

Dongxing International Inc.  
Form 10-Q  
August 14, 2018  
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, 2018

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:  
86-1394-6000887

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(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, 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. (Check One)

Large accelerated filer\_\_ Accelerated filer\_\_ Non-accelerated filer\_\_ Smaller reporting company

Emerging growth company

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

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 14, 2018

Common Voting Stock: 30,000,000

**DONGXING INTERNATIONAL, INC.**

**QUARTERLY REPORT ON FORM 10-Q**

**FOR THE FISCAL QUARTER ENDED JUNE 30, 2018**

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Dongxing International Inc.  
Consolidated Balance Sheets  
(Unaudited)

|   | June 30,<br>2018  | December<br>31,<br>2017 |
|---|-------------------|-------------------------|
| <b>ASSETS</b>   |                   |                         |
| <b>Current Assets</b>   |                   |                         |
| Cash  | \$1,040           | \$1,644                 |
| Accounts receivable, net of allowance of \$23,220 and \$28,257, respectively                              | 7,238             | 7,329                   |
| Inventories   | 14,971            | 15,175                  |
| Lease payment receivable-current  | —                 | 3,826                   |
| Prepaid rent  | 13,904            | 32,989                  |
| Project in progress   | 58,180            | 58,913                  |
| Other current assets  | 4,135             | 16,169                  |
| <b>Total Current Assets</b>   | <b>99,468</b>     | <b>136,045</b>          |
| <b>Other Assets</b>   |                   |                         |
| Office equipment, net of accumulated depreciation of \$9,085 and \$8,542, respectively                    | 3,566             | 2,583                   |
| <b>Total Assets</b>   | <b>\$ 103,034</b> | <b>\$ 138,628</b>       |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>   |                   |                         |
| <b>Current Liabilities</b>  |                   |                         |
| Unearned revenue  | \$—               | \$28                    |
| Due to related parties  | 337,028           | 312,057                 |
| Advance from customers  | 58,180            | 58,913                  |
| Accrued expenses and other payables   | 54,531            | 52,622                  |
| <b>Total Current Liabilities</b>  | <b>449,739</b>    | <b>423,620</b>          |
| <b>Total Liabilities</b>  | <b>449,739</b>    | <b>423,620</b>          |
| <b>Stockholders' Deficiency</b>   |                   |                         |
| 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, 30,000,000 shares issued and outstanding | 3,000             | 3,000                   |
| Additional paid-in capital  | 850,041           | 850,041                 |
| Stock subscription receivable   | (190,000)         | (200,000)               |
| Accumulated deficit   | (950,722)         | (876,415)               |
| Accumulated other comprehensive loss  | (8,747)           | (14,918)                |
| <b>Total Stockholders' Deficiency of Dongxing International Inc.</b>                                      | <b>(296,428)</b>  | <b>(238,292)</b>        |
| Non-controlling interest  | (50,277)          | (46,700)                |
| <b>Total Stockholders' Deficiency</b>   | <b>(346,705)</b>  | <b>(284,992)</b>        |
| <b>Total Liabilities and Stockholders' Deficiency</b>   | <b>\$ 103,034</b> | <b>\$ 138,628</b>       |

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



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Dongxing International Inc.  
Consolidated Statements of Comprehensive Loss  
(Unaudited)

|   | For the Three Months Ended |             | For the Six Months Ended |             |
|---|----------------------------|-------------|--------------------------|-------------|
|   | June 30, 2018              | 2017        | June 30, 2018            | 2017        |
| Revenue   | \$—                        | \$409       | \$1,396                  | \$762       |
| Cost of revenue   | —                          | 93          | 1,083                    | 521         |
| Gross profit  | —                          | 316         | 313                      | 241         |
| Operating expenses  |                            |             |                          |             |
| Selling, general and administrative expense                       | 47,406                     | 51,713      | 78,581                   | 96,245      |
| Total operating expenses  | 47,406                     | 51,713      | 78,581                   | 96,245      |
| Loss from operations  | (47,406 )                  | (51,397 )   | (78,268 )                | (96,004 )   |
| Other income:   |                            |             |                          |             |
| Interest income   | 2                          | 3           | 4                        | 10          |
| Subsidy income  | —                          | 13,847      | —                        | 13,847      |
| Other income  | —                          | 34          | 56                       | 62          |
| Total other income  | 2                          | 13,884      | 60                       | 13,919      |
| Loss before provision for income tax                              | (47,404 )                  | (37,513 )   | (78,208 )                | (82,085 )   |
| Provision for income tax  | —                          | —           | —                        | —           |
| Net loss  | (47,404 )                  | (37,513 )   | (78,208 )                | (82,085 )   |
| Less: Loss attributable to non-controlling interest               | (2,369 )                   | (1,869 )    | (3,901 )                 | (4,089 )    |
| Net loss attributable to Dongxing International Inc.              | (45,035 )                  | (35,644 )   | (74,307 )                | (77,996 )   |
| Other comprehensive income (loss)                                 |                            |             |                          |             |
| Foreign currency translation adjustment                           | 18,245                     | (3,253 )    | 6,495                    | (3,853 )    |
| Comprehensive loss  | (29,159 )                  | (40,766 )   | (71,713 )                | (85,938 )   |
| Less: Comprehensive loss attributable to non-controlling interest | (1,458 )                   | (2,031 )    | (3,577 )                 | (4,281 )    |
| Comprehensive loss attributable to Dongxing International Inc.    | \$(27,701 )                | \$(38,735 ) | \$(68,136 )              | \$(81,657 ) |
| Loss per share - Basic and Diluted                                | \$ (0.00 )                 | \$ (0.00 )  | \$ (0.00 )               | \$ (0.00 )  |
| Weighted average shares outstanding - Basic and Diluted           | 30,000,000                 | 30,000,000  | 30,000,000               | 30,000,000  |

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

Dongxing International Inc.  
 Consolidated Statements of Cash Flows  
 (Unaudited)

|  | For the Six Months<br>Ended<br>June 30, |                 |
|--|---|-----------------|
|  | 2018                                    | 2017            |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                 |   |                 |
| Net loss   | \$(78,208)                              | \$(82,085)      |
| Adjustment to reconcile net loss to net cash used in operating activities: |   |                 |
| Depreciation and amortization  | 675                                     | 157             |
| Reversal of bad debt provision   | (4,866 )                                | —               |
| Change in operating assets and liabilities:                                |   |                 |
| Accounts receivable  | 4,866                                   | —               |
| Inventory  | 16                                      | 7               |
| Lease payment receivable   | 3,924                                   | 12,681          |
| Prepaid rent   | 19,393                                  | (18,219)        |
| Other current assets   | 12,289                                  | 16,741          |
| Unearned revenue   | (28 )                                   | (621 )          |
| Accrued expenses and other payables  | 2,663                                   | (26,418)        |
| Net cash used in operating activities                                      | (39,276)                                | (97,757)        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                 |   |                 |
| Purchase of office equipment   | (1,728 )                                | —               |
| Net cash used in investing activities                                      | (1,728 )                                | —               |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                 |   |                 |
| Capital contribution   | —                                       | 21,208          |
| Proceeds from related party loan, net of repayment                         | 40,015                                  | 66,328          |
| Net cash provided by financing activities                                  | 40,015                                  | 87,536          |
| Effect of exchange rate changes on cash                                    | 385                                     | 169             |
| <b>DECREASE IN CASH</b>  | <b>(604 )</b>                           | <b>(10,052)</b> |
| Cash - beginning of period   | 1,644                                   | 12,924          |
| Cash - end of period   | \$1,040                                 | \$2,872         |
| <b>Supplement disclosure information</b>                                   |   |                 |
| Cash paid for interest   | \$—                                     | \$—             |
| Cash paid for income taxes   | \$—                                     | \$—             |
| <b>Non-cash financing activities</b>                                       |   |                 |
| Subscription received by conversion of related party loan                  | \$10,000                                | \$—             |

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



## **DONGXING INTERNATIONAL INC.**

### **Notes To Consolidated Financial Statements (Unaudited)**

#### **NOTE 1 - CORPORATE INFORMATION**

Dongxing International Inc. (the “Company” or “Dongxing”) was incorporated in June 2010 in accordance with the laws of the State of Delaware under the name Apex 1, Inc. On November 19, 2015 the Company's corporate name was changed to “Dongxing International Inc.”

On September 30, 2016, the Company entered into and closed a share exchange agreement with Central Dynamic Holdings Limited (“Central Dynamic”) and its shareholders. Pursuant to the terms of the exchange agreement, the shareholders, who together owned 100% of the ownership rights in Central Dynamic, agreed to transfer all of the issued and outstanding shares of common stock into the Company in exchange for the issuance of an aggregate of 25,000,000 shares of the Company's common stock, par value \$0.0001 per share.

As a result of the share exchange, the Central Dynamic shareholders became the majority shareholders and have control of the Company. The acquisition of Central Dynamic was accounted for as a reverse merger effected by a share exchange agreement. Dongxing is considered the legal acquirer and Central Dynamic and its subsidiaries is considered the accounting acquirer. Accordingly, the historical financial statements presented are those of Central Dynamic and its subsidiaries.

Central Dynamic Holdings Limited is incorporated under the laws of the British Virgin Islands. Dongxing Holdings Limited (“Dongxing BVI”), which is a wholly owned subsidiary of Central Dynamic, is also incorporated under the laws of the British Virgin Islands. Dongxing Holdings Limited (“Dongxing HK”), a wholly owned subsidiary of Dongxing BVI, is incorporated under the laws of Hong Kong. Harbin Donghui Technology Co., Ltd. (“Harbin Donghui”), a wholly-owned subsidiary of Dongxing HK, is incorporated under the laws of the People's Republic of China (“PRC”). Harbin Dongxing Energy Saving Technical Service Co., Ltd. (“Harbin Dongxing”), a limited liability company incorporated under the laws of the PRC, is effectively and substantially controlled by Harbin Donghui through a series of agreements known as variable interest agreements (the “VIE agreements”) dated March 30, 2016 pursuant to which Harbin Dongxing became Harbin Donghui's contractually controlled affiliate. The VIE Agreements provide that Harbin Donghui will receive 95% of the net profit or loss derived from the operations of Harbin Dongxing and its subsidiaries. Central Dynamic and its wholly owned subsidiaries, Dongxing BVI, Dongxing HK and Harbin Donghui, are holding companies with no business operation.

Harbin Dongxing provides energy diagnosis, project design, project auditing, equipment procurement services, construction engineering, personnel training, and technology consulting to customers. Harbin Dongxing Online Technology Co., Ltd (“Dongxing Online”), which is 100% owned by Harbin Dongxing, engages in software development, Website production, systems integration, Web merchandise sales, and import and export of goods. Until November 4, 2016, Harbin Dongrong Business Management Consulting Co., Ltd (“Harbin Dongrong”), which is 100% owned by Harbin Dongxing, engaged in lighting design and construction for urban roads and landscapes. Since that date, the scope of Harbin Dongrong's business has entailed business consulting, marketing planning, and advertising.

## **DONGXING INTERNATIONAL INC.**

### **Notes To Consolidated Financial Statements (Unaudited)**

#### **NOTE 2 – GOING CONCERN**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company had a working capital deficit of \$350,271 and an accumulated deficit of \$950,722 as of June 30, 2018, at which time the Company's stockholders' deficiency was \$296,428. The Company has not generated cash or income from its operation since inception. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company plans to rely on the proceeds from loans from both unrelated and related parties to provide the resources necessary to fund the development of our business plan and operations. The Company also plans to raise funds from domestic and foreign banks and/or financial institutions to increase working capital in order to meet capital demands. However, no assurance can be given that the Company will be successful in raising additional capital.

#### **NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Preparation and Consolidation**

The accompanying unaudited interim consolidated financial statements ("interim statements") of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X issued by the U.S. Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of the Company's management, the accompanying unaudited interim financial statements contain all the adjustments necessary (consisting only of normal recurring accruals) to present fairly the financial position of the Company as of June 30, 2018 and the results of operations and cash flows for the periods ended June 30, 2018 and 2017. The financial data and other information disclosed in these notes to the interim financial statements related to these periods are unaudited. The results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of the operating results for the full fiscal year or any future period. The balance sheet as of December 31, 2017 has been derived from the audited financial statements at that date. These unaudited consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 30, 2018.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and entities controlled through the VIE agreements. All significant inter-company accounts and transactions have been

eliminated in consolidation.

**Foreign currency**

The Company and its subsidiaries maintain their books and records in their functional currency, RMB or HKD. The consolidated financial statements of the Company are translated from Renminbi (“RMB”) or Hong Kong dollars (“HKD”) into United States dollars (U.S. Dollars or “US\$” or “\$”). Accordingly, assets and liabilities of the Company and its subsidiaries are translated from RMB or HKD to U.S. Dollars using the applicable exchange rates prevailing at the balance sheet date. Items on the statement of comprehensive income (loss) and cash flows are translated at average exchange rates during the reporting period. Equity accounts are translated at historical rates. Adjustments resulting from the translation of the Company’s financial statements are recorded as accumulated other comprehensive income (loss).

**DONGXING INTERNATIONAL INC.**

**Notes To Consolidated Financial Statements (Unaudited)**

The exchange rates used to translate amounts in RMB or HKD into U.S. Dollars for the purposes of preparing the consolidated financial statements are based on the rates as published on the website of People's Bank of China and are as follows:

|  | <b>June 30,<br/>2018</b>            | <b>December 31,<br/>2017</b>       |
|--|-------------------------------------|------------------------------------|
| Balance sheet items, except for equity accounts              | US\$1=RMB 6.6166<br>US\$1=HKD7.8479 | US\$1=RMB6.5342<br>US\$1=HKD7.8170 |
|  | <b>Six Months Ended June 30</b>     |                                    |
| Items in the statements of comprehensive loss and cash flows | 2018                                | 2017                               |