

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

FIRST STATE FINANCIAL CORPORATION

550 HWY 7 Unit 316

Ontario, ONT L4B3Z4 Canada

407-449-6151

SIC: 3844

Quarterly Report

For the Period Ending: June 30, 2020
(the "Reporting Period")

As of June 30, 2020, the number of shares outstanding of our Common Stock was:

5,920,300

As of March 31, 2020, the number of shares outstanding of our Common Stock was:

5,920,300

As of December 31, 2019, the number of shares outstanding of our Common Stock was:

5,920,300

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control⁵ of the company has occurred over this reporting period:

Yes: ☒ No: ☐

⁵ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

On March 23, 2021 an order was granted for the appointment of Custodianship Case No. 2020-CA-003919-NC to Small Cap Compliance. Small Cap Compliance has subsequently sold the business to Meihua Xu.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

FIRST STATE FINANCIAL CORPORATION

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

FIRST STATE FINANCIAL CORPORATION

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Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

550 HWY 7 Unit 316
Ontario, ONT L4B324 Canada

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☒ No: ☐

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

2) Security Information

Trading symbol: FSTF
Exact title and class of securities outstanding: Common
CUSIP:
Par or stated value: 1.00

Total shares authorized: 500,000,000 as of date: June 30, 2020

Total shares outstanding: 5,920,300 as of date: June 30, 2020
Number of shares in the Public Float⁶: 4,767,115 as of date: June 30, 2020
Total number of shareholders of record: 218 as of date: June 30, 2020
All additional class(es) of publicly traded securities (if any):

Trading symbol:
Exact title and class of securities outstanding:
CUSIP:
Par or stated value:
Total shares authorized: as of date: June 30, 2020
Total shares outstanding: as of date: June 30, 2020

Transfer Agent

Name: American Stock Transfer
Phone: (800) 937-5449
Email: chall@astfinancial.com
Address: 6201 15th Ave
Brooklyn, NY 11219-5411

Is the Transfer Agent registered under the Exchange Act?⁷ Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☒

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>1.1.17</u> Common: 5,920,300 Preferred:			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time	Individual/ Entity Shares were issued to (entities must have individual with voting / investment	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

⁶ "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

⁷ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

	returned to treasury)				of issuance? (Yes/No)	control disclosed).	Services Provided		
Shares Outstanding on Date of This Report:									
<u>Ending</u> <u>Balance</u>									
<u>Ending Balance:</u>									
Date <u>6.30.20</u> Common: <u>5,920,300</u>									
Preferred:									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through September 30, 2020 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

4) Financial Statements

A. The following financial statements were prepared in accordance with:

☒ U.S. GAAP

☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁸:

Name: Caren Currier
Title: Accountant
Relationship to Issuer: Consultant

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

No Operations

B. Please list any subsidiaries, parents, or affiliated companies.

None

⁸ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

C. Describe the issuers' principal products or services.

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6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

None

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
MARSHALL REYNOLDS	5%	Huntington, WV	429,920	Common	7.26%	_____
Meihua Xu	Officer	Ontario, Canada				<u>Change of Control</u> <u>March 2021</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: TBD
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Accountant or Auditor

Name: Caren Currier
Firm: _____
Address 1: 2313 Hollyhill Lane
Address 2: Denton, TX 76205
Phone: 626.429.2780

Email: carenlarsen@hotmail.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Meihua Xu certify that:

1. I have reviewed this Quarterly Disclosure Statement of FIRST STATE FINANCIAL CORPORATION;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

June 11, 2021 [Date]

/s/ Meihua Xu [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Meihua Xu certify that:

1. I have reviewed this Quarterly Disclosure Statement of FIRST STATE FINANCIAL CORPORATION;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

June 11 2021 [Date]

/s/ Meihua Xu [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

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Accrual Basis

First State Financial Corporation
Balance Sheet Prev Year Comparison
As of June 30, 2020

	Jun 30, 20	Jun 30, 19	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Cash & Cash Equivalents	0.00	0.00	0.00	0.0%
Federal Funds Sold	0.00	0.00	0.00	0.0%
Total Checking/Savings	0.00	0.00	0.00	0.0%
Accounts Receivable	0.00	0.00	0.00	0.0%
Other Current Assets				
Federal Home Loan Bank Stock	0.00	0.00	0.00	0.0%
Interest Bearing Deposits	0.00	0.00	0.00	0.0%
Loans	0.00	0.00	0.00	0.0%
Other Assets	0.00	0.00	0.00	0.0%
Securities Available for Sale	0.00	0.00	0.00	0.0%
Total Other Current Assets	0.00	0.00	0.00	0.0%
Total Current Assets	0.00	0.00	0.00	0.0%
Fixed Assets				
Accumulated Depreciation	0.00	0.00	0.00	0.0%
Furniture and Equipment	0.00	0.00	0.00	0.0%
Other Real Estate Owned	0.00	0.00	0.00	0.0%
Premise and Equipment	0.00	0.00	0.00	0.0%
Total Fixed Assets	0.00	0.00	0.00	0.0%
Other Assets	0.00	0.00	0.00	0.0%
TOTAL ASSETS	0.00	0.00	0.00	0.0%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	0.00	0.00	0.00	0.0%
Credit Cards	0.00	0.00	0.00	0.0%
Other Current Liabilities				
Accrued Interest Payable	0.00	0.00	0.00	0.0%
Deposits				
Demand	0.00	0.00	0.00	0.0%
Interest Bearing Checking	0.00	0.00	0.00	0.0%
Money Market	0.00	0.00	0.00	0.0%
Savings	0.00	0.00	0.00	0.0%
Time	0.00	0.00	0.00	0.0%
Deposits - Other	0.00	0.00	0.00	0.0%
Total Deposits	0.00	0.00	0.00	0.0%

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Accrual Basis

First State Financial Corporation
Balance Sheet Prev Year Comparison
As of June 30, 2020

	Jun 30, 20	Jun 30, 19	\$ Change	% Change
Federal Home Loan Bank Advan...	0.00	0.00	0.00	0.0%
Payroll Liabilities	0.00	0.00	0.00	0.0%
Repurchase Agreements	0.00	0.00	0.00	0.0%
Total Other Current Liabilities	0.00	0.00	0.00	0.0%
Total Current Liabilities	0.00	0.00	0.00	0.0%
Long Term Liabilities	0.00	0.00	0.00	0.0%
Total Liabilities	0.00	0.00	0.00	0.0%
Equity				
Additional Paid In Capital	32,663,000.00	32,663,000.00	0.00	0.0%
Capital Stock	0.00	0.00	0.00	0.0%
Common Stock	5,920,300.00	5,920,300.00	0.00	0.0%
Dividends Paid	0.00	0.00	0.00	0.0%
Opening Balance Equity	0.00	0.00	0.00	0.0%
Other Comprehensive Income	0.00	0.00	0.00	0.0%
Retained Earnings	-38,583,300.00	-38,583,300.00	0.00	0.0%
Net Income	0.00	0.00	0.00	0.0%
Total Equity	0.00	0.00	0.00	0.0%
TOTAL LIABILITIES & EQUITY	0.00	0.00	0.00	0.0%

First State Financial Corporation
Profit & Loss Prev Year Comparison
April through June 2020

	<u>Apr - Jun ...</u>	<u>Apr - Jun ...</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
Commission Income	0.00	0.00	0.00	0.0%
Services Income	0.00	0.00	0.00	0.0%
Total Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Expense				
Advertising and Promotion	0.00	0.00	0.00	0.0%
Automobile Expense	0.00	0.00	0.00	0.0%
Bank Service Charges	0.00	0.00	0.00	0.0%
Business Licenses and Permits	0.00	0.00	0.00	0.0%
Computer and Internet Expen...	0.00	0.00	0.00	0.0%
Continuing Education	0.00	0.00	0.00	0.0%
Depreciation Expense	0.00	0.00	0.00	0.0%
Dues and Subscriptions	0.00	0.00	0.00	0.0%
Insurance Expense	0.00	0.00	0.00	0.0%
Interest Expense	0.00	0.00	0.00	0.0%
Meals and Entertainment	0.00	0.00	0.00	0.0%
Office Supplies	0.00	0.00	0.00	0.0%
Payroll Expenses	0.00	0.00	0.00	0.0%
Postage and Delivery	0.00	0.00	0.00	0.0%
Printing and Reproduction	0.00	0.00	0.00	0.0%
Professional Fees	0.00	0.00	0.00	0.0%
Rent Expense	0.00	0.00	0.00	0.0%
Telephone Expense	0.00	0.00	0.00	0.0%
Travel Expense	0.00	0.00	0.00	0.0%
Utilities	0.00	0.00	0.00	0.0%
Total Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Net Ordinary Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Other Income/Expense				
Other Income	0.00	0.00	0.00	0.0%
Other Expense				
Ask My Accountant	0.00	0.00	0.00	0.0%
Total Other Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Net Other Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Net Income	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>0.0%</u></u>

First State Financial Corporation
Statement of Cash Flows
April through June 2020

	<u>Apr - Jun 20</u>
OPERATING ACTIVITIES	
Net Income	0.00
Adjustments to reconcile Net Income to net cash provided by operations:	
Federal Home Loan Bank Stock	0.00
Interest Bearing Deposits	0.00
Loans	0.00
Other Assets	0.00
Securities Available for Sale	0.00
Accrued Interest Payable	0.00
Deposits	0.00
Deposits:Demand	0.00
Deposits:Interest Bearing Checking	0.00
Deposits:Money Market	0.00
Deposits:Savings	0.00
Deposits:Time	0.00
Federal Home Loan Bank Advances	0.00
Payroll Liabilities	0.00
Repurchase Agreements	0.00
Net cash provided by Operating Activities	0.00
INVESTING ACTIVITIES	
Accumulated Depreciation	0.00
Furniture and Equipment	0.00
Other Real Estate Owned	0.00
Premise and Equipment	0.00
Net cash provided by Investing Activities	0.00
FINANCING ACTIVITIES	
Additional Paid In Capital	0.00
Capital Stock	0.00
Common Stock	0.00
Dividends Paid	0.00
Opening Balance Equity	0.00
Other Comprehensive Income	0.00
Retained Earnings	0.00
Net cash provided by Financing Activities	0.00
Net cash increase for period	0.00
Cash at beginning of period	0.00
Cash at end of period	<u><u>0.00</u></u>

FIRST STATE FINANCIAL CORPORATION
Shareholders' Equity (Deficiency)
(Unaudited)

	<u>Common Stock</u>		<u>Add'l Paid</u>	<u>Accumulated</u>	<u>Total Stockholders'</u>
	<u>Shares</u>	<u>Amount</u>	<u>in Capital</u>	<u>Deficit</u>	<u>Equity/(Deficit)</u>
Balance, December 31, 2017	5,920,200	5,920,200	32,663,000	(38,583,300)	-
Shares Issued					
Net Gain/(loss) for year ended December 31, 2018					
Balance December 31, 2018	5,920,200	5,920,200	32,663,000	(38,583,300)	-
Shares Issued					
Net Gain/(loss) for year ended December 31, 2019					
Balance December 31, 2019	5,920,200	5,920,200	32,663,000	(38,583,300)	-
Shares Issued					
Net Gain/(loss) for year ended June 30, 2020					
Balance June 30, 2020	5,920,200	5,920,200	32,663,000	(38,583,300)	-

FIRST STATE FINANCIAL CORPORATION
Notes to the Consolidated Financial Statements
Period ended June 30, 2020

Note 1. Organization and Significant Accounting Policies

Description of Business

First State Financial Corp. (FSTF) is public traded company on OTC market, we are looking for great merger Candidate Company worldwide.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. The Company maintains cash in financial institutions. The balances, at times, may exceed federally insured limits.

Accounts Receivable

The Company reviews customers' credit history before extending unsecured credit. Accounts receivable are reviewed to determine the need for an allowance for amounts that may become uncollectible in the future. The necessity of an allowance is based on management's review of accounts receivable balances and historic write-offs. Invoice terms can vary from at date of shipment to net 30 days. The Company does not accrue interest on past due accounts receivable. The Company writes off receivables when they are deemed uncollectible after all collection attempts have failed. The Company has determined that an allowance for doubtful accounts is not necessary as of June 30, 2020.

Property and Equipment

Property and equipment are stated at cost. Improvements are capitalized, while repair and maintenance costs are charged to operations when incurred. Depreciation is computed principally using the straight-line method. Estimated useful lives for leasehold improvements are the shorter of the lease term or estimated useful life and 3 to 5 years for furniture and processing equipment, and computer equipment.

Fair Value of Financial Instruments

The Company's financial instruments are recorded on its balance sheet. The carrying amounts for cash, accounts receivable, note receivable, accounts payable, and accrued expenses approximate fair value due to the immediate or short-term maturity of these financial instruments. The lease obligation and subordinated debt approximates fair value since this debt was recently obtained.

Income Taxes

The Company accounts for income taxes by following an asset and liability approach to financial accounting and reporting for income taxes. Accordingly, deferred tax assets and liabilities arise from the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax amounts are determined using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided under currently enacted tax law. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense or benefit is the tax payable or refundable, respectively, for the period plus or minus the change in deferred tax assets and liabilities during the period. In accordance with the guidance, the Company has adopted a policy under which, if required to be recognized in the future, interest related to the

underpayment of income taxes will be classified as a component of interest expense and any related penalties will be classified in operating expenses in the consolidated statement of operations.

The Company recognizes a financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Net Income (Loss) Per Share

Basic net income (loss) per share is computed using the weighted average number of common shares outstanding during each period. Diluted net income (loss) per share includes the dilutive effect of common shares potentially issuable upon the exercise of stock options, warrants, or the conversion of preferred stock.

Stock-Based Compensation

The Company regularly grants options to individuals under various plans. The Company measures and recognizes compensation expense for all stock-based payment awards made to employees and directors on a straight-line basis over the respective vesting period of the awards. The compensation expense for the Company's stock-based payments is based on estimated fair values determined at the time of the grant of the portion of stock-based payment awards that are ultimately expected to vest.

The Company estimates the fair value of stock-based payment awards on the date of grant using the Black-Scholes option pricing model. This option pricing model involves a number of assumptions, including the expected term of the stock options, the volatility of the public market price for the Company's common stock and interest rates.

Comprehensive Income (Loss)

Comprehensive income (loss) includes net income (loss) and items defined as other comprehensive income (loss). Items defined as other comprehensive income (loss) include items such as foreign currency translation adjustments and unrealized gains and losses on certain marketable securities. For the three month period ended June 30, 2020, there were no adjustments to net income (loss) to arrive at comprehensive income (loss).

Recent Accounting Pronouncements

There were no new accounting standards issued or effective during the Annual period ended December 31, 2018 that had, or are expected to have a material impact on the Company's results of operations, financial condition or cash flows.

Note 2. Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Our ability to continue as a going concern is dependent on our ability to raise the required additional capital or debt financing to meet short-term needs to relocate our plastics processing facility to a new site and then restart the facility which would include hiring production works.

Note 3. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining effective disclosure controls and procedures, as defined under Rule 13a-15 of the Securities Exchange Act of 1934, that are designed to cause the material information required to be disclosed by the Bank in the reports it files or submits under the Securities Exchange Act of 1934 to be recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms. In designing and evaluating the disclosure controls and procedures, management recognized that a control design, no matter how well operated, can provide only reasonable, not absolute, assurance that the objectives of the control design are met. Due to inherent limitations in all control designs, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer our controls and procedures in place as of the end of the period covered by this report were evaluated. We previously reported that as of December 31, 2008, we had identified a material weakness in our internal control over financial reporting related to identifying the disallowed portion of the Company's deferred tax asset for regulatory reporting requirements. The error in calculating our capital ratios led to uncertainty whether we can continue as a going concern and utilize our deferred tax asset. While we have made progress in remediating this deficiency in our internal control over financial reporting, there has been an insufficient period of time to determine whether the implemented processes are operating effectively. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2020, such disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Note 4. Subsequent Events

On March 23, 2021 an order was granted for the appointment of Custodianship Case No. 2020-CA-003919-NC to Small Cap Compliance. Small Cap Compliance has subsequently sold the business to Meihua Xu.