

Dongxing International Inc.
Form 10-Q
August 05, 2016
U. S. Securities and Exchange Commission

Washington, D. C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2016

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-54112

**DONGXING
INTERNATIONAL
INC.**

(Exact Name of
Registrant in its
Charter)

Delaware 16-1783194
(State or
Other
Jurisdiction of (I.R.S.
incorporation Employer I.D.
or No.)
organization)

3F, No. 26, Hengshan Road,
Nangang District, Harbin,
Heilongjiang Province, P.R.
China 150001

(Address of Principal
Executive Offices)

Issuer's Telephone

Number:

86-1394-000887

(Registrant's
telephone number,
including area code)

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

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

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

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

August 5, 2016

Common Voting Stock: 10,000,000

DONGXING INTERNATIONAL INC.
(f/k/a APEX 1, INC.)

BALANCE SHEETS
(Unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash	\$ —	\$ —
Total Assets	\$ —	\$ —
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accrued expenses	\$ —	\$ 452
Total Current Liabilities	—	452
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; none issued and outstanding		
Common stock, \$0.0001 par value, 250,000,000 shares authorized; 10,000,000 shares issued and outstanding	1,000	1,000
Capital in excess of par value	151,652	140,615
Accumulated deficit	(152,652)	(142,067)
Total Stockholders' Equity (Deficit)	—	(452)
Total Liabilities and Stockholders' Equity (Deficit)	\$ —	\$ —

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

DONGXING INTERNATIONAL INC.
(f/k/a APEX 1, INC.)

STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	\$—	\$—	\$—	\$—
Operating Expenses				
General & Administrative	575	—	1,385	—
Professional Fees	1,856	—	9,200	—
Total Operating Expenses	2,431	—	10,585	—
Loss From Operations	(2,431)	—	(10,585)	—
Net Loss	\$(2,431)	\$—	\$(10,585)	\$—
Net loss per share - basic and diluted	\$(0.00)	\$—	\$(0.00)	\$—
Weighted average shares outstanding (basic and diluted)	10,000,000	10,000,000	10,000,000	10,000,000

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

DONGXING INTERNATIONAL INC.
(f/k/a APEX 1, INC.)

STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(10,585)	\$ —
Adjustments to reconcile net loss to cash used in operating activities:		
Change in operating assets and liabilities:		
(Decrease) increase in accrued expenses	(452)	—
Net cash used in operating activities	(11,037)	—
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital Contribution	11,037	—
Net cash provided by financing activities	11,037	—
Net change in cash	—	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	\$—	\$ —
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the periods for:		
Interest	\$—	\$ —
Income taxes	\$—	\$ —

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

DONGXING INTERNATIONAL, INC.

(f/k/a APEX 1, INC.)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

NOTE 1. INTERIM UNAUDITED FINANCIAL STATEMENTS

The balance sheet of Dongxing International Inc. (formerly known as Apex 1, Inc.) (the “Company”) as of June 30, 2016, and the statements of operations and cash flows for the three and six months then ended, have not been audited. However, in the opinion of management, such information includes all adjustments (consisting only of normal recurring adjustments) which are necessary to properly reflect the financial position of the Company as of June 30, 2016, and the results of its operations and cash flows for the three and six months then ended.

Certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. Interim period results are not necessarily indicative of the results to be achieved for an entire year. These financial statements should be read in conjunction with the financial statements and notes to financial statements included in the Company’s financial statements as filed on Form 10-K for the fiscal year ended December 31, 2015.

NOTE 2. ORGANIZATION AND DESCRIPTION OF BUSINESS

Dongxing International Inc. was incorporated under the laws of the State of Delaware on June 21, 2010 and has been inactive since inception. The Company intends to serve as a vehicle to effect an asset acquisition, merger, exchange of capital stock or other business combination with a domestic or foreign business. On April 21, 2011, the Company underwent a change of ownership when Oz Saferooms Technologies, Inc. (an Oklahoma corporation) purchased 100% of the Company’s common stock from the Company’s then sole shareholder. Shortly thereafter, the Company changed its name to that of its new parent entity; but later changed its name back to Apex 1, Inc.

On September 21, 2015, Cheng Zhao purchased 100% of the Company's outstanding common stock from its parent company, Oz Saferooms Technologies, Inc. On November 19, 2015 the Company changed its name to Dongxing International Inc.

The Company currently has no business assets and no business operations.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 period. In the opinion of management, all adjustments necessary in order to make the financial statements not misleading have been included. Actual results could differ from those estimates.

DONGXING INTERNATIONAL, INC.

(f/k/a APEX 1, INC.)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

Cash Equivalents

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

Income Taxes

Income taxes are accounted for under the asset and liability method as stipulated by ASC 740, "Accounting for Income Taxes". 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. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced to estimated amounts to be realized by the use of the valuation allowance. A valuation allowance is applied when in management's view it is more likely than not that such deferred tax will not be utilized.

In the event that an uncertain tax position exists in which the Company could incur income taxes, the Company would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by the taxing authorities. Reserve for uncertain tax positions would then be recorded if the Company determined it is probable that a position would be sustained upon examination or if a payment would have to be made to a taxing authority and the amount is reasonably estimable. As of June 30, 2016, the Company does not believe it has any uncertain tax positions that would result in the Company having a liability to the taxing authorities. The Company's tax returns are subject to examination by the regulatory tax authorities for the years ended December 31, 2015, 2014, 2013, 2012, 2011, and 2010.

Basic Earnings (Loss) Per Share

The Company follows ASC 260-10, "Earnings Per Share" in calculating the basic and diluted loss per share. The Company computes basic loss per share by dividing net loss and net loss attributable to common shareholders by the weighted average number of common shares outstanding. Diluted loss per share considers the effect of common equivalent shares. There were no common share equivalents at June 30, 2016 or 2015.

Financial Instruments

The Company has adopted the provisions of ASC 820, "Fair Value Measurements and Disclosures", ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements.

DONGXING INTERNATIONAL, INC.

(f/k/a APEX 1, INC.)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

Financial Instruments (continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value, as required by ASC 820, must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Impact of New Accounting Standards

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position, or cash flow.

NOTE 4. GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company currently has no revenue source and is incurring losses. These factors raise substantial doubt about our ability to continue as a going concern.

The financial statements have been prepared on a going concern basis, and do not reflect any adjustments related to the uncertainty surrounding our recurring losses or accumulated deficit. The ability of the Company to continue as a going concern is dependent upon its ability to secure sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

DONGXING INTERNATIONAL, INC.

(f/k/a APEX 1, INC.)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

NOTE 5. RELATED PARTY TRANSACTIONS

On April 21, 2011, Oz Saferooms Technologies, Inc., an Oklahoma corporation, purchased 100% of the Company's outstanding common stock. Between that date and September 21, 2015, Oz Saferooms Technologies, Inc. loaned a total of \$135,721 to the Company to pay its expenses. On September 21, 2015 Oz Saferooms Technologies, Inc. contributed that sum to the paid-in capital of the Company.

On September 21, 2015 Cheng Zhao purchased the outstanding shares of the Company from Oz Saferooms Technologies, Inc. Between that date and December 31, 2015, Mr. Cheng contributed \$4,892 to the capital of the Company, which was used to pay its expenses. During the first six months of 2016, Mr. Cheng contributed an additional \$11,037 to the capital of the Company, which was used to pay its expenses.

NOTE 6. SHAREHOLDER'S EQUITY

The capital stock of the Company consists of :

- Common stock, \$ 0.0001 par value: 250,000,000 shares authorized; 10,000,000 shares issued and outstanding.
- Preferred stock, \$ 0.0001 par value: 5,000,000 shares authorized; no shares issued and outstanding.

Simultaneous with the sale by Oz Saferooms Technologies, Inc. of its 100% common stock interest in the Company to Cheng Zhao, Oz Saferooms Technologies, Inc. agreed to convert to equity 100% of the debt owed to it by the Company, resulting in a non-cash capital contribution of \$135,721.

NOTE 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were issued and determined there are no subsequent events required to be disclosed.

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

Results of Operations

We currently have no assets and no operations. During the three months ended June 30, 2016, we realized no revenue and incurred \$2,431 in operating expenses, resulting in a loss from operations and net loss in that amount. During the six months ended June 30, 2016, we realized no revenue and incurred \$10,585 in operating expenses, resulting in a loss from operations and net loss in that amount. During the six months ended June 30, 2015, the Company had neither revenue nor expenses, as the business had been temporarily abandoned during that period.

Control of the Company was transferred to Cheng Zhao in September 2015. Since that time, Mr. Cheng has financed our operations by making capital contributions to cover our expenses. We expect that Cheng Zhao will continue to fund our operations until we have completed an acquisition of an operating company, and that we will, therefore, have sufficient cash to maintain our existence as a shell company for the next twelve months, if necessary. Our management is not required to fund our operations, however, by any contract or other obligation.

Our major expenses consisted of fees to lawyers, accountants and other professionals necessary to maintain our standing as a fully-reporting public company. We do not expect the level of our operating expenses to change in the future until we undertake to implement a business plan or effect an acquisition.

Liquidity and Capital Resources

Prior to September 21, 2015, when majority ownership of our company was transferred to Cheng Zhao, we had \$135,721 in accounts payable due to our sole shareholder. That shareholder contributed the full amount of that obligation to the capital of the Company in connection with the transfer of control to Cheng Zhao. Subsequently, Mr. Cheng has financed the Company's operations by making capital contributions. Therefore at June 30, 2016 we had no liabilities.

At June 30, 2016 we had no working capital, as we had no assets and no liabilities. Our balance sheet at the prior year-end, December 31, 2015, had no assets and liabilities of \$452. We expect our working capital to be nil or a small deficit for the indefinite future, as long as Cheng Zhao continues to contribute the sums necessary to pay our expenses.

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Our operations used \$11,037 in cash during the six months ended June 30, 2016, as we incurred a loss of \$10,585 and reduced our accrued expenses by \$452 during that period, all of which was financed by the capital contributions of our shareholder. Our operations consumed no in cash during the six months ended June 30, 2015, due to its dormancy. In the future, unless we achieve the financial and/or operational wherewithal to sustain our operations, it is likely that we will continue to rely on loans and capital contributions to sustain our operations.

To date we have supplied our cash needs by obtaining loans and capital contributions from shareholders. We expect that our President will fund our operations until we have completed an acquisition of an operating company and that we will, therefore, have sufficient cash to maintain our existence as a shell company for the next twelve months, if necessary.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition or results of operations.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4 CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. As of June 30, 2016, Cheng Zhao, our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures have the following material weaknesses:

- Lack of a formal accounting department – We do not have an accounting department. We engage an independent bookkeeper to prepare our books and records and financial statements on a quarterly and annual basis. Due to the relative lack of activity, the accounting transactions are only recorded quarterly and annually and not when the transactions occur.
- Lack of segregation of duties – The chief executive officer also serves as the Company's chief financial officer. He approves all financial transactions including vendor invoices and payment of said invoices without any concurrent external review.

Based on his evaluation, Mr. Cheng concluded that the Company's system of disclosure controls and procedures was not effective as of June 30, 2016 for the purposes described in this paragraph.

Changes in Internal Controls. There was no change in internal control over financial reporting (as defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934) identified in connection with the evaluation described in the preceding paragraph that occurred during Dongxing International Inc.'s second fiscal quarter that has materially affected or is reasonably likely to materially affect Dongxing International Inc.'s internal control over financial reporting.

PART II - OTHER INFORMATION

Item 6. Exhibits

31 Rule 13a-14(a) Certification
32 Rule 13a-14(b) Certification
101.INS XBRL Instance
101.SCH XBRL Schema
101.CAL XBRL Calculation
101.DEF XBRL Definition
101.LAB XBRL Label
101.PRE XBRL Presentation

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.

DONGXING INTERNATIONAL INC.

Date: August 5, 2016 By: /s/ Cheng Zhao

Cheng Zhao, Chief Executive Officer and Chief Financial Officer