

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2020**

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

For the transition period from _____ to _____

Commission File No. **001-34449**

PLANET GREEN HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

Nevada

*(State or other jurisdiction of
incorporation or organization)*

87-0430320

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

**Suite 200, 9841 Washingtonian Blvd
Gaithersburg, MD 20878**

(Address, including zip code, of principal executive offices)

(202) 891-8907

(Registrant's telephone number, including area code)

N/A

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.001 per share	PLAG	NYSE American

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

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

The number of outstanding shares of the registrant's common stock as of July 31, 2020 was 11,027,765.

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Caution Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to the factors described in the section captioned "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission (the "SEC").

In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "would" or the negative of such terms or other similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our estimates and assumptions only as of the date of this report. You should read this report completely and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

Use of Certain Defined Terms

Except where the context otherwise requires and for the purposes of this report only:

1. “China” and “PRC” refer to the People’s Republic of China (excluding Hong Kong, Macau and Taiwan for the purposes of this report only).
2. “Fast Approach” refers to Fast Approach, Inc., a corporation incorporated under the laws of Canada.
3. “Lucky Sky HK” refers to Lucky Sky Holdings Corporations (HK) Limited, a company incorporated in Hong Kong and formerly known as JianShi Technology Holding Limited.
4. “Lucky Sky Petrochemical” or “WFOE” refers to Lucky Sky Petrochemical Technology (Xianning) Co., Ltd., a PRC limited liability company.
5. “PLAG,” “we,” “us” and “our” refer to Planet Green Holdings Corp., a Nevada corporation, and except where the context requires otherwise, our wholly-owned subsidiaries and VIEs.
6. “RMB” refers to Renminbi, the legal currency of China.
7. “Shanghai Xunyang” refers to Shanghai Xunyang Internet Technology Co., Ltd., a PRC limited liability company.
8. “Shenzhen Lorain” refers to Lorain Food Stuff (Shenzhen) Co., Ltd., a PRC limited liability company.
9. “Taishan Muren” refers to Taishan Muren Agriculture Co. Ltd., a PRC limited liability company.
10. “U.S. dollar,” “\$” and “US\$” refer to the legal currency of the United States.
11. “VIE” refers to variable interest entity.
12. “Xianning Bozhuang” refers to Xianning Bozhuang Tea Products Co., Ltd., a PRC limited liability company.
13. “Lucky Sky Planet Green HK” refers to Lucky Sky Planet Green Holdings Co., Limited, a company incorporated in Hong Kong.

ITEM 1. FINANCIAL STATEMENTS

PLANET GREEN HOLDINGS CORP.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND DECEMBER 31, 2019

(Stated in US Dollars)

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PLANET GREEN HOLDINGS CORP.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AT JUNE 30, 2020 AND DECEMBER 31, 2019
(Stated in US Dollars)

	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 4,241,280	\$ 7,403,323
Trade receivables, net	1,683,522	1,116,211
Inventories	2,113,151	1,946,548
Advances and prepayments to suppliers	9,776,948	7,414,066
Other receivables and other current assets	1,265,025	275,288
Related party receivable	104,115	2,162
Total current assets	\$ 19,184,041	\$ 18,157,598
Non-current assets		
Plant and equipment, net	5,032,309	4,972,700
Intangible assets, net	1,443,965	1,533,927
Construction in progress, net	826,003	834,337
Deposits	26,041	1,454
Right-of-use assets	\$ 380,228	\$ 398,082
Total Assets	\$ 26,892,587	\$ 25,898,098
Liabilities and Stockholders' Equity		
Current liabilities		
Short-term bank loans	\$ 245,507	\$ 136,044
Accounts payable	1,047,688	952,520
Taxes payable	85,835	106,423
Accrued liabilities and other payables	1,806,061	1,489,665
Customers deposits	53,365	52,722
Related party payable	28,444	2,027,729
Lease payable-current portion	25,279	24,761
Total current liabilities	\$ 3,292,179	\$ 4,789,864
Lease payable- non-current	\$ 355,195	\$ 373,728
Total Liabilities	\$ 3,647,374	\$ 5,163,592
Stockholders' Equity		
Preferred Stock, \$0.001 par value, 5,000,000 shares authorized; 0 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	\$ -	\$ -
Common Stock, \$0.001 par value, 200,000,000 shares authorized; 9,227,765 and 7,877,765 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	9,228	7,878
Additional paid-in capital	89,312,071	85,803,421
Accumulated deficit	(73,988,203)	(73,280,734)
Accumulated other comprehensive income	7,912,117	8,203,941
Total Stockholders' Equity	\$ 23,245,213	\$ 20,734,506
Total Liabilities and Stockholders' Equity	\$ 26,892,587	\$ 25,898,098

See Accompanying Notes to the Financial Statements

PLANET GREEN HOLDINGS CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Stated in US Dollars)

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Net revenues	\$ 471,441	\$ 852,009	\$ 1,306,152	\$ 1,930,254
Cost of revenues	287,907	771,458	1,139,976	1,551,446
Gross profit	<u>183,534</u>	<u>80,551</u>	<u>166,176</u>	<u>378,808</u>
Operating expenses:				
Selling and marketing expenses	18,928	19,280	26,773	19,390
General and administrative expenses	276,752	353,372	699,331	587,941
Total operating expenses	<u>295,680</u>	<u>372,652</u>	<u>726,104</u>	<u>607,331</u>
Operating loss	<u>(112,146)</u>	<u>(292,101)</u>	<u>(559,928)</u>	<u>(228,523)</u>
Other income (expenses):				
Interest income	1,773	9	4,094	170
Interest expense	(3,041)	(15,989)	(4,502)	(15,989)
Other income	1,830	(1,607)	2,244	(1,607)
Other expenses	(6,090)	(5,766)	(149,377)	(5,766)
Total other expenses	<u>(5,528)</u>	<u>(23,353)</u>	<u>(147,541)</u>	<u>(23,192)</u>
Loss before taxes	(117,674)	(315,454)	(707,469)	(251,715)
Provision for income taxes		52	-	56,095
Net loss	<u>\$ (117,674)</u>	<u>\$ (315,506)</u>	<u>\$ (707,469)</u>	<u>\$ (307,810)</u>
Other comprehensive income:				
Foreign currency translation gain (loss)	14,203	(254,483)	(291,824)	(61,823)
Comprehensive loss	<u>\$ (103,471)</u>	<u>\$ (569,989)</u>	<u>\$ (999,293)</u>	<u>\$ (369,633)</u>
Loss per share				
- Basic and diluted	(0.01)	(0.05)	(0.08)	(0.05)
Basic and diluted weighted average shares outstanding	9,227,765	5,901,411	8,332,697	5,901,411

See Accompanying Notes to the Financial Statements

PLANET GREEN HOLDINGS CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY/(DEFICIENCY)
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Stated in US Dollars)

	Number of Shares	Common Stock	Additional Paid-in Capital	Statutory Reserves	Accumulated Deficit	Accumulated Other Comprehensive Income	Non- Controlling Interests	Total
Balance, January 1, 2019	5,497,765	\$ 5,498	\$74,739,031	\$2,810,953	\$ (79,038,883)	\$ 9,792,283	\$ (1,019,552)	\$ 7,289,330
Net loss	-	-	-	-	(307,810)	-	-	(307,810)
Issuance of shares for acquisition	1,080,000	1,080	4,783,212	-	-	-	-	4,784,292
Issuance of common stock for cash	1,300,000	1,300	5,458,700	-	-	-	-	5,460,000
Acquiring corporation	-	-	854,866	-	-	-	-	854,866
Foreign currency translation adjustment	-	-	-	-	-	(61,823)	-	(61,823)
Balance, June 30, 2019	7,877,765	\$ 7,878	\$85,835,809	\$2,810,953	\$ (79,346,693)	\$ 9,730,460	\$ (1,019,552)	\$18,018,855
Balance, January 1, 2020	7,877,765	\$ 7,878	\$85,803,421	\$ -	\$ (73,280,734)	\$ 8,203,941	\$ -	\$20,734,506
Net loss	-	-	-	-	(707,469)	-	-	(707,469)
Issuance of common stock for cash	1,350,000	1,350	3,508,650	-	-	-	-	3,510,000
Foreign currency translation adjustment	-	-	-	-	-	(291,824)	-	(291,824)
Balance, June 30, 2020	9,227,765	\$ 9,228	\$89,312,071	\$ -	\$ (73,988,203)	\$ 7,912,117	\$ -	\$23,245,213

See Accompanying Notes to the Financial Statements

PLANET GREEN HOLDINGS CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(STATED IN US DOLLARS)

	For the six months ended June 30,	
	2020	2019
Cash flows from operating activities		
Net loss	\$ (707,469)	\$ (307,810)
Amortization	80,194	(47,780)
Depreciation	167,501	205,027
Bad debt expenses	2,083	
Increase in accounts and other receivables	(1,517,409)	(342,060)
Increase in related party receivables	(102,714)	-
(Increase)/decrease in inventory	(196,399)	4,971
(Increase)/decrease in prepayments and other current assets	(2,513,530)	761,580
Decrease in payables and other current liabilities	(1,588,906)	(2,435,442)
Net cash used in operating activities	<u>\$ (6,376,649)</u>	<u>\$ (2,161,514)</u>
Cash flows from investing activities		
Purchase of plant and equipment and construction in progress	(332,394)	(131,786)
Purchase of intangible assets		(525,943)
Net cash used in investing activities	<u>\$ (332,394)</u>	<u>\$ (657,729)</u>
Cash flows from financing activities		
Proceeds from issuance of common stock	3,510,000	9,943,564
Receiving bank loans	112,246	-
Repayment of borrowings	-	(1,128,867)
Proceeds from related party receivables	-	-
Net cash provided by financing activities	<u>\$ 3,622,246</u>	<u>\$ 8,814,697</u>
Net (decrease) increase in cash and cash equivalents	(3,086,797)	5,995,454
Effect of foreign currency translation on cash and cash equivalents	(75,246)	(39,315)
Cash and cash equivalents—beginning of year	<u>7,403,323</u>	<u>1,079,530</u>
Cash and cash equivalents—end of year	<u>\$ 4,241,280</u>	<u>\$ 7,035,669</u>
<i>Supplementary cash flow information:</i>		
Interest received	\$ 4,094	\$ 170
Interest paid	\$ 4,502	\$ 15,989

See Accompanying Notes to the Financial Statements

PLANET GREEN HOLDINGS CORP.
(F/K/A AMERICAN LORAIN CORPORATION)
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

1. Organization and Principal Activities

Planet Green Holdings Corp. (the “Company” or “PLAG”), a Nevada corporation, engages in the businesses of (i) growing, developing, manufacturing, and marketing fresh foods, spices, convenience foods and tea products through its subsidiaries and VIEs in China and (ii) operating a demand side platform targeting the Chinese education market in North America.

2. Summary of Significant Accounting Policies

Method of accounting

Management has prepared the accompanying financial statements and these notes in accordance to generally accepted accounting principles in the United States (“GAAP”). The Company maintains its general ledger and journals with the accrual method accounting.

Principles of consolidation

The accompanying consolidated financial statements include the assets, liabilities, and results of operations of the Company, and its subsidiaries, which are listed below:

Name of company	Place of incorporation	Attributable equity interest %	Registered capital
Planet Green Holdings Corporation	British Virgin Islands	100	\$ 10,000
Lucky Sky Holdings Corporations (HK) Limited	Hong Kong	100	1,277
Lucky Sky Planet Green Holdings Co., Limited	Hong Kong	100	0.13
Lucky Sky Petrochemical Technology (Xianning) Co., Ltd.	PRC	100	2,000,000
Fast Approach, Inc.	Canada	100	71
Shanghai Shuning Advertising Co., Ltd.	PRC	100	70,571
Taishan Muren Agriculture Co., Ltd.	PRC	VIE	1,913,049
Lorain Food Stuff (Shenzhen) Co., Ltd.	PRC	VIE	80,000
Xianning Bozhuang Tea Products Co., Ltd.	PRC	VIE	6,277,922

Planet Green Holdings Corp.

Notes to Financial Statements

Management has eliminated all significant inter-company balances and transactions in preparing the accompanying consolidated financial statements. Ownership interests of subsidiaries that the Company does not wholly-own are accounted for as non-controlling interests.

On May 18, 2018, the Company incorporated Planet Green Holdings Corporation, a limited company incorporated in the British Virgin Islands. On September 27, 2018, the Company acquired Lucky Sky HK and Shanghai Xunyang, a wholly foreign-owned enterprise incorporated in Shanghai, China. The formation and acquisition of these companies was to implement the Company's restructuring plans.

On August 12, 2019, through Lucky Sky HK, the Company established Lucky Sky Petrochemical, a wholly foreign-owned enterprise incorporated in Xianning City, Hubei Province, China.

On December 20, 2019, the Company sold 100% of equity interest in Shanghai Xunyang.

On June 5, 2020, the Company acquired all of the outstanding equity interests of Fast Approach, a corporation incorporated under the laws of Canada and in the business of operation of a demand side platform targeting the Chinese education market in North America.

On May 29, 2020, the Company incorporated Lucky Sky Planet Green Holdings Co., Limited, a limited company incorporated in the Hong Kong.

On June 16, 2020, Lucky Sky HK transfer 100% of the shares held by Lucky Sky Petrochemical transferred to Lucky Sky Planet Green.

Consolidation of Variable Interest Entities

VIEs are entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders lack adequate decision-making ability. Any VIE with which the Company is involved must be evaluated to determine the primary beneficiary of the risks and rewards of the VIE. Management makes ongoing reassessments of whether the Company is the primary beneficiary of its VIEs.

On September 27, 2018, through Shanghai Xunyang Internet Technology Co. Ltd. ("Shanghai Xunyang"), the Company entered into exclusive arrangements with Beijing Lorain Co., Ltd., Luotian Lorain Co., Ltd., Shandong Greenpia Foodstuff Co., Ltd., Taishan Muren Agriculture Co. Ltd. ("Taishan Muren") and Lorain Foodstuff (Shenzhen) Co., Ltd. ("Shenzhen Lorain") and its shareholders that give the Company the ability to substantially influence Shenzhen Lorain's daily operations and financial affairs and appoint its senior executives. The Company is considered the primary beneficiary of these companies and it consolidates its accounts as a VIE.

On May 9, 2019, the Company entered into a Share Purchase Agreement (the "Purchase Agreement") with Xianning Bozhuang Tea Products Co., Ltd. ("Xianning Bozhuang"), a company incorporated in China engaging in the sale of tea products, and its shareholders ("Bozhuang Shareholders"). Pursuant to the Purchase Agreement, the Company issued an aggregate of 1,080,000 shares of its common stock to the Bozhuang Shareholders, in exchange for Bozhuang Shareholders' agreement to enter into, and their agreement to cause Xianning Bozhuang to enter into, certain VIE Agreements with Shanghai Xunyang, through which Shanghai Xunyang shall have the right to control, manage and operate Xianning Bozhuang in return for a service fee approximately equal to 100% of Xianning Bozhuang's net income ("Bozhuang Acquisition"). On May 14, 2019, Shanghai Xunyang entered into a series of VIE Agreements with Xianning Bozhuang and Bozhuang Shareholders. The VIE Agreements are designed to provide Shanghai Xunyang with the power, rights and obligations equivalent in all material respects to those it would possess as the sole equity holder of Xianning Bozhuang, including absolute rights to control the management, operations, assets, property and revenue of Xianning Bozhuang. The Bozhuang Acquisition closed on May 14, 2019. Starting on May 14, 2019, the

Company's business activities added the production line of green tea and black tea and sales of tea products, of which business activities are carried out in Xianning City, Hubei Province, China. The Company consolidated Xianning Bozhuang's accounts as its VIE.

Planet Green Holdings Corp.

Notes to Financial Statements

On December 20, 2019, through Lucky Sky Petrochemical Technology (Xianning) Co., Ltd. (“WFOE”), the Company entered into exclusive VIE agreements with Taishan Muren, Xianning Bozhuang and Shenzhen Lorain and their shareholders that give the Company the ability to substantially influence those companies’ daily operations and financial affairs and appoint their senior executives. The Company is considered the primary beneficiary of these operating companies and it consolidates their accounts as VIEs. The VIE agreements are described in detail below:

Consultation and Service Agreement

Pursuant to the Consultation and Service Agreement, WFOE has the exclusive right to provide consultation and services to the operating entities in China in the area of business management, human resource, technology and intellectual property rights. WFOE exclusively owns any intellectual property rights arising from the performance of this Consultation and Service Agreement. The amount of service fees and payment term can be amended by the WFOE and operating companies’ consultation and the implementation. The term of the Consultation and Service Agreement is 20 years. WFOE may terminate this agreement at any time by giving 30 day’s prior written notice.

Business Cooperation Agreement

Pursuant to the Business Cooperation Agreement, WFOE has the exclusive right to provide complete technical support, business support and related consulting services, including but not limited to technical services, business consultations, equipment or property leasing, marketing consultancy, system integration, product research and development, and system maintenance. WFOE exclusively owns any intellectual property rights arising from the performance of this Business Cooperation Agreement. The rate of service fees may be adjusted based on the services rendered by WFOE in that month and the operational needs of the operating entities. The Business Cooperation Agreement shall maintain effective unless it was terminated or was compelled to terminate under applicable PRC laws and regulations. WFOE may terminate this Business Cooperation Agreement at any time by giving 30 day’s prior written notice.

Equity Pledge Agreements

Pursuant to the Equity Pledge Agreements among WFOE, operating entities and each of operating entities’ shareholder, shareholders of the operating entities pledge all of their equity interests in the operating entities to WFOE to guarantee their performance of relevant obligations and indebtedness under the Technical Consultation and Service Agreement and other control agreements. In addition, shareholders of the operating entities are in the process of registering the equity pledge with the competent local authority.

Equity Option Agreements

Pursuant to the Equity Option Agreements, WFOE has the exclusive right to require each shareholder of the operating companies to fulfill and complete all approval and registration procedures required under PRC laws for WFOE to purchase, or designate one or more persons to purchase, each shareholder’s equity interests in the operating companies, once or at multiple times at any time in part or in whole at WFOE’s sole and absolute discretion. The purchase price shall be the lowest price allowed by PRC laws. The Equity Option Agreements shall remain effective until all the equity interest owned by each operating entities shareholder has been legally transferred to WFOE or its designee(s).

Voting Rights Proxy Agreements

Pursuant to the Voting Rights Proxy Agreements, each shareholder irrevocably appointed WFOE or WFOE’s designee to exercise all his or her rights as the shareholders of the operating entities under the Articles of Association of each operating entity, including but not limited to the power to exercise all shareholder’s voting

rights with respect to all matters to be discussed and voted in the shareholders' meeting. The term of each Voting Rights Proxy Agreement is 20 years. WOFE has the right to extend each Voting Proxy Agreement by giving written notification.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made; however, actual results could differ materially from those estimates.

Planet Green Holdings Corp.

Notes to Financial Statements

Cash and cash equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Investment securities

The Company classifies securities it holds for investment purposes into trading or available-for-sale. Trading securities are bought and held principally for the purpose of selling them in the near term. All securities not included in trading securities are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Unrealized holding gains and losses on trading securities are included in the net income. Unrealized holding gains and losses, net of the related tax effect, on available for sale securities are excluded from net income and are reported as a separate component of other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific-identification basis.

A decline in the market value of any available-for-sale security below cost that is deemed to be other-than-temporary results in a reduction in carrying amount to fair value. The impairment is charged as an expense to the statement of income and comprehensive income and a new cost basis for the security is established. To determine whether impairment is other-than-temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year end, and forecasted performance of the investee.

Premiums and discounts are amortized or accreted over the life of the related available-for-sale security as an adjustment to yield using the effective-interest method. Dividend and interest income are recognized when earned.

Trade receivables

Trade receivables are recognized and carried at the original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Inventories

Inventories consist of raw materials and finished goods which are stated at the lower of cost or market value. Finished goods are comprised of direct materials, direct labor, inbound shipping costs, and allocated overhead. The Company applies the weighted average cost method to its inventory.

Advances and prepayments to suppliers

The Company makes advance payment to suppliers and vendors for the procurement of raw materials. Upon physical receipt and inspection of the raw materials from suppliers the applicable amount is reclassified from advances and prepayments to suppliers to inventory.

Plant and equipment

Plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided over their estimated useful lives, using the straight-line method. The Company typically applies a salvage value of 0% to

10%. The estimated useful lives of the plant and equipment are as follows:

Buildings	20-40 years
Landscaping, plant and tree	30 years
Machinery and equipment	1-10 years
Motor vehicles	5-10 years
Office equipment	5-20 years

Planet Green Holdings Corp.

Notes to Financial Statements

The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts, and any gain or loss are included in the Company's results of operations. The costs of maintenance and repairs are recognized to expenses as incurred; significant renewals and betterments are capitalized.

Intangible assets

Intangible assets are carried at cost less accumulated amortization. Amortization is provided over their useful lives, using the straight-line method. The estimated useful lives of the intangible assets are as follows:

Land use rights	50 years
Software licenses	2 years
Trademarks	10 years

Construction in progress and prepayments for equipment

Construction in progress and prepayments for equipment represent direct and indirect acquisition and construction costs for plants, and costs of acquisition and installation of related equipment. Amounts classified as construction in progress and prepayments for equipment are transferred to plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. Depreciation is not provided for assets classified in this account.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in a business combination. The Company conducts an annual assessment of its goodwill for impairment. If the carrying value of its goodwill exceeds its fair value, then impairment has incurred; accordingly, a charge to the Company's results of operations will be recognized during the period. Fair value is generally determined using a discounted expected future cash flow analysis.

Accounting for the impairment of long-lived assets

The Company annually reviews its long-lived assets for impairment or whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Impairment may be the result of becoming obsolete from a change in the industry, introduction of new technologies, or if the Company has inadequate working capital to utilize the long-lived assets to generate the adequate profits. Impairment is present if the carrying amount of an asset is less than its expected future undiscounted cash flows.

If an asset is considered impaired, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the asset. Assets to be disposed are reported at the lower of the carrying amount or fair value less costs to sell.

Statutory reserves

Statutory reserves are referring to the amount appropriated from the net income in accordance with laws or regulations, which can be used to recover losses and increase capital, as approved, and are to be used to expand production or operations. PRC laws prescribe that an enterprise operating at a profit must appropriate and reserve, on an annual basis, an amount equal to 10% of its profit. Such an appropriation is necessary until the reserve reaches a maximum that is equal to 50% of the enterprise's PRC registered capital.

Foreign currency translation

The accompanying financial statements are presented in United States dollars. The functional currencies of the

Company are the Renminbi (“RMB”). The Company’s assets and liabilities are translated into United States dollars from RMB at year-end exchange rates, and its revenues and expenses are translated at the average exchange rate during the period. Capital accounts are translated at their historical exchange rates when the capital transactions occurred.

	<u>6/30/2020</u>	<u>12/31/2019</u>	<u>6/30/2019</u>
Period/year end RMB: US\$ exchange rate	7.0795	6.9762	6.7801
Period/annual average RMB: US\$ exchange rate	7.0292	6.8967	6.8656

Planet Green Holdings Corp.

Notes to Financial Statements

The RMB is not freely convertible into foreign currencies and all foreign exchange transactions must be conducted through authorized financial institutions.

Revenue recognition

The Company adopted ASC 606 “Revenue Recognition”, and recognizes revenue when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

The Company derives its revenues from the sale of fresh foods, spices, convenience foods and tea products. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfils its obligations under each of its agreements:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognize revenue as the performance obligation is satisfied.

Advertising

All advertising costs are expensed as incurred.

Shipping and handling

All outbound shipping and handling costs are expensed as incurred.

Research and development

All research and development costs are expensed as incurred.

Retirement benefits

Retirement benefits in the form of mandatory government sponsored defined contribution plans are charged to the either expenses as incurred or allocated to inventory as part of overhead.

Income taxes

The Company accounts for income tax using an asset and liability approach and allows for recognition of deferred tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future realization is uncertain.

Comprehensive income

The Company uses Financial Accounting Standards Board (“FASB”) ASC Topic 220, “Reporting Comprehensive Income.” Comprehensive income is comprised of net income and all changes to the statements of stockholders’ equity, except the changes in paid-in capital and distributions to stockholders due to investments by stockholders.

Earnings per share

The Company computes earnings per share (“EPS”) in accordance with ASC Topic 260, “Earnings per share”. 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 presents the dilutive effect on a per share basis from the potential conversion of convertible securities or the exercise of options and or warrants; the dilutive effects of potentially convertible securities are calculated using the as-if method; the potentially dilutive effect of options or warrants are calculated using the treasury stock method. Securities that are potentially 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.

Planet Green Holdings Corp.

Notes to Financial Statements

Financial instruments

The Company's financial instruments, including cash and equivalents, accounts and other receivables, accounts and other payables, accrued liabilities and short-term debt, have carrying amounts that approximate their fair values due to their short maturities. ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1 - inputs to the valuation methodology used quoted prices for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, "Distinguishing Liabilities from Equity," and ASC 815.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties 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.

Unaudited interim financial information

These unaudited interim condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial reporting and the rules and regulations of the SEC that permit reduced disclosure for interim periods. Therefore, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented have been made. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the year ending December 31, 2020.

The consolidated balance sheets and certain comparative information as of December 31, 2019 are derived from the audited consolidated financial statements and related notes for the year ended December 31, 2019 ("2019 Annual Financial Statements"), included in the Company's 2019 Annual Report on Form 10-K for the year ended December 31, 2019. These unaudited interim condensed consolidated financial statements should be read in conjunction with the 2019 Annual Financial Statements.

Recent accounting pronouncements

In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The amendments in this Update affect any entity 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 in this

Update are effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The amendments in this Update should be applied 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. The Company does not believe the adoption of this ASU would have a material effect on the Company's condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820), – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,*" which makes a number of changes meant to add, modify or remove certain disclosure requirements associated with the movement amongst or hierarchy associated with Level 1, Level 2 and Level 3 fair value measurements. The amendments in this update modify the disclosure requirements on fair value measurements based on the concepts in FASB Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements, including the consideration of costs and benefits. 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. The amendments are effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted. The Company does not believe the adoption of this ASU would have a material effect on the Company's condensed consolidated financial statements.

The Company is evaluating the timing and the impact of the aforesaid guidance on the financial statements.

Planet Green Holdings Corp.

Notes to Financial Statements

3. Restricted Cash

Restricted cash represents interest bearing deposits placed with banks to secure banking facilities in the form of loans and notes payable. The funds are restricted from immediate use and are designated for settlement of loans or notes when they become due.

4. Trade Receivables

The Company extends credit terms of 15 to 60 days to the majority of its domestic customers, which include third-party distributors, supermarkets and wholesalers.

	<u>6/30/2020</u>	<u>12/31/2019</u>
Trade accounts receivable	\$ 2,177,343	\$ 1,615,245
<i>Less: Allowance for doubtful accounts</i>	(493,821)	(499,034)
	<u>\$ 1,683,522</u>	<u>\$ 1,116,211</u>

Allowance for doubtful accounts:

Beginning balance	\$ (499,034)	\$ -
Reclassified to discontinued operations	-	-
Additions to allowance	(2,083)	(499,034)
Bad debt written-off	7,296	-
Ending balance	<u>\$ (493,821)</u>	<u>\$ (499,034)</u>

5. Inventories

As of June 30, 2020 and December 31, 2019, inventories consisted of the following:

	<u>6/30/2020</u>	<u>12/31/2019</u>
Raw material	\$ 568,181	\$ 640,990
Inventory of Supplies	10,975	12,489
Work in progress	961,255	1,071,363
Finished goods	572,740	221,706
	<u>\$ 2,113,151</u>	<u>\$ 1,946,548</u>

6. Plant and Equipment

As of June 30, 2020 and December 31, 2019, property, plant, and equipment consisted of the following:

	<u>6/30/2020</u>	<u>12/31/2019</u>
At Cost:		
Buildings	\$ 4,733,932	\$ 4,512,606
Machinery and equipment	975,266	980,196
Office Equipment	54,411	53,376
Motor vehicles	148,217	150,412
Lemon trees, mint plants, pepper trees	313,206	317,720
	<u>\$ 6,225,032</u>	<u>\$ 6,014,310</u>
<i>Less: Accumulated depreciation</i>	<u>(1,192,723)</u>	<u>(1,041,610)</u>

Depreciation expense for the six months ended June 30, 2020 and 2019 was \$167,501 and \$205,027, respectively.

Planet Green Holdings Corp.

Notes to Financial Statements

7. Intangible Assets

	<u>6/30/2020</u>	<u>12/31/2019</u>
At Cost:		
Land use rights	\$ 739,278	\$ 750,224
Software licenses	2,514	2,552
Trademark	882,125	895,187
	<u>\$ 1,623,917</u>	<u>\$ 1,647,963</u>
<i>Less: Accumulated depreciation</i>	<u>(179,952)</u>	<u>(114,036)</u>
	<u>\$ 1,443,965</u>	<u>\$ 1,533,927</u>

Land use rights: The land use rights of a parcel of industrial land of 31,585 square meters was obtained on April 15, 2019 with a consideration of \$750,224. The land is located at Xianning City, Hubei Province, China with the land use right valid until June 12, 2068.

Trademark: A tea brand trademark was obtained on March 28, 2014 with a consideration of \$895,187. The trademark was registered with the China National Intellectual Property Administration under registration number of 16964992A.

Amortization expense for the six months ended June 30, 2020 and 2019 was \$68,063 and \$47,780, respectively.

8. Bank Loans

As of June 30, 2020 and December 31, 2019, short-term bank loans consisted of the following:

Short-term Bank Loans	<u>6/30/2020</u>	<u>12/31/2019</u>
<i>Loan from China Construction Bank, Taishan Branch</i>		
• Interest rate at 3.915% per annum; due 12/12/2020	134,059	136,044
• Interest rate at 5.0025% per annum; due 1/17/2021	70,485	-
• Interest rate at 4.5025% per annum; due 4/25/2021	40,963	-
	<u>\$ 245,507</u>	<u>\$ 136,044</u>

The short-term loans, which are denominated in RMB, were primarily obtained for general working capital purpose. \$134,059 was secured by Yongjun Huang's bank certificate of deposit. Yongjun Huang is the President of Taishan Muren. \$70,485 and \$40,963 are from the line of credit of *China Construction Bank, Taishan Branch*.

9. Related Parties Transaction

As of June 30, 2020 and December 31, 2019, the outstanding balance due to related parties was \$28,444 and \$2,027,729, respectively.

As of June 30, 2020 and December 31, 2019, the outstanding balance due to Mr. Bin Zhou, Chief Executive Officer and Chairman of the Company was \$743 and \$2,003,390, respectively. Both are advances for working capital of the Company, non-interest bearing, and unsecured, unless further disclosed.

As of June 30, 2020 and December 31, 2019, the outstanding balance due to Mr. Yong Jun Huang, the President

of Taishan Muren, was \$18,901 and \$16,885, respectively. Both are advances for working capital of the Company, non-interest bearing, and unsecured, unless further disclosed.

As of June 30, 2020 and December 31, 2019, the outstanding balance due to Mr. Ming Yue Cai, the President of Shenzhen Lorain, was \$8,800 and \$7,454, respectively. Both are advances for working capital of the Company, non-interest bearing, and unsecured, unless further disclosed.

10. Equity

On June 5, 2020, the Company issued an aggregate of 1,800,000 shares of its common stock to acquire all of the outstanding equity interest of Fast Approach Inc., a corporation incorporated under the laws of Canada and in the business of operating a demand side platform targeting the Chinese education market in North America.

Planet Green Holdings Corp.

Notes to Financial Statements

11. Income Taxes

All of the Company's continuing operations are located in the PRC. The corporate income tax rate in the PRC is 25%.

The following tables provide the reconciliation of the differences between the statutory and effective tax expenses for the six months ended June 30, 2020 and 2019:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Loss attributed to PRC operations	\$ (585,269)	\$ (251,715)
Loss attributed to U.S. operations	(122,200)	-
Loss before tax	<u>\$ (707,469)</u>	<u>\$ (251,715)</u>
PRC Statutory Tax at 25% Rate	-	56,095
Effect of tax exemption granted	-	-
Income tax	<u>\$ -</u>	<u>\$ 56,095</u>

Per Share Effect of Tax Exemption

	<u>6/30/2020</u>	<u>6/30/2019</u>
Effect of tax exemption granted	\$ -	\$ -
Weighted-Average Shares Outstanding Basic	8,332,697	5,901,411
Per share effect	<u>\$ -</u>	<u>\$ -</u>

The difference between the U.S. federal statutory income tax rate and the Company's effective tax rate was as follows for the three months ended June 30, 2020 and 2019:

	<u>6/30/2020</u>	<u>6/30/2019</u>
U.S. federal statutory income tax rate	21%	21%
Higher (lower) rates in PRC, net	4%	4%
Expenses not deductible to taxable income	(25)%	(47.3)%
The Company's effective tax rate	<u>0%</u>	<u>(22.3)%</u>

12. Earnings/(Loss) Per Share

Components of basic and diluted earnings per share were as follows:

	For the six months ended June 30,	
	<u>2020</u>	<u>2019</u>
Basic and diluted (loss) earnings per share numerator:		
Net loss	\$ (707,469)	(307,810)
Basic and diluted (loss) earnings per share denominator:		
Original Shares:	7,877,765	5,497,765
<i>Additions from Actual Events - Issuance of Common Stock</i>	454,932	403,646
Basic Weighted Average Shares Outstanding	<u>8,332,697</u>	<u>5,901,411</u>
Income/(loss) per share - Basic and diluted	(0.08)	(0.05)

Weighted Average Shares Outstanding - Basic and diluted	8,332,697	5,901,411
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Planet Green Holdings Corp.

Notes to Financial Statements

13. Lease Commitments

During the year ended December 31, 2016, Taishan Muren entered into one operating lease agreement leasing one plot of land where biological assets are grown, one building, and farming facilities. During the year ended December 31, 2017, Taishan Muren entered into two operating lease agreements leasing three additional plots of land where biological assets are grown and two buildings. During the year ended December 31, 2018, Taishan Muren entered into two operating lease agreements for two buildings.

As of the date of this report, the leases of the Company are as follows:

Lease	Date Commenced	Date of expiration
Lease #1	March 1, 2016	February 28, 2031
Lease #2	January 1, 2017	February 28, 2031
Lease #3	January 1, 2017	February 28, 2031
Lease #4	January 1, 2018	February 28, 2031
Lease #5	June 1, 2018	February 28, 2031

Effective January 1, 2019, the Company adopted ASU 2016-02, "Leases" (Topic 842), and elected the package of practical expedients that does not require us to reassess: (1) whether any expired or existing contracts are, or contain, leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. The Company adopted the practical expedient that allows lessees to treat the lease and non-lease components of a lease as a single lease component. The impact of the adoption on January 1, 2019 increased the right-of-uses and lease liabilities by approximately \$421,382.

Upon adoption of ASU 2016-02, the Company recognized lease liabilities of approximately \$421,382, with corresponding right-of-use assets of the same amount based on the present value of the future minimum rental payments of the new lease, using an effective interest rate of 5.0025%, which is determined using an incremental borrowing rate.

The weighted average remaining lease term of its existing leases is 13.3 years.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For the six months ended June 30, 2020 and 2019, rent expenses amounted to \$22,023 and \$23,098, respectively.

The thirteen-year maturity of the Company's lease obligations is presented below:

Twelve months ending December 31,	Operating lease amount
2020	\$ 12,287
2021	26,346
2022	28,382
2023	30,345
2024	32,580
Thereafter	253,257
Total lease payment	383,197
Less: interest	(2,723)
Present value of lease liabilities	\$ 380,474

14. Other Expenses

Other expenses consisted of the following:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Other expense:		
Donation outlay	\$ (142,264)	\$ -
Other	(7,113)	(5,766)
	<u>\$ (149,377)</u>	<u>\$ (5,766)</u>

The Company donated RMB 1,000,000 (\$142,264) to the local non-profit organization for treatment and prevention of COVID-19 in local community.

Planet Green Holdings Corp.

Notes to Financial Statements

15. Risks

A. Credit risk

The Company's deposits are made with banks located in the PRC. They do not carry federal deposit insurance and may be subject to loss of the banks become insolvent.

Since the Company's inception, the age of account receivables has been less than one year indicating that the Company is subject to minimal risk borne from credit extended to customers.

B. Interest risk

The Company is subject to interest rate risk when short term loans become due and require refinancing.

C. Economic and political risks

The Company's operations are conducted in the PRC. Accordingly, the Company's business, financial condition, and results of operations may be influenced by changes in the political, economic, and legal environments in the PRC.

The Company's operations in the PRC are subject to special considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among others, the political, economic and legal environment and foreign currency exchange. The Company's results may be adversely affected by changes in the political and social conditions in the PRC, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion, remittances abroad, and rates and methods of taxation, among other things.

D. Environmental risks

The Company has procured environmental licenses required by the PRC government. The Company has both a water treatment facility for water used in its production process and secure transportation to remove waste off site. In the event of an accident, the Company has purchased insurance to cover potential damage to employees, equipment, and local environment.

E. Inflation Risk

Management of the Company monitors changes in prices levels. Historically inflation has not materially impacted the Company's financial statements; however, significant increases in the price of raw materials and labor that cannot be passed to the Company's customers could adversely impact the Company's results of operations.

16. Subsequent Events

The Company evaluates subsequent events that have occurred after the balance sheet date but before the financial statements are issued. There are two types of subsequent events: (1) recognized, or those that provide additional evidence with respect to conditions that existed at the dates of the balance sheets, including the estimates inherent in the process of preparing financial statements, and (2) non-recognized, or those that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date. The Company has analyzed its operations subsequent to June 30, 2020 to the date these unaudited condensed consolidated financial statements were issued, and has determined that it does not have any material events to disclose.

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

Overview

We are headquartered in Gaithersburg, MD. After a series of acquisitions and dispositions in 2018 and 2019, our primary business, which is carried out by Taishan Muren and Xianning Bozhuang, is:

- to develop and market products, such as sauces and tea products, from herbs and spices, in China; and
- to sell brown rice syrup and tea bags developed using our unique recipes in China.

Recent Development

Acquisition of Fast Approach

On June 5, 2020, we issued an aggregate of 1,800,000 shares of our common stock to acquire all of the outstanding equity interest of Fast Approach Inc., a corporation incorporated under the laws of Canada and in the business of operating a demand side platform targeting the Chinese education market in North America.

Coronavirus (COVID-19) Update

Recently, there is an ongoing outbreak of a novel strain of coronavirus (COVID-19) first identified in China and has since spread rapidly globally. The pandemic has resulted in quarantines, travel restrictions, and the temporary closure of stores and business facilities globally for the past few months. In March 2020, the World Health Organization declared the COVID-19 as a pandemic. Given the rapidly expanding nature of the COVID-19 pandemic, and because substantially all of our business operations and our workforce are concentrated in China, our business, results of operations and financial condition have been and will continue to be adversely affected. Potential impact to our results of operations will also depend on future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the COVID-19 or mitigate its impact, almost all of which are beyond our control.

The impacts of COVID-19 on our business, financial condition, and results of operations include, but are not limited to, the following:

- We temporarily closed our offices and production facilities to adhere to the policy from February 2020 until April 2020, as required by relevant PRC regulatory authorities. Our offices are slowly reopening pursuant to local guidelines. In the first half of 2020, the COVID-19 outbreak has caused disruptions in our manufacturing operations, which have resulted in delays in the shipment of products to certain of our customers.
- Some of our employees were in mandatory self-quarantine from January 2020 to April 2020.
- Our customers have been negatively impacted by the outbreak, which may reduce the demand of our products. As a result, our revenue and income may be negatively impacted in 2020.
- The situation may worsen if the COVID-19 pandemic continues. We will continue to closely monitor our collections throughout 2020.

A prolonged disruption or any further unforeseen delay in our operations of the manufacturing, delivery and assembly process within any of our production facilities could continue to result in delays in the shipment of products to our customers, increased costs and reduced revenue.

We cannot foresee whether the outbreak of COVID-19 will be effectively contained, nor can we predict the severity and duration of its impact. If the outbreak of COVID-19 is not effectively and timely controlled, our business operations and financial condition may be materially and adversely affected as a result of the deteriorating market outlook, the slowdown in regional and national economic growth, weakened liquidity and financial condition of our customers or other factors that we cannot foresee. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

Results of Operations

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

The following table summarizes the results of our operations during the three-month periods ended June 30, 2020 and 2019 and provides information regarding the dollar and percentage increase or (decrease) from the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

(All amounts, other than percentages, stated in thousands of U.S. dollars)

(In Thousands of USD)	Three months ended June 30,		Increase / Decrease (\$)	Increase / Decrease (%)
	2020	2019		
Net revenues	471	852	(381)	(45)
Cost of revenues	288	771	(483)	(63)
Gross profit	184	81	103	127
Operating expenses:				
Selling and marketing expenses	19	19	-	-
General and administrative expenses	277	353	(76)	(22)
Operating loss	(112)	(293)	181	(62)
Interest and other income	4	(1)	5	(500)
Other expenses	(6)	(6)	-	-
Interest expense	(3)	(16)	13	(81)
Loss before tax	(118)	(316)	198	(63)
Net loss	(118)	(316)	198	(63)

Revenue

Net Revenues. Our net revenues for the three months ended June 30, 2020 amounted to \$0.47 million, which represents a decrease of approximately \$0.38 million, or 45%, from \$0.85 million for the three months ended June 30, 2019. This decrease was mainly due to a reduction in demand of our products caused by the COVID-19 pandemic.

Cost of Revenues. During the three months ended June 30, 2020, we experienced a decrease in cost of revenue of \$0.48 million or 63%, in comparison to the three months ended June 30, 2019, from approximately \$0.77 million to \$0.29 million. This decrease was mainly due to reduced sales.

Gross Profit. Our gross profit increased by \$0.1 million, or 127%, to \$0.18 million for the three months ended June 30, 2020 from \$0.08 million for the three months ended June 30, 2019. This increase was mainly due to increased sales of tea products with higher gross margins.

Operating Expenses

Selling and Marketing Expenses. Our selling and marketing expenses have not changed at all compared with the same period last year.

General and Administrative Expenses. We experienced a decrease in general and administrative expense of \$0.08 million from \$0.35 million to approximately \$0.28 million for the three months ended June 30, 2020, compared to the three months ended June 30, 2019. This decrease was mainly due to the decrease in professional service fees.

Net Loss

Our net loss decreased by \$0.2 million or 62%, to \$0.12 million net loss for the three months ended June 30, 2020 from \$0.32 million net loss for the three months ended June 30, 2019. Such decrease was primarily the result of increased sales of tea products with higher gross margins.

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

The following table summarizes the results of our operations during the six-month periods ended June 30, 2020 and 2019, respectively, and provides information regarding the dollar and percentage increase or decrease from the six-month period ended June 30, 2020 compared to the six-month period ended June 30, 2019.

(All amounts, other than percentages, stated in thousands of U.S. dollars)

(In Thousands of USD)	Six months ended		Increase / Decrease (\$)	Increase / Decrease (%)
	June 30, 2020	2019		
Net revenues	1,306	1,930	(624)	(32)
Cost of revenues	1,140	1,551	(411)	(26)
Gross profit	166	379	(213)	(56)
Operating expenses:				
Selling and marketing expenses	27	19	8	42
General and administrative expenses	699	588	111	19
Operating loss	(560)	(229)	(789)	(345)
Interest and other income	6	(1)	7	(700)
Other expenses	(149)	(6)	(143)	2,383
Interest expense	(5)	(16)	11	(69)
Loss before tax	(707)	(252)	(455)	181
Income tax expense	-	56	(56)	(100)
Net loss	(707)	(308)	(399)	130

Revenue

Net Revenues. Our net revenues for the six months ended June 30, 2020 amounted to \$1.3 million, which represents a decrease of approximately \$0.6 million, or 32%, from \$1.9 million for the six months ended June 30, 2019. This decrease was mainly due to a reduction in demand of our products caused by the COVID-19 pandemic.

Cost of Revenues. During the six months ended June 30, 2020, we experienced a decrease in cost of revenue of \$0.4 million or 26%, in comparison to the six months ended June 30, 2019, from approximately \$1.5 million to \$1.1 million. This decrease was mainly due to reduced sales.

Gross Profit. Our gross profit decreased by \$0.21 million, or 56%, to \$0.17 million for the six months ended June 30, 2020 from \$0.38 million for the six months ended June 30, 2019. This decrease was mainly due to decreased sales of spices with higher gross margin.

Operating Expenses

Selling and Marketing Expenses. Our selling and marketing expenses increased by \$0.008 million, or 42%, to \$0.03 million for the six months ended June 30, 2020 from \$0.02 million for the six months ended June 30, 2019. This increase was mainly due to our effort to expand our business.

General and Administrative Expenses. We experienced an increase in general and administrative expense of \$0.11 million from \$0.59 million to approximately \$0.70 million for the six months ended June 30, 2020, compared to the six months ended June 30, 2019. This increase was mainly due to the increase in intermediary service fees.

Net Loss

Our net loss increased by \$0.4 million or 130%, to \$0.7 million net loss for the six months ended June 30, 2020 from \$0.3 million net loss for the six months ended June 30, 2019. Such increase was primarily the result of the impact of COVID-19, resulting in lower revenue and thus net loss.

Liquidity and Capital Resources

In the reporting period in 2020, our primary sources of financing have been cash generated from operations and private placements. We raised funds in the following private placement in the first quarter of 2020:

On February 10, 2020, we entered into a securities purchase agreement with Mengru Xu and Zhichao Du, pursuant to which Ms. Xu and Mr. Du agreed to invest an aggregate of \$3.51 million in the Company in exchange for an aggregate of 1,350,000 shares of our common stock, representing a purchase price of approximately \$2.60 per share.

General

Management anticipates that our existing capital resources and anticipated cash flows from operations are adequate to satisfy our liquidity requirements for the next 12 months. Our primary capital needs have been to fund our working capital requirements. In the past, our primary sources of financing have been cash generated from operations and financing activities.

As of June 30, 2020, we had cash and cash equivalents (including restricted cash) of \$4.24 million. The debt to assets ratio was 13.6% and 19.9% as of June 30, 2020 and December 31, 2019, respectively. We expect to continue to finance our operations and working capital needs in 2020 from cash generated from operations and, if needed, private financings. If available liquidity is not sufficient to meet our operating and loan obligations as they come due, our plans include pursuing alternative financing arrangements or reducing expenditures as necessary to meet our cash requirements. However, there is no assurance that we will be able to raise additional capital or reduce discretionary spending to provide liquidity, if needed. We cannot be sure of the availability or terms of any alternative financing arrangements.

The following table provides detailed information about our net cash flow for all financial statement periods presented in this report.

Cash Flow (In thousands)

	For the Six Months Ended	
	June 30,	
	2020	2019
Net cash used in operating activities	(6,377)	(2,162)
Net cash used in investing activities	(332)	(658)
Net cash provided by financing activities	3,622	8,815
Net cash flow	(3,087)	5,995

Operating Activities

Net cash used in operating activities was \$6.4 million and \$0.2 million for the six months ended June 30, 2020 and 2019,

respectively. Net cash used in operating activities was mainly due to an increase of \$1.5 million in accounts and other receivables, a decrease of \$1.6 million in payables and other current liabilities and an increase of \$2.5 million in prepayments and other current assets.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2020 was \$0.3 million, representing a decrease of \$0.3 million in net cash used in investing activities from \$0.6 million for the same period of 2019. This was mainly due to a decrease in the investment of fixed assets.

Financing Activities

Net cash provided by financing activities for the six months period ended June 30, 2020 was \$3.6 million, representing a decrease of \$5.2 million in net cash provided by financing activities from \$8.8 million for the same period of 2019. This is mainly due to a decrease in private financing.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires our management to make assumptions, estimates and judgments that affect the amounts reported in our financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. We consider our critical accounting policies to be those that require significant judgments and estimates in the preparation of financial statements, including those set forth in Note 2 to the financial statements included herein.

Off-Balance Sheet Arrangements

We do not have any off-balance arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including to our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15 under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2020. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2020, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed, our disclosure controls and procedures were not effective due to the continuing material weakness in our internal control over financial reporting.

The material weakness and significant deficiency identified by our management as of June 30, 2020 relates to the ability of the Company to record transactions and provide disclosures in accordance with GAAP. We did not have sufficient and skilled accounting personnel with an appropriate level of experience in the application of GAAP commensurate with our financial reporting requirements. For example, our staff members do not hold licenses such as Certified Public Accountant or Certified Management Accountant in the United States, have not attended United States institutions for training as accountants, and have not attended extended educational programs that would provide sufficient relevant education relating to GAAP. Our staff will require substantial training to meet the demands of a U.S. public company and our staff's understanding of the requirements of GAAP-based reporting is inadequate.

We plan to provide GAAP training sessions to our accounting team. The training sessions will be organized to help our corporate accounting team gain experience in GAAP reporting and to enhance their awareness of new and emerging pronouncements with potential impact over our financial reporting. We plan to continue to recruit experienced and professional accounting and financial personnel and participate in educational seminars, tutorials, and conferences and employ more qualified accounting staff in future.

Changes in Internal Controls over Financial Reporting.

During the three months ended June 30, 2020, there were no changes in our internal control over financial reporting identified in connection with the evaluation performed during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations over Internal Controls.

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

We are a smaller reporting company and accordingly we are not required to provide information required by this Item.

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

On June 5, 2020, the Company issued an aggregate of 1,800,000 shares of its common stock to acquire all of the outstanding equity interest of Fast Approach Inc., a corporation incorporated under the laws of Canada and in the business of operating a demand side platform targeting the Chinese education market in North America.

The issuance of the securities was exempt from the registration requirements of the Securities Act, pursuant to Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of this report.

Exhibit

No.	Description
10.1	<u>Share Exchange Agreement, dated as of June 5, 2020, by and among Planet Green Holdings Corp., Fast Approach, Inc. and sellers named therein (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on June 10, 2020) #</u>
10.2	<u>Form of Lock-Up Agreement (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed with the SEC on June 10, 2020)</u>
10.3	<u>Form of Non-Competition and Non-Solicitation Agreement (incorporated by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed with the SEC on June 10, 2020)</u>
31.1	<u>Certification of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
31.2	<u>Certification of Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
32.1	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u>
32.2	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**</u>
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase *
101.DEF	XBRL Taxonomy Extension Definition Linkbase *
101.LAB	XBRL Taxonomy Extension Label Linkbase *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase *

* Filed herewith.

** Furnished herewith.

The exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

SIGNATURES

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

Date: July 31, 2020

PLANET GREEN HOLDINGS CORP.

/s/ Bin Zhou

Bin Zhou
Chief Executive Officer
(Principal Executive Officer)

/s/ Lili Hu

Lili Hu
Chief Financial Officer
(Principal Financial and Accounting Officer)