

USA Zhimingde International Group Corp
Form 10-K
April 04, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 2016.

OR

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

Commission File No. 0-52072

USA ZHIMINGDE INTERNATIONAL GROUP CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Nevada 62-1299374
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer ID Number)

225 Broadway, Suite 910, New York, NY 10007

(Address of principal executive offices)

Edgar Filing: USA Zhimingde International Group Corp - Form 10-K

Issuer's Telephone Number, including Area Code: 212-608-8858

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, \$.001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 406 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

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

Edgar Filing: USA Zhimingde International Group Corp - Form 10-K

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

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

As of June 30, 2016 (the last business day of the most recently completed second fiscal quarter) the aggregate market value of the common stock held by non-affiliates was approximately \$8,451, based upon the last trade price on that date.

As of April 4, 2017, there were 1,853,207 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None

USA ZHIMINGDE INTERNATIONAL GROUP CORPORATION

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

	Page No
<u>Part I</u>	
<u>Item 1 Business</u>	1
<u>Item 1A Risk Factors</u>	2
<u>Item 1B Unresolved Staff Comments</u>	2
<u>Item 2 Description of Properties</u>	3
<u>Item 3 Legal Proceedings</u>	3
<u>Item 4 Mine Safety Disclosure</u>	3
<u>Part II</u>	
<u>Item 5 Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchase of Equity Securities</u>	3
<u>Item 6 Selected Financial Data</u>	4
<u>Item 7 Management’s Discussion and Analysis</u>	4
<u>Item 7A Quantitative and Qualitative Disclosure about Market Risk</u>	6
<u>Item 8 Financial Statements and Supplementary Schedules</u>	6
<u>Item 9 Changes and Disagreements with Accountants on Accounting and Financial Disclosure</u>	19
<u>Item 9A Controls and Procedures</u>	19
<u>Item 9B Other Information</u>	21
<u>Part III</u>	
<u>Item 10 Directors, Executive Officers and Corporate Governance</u>	21
<u>Item 11 Executive Compensation</u>	22
<u>Item 12 Security Ownership of Certain Beneficial Owners, and Management and Related Stockholder Matters</u>	23
<u>Item 13 Certain Relationships and Related Transactions and Director Independence</u>	24
<u>Item 14 Principal Accountant Fees and Services</u>	24

Part IV

<u>Item 15 Exhibits and Financial Statement Schedules</u>	24
---	----

<u>Signatures</u>	25
-------------------	----

FORWARD-LOOKING STATEMENTS: NO ASSURANCES INTENDED

This Report contains certain forward-looking statements regarding USA Zhimingde International Group Corporation, its business and financial prospects. These statements represent Management's best estimate of what will happen. Nevertheless, there are numerous risks and uncertainties that could cause our actual results to differ dramatically from the results suggested in this Report. Among the more significant risks are:

We have no business operations and have no assets. Unless the Company obtains additional capital or acquires an operating company, the Company will not be able to undertake significant business activities.

The Company's business plan contemplates that it will acquire an operating company in exchange for common stock. If that occurs, management will determine the nature of the company that is acquired, which is likely to be a company with which management has a pre-existing relationship. Investors in the Company will have to rely on the business acumen of management in determining that the acquisition is in the best interest of the Company. If management lacks sufficient skill to operate successfully, the Company's shares may lose value.

Because these and other risks may cause the Company's actual results to differ from those anticipated by Management, the reader should not place undue reliance on any forward-looking statements that appear in this Report.

PART 1

Item 1. Business

USA Zhimingde International Group Corporation (the "Company") was originally incorporated on July 26, 1990 in accordance with the laws of the State of Florida as Marketing Educational Corp. On June 13, 2006, the Company was reincorporated by merger in the State of Nevada.

The Company was originally formed for the purpose of direct marketing of certain educational materials and photography packages. The educational materials marketed by the Company consisted of encyclopedias, learning books, educational audio and video tapes which were designed to be used in various combinations to accommodate the educational levels and needs of families with children of all ages. During 1991, the Company completed a public offering of 150,000 units of common stock, through a Registration Statement on Form S-18 (Registration No.33-37039-A).

The Company has had no operations since 1992 and is currently a “shell company” as defined in Rule 405 under the Securities Act of 1933 (“Securities Act”) and Rule 12b-2 under the Securities Exchange Act of 1934 (“Exchange Act”). The Company is defined as a shell company because it has no operations or assets.

On December 7, 2012, USA Zhimingde International Group Inc., a New Jersey corporation (“Zhimingde Inc.”) purchased 1,687,502 shares of the Company’s common stock from Halter Financial Investments, L.P., Glenn A. Little and The Halter Group, Inc. pursuant to a Securities Purchase Agreement (the “Purchase”). Following the Purchase, Zhimingde Inc. owned approximately 91% of the voting securities of the Company. The Purchase resulted in a change in control of the Company. Subsequently, the Company changed its name to USA Zhimingde International Group Corporation effective on February 4, 2013.

For some period of time the Company has been exploring business opportunities that would involve the use of the Company as a shell in a reverse merger transaction, in which an operating company would be merged into USA Zhimingde International Group Corporation in exchange for shares of our capital stock. We continue to explore business opportunities, particularly businesses with which our Chairman, Zhongquan Zou, has experience. The business that we ultimately pursue will be determined by Mr. Zou, who is the sole member of our Board of Directors. His decision will be based on the prospects for the business, the availability of capital to fund the business, and the potential benefits of the business to the shareholders of USA Zhimingde International Group Corporation.

It is likely that we will effectuate a business combination with a target whose business operations and place of formation are located in the People’s Republic of China. In particular, we may combine with one or more entities that Mr. Zou owns or controls. In such event, we may face the significant additional risks associated with doing business in that country. In addition to the language barriers, different presentations of financial information, different business practices, and other cultural differences and barriers that may make it difficult to evaluate such a merger target, we may encounter ongoing business risks associated with uncertain legal systems and applications of law, uncertain economic policies and potential political and economic instability.

Employees

We currently have no employees. The need for employees and their availability will be addressed in connection with the decision whether or not to acquire or participate in specific business opportunities.

Item 1A. Risk Factors

Not applicable.

Item 1B. Unresolved Staff Comments

Not applicable.

2

Item 2. Properties

We have no property, because we have no assets or employees. Our executive offices are maintained in offices maintained by other affiliates of Zhongquan Zou, our CEO. We do not compensate Zhongquan Zou or the affiliates for this concession.

Item 3. Legal Proceedings

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters And Issuer Purchases Of Equity Securities.

(a) Market Information

The Company's common stock is quoted on the OTC Pink Market under the symbol "ZMDC". As of the date of this report, there have only been sporadic trades of the common stock. Set forth below are the high and low bid prices for each of the quarters indicated. The reported bid quotations reflect inter-dealer prices without retail markup, markdown or commissions, and may not necessarily represent actual transactions.

Quarter Ending	Bid	
	High	Low
March 31, 2015	\$3.05	\$1.11
June 30, 2015	\$3.15	\$1.10

Edgar Filing: USA Zhimingde International Group Corp - Form 10-K

September 30, 2015	\$3.58	\$1.00
December 31, 2015	\$1.00	\$0.76
March 31, 2016	\$0.76	\$0.051
June 30, 2016	\$0.051	\$0.051
September 30, 2016	\$0.051	\$0.0081
December 31, 2016	\$0.0082	\$0.0081

(b) Shareholders

Our shareholders list contains the names of 363 registered stockholders of record of the Company's Common Stock.

Our stock transfer agent is Securities Transfer Corporation: 2591 Dallas Parkway, Suite 102, Frisco, Texas 75034; (469) 633-0101.

(c) Dividends

The Company has not, within the past decade, paid or declared any cash dividends on its Common Stock and does not foresee doing so in the foreseeable future. The Company intends to retain any future earnings for the operation and expansion of the business. Any decision as to future payment of dividends will depend on the available earnings, the capital requirements of the Company, its general financial condition and other factors deemed pertinent by the Board of Directors.

(d) Securities Authorized for Issuance Under Equity Compensation Plans

The Company had no securities authorized for issuance under equity compensation plans as of December 31, 2016.

(e) Sale of Unregistered Securities

The Company did not issue any unregistered equity securities during the 4th quarter of fiscal 2016.

(f) Repurchase of Equity Securities

The Company did not repurchase any shares of its common stock during the 4th quarter of 2016.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis

Results of Operations

We currently have no assets and no operations. During the year ended December 31, 2016 we realized no revenue and incurred \$46,003 in operating expenses, resulting in a loss from operations and net loss in that amount. During the year ended December 31, 2015, we realized no revenue and incurred \$53,323 in operating expenses, resulting in a loss from operations and a net loss in that amount. The expenses in these years represent the costs of maintaining the Company as an SEC reporting company, as well as expenses related to maintaining the Company's corporate existence. Our expenses were greater in 2015 because, during the first quarter of 2015, we filed with the SEC our annual and quarterly reports for all periods from the second quarter of 2013 through the third quarter of 2014, and incurred the expenses related to those filings. We now plan to stay current in our filing obligations, and do not expect to replicate the level of those expenses until we acquire an operating business.

Our major expenses consisted of fees to lawyers and auditors necessary to maintain our standing as a fully-reporting public company and other administrative expenses attendant to the trading of our common stock. We do not expect any significant change in the level of these expenses, unless the Company acquires or initiates business operations.

Liquidity and Capital Resources

At December 31, 2016 we had a working capital deficit of \$130,832, as we had no assets and had \$130,832 in accrued expenses. Our liabilities consist of amounts payable to our professional advisors for services, which increased by \$26,292 during 2016. The remainder of our \$40,003 in operating expenses during the year ended December 31, 2016 were paid by USA Zhimingde International Group Inc., which is our majority shareholder, or by affiliates of that entity. We expect our working capital deficit to continue indefinitely, until we initiate or obtain an operating company capable of funding our overhead expenses.

Our operations used no cash during the year ended December 31, 2016, as we increased our accrued expenses by \$26,292 during that period and the remainder of our expenses were paid by our majority shareholder as a capital contribution. In the future, unless we achieve the financial and/or operational wherewithal to sustain our operations, it is likely that we will continue to rely on loans and capital contributions to sustain our operations.

Mr. Zou, our Chief Executive Officer, who controls the majority shareholder, or other entities that he controls have financed our operations by making capital contributions to cover our expenses. We expect that Mr. Zou's controlled affiliates will continue to fund our operations until we have completed an acquisition of an operating company, and that we will continue to require additional capital contributions or financing to maintain our existence as a shell company for the next twelve months, if necessary. Our management is not required to fund our operations by any contract or other obligation.

Application of Critical Accounting Policies

Our financial statements and related financial information are based on the application of accounting principles generally accepted in the United States of America ("GAAP"). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue, and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note 2 to our financial statements. While all these significant accounting policies impact our financial condition and results of operations, the Company views certain of these

policies as critical. Policies determined to be critical are those policies that have the most significant impact on the Company's financial statements and require management to use a greater degree of judgment and estimates. Among our critical policies is the determination, described in Note 5 to our financial statements, that the Company should record a valuation allowance for the full value of the deferred tax asset created by the net operating loss carryforwards. The primary reason for the determination was the lack of certainty as to whether the Company will achieve profitable operations in the future and be able to utilize their carryforwards.

Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause any effects on our results of operations, financial position or liquidity for the periods presented in this report.

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.

Impact of Accounting Pronouncements

There have been no recent accounting pronouncements that have had, or are expected to have, a material effect on our financial statements.

Item 7A Quantitative And Qualitative Disclosures About Market Risk

Not Applicable.

Item 8. Financial Statements

INDEX TO FINANCIAL STATEMENTS

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	7
<u>Balance Sheets as of December 31, 2016 and 2015</u>	8
<u>Statements of Operations for the Years Ended December 31, 2016 and 2015</u>	9
<u>Statements of Changes in Stockholders' (Deficit) for the Years Ended December 31, 2016 and 2015</u>	10

Statements of Cash Flows for the Years Ended December 31, 2016 and 2015 11

Notes to Financial Statements 12

6

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and

Stockholders of USA Zhimingde International Group Corporation

We have audited the accompanying balance sheets of USA Zhimingde International Group Corporation (the “Company”) as of December 31, 2016 and 2015, and the related statements of operations, change in stockholders’ (deficit), and cash flows for each of the years in the two year period ended December 31, 2016. The Company’s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Zhimingde International Group Corporation as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements as of and for the years ended December 31, 2016 and 2015 have been prepared assuming the Company will continue as a going concern. As more fully described in Note 6 to the financial statements, the Company has no viable operations or significant assets and is dependent upon its major stockholder to provide sufficient working capital to maintain the integrity of the corporate entity. These conditions and the Company’s lack of equity and viable operations, raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans regarding these matters are also described in Note 6. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

/s/ Wei, Wei & Co., LLP

Wei, Wei & Co., LLP

Flushing, New York

April 3, 2017

7

USA Zhimingde International Group Corporation**BALANCE SHEETS (IN U.S.\$)
DECEMBER 31, 2016 AND 2015**

	December 31,	
LIABILITIES AND STOCKHOLDERS' (DEFICIT)	2016	2015
Current liabilities:		
Accrued expenses	\$ 130,832	\$ 104,540
Total current liabilities	130,832	104,540
Stockholders' (deficit) (Note 5):		
Preferred stock, \$0.001 par value per share, 50,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value per share, 100,000,000 shares authorized, 1,853,207 shares issued and outstanding at December 31, 2016 and 2015	1,853	1,853
Additional paid-in capital	695,490	675,779
(Deficit)	(828,175)	(782,172)
Total stockholders' (deficit)	(130,832)	(104,540)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	\$—	\$—

See independent auditors' report and accompanying notes to financial statements.

USA Zhimingde International Group Corporation

**STATEMENTS OF OPERATIONS (IN U.S.\$)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Operating expenses:		
Professional fees	\$(46,003)	\$(53,323)
Net (loss)	\$(46,003)	\$(53,323)
(Loss) per common share, basic and diluted	\$(0.02)	\$(0.03)
Weighted average shares outstanding, Basic and diluted	1,853,207	1,853,207

See independent auditors' report and accompanying notes to financial statements.

USA Zhimingde International Group Corporation**Statements of Changes in Stockholders' (Deficit) (IN U.S. \$)****FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Common Stock	Additional Paid-in Capital	Deficit	Total
Balance, December 31, 2014	\$ 1,853	656,846	(728,849)	(70,150)
Capital contributed to support operations	—	18,933	—	18,933
Net loss	—	—	(53,323)	(53,323)
Balance, December 31, 2015	1,853	675,779	(782,172)	(104,540)
Capital contributed to support operations	—	19,711	—	19,711
Net loss	—	—	(46,003)	(46,003)
Balance, December 31, 2016	\$ 1,853	\$ 695,490	\$(828,175)	\$(130,832)

See independent auditors' report and accompanying notes to financial statements.

USA Zhimingde International Group Corporation

STATEMENTS OF CASH FLOWS (IN U.S. \$)

FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		