their immediate families, (ii) the Group's management, (iii) someone that directly or indirectly controls, is controlled by or is under common control with the Group, or (iv) anyone who can significantly influence the financial and operating decisions of the Group. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Recently implemented standards

FASB Simplifies Adoption of New Leases Standard for Certain Land Easements.

The FASB has issued Accounting Standards Update (ASU) No. 2018-01, *Leases (Topic 842):Land Easement Practical Expedient for Transition to Topic 842,* which clarifies the application of the new leases guidance to land easements and eases adoption efforts for some land easements.

ASU 2018-01 is expected to reduce the cost of adopting the new leases standard for certain land easements. It is also an attempt to help ensure that companies can make a successful transition to the standard without compromising the quality of information provided to investors about these transactions.

Land easements (also commonly referred to as rights of way) represent the right to use, access, or cross another entity's land for a specified purpose. Land easements are used by utility and telecommunications companies, for example, when they need to take a small strip of land, or easement, to bury wires. Not all companies have historically accounted for them as leases.

Stakeholders pointed out that the requirement to evaluate all old and existing land easements, sometimes numbering in the tens of thousands, to determine if they meet the definition of a lease under the new standard could be very costly. They also noted there would be limited benefit to applying this requirement, as many of their land easements would not meet the definition of a lease, or even if they met that definition, many of their easements are prepaid and, therefore, already are recognized on the balance sheet.

The land easements ASU addresses this by:

- Providing an optional transition practical expedient that, if elected, would not require an organization to reconsider their accounting for existing land easements that are not currently accounted for under the old leases standard; and
- Clarifying that new or modified land easements should be evaluated under the new leases standard, once an entity has adopted the new standard.

The FASB issued an Accounting Standards Update (ASU) that helps organizations address certain stranded income tax effects in accumulated other comprehensive income (AOCI) resulting from the Tax Cuts and Jobs Act.

ASU No. 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, provides financial statement preparers with an option to reclassify stranded tax effects within AOCI to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act (or portion thereof) is recorded.

The ASU requires financial statement preparers to disclose:

- A description of the accounting policy for releasing income tax effects from AOCI;
- Whether they elect to reclassify the stranded income tax effects from the Tax Cuts and Jobs Act; and
- Information about the other income tax effects that are reclassified.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendments affect any organization that is required to apply the provisions of Topic 220, Income Statement—Reporting Comprehensive Income, and has items of other comprehensive income for which the related tax effects are presented in other comprehensive income as required by GAAP.

The amendments are effective for all organizations for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. Organizations should apply the proposed amendments either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized.

Recently implemented standards (continued)

FASB Issues Corrections and Improvements to Financial Instruments. The FASB has issued Accounting Standards Update (ASU) No. 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,* that clarifies the guidance in ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10)* , as follows:

- **Issue 1: Equity Securities without a Readily Determinable Fair Value— Discontinuation.** The amendment clarifies that an entity measuring an equity security using the measurement alternative may change its measurement approach to a fair value method in accordance with Topic 820, *Fair Value Measurement* , through an irrevocable election that would apply to that security and all identical or similar investments of the same issuer. Once an entity makes this election, the entity should measure all future purchases of identical or similar investments of the same issuer using a fair value method in accordance with Topic 820.
- **Issue 2: Equity Securities without a Readily Determinable Fair Value— Adjustments** . The amendment clarifies that the adjustments made under the measurement alternative are intended to reflect the fair value of the security as of the date that the observable transaction for a similar security took place.
- **Issue 3: Forward Contracts and Purchased Options** . The amendment clarifies that remeasuring the entire value of forward contracts and purchased options is required when observable transactions occur on the underlying equity securities.
- **Issue 4: Presentation Requirements for Certain Fair Value Option Liabilities** . The amendment clarifies that when the fair value option is elected for a financial liability, the guidance in paragraph 825-10- 45-5 should be applied, regardless of whether the fair value option was elected under either Subtopic 815-15, *Derivatives and Hedging— Embedded Derivatives* , or 825-10, *Financial Instruments* — Overall.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Issue 5: Fair Value Option Liabilities Denominated in a Foreign Currency.** The amendments clarify that for financial liabilities for which the fair value option is elected, the amount of change in fair value that relates to the instrument-specific credit risk should first be measured in the currency of denomination when presented separately from the total change in fair value of the financial liability. Then, both components of the change in the fair value of the liability should be remeasured into the functional currency of the reporting entity using end-of-period spot rates.
- **Issue 6: Transition Guidance for Equity Securities without a Readily Determinable Fair Value** . The amendment clarifies that the prospective transition approach for equity securities without a readily determinable fair value in the amendments in ASU No. 2016-01 is meant only for instances in which the measurement alternative is applied. An insurance entity subject to the guidance in Topic 944, *Financial Services— Insurance* , should apply a prospective transition method when applying the amendments related to equity securities without readily determinable fair values. An insurance entity should apply the selected prospective transition method consistently to the entity's entire population of equity securities for which the measurement alternative is elected.

For public business entities, ASU 2018-03 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018. Public business entities with fiscal years beginning between December 15, 2017, and June 15, 2018, are not required to adopt ASU 2018-03 until the interim period beginning after June 15, 2018, and public business entities with fiscal years beginning between June 15, 2018, and December 15, 2018, are not required to adopt these amendments before adopting the amendments in ASU 2016-01. For all other entities, the effective date is the same as the effective date in ASU 2016-01.

All entities may early adopt ASU 2018-03 for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, as long as they have adopted ASU 2016-01.

Recently implemented standards (continued)

FASB Adds SEC Guidance to the Codification on the Tax Cuts and Jobs Act. The FASB has issued Accounting Standards Update (ASU) No. 2018-05, *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118.* ASU 2018-05 amends certain SEC material in Topic 740 for the income tax accounting implications of the recently issued *Tax Cuts and Jobs Act* (Act).

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASU 2018-05 adds the following guidance, among other things, to the FASB Accounting Standards Codification™ regarding the Act:

- **Question 1:** If the accounting for certain income tax effects of the Act is not completed by the time a company issues its financial statements that include the reporting period in which the Act was enacted, what amounts should a company include in its financial statements for those income tax effects for which the accounting under Topic 740 is incomplete?
- **Answer 1:** In a company's financial statements that include the reporting period in which the Act was enacted, a company must first reflect the income tax effects of the Act in which the accounting under Topic 740 is complete. These completed amounts would not be provisional amounts. The company would then also report provisional amounts for those specific income tax effects of the Act for which the accounting under Topic 740 will be incomplete but a reasonable estimate can be determined. For any specific income tax effects of the Act for which a reasonable estimate cannot be determined, the company would not report provisional amounts and would continue to apply Topic 740 based on the provisions of the tax laws that were in effect immediately prior to the Act being enacted. For those income tax effects for which a company was not able to determine a reasonable estimate (such that no related provisional amount was reported for the reporting period in which the Act was enacted), the company would report provisional amounts in the first reporting period in which a reasonable estimate can be determined.
- **Question 2:** If an entity accounts for certain income tax effects of the Act under a measurement period approach, what disclosures should be provided?
- **Answer 2:** The staff believes an entity should include financial statement disclosures to provide information about the material financial reporting impacts of the Act for which the accounting under Topic 740 is incomplete, including:

1. Qualitative disclosures of the income tax effects of the Act for which the accounting is incomplete;
2. Disclosures of items reported as provisional amounts;
3. Disclosures of existing current or deferred tax amounts for which the income tax effects of the Act have not been completed;
4. The reason why the initial accounting is incomplete;
5. The additional information that is needed to be obtained, prepared, or analyzed in order to complete the accounting requirements under Topic 740;
6. The nature and amount of any measurement period adjustments recognized during the reporting period;
7. The effect of measurement period adjustments on the effective tax rate; and
8. When the accounting for the income tax effects of the Act has been completed.

ASU 2018-05 is effective upon inclusion in the FASB Codification.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently implemented standards (continued)

The FASB Issues ASU No. 2018-06 to Supersede Circular 202 for Depository and Lending Institutions. The FASB has issued Accounting Standards Update (ASU) No.2018-06, *Codification Improvements to Topic 942, Financial Services—Depository and Lending* . ASU 2018-06 removes outdated guidance related to the Office of the Comptroller of the Currency's Banking Circular 202, *Accounting for Net Deferred Tax Charges (Circular 202) in Subtopic 942-740, Financial Services—Depository and Lending—Income Taxes* and should have no effect on reporting entities.

The amendments in ASU 2018-06 are effective immediately.

The FASB has issued an Accounting Standards Update (ASU) intended to reduce cost and complexity and to improve financial reporting for nonemployee share-based payments.

The ASU expands the scope of Topic 718, *Compensation—Stock Compensation* (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. The ASU supersedes Subtopic 505-50, *Equity—Equity-Based Payments to Non-Employees* .

The amendments in this ASU are effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. For all other companies, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, *Revenue from Contracts with Customers* .

FASB Releases ASU No. 2018-09. The FASB has released Accounting Standards Update (ASU) No. 2018-09, *Codification Improvements* . ASU 2018-09 affects a wide variety of Topics in the Codification including:

- **Amendments to Subtopic 220-10,** *Income Statement— Reporting Comprehensive Income—Overall.* The guidance in paragraph 220-10-45-10B(b) states that taxes not payable in cash are required to be reported as a direct adjustment to paid-in capital. This requirement conflicts with other guidance in Topic 740,Income Taxes, Subtopic 805-740,Business Combinations—Income Taxes, and Subtopic 852-740,Reorganizations—Income Taxes, which generally states that income taxes and adjustments to those accounts upon a business combination or a bankruptcy that is eligible for fresh-start reporting must be recognized in income. ASU No. 2018-09 clarifies the guidance in paragraph 220-10-45-10B by removing the generic phrase taxes not payable in cash and adding guidance that is specific to certain quasi-reorganizations.
- **Amendments to Subtopic 470-50,** *Debt—Modifications and Extinguishments* . The guidance in paragraph 470-50-40-2 requires that the difference between the reacquisition price of debt and the net carrying amount of extinguished debt be recognized in income in the period of extinguishment. The guidance in that paragraph was not amended by FASB Statement No. 155, *Accounting for Certain Hybrid Financial Instruments* , or FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ; therefore, it does not specifically address extinguishments of debt when the fair value option is elected. ASU No. 2018-09 clarifies that:

1. When the fair value option has been elected on debt that is extinguished, the net carrying amount of the extinguished debt equals its fair value at the reacquisition date, and
2. Related gains or losses in other comprehensive income must be included in net income upon extinguishment of the debt.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Amendments to Subtopic 480-10,** *Distinguishing Liabilities from Equity—Overall.* The guidance in paragraph 480-10-25-15 prohibits the combination of freestanding financial instruments within the scope of Subtopic 480-10 with noncontrolling interest, unless the combination is required by Topic 815, *Derivatives and Hedging* . The example in paragraphs 480-10-55-55 and 480-10-55-59 conflicts with that guidance by stating that freestanding option contracts with the terms in Derivative 2 should be accounted for on a combined basis with the noncontrolling interest. The source of the example in paragraph 480-10-55-59 is from EITF Issue No. 00-4, *"Majority Owner's Accounting for a Transaction in the Shares of a Consolidated Subsidiary and a Derivative Indexed to the Noncontrolling Interest in That Subsidiary."* Issue 00-4 was nullified by FASB Statement No. 150,Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, but a conforming amendment to the example in paragraph 480-10-55-59 was not made to align it with the guidance in Statement 150. The amendment in this Update conforms the guidance in paragraphs 480-10-55-55 and 480-10-55-59 with the guidance in Statement 150.

Recently implemented standards (continued)

- **Amendments to Subtopic 718-740,** *Compensation—Stock Compensation—Income Taxes* . The guidance in paragraph 718-740-35-2, as amended, is unclear on whether an entity should recognize excess tax benefits (or tax deficiencies) for compensation expense that is taken on the entity's tax return. The amendment to paragraph 718-740-35-2 in *ASU No. 2018-09* clarifies that an entity should recognize excess tax benefits (that is, the difference in tax benefits between the deduction for tax purposes and the compensation cost recognized for financial statement reporting) in the period when the tax deduction for compensation expense is taken on the entity's tax return. This includes deductions that are taken on the entity's return in a different period from when the event that gives rise to the tax deduction occurs and the uncertainty about whether (1) the entity will receive a tax deduction and (2) the amount of the tax deduction is resolved.
- **Amendments to Subtopic 805-740,** *Business Combinations— Income Taxes* . The amendments to paragraph 805-740-25-13 removes a list of three methods for allocating the consolidated tax provision to an acquired entity after acquisition that is inconsistent with guidance in Topic 740. The three methods for tax allocation described in paragraph 805-740-25-13 do not follow the broad principles of being systematic, rational, and consistent with Topic 740. The amendment removes the allocation methods in paragraph 805-740-25-13 and conforms the guidance in Subtopic 805-740 with the guidance in Topic 740.
- **Amendments to Subtopic 815-10,** *Derivatives and Hedging— Overall* . The amendment to paragraphs 815-10-45-4 and 815-10-45-5 in *ASU No. 2018-09* clarifies the circumstances in which derivatives may be offset. Under certain specific conditions, derivatives may be offset if three of the four criteria in paragraph 210-20-45-1 are met. One of the criteria—the intent to set off—is not required to offset derivative assets and liabilities for certain amounts arising from derivative instruments recognized at fair value and executed with the same counterparty under a master netting agreement.
- **Amendments to Subtopic 820-10,** *Fair Value Measurement— Overall* . The amendments to paragraph 820-10-35-16D in *ASU No. 2018-09* clarify the Board's decisions about the measurement of the fair value of a liability or instrument classified in a reporting entity's shareholder's equity from the perspective of a market participant that holds an identical item as an asset at the measurement date. A technical inquiry questioned how transfer restrictions embedded in an asset should affect the fair value of the corresponding liability or equity instrument from the perspective of the issuer. The amendments correct the wording of paragraph 820-10-35-16D to clarify how an entity should account for those restrictions. The amendments are not intended to substantively change the application of GAAP. However, it is possible that the amendments may result in a change to existing practice for some entities.

The amendments to paragraphs 820-10-35-18D through 35-18F and 820-10-35- 18H through 35-18L revise the current guidance to allow portfolios of financial instruments and nonfinancial instruments accounted for as derivatives in accordance with *Topic 815* to use the portfolio exception to valuation. The amendments improve guidance by adding wording that explicitly states that a group of financial assets, financial liabilities, nonfinancial items accounted for as derivatives in accordance with *Topic 815* , or a combination of these items that otherwise meet the criteria to do so are permitted to apply the portfolio exception for measuring fair value of the group. This allows entities to measure fair value on a net basis for those portfolios in which financial assets and financial liabilities and nonfinancial instruments are managed and valued together.

- **Amendments to Subtopic 940-405,** *Financial Services—Brokers and Dealers—Liabilities* . Paragraph 940-405-55-1 contains incomplete guidance about offsetting on the balance sheet. The current guidance focuses only on explicit settlement dates as a determining criterion for offsetting when, in fact, an entity should consider all the requirements in Section 210-20-45, *Balance Sheet—Offsetting—Other Presentation Matters* , to determine whether a right of offset exists. There is similar guidance in paragraph 942-210-45-3. Paragraphs 940-405-55-1 and 942-210-45- 3 originated from two different AICPA Audit and Accounting Guides and paraphrase the guidance in Subtopic 210-20, albeit each slightly differently. The Board decided to amend both paragraphs so that the industry Topic guidance refers to the complete guidance for offsetting.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Amendments to Subtopic 962-325,** *Plan Accounting—Defined Contribution Pension Plans—Investments—Other* . The amendment to Subtopic 962-325 removes the stable value common collective trust fund from the illustrative example in paragraph 962-325-55-17 to avoid the interpretation that such an investment would never have a readily determinable fair value and, therefore, would always use the net asset value per share practical expedient. Rather, a plan should evaluate whether a readily determinable fair value exists to determine whether those investments may qualify for the practical expedient to measure at net asset value in accordance with Topic 820.

<u>*Recently implemented standards (continued)*</u>

Transition and Effective Date. The transition and effective date guidance is based on the facts and circumstances of each amendment. Some of the amendments in *ASU No. 2018-09* do not require transition guidance and will be effective upon issuance of *ASU No. 2018-09* . However, many of the amendments do have transition guidance with effective dates for annual periods beginning after December 15, 2018, for public business entities.

In addition, there are some conforming amendments in *ASU No. 2018-09* that have been made to recently issued guidance that is not yet effective that may require application of the transition and effective date guidance in the original ASU. For example, there are conforming amendments to Topic 820 and Subtopic 944-310, *Financial Services—Insurance—Receivables* , that are related to the amendments in Accounting Standards Update No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* , which require application of the transition and effective date guidance in that ASU.

The FASB has issued Accounting Standards Update (ASU) No. 2018-10, *Codification Improvements to Topic 842, Leases* **.**

ASU No. 2018-10 , among other things, amends Topic 842 as follows:

- **Issue 1: Residual Value Guarantees -** Paragraph 460-10-60-32 *in Topic 460, Guarantees* **-** This paragraph incorrectly refers readers to the guidance in Topic 842 about sale-leaseback-sublease transactions, when, in fact, it should refer readers to the guidance about guarantees by a seller-lessee of the underlying asset's residual value in a sale and leaseback transaction. The amendment corrects the cross-reference in paragraph 460-10-60-32.
- **Issue 2: Rate Implicit in the Lease -** The amendment clarifies that a rate implicit in the lease of zero should be used when applying the definition of the term "rate implicit" in the lease results in a rate that is less than zero.
- **Issue 3: Lessee Reassessment of Lease Classification** - The amendment consolidates the requirements about lease classification reassessments into one paragraph and better articulates that an entity should perform the lease classification reassessment on the basis of the facts and circumstances, and the modified terms and conditions, if applicable, as of the date the reassessment is required.
- **Issue 4: Lessor Reassessment of Lease Term and Purchase Option** - The amendment clarifies that a lessor should account for the exercise by a lessee of an option to extend or terminate the lease or to purchase the underlying asset as a lease modification unless the exercise of that option by the lessee is consistent with the assumptions that the lessor made in accounting for the lease at the commencement date of the lease (or the most recent effective date of a modification that is not accounted for as a separate contract).

- **Issue 5: Variable Lease Payments That Depend on an Index or a Rate** - The amendment clarifies that a change in a reference index or rate upon which some or all of the variable lease payments in the contract are based does not constitute the resolution of a contingency subject to the guidance in paragraph 842-10-35-4(b). Variable lease payments that depend on an index or a rate should be remeasured, using the index or rate at the remeasurement date, only when the lease payments are remeasured for another reason (that is, when one or more of the events described in paragraph 842-10-35- 4(a) or (c) occur or when a contingency unrelated to a change in a reference index or rate under paragraph 842-10-35-4(b) is resolved).

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Issue 6: Investment Tax Credits** - There is an inconsistency in terminology used about the effect that investment tax credits have on the fair value of the underlying asset between the definition of the term rate implicit in the lease and the lease classification guidance in paragraph 842-10-55-8. The amendment removes that inconsistency by clarifying that the period covered by a lessor-only option to terminate the lease is included in the lease term.
- **Issue 7: Lease Term and Purchase Option** - The description in paragraph 842-10-55- 24 about lessor-only termination options is inconsistent with the description in paragraph 842-10-55- 23 about the noncancellable period of a lease. The amendment removes that inconsistency by clarifying that the period covered by a lessor-only option to terminate the lease is included in the lease term.

Recently implemented standards

- **Issue 8: Transition Guidance for Amounts Previously Recognized in Business Combinations** - The transition guidance for lessors in paragraph 842-10-65-1(h)(3) is unclear because it relates to leases classified as direct financing leases or sales-type leases under *Topic 840* , while the lead-in sentence to paragraph 842-10-65-1(h) provides transition guidance for leases classified as operating leases under *Topic 840* . The amendment clarifies that paragraph 842-10-65-1(h)(3) applies to lessors for leases classified as direct financing leases or sales-type leases under *Topic 842* , not *Topic 840* . In other words, paragraph 842- 10-65-1(h)(3) applies when an entity does not elect the package of practical expedients in paragraph 842-10-65-1(f), and, for a lessor, an operating lease acquired as part of a previous business combination is classified as a direct financing lease or a sales-type lease when applying the lease classification guidance in Topic 842. The amendment also cross-references to other transition guidance applicable to those changes in lease classification for lessors.
- **Issue 9: Certain Transition Adjustments** - The amendments clarify whether to recognize a transition adjustment to earnings rather than through equity when an entity initially applies *Topic 842* retrospectively to each prior reporting period.
- **Issue 10: Transition Guidance for Leases Previously Classified as Capital Leases under Topic 840** - Paragraph 842-10-65-1(r) provides guidance to lessees for leases previously classified as capital leases under *Topic 840* and classified as finance leases under *Topic 842* . Paragraph 842-10-65-1(r)(4) provides subsequent measurement guidance before the effective date when an entity initially applies *Topic 842* retrospectively to each prior reporting period, but it refers readers to the subsequent measurement guidance in *Topic 840* about operating leases. It should refer them to the subsequent measurement guidance applicable to capital leases. The amendment corrects that reference.
- **Issue 11: Transition Guidance for Modifications to Leases Previously Classified as Direct Financing or Sales-Type Leases under Topic 840** - Paragraph 842-10-65-1(x) provides transition guidance applicable to lessors for leases previously classified as direct financing leases or sales-type leases under *Topic 840* and classified as direct financing leases or sales-type leases under *Topic 842* . For modifications to those leases beginning after the effective date, paragraph 842-10-65-1(x)(4) refers readers to other applicable guidance in *Topic 842* to account for the modification, specifically paragraphs 842-10-25-16 through 25- 17, depending on how the lease is classified after the modification. Stakeholders noted that it should refer to how the lease is classified before the modification to be consistent with the guidance provided in paragraphs 842-10-25-16 through 25-17. The amendment corrects that inconsistency.
- **Issue 12: Transition Guidance for Sale and Leaseback Transactions** - The amendments clarify that the transition guidance on sale and leaseback transactions in paragraph 842-10-65-1(aa) through (ee) applies to all sale and leaseback transactions that occur before the effective date and corrects the referencing issues noted.
- **Issue 13: Impairment of Net Investment in the Lease** - Paragraph 842-30-35-3 provides guidance to lessors for determining the loss allowance of the net investment in the lease and describes the cash flows that should be considered when the lessor determines that loss allowance. Stakeholders questioned whether the guidance, as written, would accelerate and improperly measure the loss allowance because the cash flows associated with the unguaranteed residual asset appear to be excluded from the evaluation. The amendment clarifies the application of the guidance for determining the loss allowance of the net investment in the lease, including the cash flows to consider in that assessment.
- **Issue 14: Unguaranteed Residual Asset** - The amendment clarifies that a lessor should not continue to accrete the unguaranteed residual asset to its estimated value over the remaining lease term to the extent that the lessor sells substantially all of the lease receivable associated with a direct financing lease or a sales-type lease, consistent with *Topic 840.*

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Issue 15: Effect of Initial Direct Costs on Rate Implicit in the Lease** - The ordering of the illustration in Case C of Example 1 in paragraphs 842-30-55- 31 through 55-39 raised questions about how initial direct costs factor into determining the rate implicit in the lease for lease classification purposes for lessors only. The amendment more clearly aligns the illustration to the guidance in paragraph 842-10-25-4.
- **Issue 16: Failed Sale and Leaseback Transaction** - The amendment clarifies that a seller lessee in a failed sale and leaseback transaction should adjust the interest rate on its financial liability as necessary to ensure that the interest on the financial liability does not exceed the total payments (rather than the principal payments) on the financial liability. This clarification is also reflected in the relevant illustration on failed sale and leaseback transactions that is contained in Subtopic 842-40.

Recently implemented standards (continued)

Effective Date

The amendments in *ASU No. 2018-10* affect the amendments in *ASU No. 2016-02* , which are not yet effective, but for which early adoption upon issuance is permitted. For entities that early adopted *Topic 842* , the amendments are effective upon issuance of *ASU No. 2018-10* , and the transition requirements are the same as those in *Topic 842* . For entities that have not adopted *Topic 842* , the effective date and transition requirements will be the same as the effective date and transition requirements in *Topic 842* .

FASB Issues Targeted Improvements to Lease Standard . The FASB has issued Accounting Standards Update (ASU) No. 2018-11, *Leases (Topic 842): Targeted Improvements* . This ASU is intended to reduce costs and ease implementation of the leases standard for financial statement preparers.

“The targeted improvements in the ASU address areas our stakeholders identified as sources of unnecessary cost or complexity in the leases standard,” stated FASB Chairman Russell G. Golden. “They represent the FASB’s commitment to proactively address implementation issues raised by our stakeholders to ensure a successful transition to the new standard without compromising the quality of information provided to investors.”

ASU 2018-11 provides a new transition method and a practical expedient for separating components of a contract.

Transition: Comparative Reporting at Adoption

The amendments *ASU 2018-11* provide entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption consistent with preparers’ requests. Consequently, an entity’s reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard will continue to be in accordance with current GAAP in Topic 840 *, Leases* .

An entity that elects this additional (and optional) transition method must provide the required Topic 840 disclosures for all periods that continue to be in accordance with Topic 840. The amendments do not change the existing disclosure requirements in Topic 840 (for example, they do not create interim disclosure requirements that entities previously were not required to provide).

Separating Components of a Contract

The amendments in *ASU 2018-11* provide lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue guidance (Topic 606) and both of the following are met:

- The timing and pattern of transfer of the nonlease component(s) and associated lease component are the same.
- The lease component, if accounted for separately, would be classified as an operating lease.

An entity electing this practical expedient (including an entity that accounts for the combined component entirely in Topic 606) is required to disclose certain information, by class of underlying asset, as specified in the ASU.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently implemented standards (continued)

Effective Date

The amendments in ASU 2018-11 related to separating components of a contract affect the amendments in ASU No. 2016-02, which are not yet effective but can be early adopted.

For entities that have not adopted Topic 842 before the issuance of this ASU, the effective date and transition requirements for the amendments in this update related to separating components of a contract are the same as the effective date and transition requirements in ASU 2016-02.

For entities that have adopted Topic 842 before the issuance of ASU 2018-11, the transition and effective date of the amendments related to separating components of a contract in this ASU are as follows:

- The practical expedient may be elected either in the first reporting period following the issuance of this ASU or at the original effective date of Topic 842 for that entity.
- The practical expedient may be applied either retrospectively or prospectively.

All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this ASU must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected.

FASB Improves Guidance for Insurance Companies that Issue Long-Duration Contracts . The FASB has issued an Accounting Standards Update (ASU) that improves financial reporting for insurance companies that issue long-duration contracts, such as life insurance, disability income, long-term care, and annuities.

To improve this area of financial reporting, the new ASU:

- **Requires updated assumptions for liability measurement.** Assumptions used to measure the liability for traditional insurance contracts, which are typically determined at contract inception, will now be reviewed, and, if there is a change, updated, at least annually, with the effect recorded in net income;
- **Standardizes the liability discount rate.** The liability discount rate will be a standardized, market-observable discount rate (upper-medium grade fixed-income instrument yield), with the effect of rate changes recorded in other comprehensive income;
- **Provides greater consistency in measurement of market risk benefits** . The two previous measurement models have been reduced to one measurement model (fair value), resulting in greater uniformity across similar market-based benefits and better alignment with the fair value measurement of derivatives used to hedge capital market risk;
- **Simplifies amortization of deferred acquisition costs.** Previous earnings-based amortization methods have been replaced with a more level amortization basis; and
- **Requires enhanced disclosures** . They include rollforwards and information about significant assumptions and the effects of changes in those assumptions.

For calendar-year public companies, the changes will be effective in 2021. For all other calendar-year companies, the changes will be effective in 2022. Early adoption is permitted.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The FASB has issued Accounting Standards Update (ASU) No. 2018-13 , *Fair Value Measurement (Topic 820): Disclosure Framework* —Changes to the Disclosure Requirements for Fair Value Measurement.

ASU No. 2018-13 modifies the disclosure requirements on fair value measurements in Topic 820 as follows:

Removals

The following disclosure requirements were removed from Topic 820:

- The amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy;
- The policy for timing of transfers between levels;
- The valuation processes for Level 3 fair value measurements; and
- For nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period.

Modifications

The following disclosure requirements were modified in Topic 820:

- In lieu of a rollforward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities;

- For investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly; and

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently implemented standards (continued)

- The amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date.

Additions

The following disclosure requirements were added to Topic 820; however, the disclosures are not required for nonpublic entities:

- The changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period; and
- The range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements.

In addition, the amendments eliminate at a minimum from the phrase “an entity shall disclose at a minimum” to promote the appropriate exercise of discretion by entities when considering fair value measurement disclosures and to clarify that materiality is an appropriate consideration of entities and their auditors when evaluating disclosure requirements.

Effective Date

The amendments in *ASU No. 2018-13* are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.

The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date.

Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of *ASU No. 2018-13* and delay adoption of the additional disclosures until their effective date.

The FASB has issued ASU No. 2018-14 , *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* , that applies to all employers that sponsor defined benefit pension or other postretirement plans.

The amendments modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.

Disclosure Requirements Deleted

- The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year.
- The amount and timing of plan assets expected to be returned to the employer.
- The disclosures related to the June 2001 amendments to the Japanese Welfare Pension Insurance Law.

- Related party disclosures about the amount of future annual benefits covered by insurance and annuity contracts and significant transactions between the employer or related parties and the plan.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- For nonpublic entities, the reconciliation of the opening balances to the closing balances of plan assets measured on a recurring basis in Level 3 of the fair value hierarchy. However, nonpublic entities will be required to disclose separately the amounts of transfers into and out of Level 3 of the fair value hierarchy and purchases of Level 3 plan assets.
- For public entities, the effects of a one-percentage-point change in assumed health care cost trend rates on the (a) aggregate of the service and interest cost components of net periodic benefit costs and (b) benefit obligation for postretirement health care benefits.

Disclosure Requirements Added

- The weighted-average interest crediting rates for cash balance plans and other plans with promised interest crediting rates
- An explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period.

The amendments also clarify the disclosure requirements in paragraph 715-20-50-3, which state that the following information for defined benefit pension plans should be disclosed:

- The projected benefit obligation (PBO) and fair value of plan assets for plans with PBOs in excess of plan assets.
- The accumulated benefit obligation (ABO) and fair value of plan assets for plans with ABOs in excess of plan assets.

Effective Date

ASU No. 2018-14 is effective for fiscal years ending after December 15, 2020, for public business entities and for fiscal years ending after December 15, 2021, for all other entities. Early adoption is permitted for all entities.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The FASB has issued Accounting Standards Update (ASU) No. 2018-15 , *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)* : Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which reduces complexity for the accounting for costs of implementing a cloud computing service arrangement. This standard aligns the accounting for implementation costs of hosting arrangements, regardless of whether they convey a license to the hosted software.

The ASU aligns the following requirements for capitalizing implementation costs:

- Those incurred in a hosting arrangement that is a service contract, and
- Those incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license).

For calendar-year public companies, the changes will be effective for annual periods, including interim periods within those annual periods, in 2020. For all other calendar-year companies and organizations, the changes will be effective for annual periods in 2021, and interim periods in 2022.

The FASB has issued Accounting Standards Update (ASU) No. 2018-17, Consolidation (Topic 810): *Targeted Improvements to Related Party Guidance for Variable Interest Entities* , that reduces the cost and complexity of financial reporting associated with consolidation of variable interest entities (VIEs). A VIE is an organization in which consolidation is not based on a majority of voting rights. **T** he new guidance supersedes the private company alternative for common control leasing arrangements issued in 2014 and expands it to all qualifying common control arrangements.

Under the new standard, a private company could make an accounting policy election to not apply VIE guidance to legal entities under common control (including common control leasing arrangements) when certain criteria are met. This accounting policy election must be applied by a private company to all current and future legal entities under common control that meet the criteria for applying the alternative. A private company will be required to continue to apply other consolidation guidance, specifically the voting interest entity guidance.

Additionally, a private company electing the alternative is required to provide detailed disclosures about its involvement with, and exposure to, the legal entity under common control.

The ASU also amends the guidance for determining whether a decision-making fee is a variable interest. The amendments require organizations to consider indirect interests held through related parties under common control on a proportional basis rather than as the equivalent of a direct interest in its entirety (as currently required in GAAP). Therefore, these amendments likely will result in more decision makers not consolidating VIEs.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently implemented standards (continued)

For organizations other than private companies, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments in this ASU are effective for a private company for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted.

The FASB has issued Accounting Standards Update (ASU) No. 2018-18 , *Collaborative Arrangements (Topic 808): Clarifying the Interaction Between Topic 808 and Topic 606,* that clarifies the interaction between the guidance for certain collaborative arrangements and the Revenue Recognition financial accounting and reporting standard.

A collaborative arrangement is a contractual arrangement under which two or more parties actively participate in a joint operating activity and are exposed to significant risks and rewards that depend on the activity's commercial success. The ASU provides guidance on how to assess whether certain transactions between collaborative arrangement participants should be accounted for within the revenue recognition standard.

The ASU also provides more comparability in the presentation of revenue for certain transactions between collaborative arrangement participants. It accomplishes this by allowing organizations to only present units of account in collaborative arrangements that are within the scope of the revenue recognition standard together with revenue accounted for under the revenue recognition standard. The parts of the collaborative arrangement that are not in the scope of the revenue recognition standard should be presented separately from revenue accounted for under the revenue recognition standard.

For public companies, the amendments in ASU No. 2018-18 are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other organizations, the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted.

NOTE 4. INCOME TAXES

The Company and its subsidiaries file separate income tax returns

The Company is incorporated in the United States, and is subject to United States federal and state income taxes. The Company did not generate any taxable income in the United States for the three and nine months periods ended September 30, 2018 and 2017.

Two subsidiaries are incorporated in Hong Kong, and are subject to Hong Kong Profits Tax at 16.5% for the three and nine months periods ended September 30, 2018 and 2017. Provision for Hong Kong profits tax has not been made for the periods presented as the subsidiaries have no assessable profits during the periods.

One subsidiary is incorporated in PRC, and is subject to PRC Income Tax at 25% for the three and nine months periods ended September 30, 2018 and 2017. Provision for PRC Income Tax has not been made for the periods presented as the subsidiary has no assessable profits during the periods because of the tax loss carried forward from the previous periods.

Deferred taxes are determined based on the temporary differences between the financial statement and income tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. For the three and nine months periods ended September 30, 2018 and 2017, the Group has tax loss carrying-forwards, which does not recognize deferred tax assets as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

The Company did not have U.S, taxable income due to operating in Hong Kong, SAR and PRC. The Company did not file the U.S. federal income tax returns. The Company did not have uncertainty tax positions or events leading to uncertainty tax position within the next 12 months. No Hong Kong Corporations Profits Tax Return filings are subject to Hong Kong Inland Revenue Department examination.

NOTE 5. AMOUNT DUE FROM NSML

Amount due form Network Service Management Limited ("NSML") was the capital-in-arrear to be invested to Z-Line International E-Commerce Limited ("Z-Line"). Z-Line is a corporation formed and incorporated on August 17, 2016 by the Company and NSML under the laws of Hong Kong. The shareholdings of Z-Line are 55% for the Company and 45% for NSML. For the 45% shareholdings owned by NSML, amount of $294,872 (HKD2,300,000) was not yet paid up as at September 30, 2018.

NOTE 6 . OTHER PAYABLES AND ACCRUED LIABILITIES

The other payables and accrued liabilities were comprised of the following:

		September 30, 2018		December 31, 2017
Accrued expenses	$	195,061	$	120,054
Other payables		17,487		18,547
	$	212,548	$	138,601

NOTE 7. AMOUNT DUE FROM/TO RELATED PARTIES

Amount due from/to related parties are as follows:

		September 30, 2018		December 31, 2017
Amount due from related parties	$	-	$	-
Amount due to related parties:				
Sean Webster		(64,511)		(3,742)
Wei Zhu		(232,179)		(232,179)
Hunan Longitudinal Uned Information Technology Co., Ltd.		(21,810)		(15,148)
Hunan Zhang Zhong Wan Fu Company Limited		(2,176)		-
Zhong Wang Wang Luo, Ltd.		21		(904)
	$	(320,655)	$	(251,973)

As at September 30, 2018 and December 31, 2017, the amount due from/to related parties represent advances from shareholders of the Group and are interest free, unsecured and have no fixed repayment terms.

NOTE 8. WARRANTS LIABILITIES

	Warrants Liabilities			Total
Issuance of warrants at	12/12/2017	1/31/2018	3/23/2018	
Number of warrants	2,022,500	475,000	550,000	**3,047,500**
Balance at January 1, 2017	$ -	$ -	$ -	$ -
Warrants expenses for the period	-	-	-	-
Balance at June 30, 2017	$ -	$ -	$ -	$ -
Balance at January 1, 2018	$ 685,395	-	-	685,395
Warrants expenses for the period	(314,010)	87,224	100,996	(125,790)
Balance at September 30, 2018	$ 371,385	$ 87,224	$ 100,996	$ 559,605

NOTE 9. STOCK OPTIONS

The Group has stock option plans that allow it to grant options to its key employees. During the nine months ended September 30, 2018 and 2017, the Company did not issue any stock options and there were no stock options being issued or outstanding.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The Company has operating lease agreements for office premises, which expiring through June 2020. Future minimum rental payments under agreements classified as operating leases with non-cancellable terms for the next 12 months and thereafter as follows:

For the period ended September 30, 2018 and year ended December 31, 2017,		September 30, 2018		December 31, 2017
2018		7,131		28,657
2019 and thereafter		32,526		32,734
Total	$	39,657	$	61,391

Rental expense paid for the nine months ended September 30, 2018 and 2017 were $21,389 and $17,152 respectively.

NOTE 11. FAIR VALUE MEASUREMENTS

The Group adopted FASB ASC 820, Fair Value Measurements and Disclosures (“ASC 820”), related to The Group’s financial assets and liabilities. ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets and liabilities.

Level 2 — observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 — unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

ASC 820 also provides guidance for determining the fair value of a financial asset when the market for that asset is not active, and for determining fair value when the volume and level of activity for an asset or liability have significantly decreased and includes guidance on identifying circumstances that indicate when a transaction is not orderly.

The effective date for certain aspects of ASC 820 was deferred and currently being evaluated by The Group. Areas impacted by the deferral relate to nonfinancial assets and liabilities that are measured at fair value, but are recognized or disclosed at fair value on a nonrecurring basis. The effects of these remaining aspects of ASC 820 are to be applied by the Group to fair value measurements prospectively beginning November 1, 2010. The adoption of the remaining aspects of ASC 820 is not expected to have a material impact on its financial condition or results of operations.

NOTE 11. FAIR VALUE MEASUREMENTS (con't)

The following table details the fair value measurements of assets and liabilities within the three levels of the fair value hierarchy at September 30, 2018, and Dec 31, 2017:

		Fair Value Measurements at reporting date using		
	September 30, 2018	Quoted Price in active Markets for identical assets (level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
	$	$	$	$
Assets				
Restricted cash	-	-	-	-
Cash and cash equivalents	25,390	25,390	-	-

		Fair Value Measurements at reporting date using		
	December 31, 2017	Quoted Price in active Markets for identical assets (level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
	$	$	$	$
Assets				
Restricted cash	-	-	-	-
Cash and cash equivalents	18,430	18,430	-	-

NOTE 12. RELATED PARTY TRANSACTIONS

As of September 30, 2018 and December 31, 2017, the Company had received advancement of $320,655 and $251,973 from the shareholders for operating expenses. These advancements bear no interest, no collateral and have no repayment term.

NOTE 13. SEGMENT INFORMATION

FASB Accounting Standard Codification Topic 280 (ASC 280) "Segment Reporting" establishes standards for reporting information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance.

For the nine months ended September 30, 2018 and 2017, the Company is regarded as a single operating segment in the developing stage within E-Commerce and related business. This principal activity and geographical market are substantially based in Hong Kong and the Mainland China, accordingly, no operating or geographical segment information are presented.

NOTE 14. SUBSEQUENT EVENTS

ZZLL Information Technology, Inc. ("the Company") and its wholly owned subsidiary, Syndicore Asia Limited ("SAL"), a Hong Kong corporation entered into a Share Exchange Agreement (the "Agreement") with Sleepaid Holding Co. ("Sleepaid"), an unrelated third party on March 6, 2018. Under the Agreement, in exchange for the newly issuance of 12,000,000 shares of the restricted common stock of the Company, SAL will acquire all the outstanding shareholdings of all three subsidiaries companies of Sleepaid, Yugosu Investment Limited, Guangzhou Sleepaid Household Supplies Co., Ltd and Guangzhou Yuewin Trading Co., Ltd. The Company and Sleepaid have valued the shares being issued by the Company at $0.10 per share. This Agreement is terminated and discontinue with the mutual acceptance by the Company and Sleepaid at September 10, 2018.

The Company has evaluated all other subsequent events through November 19, 2018, the date these financial statements were issued, and determined that there were no other material subsequent event or transaction that require recognition or disclosures in the financial statements.

ITEM 2: MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERTIONS

CAUTIONARY STATEMENT FOR FORWARD-LOOKING STATEMENTS

This discussion and analysis of our financial condition and results of operations includes “forward-looking” statements that reflect our current views with respect to future events and financial performance. We use words such as “expect,” “anticipate,” “believe,” and “intend” and similar expressions to identify forward-looking statements. You should be aware that actual results may differ materially from our expressed expectations because of risks and uncertainties inherent in future events and you should not rely unduly on these forward looking statements. We disclaim any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. Reference in the following discussion to “our”, “us” and “we” refer to the operations of the Corporation and its subsidiaries (“We”), except where the context otherwise indicates or requires. The following discussion of our financial condition and results of operations should be read in conjunction with the audited financial statements and the notes to the audited financial statements included in this annual report. 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.

Current Operating Results

In the three and nine months ended September 30, 2018 (“2018 Q3” and “2018 Nine months period”), we derived $28,206 and $42,287 revenues from our current business operations, respectively. For the comparative three and nine months ended September 30, 2017 (“Comparable Q3” and “Comparable period”), we derived $1,728 revenues.

Syndicore Asia Limited.

Syndicore Asia Limited is a wholly-owned subsidiary of the Company. Syndicore Asia Limited is still in the startup phase and is in the process of entering into arrangements and agreements to implement the current business plan. Syndicore Asia Limited is an online media company that syndicates video in a cloud-based, multimedia conduit serving a growing, global community of content creators, news outlets and leading brands. Syndicore Asia Limited will be a provider of syndicated video media to news organizations in the Asia Pacific region. In addition, Syndicore Asia Limited plans to aggregate content from the Asia Pacific region and provide it to news organizations around the world.

Syndicore Asia Limited is devoting its resources to establishing the new business, and its planned operations have not yet commenced. Accordingly, SAL has $20,512.82 revenues earned during the three and nine months period ended September 30, 2018, and for the period from its inception on April 23, 2013 to September 30, 2018.

Green Standard Technologies Enterprises, Inc.

On August 1, 2014, the Company formed Green Standard Technologies Enterprises, Inc. (F/K/A Green Standard Technologies, Inc.)(“GSTEI”) as a wholly owned subsidiary incorporated under the laws of the state of Nevada. The Company’s second line of business is carried out by this subsidiary. On June 6, 2015, Green Standard Technologies Inc. filed articles of amendment to change its name to “Green Standard Technologies Enterprises, Inc.

On Dec 29, 2017, for the best interest of the Company, the Board decided to eliminate all costs in connection with GSTE, agreed not to continue and closed down GSTE with immediate effect.

Z-Line International E-Commerce Limited.

On August 17, 2016, Z-Line International E-Commerce Company Limited (“Z-Line”), a 55% owned subsidiary of the Company incorporated under the laws of Hong Kong. Z-Line is a Hong Kong based e-Commerce company that provides consumer-to-consumer, business-to-consumer, and business-to-business-sales services via web portals.

Z-Line has no revenues earned during the three and nine months period ended September 30, 2018.

Hunan Syndicore Asia Limited.

On June 28, 2017, Hunan Syndicore Asia Limited ("HSAL"), a 100% owned subsidiary of Syndicore Asia Limited incorporated under the laws of PRC. HSAL is a Wholly Foreign-Owned Enterprise ("WFOE") in China, established in the National High-Tech Industrial Development Zone of Changsha, Hunan. HSAL is a PRC based e-Commerce company that will endeavor to develop its in E-Commerce, video content and video streaming capabilities.

HSAL has incurred $7,692.84 revenue during the three months period ended September 30, 2018 ($1,728: Comparable Q3).

HSAL has $21,774.25 of revenues earned during the nine months period ended September 30, 2018 ($1,728: Comparable period), and from its incorporation to September 30, 2018.

Results of Operations for the three months ended September 30, 2018 compared to the three months ended September 30, 2017

The following table sets forth a summary of our consolidated statements of operations for the periods indicated.

	Three months Ended September 30, 2018	***Three months Ended September 30, 2017***
	$	***$***
Net sales	28,206	1,728
Cost of sales	(13,081)	-
Gross profit	15,125	1,728
General and administrative and other operating expenses	86,823	77,446
(Loss)/Income from operations	(71,698)	(75,718)
Other non-operating income	302	2,177
Interest expenses	-	-
Income/(Loss) before income taxes	(71,396)	(73,541)
Income taxes	-	-
Net Loss	(71,396)	(73,541)
Non-controlling interest	(748)	6,569
Net Loss attributable to The Group	(72,144)	(66,972)

Revenue

In the three months ended September 30, 2018 and 2017, we derived revenues of $28,206 and $1,728 from our current operation, respectively.

Cost of Sales and Gross Profit

In the three months ended September 30, 2018 and 2017, the cost of goods sold were $13,081 and $Nil, respectively. The gross profit were $15,125 and $1,728 from our current operation, respectively.

General and administrative expense

Total operating expenses for the three months ended September 30, 2018 and 2017 were $86,823 and $77,446 respectively. Our operating expenses increased 12.1% attributed mainly because of an increase of warrant expenses of $36,493 in the three months period ended September 30, 2018.

Interest expenses

During the three months ended September 30, 2018 and 2017, the interest expenses was $Nil and $Nil respectively.

Income Tax

During the three months ended September 30, 2018 and 2017, the company incurred no tax and its subsidiary has paid $Nil and $Nil tax respectively.

Net Loss Attributable to the Group

The Company recorded a net loss of $72,144 for the three months ended September 30, 2018, compared to the net loss of $66,972 for the same period in 2017. The net loss was derived after attribution of $748 to non-controlling interest for the three months ended September 30, 2018, compared to attribution of $6,569 loss to non-controlling interest for the same period in 2017.

Results of Operations for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017

The following table sets forth a summary of our consolidated statements of operations for the periods indicated.

	Nine months Ended September 30, 2018	***Nine months Ended September 30, 2017***
	$	***$***
Net sales	42,287	1,728
Cost of sales	21,737	-
Gross profit	20,550	1,728
General and administrative and other operating expenses	65,368	189,591
Income/(Loss) from operations	(44,818)	(187,863)
Other non-operating income	724	2,177
Interest expenses	-	
Income/(Loss) before income taxes	(44,094)	(185,686)
Income taxes	-	-
Net Loss	(44,094)	(185,686)
Non-controlling interest	720	21,443
Net Loss attributable to The Group	(43,374)	(164,243)

Revenue

In the nine months ended September 30, 2018 and 2017, we derived revenues of $42,287 and $1,728 from our current operation, respectively.

Cost of Sales and Gross Profit

In the nine months ended September 30, 2018 and 2017, we derived cost of sales of $21,737 and $Nil, respectively, and had gross profit of $20,550 and $1,728 for the Comparable period derived from our current operation, respectively.

General and administrative expense

Total operating expenses for the nine months ended September 30, 2018 were $65,368, while the operating expenses for the nine months ended September 30, 2017 were $189,591. Our operating expenses decreased 65.52% attributed mainly because of a reversal of warrant expenses which overset increased effect of the expanded business activities for the business development and preparation procedures.

Interest expenses

During the nine months ended September 30, 2018 and 2017, the interest expenses was $Nil and $Nil respectively.

Income Tax

During the nine months ended September 30, 2018 and 2017, the company incurred no tax and its subsidiary has paid $Nil and $Nil tax respectively.

Net Loss Attributable to the Group

The Company recorded a net loss of $43,374 for the nine months ended September 30, 2018, compared to the net loss of $164,243 for the Comparable period in 2017. The net loss was derived after attribution of $720 loss to non-controlling interest for the nine months ended September 30, 2018, compared to attribution of $21,443 loss to minority interest for the same period in 2017.

Liquidity and Capital Resources

The Company's liquidity and capital is dependent on the company to start generate its revenues and increase the capital it can raise to continue the Company's development and expansion of its business.

The Company incurred an accumulated deficits of $2,795,118 as of September 30, 2018 ($2,751,744 as of Dec 31, 2017), generated a net loss of $43,374 for the nine months period ended September 30, 2018 ($164,243 for comparable period ended September 30, 2017). As of September 30, 2018, the Company has its current liabilities exceed its current assets resulting in negative working capital of $835,465, ($833,512 as of Dec 31, 2017). In view of the matters described above, recoverability of a major portion of the recorded asset amounts and realization of the portion of current liabilities into revenue shown in the accompanying balance sheets are dependent upon continued operations of the Company, which in turn are dependent upon the Company's ability to raise additional financing and to succeed in its future operations. The Company may need additional cash resources to operate during the upcoming 12 months, and the continuation of the Company may be dependent upon the continuing financial support of investors, directors and/or shareholders of the Company. However, there is no assurance that equity or debt offerings will be successful in raising sufficient funds to assure the eventual profitability of the Company. These accompanying 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 be necessary should the Company be unable to continue as a going concern.

Management plans to support the Company in operation and to maintain its business strategy is to raise funds through public and private offerings and to rely on officers and directors to perform essential functions with minimal compensation. If we do not raise all of the money we need from a public offering, we will have to find alternative sources, such as a private placement of securities, or loans from our officers, directors or others. The loans are unsecured, non-interest bearing and repayable at demand.

Moreover, management has actively taken steps to revise its operating and financial requirements, which believes that its current and available capital resources will allow the Company to continue its operations throughout this fiscal year.

Working capital

As at September 30, 2018, the Company had negative working capital of ($835,465) with current assets of $332,343 and current liabilities of $1,167,808. The current assets consisted cash and cash equivalents of $25,390, other receivables of $12,081, and amount due from NSML of $294,872. The current liabilities of the Company at September 30, 2018 are composed of other payables of $212,548, note payables of $75,000, warrants liabilities of $559,605 and amount due to related parties of $320,655.

As at December 31, 2017, the Company had negative working capital of ($833,512) with current assets of $317,457 and current liabilities of $1,150,969. The current assets consisted cash and cash equivalents of $18,430, other receivables of $4,155, and amount due from NSML of $294,872. The current liabilities of the Company at December 31, 2017 are composed of other payables of $138,601, warrant liabilities of $685,395, note payables of $75,000, and amount due to related parties of $251,973.

Operating activities

Net cash used in operating activities during the nine months period ended September 30, 2018, was $103,675, compared to net cash used in operation of $142,696 for the same period in 2017. This represents a usage decrease of $39,021.

During the nine months period ended September 30, 2018, the cash used was mainly resulted of the net loss $43,374, attribution to non-controlling interest $720 and offset by increased other payables of $73,947.

Investing Activities

Net cash used for investing activities during the nine months period ended September 30, 2018, was $Nil, compared to $647 cash flow in investing activities in the comparable nine months period ended September 30, 2017.

Financing Activities:

Net cash provided by financing activities was $109,682 for the nine month period ended September 30, 2018, compared to net cash provided of $115,180 for the same period in 2017. This change was primarily comprised of the proceed from issuance of common shares of $41,000 and amount due from NSML (non-controlling interest shareholder) of $Nil in the first nine months of 2018.

As of September 30, 2018, stockholder's equity was negative $1,120,678 compared to a negative equity of $1,119,257 at December 31, 2017.

As of September 30, 2018, the amounts due from or to related parties, represented advances from related parties of the Company which are interest free, unsecured, and have no fixed repayment terms.

In the current operation, the source of fund was provided by loan from directors and shareholders. In case the directors and shareholders did not continue to support the operation, the Company will be short of fund and cannot operate any longer.

Off-Balance Sheet Arrangements and Contractual Obligations

As at September 30, 2018, our material off-balance sheet arrangements are operating lease obligations. We excluded these items from the balance sheet in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Operating lease commitments consist principally of leases for our office. These leases frequently include options which permit us to extend the terms beyond the initial fixed lease term. With respect to most of those leases, we intend to renegotiate those leases as they expire.

ITEM 3: QUANTITATIVE AND QUALITAIVE DISCLOSURE ABOUT MARKET RISK

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined by Rule 229.10(f)(1).

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer, determined that our internal controls over disclosure controls and procedures were not effective and were inadequate to insure that the information required to be disclosed by the Company in reports it files or submits under the Exchange Act were recorded, processed, summarized and reported within the time period specified in the commission rules and forms.

Management Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2018 using the May 2013 updated criteria established in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting as of September 30, 2018, we identified material weakness as follows: (1) lack of adequate segregation of duties and necessary corporate accounting resources in our financial reporting process and accounting function, and (2) lack of control procedures that include multiple levels of review. Until we are able to remedy these material weaknesses, we determined that our controls were not effective.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control or other factors over financial reporting that occurred during the nine months ended September 30, 2018 or to the date we completed our evaluation, that would materially affect, or are reasonably likely to materially affect, our internal controls and procedures. Therefore, no corrective actions were taken.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

To the best knowledge of the Company's directors and officers, the Company is currently not a party to any material pending legal proceeding.

ITEM 1A: RISK FACTORS

Not applicable as a smaller reporting company.

ITEM 2: 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

Exhibit No.	Description
31.1	Amended Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Amended Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Amended Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive data files pursuant to Rule 405 of Regulation S-T

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Amended report to be signed on its behalf by the undersigned, thereunto duly authorized.

ZZLL INFORMATION TECHNOLOGY INC.

Date: November 20, 2018

By : / s/ *Sean Webster*
Sean Webster
Chief Executive Officer and Chief Financial Officer

EXHIBIT 31.1

AMENDED CERTIFICATION

I, Sean Webster, certify that:

1. I have reviewed this Amended quarterly report on Form 10-Q/A of ZZLL Information Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date : November 20, 2018

By : /s/ *Sean Webster*
Sean Webster
Chief Executive Officer

E XHIBIT 31.2

AMENDED CERTIFICATION

I, Sean Webster, certify that:

1. I have reviewed this Amended quarterly report on Form 10-Q/A of ZZLL Information Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date : November 20, 2018

By : /s/ *Sean Webster*
Sean Webster
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Amended quarterly report on Form 10-Q/A of ZZLL Information Technology Inc. (the “Company”) for the period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of knowledge and belief:

(1) the Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 20, 2018 By : / s/ *Sean Webster*

Sean Webster
Chief Executive Officer and Chief Financial Officer