Dongxing International Inc.
Form 10-Q
August 14, 2018
U. S. Securities and Exchange Commission

Washington, D. C. 20549

FORM 10-Q

[X] 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 incorporation or organization)	(I.R.S. Employer I.D. No.)

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

(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 [X] 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 [X] No [ ]

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

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 [X]

Emerging growth company [X]

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. [X]

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

TABLE OF CONTENTS

Part I. Financial Information		***Page No.***
Item 1.	Financial Statements (unaudited):	1
	Consolidated Balance Sheets (Unaudited) – June 30, 2018 and December 31, 2017	1
	Consolidated Statements of Comprehensive Loss (Unaudited) – for the Three and Six Months Ended June 30, 2018 and 2017	2
	Consolidated Statements of Cash Flows (Unaudited) – for the Six Months Ended June 30, 2018 and 2017	3
	Notes to Consolidated Financial Statements (Unaudited)	4
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	13
Item 4.	Controls and Procedures	13
Part II. Other Information		
Item 1.	Legal Proceedings	14
Item 1A.	Risk Factors	14
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	14
Item 3.	Defaults Upon Senior Securities	14
Item 4.	Mine Safety Disclosures	15
Item 5.	Other Information	15

Item 6. Exhibits 15

Signatures 16

Dongxing International Inc.
Consolidated Balance Sheets
(Unaudited)

	June 30, 2018	December 31, 2017
ASSETS		
Current Assets		
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
Total Current Assets	99,468	136,045
Other Assets		
Office equipment, net of accumulated depreciation of $9,085 and $8,542, respectively	3,566	2,583
Total Assets	$103,034	$138,628
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities		
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
Total Current Liabilities	449,739	423,620
Total Liabilities	449,739	423,620
Stockholders' Deficiency		
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)
Total Stockholders' Deficiency of Dongxing International Inc.	(296,428)	(238,292)
Non-controlling interest	(50,277)	(46,700)
Total Stockholders' Deficiency	(346,705)	(284,992)
Total Liabilities and Stockholders’ Deficiency	$103,034	$138,628

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

1

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2018	2017	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 Ended June 30,	
	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
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)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of office equipment	(1,728)	—
Net cash used in investing activities	(1,728)	—
CASH FLOW FROM FINANCING ACTIVITIES		
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
DECREASE IN CASH	(604)	(10,052)
Cash - beginning of period	1,644	12,924
Cash - end of period	$1,040	$2,872
Supplement disclosure information		
Cash paid for interest	$—	$—
Cash paid for income taxes	$—	$—
Non-cash financing activities		
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% owed 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:

	June 30, 2018	**December 31, 2017**
Balance sheet items, except for equity accounts	US$1=RMB 6.6166 US$1=HKD7.8479	US$1=RMB6.5342 US$1=HKD7.8170
	Six Months Ended June 30	
	2018	2017
Items in the statements of comprehensive loss and cash flows	US$1=RMB 6.3711 US$1=HKD 7.8380	US$1=RMB6.8607 US$1=HKD7.8122

No representation is made that the RMB amounts could have been, or could be, converted into U.S. dollars at the above rates. The value of RMB against U.S. dollars and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. Any significant revaluation of RMB may materially affect the Company's financial condition in terms of U.S. dollar reporting.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issues by the Financial Accounting Standards Board or other standard bodies that may have an impact on the Company's accounting and reporting. The Company believes that any recently issued accounting pronouncements and other authoritative guidance for which the effective date is in the future either will not have an impact on its accounting or reporting or that such impact will not be material to its financial position, results of operations, and cash flows when implemented.

NOTE 4 – OTHER CURRENT ASSETS

Other current assets consist of the following:

	June 30, 2018	December 31, 2017
Bid deposit	$76	$77
Employee advance	2,785	1,557
Other receivables	—	13,215
Other	1,274	1,320
	$4,135	$16,169

DONGXING INTERNATIONAL INC.

Notes To Consolidated Financial Statements (Unaudited)

NOTE 5 - RELATED PARTY TRANSACTIONS

Due to related parties are non-interest bearing and due on demand. The balance of due to related parties consists of the following:

	Notes	June 30, 2018	December 31, 2017
Stockholders			
Cheng,Zhao	(1)	$259,300	$222,682
Jufang,Yang	(3)	7,557	7,652
Other related parties			
Harbin Dongke Optronics Science and Technology Co., Ltd. ("Dongke")	(2)	70,171	81,723
Total due to related parties		$337,028	$312,057

(1) Mr. Cheng Zhao is the Company's CEO and a stockholder. During the six months ended June 30, 2018 and 2017, Mr. Cheng advance $50,955 and $100,719 to the Company. During the six months ended June 30, 2018, Mr. Cheng agreed to reduce the Company's obligation by $10,000 in satisfaction of Mr. Cheng's stock subscription in that amount. (See Note 9)

(2) Dongke is a company organized in China. Mr. Cheng Zhao, stockholder and Chief Executive Officer of the Company, was the president of Dongke until 2015. During the six months ended June 30, 2018 and 2017, the Company made repayment of $10,940 and $34,391 to Dongke.

(3) Ms. Jufang Yang is a stockholder of the Company.

NOTE 6 - ACCRUED EXPENSES AND OTHER PAYABLES

Accrued expenses and other payables consisted of the following:

	June 30, 2018	December 31, 2017
Accrued expenses	$25,350	$24,180
Tax payable	(55)	717
Deposit payable	25,769	26,093
Others	3,467	1,632

$ 54,531	$ 52,622

NOTE 7 - STOCKHOLDERS' DEFICIENCY

During the six months ended June 30, 2018 and 2017, Mr. Cheng Zhao, the Company CEO and a stockholder, made capital contribution to the Company of $0 and $21,208, respectively.

DONGXING INTERNATIONAL INC.

Notes To Consolidated Financial Statements (Unaudited)

NOTE 8 - INCOME TAXES

The Company was incorporated in the United States and has operations in four tax jurisdictions - the United States, the Hong Kong Special Administrative Region (“HK SAR”), the PRC, and the British Virgin Islands ("BVI").

The Company’s BVI operations are not subject to any taxes according to BVI tax law. The Company’s HK SAR subsidiary is subject to a 16.5% profit tax based on its taxable net profit. The Company’s U.S. operations are subject to income tax according to U.S. tax law.

The Company’s three operating subsidiaries, Harbin Dongxing, Dongxing Online and Harbin Dongrong, are generally subject to PRC enterprise income tax (“EIT”). These three companies are subject to an EIT rate of 25% under China’s Unified Enterprise Income Tax Law (“New Tax Law”).

A reconciliation of the provision for income taxes determined at the U.S. statutory rate to the Company’s effective income tax rate is as follows:

	Six Months Ended June 30,	
	2018	2017
Pre-tax loss	$(78,208)	$(82,085)
U.S. federal corporate income tax rate	21 %	35 %
Expected U.S. income tax credit	(16,424)	(28,729)
Tax rate difference between U.S. and foreign operations	(3,121)	8,221
Change of valuation allowance	19,545	20,508
Effective tax expense	$—	$—

The Company had deferred tax assets as follows:

	June 30, 2018	December 31, 2017
Net operating losses carried forward	$209,865	$199,564
Less: Valuation allowance	(209,865)	(199,564)
Net deferred tax assets	$—	$—

As of June 30, 2018, the Company has approximately $841,000 net operating loss carryforwards available in China and HK SAR to reduce future taxable income. The net operating loss of Chinese subsidiaries could be carried forward for a period of not more than five years from the year of the initial loss pursuant to relevant PRC tax laws and regulations. The net operating loss from Hong Kong operations can be carried forward with no time limit from the year of the initial loss pursuant to relevant Hong Kong tax laws and regulations. It is more likely than not that the deferred tax assets cannot be utilized in the future because there will not be significant future earnings from the entity which generated the net operating loss. Therefore, the Company recorded a full valuation allowance on its deferred tax assets.

As of June 30, 2018 and December 31, 2017, the Company has no material unrecognized tax benefits which would favorably affect the effective income tax rate in future periods, and does not believe that there will be any significant increases or decreases of unrecognized tax benefits within the next twelve months. No interest or penalties relating to

income tax matters have been imposed on the Company during the six months ended June 30, 2018 and 2017, and no provision for interest and penalties is deemed necessary as of June 30, 2018 and December 31, 2017.

DONGXING INTERNATIONAL INC.

Notes To Consolidated Financial Statements (Unaudited)

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or its withholding agent. The statute of limitations extends to five years under special circumstances, which are not clearly defined. In the case of a related party transaction, the statute of limitation is ten years. There is no statute of limitations in the case of tax evasion.

The U.S. Tax Cuts and Jobs Act (Tax Act) was enacted on December 22, 2017 and introduces significant changes to U.S. income tax law. Effective in 2018, the Tax Act reduces the U.S. statutory tax rate from 35% to 21% and creates new taxes on certain foreign-sourced earnings and certain related-party payments, which are referred to as the global intangible low-taxed income tax and the base erosion tax, respectively. The Tax Act requires the Company to pay U.S. income taxes on accumulated foreign subsidiary earnings not previously subject to U.S. income tax at a rate of 15.5% to the extent of foreign cash and certain other net current assets and 8% on the remaining earnings. Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, the Company has not recorded any adjustments according to Tax Act. As the Company collects and prepares necessary data, and interprets the Tax Act and any additional guidance issued by the U.S. Treasury Department, the IRS, and other standard-setting bodies, the Company may make adjustments to the provisional amounts. The accounting for the tax effects of the Tax Act will be completed in 2018.

Since the Company’s foreign subsidiaries have not generated income since inception, the Company believes that Tax Act will not have significant impact on the Company’s consolidated financial statements.

NOTE 9 - STOCK SUBSCRIPTION RECEIVABLE

During the period from May 8, 2012 to November 30, 2015, Mr. Cheng Zhao purchased 6,000,000 ordinary shares from Central Dynamic for a commitment to pay $60,000. During the period from May 8, 2012 to November 30, 2015, 19 shareholders of Central Dynamic acquired 19,000,000 ordinary shares by committing to pay a total of $190,000 to Central Dynamic. On September 30, 2016, those 20 shareholders exchanged their shares of Central Dynamic for 25,000,000 shares of the Company's common stock. Effective as of June 30, 2018, Mr. Cheng Zhao satisfied $60,000 of his payment commitment in full. The unpaid balance of $190,000 has been recorded as a stock subscription receivable on the consolidated statements of stockholders’ deficiency.

NOTE 10 - SUBSEQUENT EVENT

On August 9, 2018 the Company filed a Certificate of Amendment of Certificate of Incorporation. The Amendment effected a 1-for-2,000,000 reverse split of the Company's common stock. The Amendment further provided that any fractional shares resulting from the reverse split will be purchased by the Company for a price based on Ten Cents ($.10) per full share, upon delivery of the stock certificate to the Company's transfer agent. The effect of the reverse split was that 10,000,000 shares previously held by Cheng Zhao were reduced to five shares, and the remaining 20,000,000 shares previously held by the shareholders of the Company were eliminated. At the same time, the Company has cancelled the $190,000 subscription receivable that related to a portion of those 20,000,000 shares.

The Amendment further provided that after giving effect to the reverse split, a 6,000,000-for-1 forward split of the common stock was implemented. The effect of the forward split was to increase the number of shares held by Cheng Zhao to 30,000,000.

The Company has evaluated the existence of significant events subsequent to the balance sheet date through the date the financial statements were issued and has determined that, except as set forth in the preceding two paragraphs, there were no subsequent events or transactions which would require recognition or disclosure in the financial statements.

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

Accounting for Variable Interest

Dongxing International is a holding company whose only asset is an indirect 100% ownership interest in Harbin Donghui, a Wholly Foreign Owned Entity organized under the laws of the People's Republic of China on January 13, 2016. On March 30, 2016, Harbin Donghui entered into three agreements with Harbin Dongxing and with the equity owners in Harbin Dongxing. Collectively, the VIE agreements provide Harbin Donghui exclusive control over the business of Harbin Dongxing, and provide that 95% of the gain or loss realized by Harbin Dongxing accrues to the account of Harbin Donghui.

The accounting effect of the VIE Agreements between Harbin Donghui and Harbin Dongxing is to cause the balance sheets and financial results of Harbin Dongxing to be consolidated with those of Harbin Donghui, with respect to which Harbin Dongxing is now a variable interest entity. Since the parties to the VIE Agreements were both controlled by Cheng Zhao, who is CEO of both Harbin Donghui and Harbin Dongxing, the financial statements included in this report reflect the consolidation of the results of operations and cash flows of Harbin Dongxing since its inception.

Business of the Company

Harbin Dongxing was organized in 2011 to engage in the distribution, installation and service of lighting systems, primarily for commercial enterprises. The overall goal of our business is to provide customers with programs for achieving cost-savings by reconstruction of a facility's lighting or cost-efficient programs for lighting new facilities. The customers for our services include both commercial enterprises, such as factories and office buildings, and government agencies, including hospitals, schools and roadways.

In July 2013, seeking to take advantage of the opportunities for trade with eastern Russia, we organized Harbin Dongxing Online Business Trading Co., Ltd. ("Dongxing Online") as a subsidiary of Harbin Dongxing for the purpose of effecting online distribution of Chinese lighting products into Russia. Since its organization, Dongxing Online has been engaged in developing the Mengqiao Eurasian Trade E-commerce Platform, a B2B website initially designed to distribute lighting products from China to commercial customers in Russia. The prototype website (URL: union-bridge.com) now includes over 5,000 products from almost 100 manufacturers.

In 2016 we began to expand the scope of the Mengqiao Platform, to make it a full-fledged participant in China's Belt and Road Initiative. The Belt and Road Initiative, launched in 2013, involves China underwriting billions of dollars of infrastructure investment in countries along the old Silk Road linking China with Europe. China is spending roughly $150bn a year in the 68 countries that have chosen to participate in the Initiative.

Our contribution to the Belt and Road Initiative, toward which we are working, will be the expansion of our Mengqiao Platform to serve as an e-commerce platform facilitating trade and cultural exchange among 64 countries along the Silk Road Economic Belt. Our expanded Mengqiao Platform will realize the principles of the Belt and Road Initiative by integrating its multi-national trading network around a Chinese focus, promoting economic and cultural exchange

for the sake of a bilateral win-win. As the majority of the countries that are participating in the Belt and Road Initiative are developing countries with limited access for foreign markets, we expect a strong favorable response from the nations that we invite to participate in the Mengqiao Platform.

Dongxing Online has obtained an import/export license from the Government of China that will allow us to facilitate trade with 64 nations. If the necessary financing is obtained, we project that initial operations of the Mengqiao Platform will commence in October 2018. Our budget for initiating commercialization of the website is $2 million, to pay for the initial advertising and promotion activities as well as to build our first after-sales service centers. Full development of the Mengqiao Platform, including development of the 64 national pavilions with accompanying customer service staffing, is budgeted at $20 million.

Results of Operations

To this date, the business of Harbin Dongxing has consisted entirely of installation of lighting products, primarily in new construction projects. For the future, we expect that online sales by Dongxing Online, a subsidiary of Harbin Dongxing, will produce the greater portion of our revenue. But those sales will not commence until we launch operations of the Mengqiao Plarform. During the second quarter of 2018, however, we suspended our installation business in order to give our full attention to the development of the Mengqiao Platform and the initiation of the business of Dongxing Online. For that reason, we recorded no sales during the second quarter of 2018.

Sales revenue during the first six months of 2018 totaled only $1,396, a modest increase from sales of $762 during the first six months of 2017. Sales in both periods were recorded on our energy management contracts ("EMC"). These are arrangements in which we install lighting products in exchange for a share of the ongoing profits realized by our customers. EMC sales are recorded as sales-type leases, with the present value of the contracted lease payments recorded on our balance sheet as lease payment receivables and the balance of the contracted lease payments recorded as unearned revenue. Through the term of the EMC contract, as payments are made by the customer, the unearned revenue is amortized and recorded as sales revenue. In 2017 we had two EMC arrangements amortizing in this fashion, one of which terminated at the end of 2017 and the other terminated in February 2018.

Our operating expenses of $47,406 and $51,713 for the three months ended June 30, 2018 and 2017, as well as $78,581 and $96,245 for the six months ended June 30, 2018 and 2017, respectively, were comprised, primarily, of professional expenses, salaries and office rent. Our labor cost is high, relative to revenue, because the majority of our employees are engaged in developing our online platform.

After taking into account our interest expense (net of interest income) and miscellaneous other income, we recorded net loss of $47,404 and $37,513 for the three months ended June 30, 2018 and 2017, and $78,208 and $82,085 for the six months ended June 30, 2018 and 2017, respectively. Our VIE agreements, however, assign to Harbin Donghui only 95% of the profit or loss reported by Harbin Dongxing. For that reason, we reduced the net loss on the Dongxing International consolidated statements by an allocation to non-controlling interest. After that allocation, the net loss attributable to the shareholders of Dongxing International Inc. was $45,035 ($0.00 per share) for the second quarter of 2018 and $35,644 ($0.00 per share) for the second quarter of 2017. For the first six months of 2018 and 2017, our net loss attributable to the shareholders of Dongxing International Inc. was $74,307 and $77,996, respectively. We expect to continue to incur losses until our online marketing business is launched, as we are paying the expenses of that business without any offsetting revenue.

Our reporting currency is the U.S. dollar. Our local currency, the Renminbi (RMB), is our functional currency. Results of operations and cash flow are translated at average exchange rates during the period being reported upon, and assets and liabilities are translated at the unified exchange rate as quoted by the People’s Bank of China on the balance sheet date. Translation adjustments resulting from this process are included in accumulated other comprehensive income in the statements of stockholders’ equity. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred. For the six months ended June 30, 2018 foreign currency translation adjustments yielded other comprehensive income of $6,495, while such adjustments during the six months ended June 30, 2017 yielded other

comprehensive loss of $3,853, in each case prior to the allocation of other comprehensive income (loss) to the non-controlling interest.

11

Liquidity and Capital Resources

The development of our company has been funded primarily by contributions to capital and loans from our equity-holders. As a result, at June 30, 2018 we had no debt other than $337,028 owed to related parties. This included $70,171 owed to Harbin Dongke Optronics Science and Technology Co., Ltd., representing lighting products sold to Harbin Dongrong in 2013 for a project that is not yet completed. The debt became consolidated with our balance sheet when our Chairman, Cheng Zhao, contributed Harbin Dongrong to Harbin Dongxing. Payments totaling $10,940 in reduction of the debt were made during the first six months of 2018, and the remainder will be satisfied when the project is completed, Harbin Dongrong is paid, and in turn Harbin Dongrong pays Harbin Dongke. Cheng Zhao was the General Manager of Harbin Dongke until the end of 2015.

At June 30, 2018 we had a working capital deficit of $(350,271), an increase in the deficit of $62,696 during the six months of 2018. Our company is viable despite the working capital deficit because the amount we owe to related parties nearly equals the deficit, and we will not be required to satisfy the related party debts until we have sufficient cash flow.

Our operations used $39,276 in cash during the six months ended June 30, 2018 and $97,757 in cash during the six months ended June 30, 2017. Our use of cash during the six months ended June 30, 2018 was less than our net loss primarily due to our collection of an other receivable in the amount of $12,289 and our amortization of prepaid rent during the quarter.

The $39,276 cash used in operations during the six months ended June 30, 2018 was funded by loans from related parties totaling $40,415. Cash used in operations during the six months ended June 30, 2017 was funded by loans from related parties, supplemented by a capital contribution of $21,208. From time to time we have taken short-term loans from a Chinese bank, but the balance of that loan was fully satisfied by a payment of $30,110 early in 2016.

The opinion of our independent registered public accounting firm on our financial statements for the year ended December 31, 2017 expresses substantial doubt as to whether our company is a going concern, due to our limited revenue and negative cash flow. We believe that our related parties will continue to fund our operations for the foreseeable future, and so believe that we can sustain operations at our current level. However, full implementation of our business plan will require significant capital infusions or third party loans. We have no commitment for either equity or debt financing at this time.

Restrictions on Transfers of Funds

The VIE Agreements among Harbin Donghui and the Harbin Dongxing Shareholders provide that Harbin Donghui is entitled to 95% of the net profits (and will bear all losses) arising from Harbin Dongxing's operations plus a monthly fee of RMB 10,000 ($1,511). The VIE Agreements also entitle Harbin Donghui to manage the operations and control the cash flows of Harbin Dongxing. Although Harbin Donghui is entitled to Harbin Dongxing's profits, any distributions of such profits from Harbin Donghui to our U.S. parent company must comply with applicable Chinese laws affecting payments from foreign invested enterprises incorporated in China to their equity holders.

The sales revenue and expenses of Harbin Dongxing are denominated in RMB. The Chinese government strictly regulates conversion of RMB into foreign currencies. Currently, Harbin Dongxing and Harbin Donghui may purchase foreign currencies for settlement of current account transactions, including payments of dividends, without the approval of the State Administration of Foreign Exchange ("SAFE"), by complying with certain procedural requirements. Pursuant to applicable Chinese laws and regulations, foreign invested enterprises incorporated in China, such as Harbin Donghui, are required to apply for "Foreign Exchange Registration Certificates." Currently, conversion within the scope of the "current account" (e.g. remittance of foreign currencies for payment of dividends, trade and service-related foreign exchange transactions, etc.) can be effected without requiring the approval of SAFE, but must be effected through authorized Chinese banks in accordance with regulatory procedures. However, conversion of currency in the "capital account" (e.g. for capital items such as direct investments, loans, securities, etc.) still requires the approval of SAFE. Compliance with those procedural requirements can result in delays in obtaining foreign exchange, which could interfere with offshore activities by the Company, such as acquisitions, offshore investments, or the payment of dividends to the Company's shareholders. Because of the effort involved in obtaining foreign currencies in exchange for RMB, the Company intends to pay most of the operating expenses of its U.S. parent from dollars loaned to the Company by related parties.

Under PRC regulations, the Company's operating subsidiary, Harbin Dongxing, may pay dividends only out of its accumulated profits, if any, determined in accordance with the accounting standards and regulations prevailing in the PRC. In addition, Harbin Dongxing is required to set aside at least 10% of its accumulated profits each year, if any, to fund the statutory general reserve until the balance of the reserve reaches 50% of its registered capital. The amount in excess of 10% of accumulated profits that may be contributed to the statutory general reserve is at Harbin Dongxing's discretion. The statutory general reserve is not distributable in the form of cash dividends to the Company and can be used to make up cumulative prior year losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings, or by increasing the par value of the shares currently held by them, provided that the reserve balance after such use is not less than 25% of the registered capital. As of June 30, 2018, no amount has been appropriated from retained earnings and set aside for the statutory reserve by Harbin Dongxing. There remains approximately 2,500,000 RMB ($377,838) to be appropriated from our future profits and set aside for the statutory reserve until we have satisfied the reserve requirement.

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.

Recent Accounting Pronouncements

There were no recent accounting pronouncements that have or will have a material effect on the Company's financial position 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, 2018, 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:

13

- The relatively small number of employees who are responsible for accounting functions prevents us from segregating duties within our internal control system.
- Our internal financial staff lack expertise in identifying and addressing complex accounting issued under U.S. Generally Accepted Accounting Principles.
- Our Chief Financial Officer is not familiar with the accounting and reporting requirements of a U.S. public company.
- We have not developed sufficient documentation concerning our existing financial processes, risk assessment and internal controls.

Based on his evaluation, Mr. Cheng concluded that the Company's system of disclosure controls and procedures was not effective as of June 30, 2018 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 or 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 1. *Legal Proceedings*

None.

Item 1A *Risk Factors*

There have been no material changes from the risk factors included in the Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2 *Unregistered Sale of Securities and Use of Proceeds*

(a) Unregistered sales of equity securities

There were no unregistered sales of equity securities by the Company during the second quarter of fiscal 2018.

(c) Purchases of equity securities

The Company did not repurchase any of its equity securities that were registered under Section 12 of the Securities Exchange Act during the second quarter of fiscal 2018.

Item 3. *Defaults Upon Senior Securities*.

None.

14

Item 4. *Mine Safety Disclosures.*
Not Applicable.

Item 5. *Other Information.*
None.

Item 6. *Exhibits*

31	Rule 13a-14(a) Certification
32	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

15

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 14, 2018 By: /s/ Cheng Zhao

Cheng Zhao

Chief Executive Officer and Chief Financial Officer

16