

Evergreen International Corp.
Form 10-Q
March 08, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended January 31, 2019

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

For the transition period from _____ to _____

Commission file number 000-30432

Evergreen International Corp.
(Exact name of registrant as specified in its charter)

Delaware **22-2335094**
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

6F Fazhan Building, No. 658, Chaoyang Street

Jingxiu District, Baoding City, Hebei, China

(Address of principal executive offices, including zip code)

+86-23-89066682

(Telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 every Interactive Data File required to be submitted 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 such files).

Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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.

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

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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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares outstanding of registrant's common stock at March 8, 2019 was 7,350,540 shares.

EVERGREEN INTERNATIONAL CORP.

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EVERGREEN INTERNATIONAL CORP.

PART I.

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED BALANCE SHEETS

	January 31, 2019 (Unaudited)	April 30, 2018
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$-	\$205,636
Other Receivable	785	-
Total Current Assets	785	205,636
Total Assets	\$785	\$205,636
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$16,634	\$1,500
Total Current Liabilities	16,634	1,500
Commitments and Contingencies		
Stockholders' (Deficit) Equity:		
Preferred Stock, \$.001 par value; 1,000,000 shares authorized; None issued and outstanding	-	-
Common Stock, \$.001 Par Value; 100,000,000 Shares Authorized; 7,350,540 Shares Issued and Outstanding	7,350	7,350
Additional Paid-In Capital	2,190,644	2,372,640
Accumulated Deficit	(2,213,843)	(2,175,854)
Total Stockholders' (Deficit) Equity	(15,849)	204,136

Total Liabilities and Stockholders' (Deficit) Equity	\$785	\$205,636
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The accompanying notes are an integral part of the unaudited condensed financial statements.

EVERGREEN INTERNATIONAL CORP.

CONDENSED STATEMENTS OF OPERATIONS

	(Unaudited) Three Months Ended January 31,		(Unaudited) Nine Months Ended January 31,	
	2019	2018	2019	2018
Net Sales	\$-	\$-	\$-	\$-
Costs and Expenses:				
Selling, General and Administrative Expenses	9,875	4,080	38,122	16,740
Loss from operations	(9,875)	(4,080)	(38,122)	(16,740)
Other Income:				
Interest	-	51	133	161
Net Loss	\$(9,875)	\$(4,029)	\$(37,989)	\$(16,579)
Loss Per Common Share – Basic	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Weighted Average Shares Outstanding	7,350,540	7,350,540	7,350,540	7,350,540

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

EVERGREEN INTERNATIONAL CORP.

CONDENSED STATEMENTS OF CASH FLOWS

	(Unaudited) Nine Months Ended January 31,	
	2019	2018
Cash Flows from Operating Activities:		
Net Loss	\$(37,989)	\$(16,579)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Changes in Operating Assets and Liabilities:		
Increase in Other Receivable	(785)	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	15,134	(2,125)
Net Cash Used in Operating Activities	(23,640)	(18,704)
Cash Flows from Financing Activities:		
Special Dividends Paid	(181,996)	-
Net Cash Used in Financing Activities	(181,996)	-
Decrease in Cash and Cash Equivalents	(205,636)	(18,704)
Cash and Cash Equivalents - Beginning of Period	205,636	226,035
Cash and Cash Equivalents - End of Period	\$-	\$207,331

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

EVERGREEN INTERNATIONAL CORP.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JANUARY 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business

Historically, Evergreen International Corp. (“Evergreen”, “we”, “our” or “the Company”) was a wood products company that had been in business since 1980. Our business fluctuated over the years. We were almost wholly dependent on sales to The Home Depot, Inc. On September 2, 2003, we terminated our business relationship with Home Depot due to increased difficulties in transacting business with such company on a profitable basis. These difficulties included Home Depot’s prohibition against price increases, despite increases in our costs of production, a diminution in the Home Depot territories to which we were allowed to sell product, and Home Depot’s demands regarding returns of ordered products that we were unwilling to accede to for economic reasons.

On June 22, 2018, the Company entered into a Stock Purchase Agreement (the “SPA”) with a third party (the “Purchaser”) and certain selling stockholders, including the Company’s controlling stockholders (the “Sellers”), pursuant to which the Purchaser has agreed to acquire shares of common stock representing approximately 98.75% of the company’s issued and outstanding common stock (the “Shares”). The transaction contemplated by the SPA was subject to various conditions, including payment of a cash dividend to the Company’s stockholders and the Company’s changing its name and stock symbol as per the direction of the Purchaser.

On July 6, 2018, the Board of directors of the Company (i) declared a cash dividend in an aggregate amount of \$181,996, or an average of \$0.024760 per share, payable to stockholders of record on July 16, 2018, and (ii) approved an amendment to the Company’s Certificate of Incorporation to change the Company’s name to Evergreen International, Corp, which amendment was filed with the Secretary of State of the State of Delaware on July 13, 2018 and became effective July 27, 2018.

On July 27, 2018, the transactions contemplated by the SPA were closed, and as a result, the Purchaser completed the acquisition of the Shares, representing 98.75% of the company’s issued and outstanding common stock for \$325,000, which was funded out of the purchaser’s personal funds. The consummation of the transactions contemplated by the SPA resulted in a change of control of the Company.

Basis of Presentation

The accompanying unaudited condensed financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The interim condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission from the accounts of the Company without audit. The condensed balance sheet at April 30, 2018 was derived from audited financial statements but may not include all disclosures required by accounting principles generally accepted in the United States of America. The other information in these condensed financial statements is unaudited; however, in the opinion of management, the information presented reflects all adjustments of a normal recurring nature which are necessary to present fairly the Company's financial position and results of operations and cash flows for the period presented. It is recommended that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's fiscal year 2018 Annual Report on Form 10-K filed on July 24, 2018 and other financial reports filed by the Company from time to time.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments with a maturity of three months or less at time of purchase to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Income taxes are provided in accordance with ASC 740 Accounting for Income Taxes. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Income (Loss) Per Common Share

The basic computation of loss per share is based on the weighted average number of shares outstanding during the period presented in accordance with ASC 260, "Earnings Per Share". Since the Company has no common stock equivalents, diluted earnings (loss) per share is the same as basic earnings (loss) per share.

Fair Value of Financial Instruments

The fair value of the Company's financial instruments, which consist primarily of cash and cash equivalents and accounts payable and accrued liabilities, approximate their carrying amounts reported due to their short-term nature.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in a financial institution which, at times may exceed the Federal depository insurance coverage of \$250,000. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts.

NOTE 2 – STOCKHOLDERS' (DEFICIT) EQUITY

Change of Control

On June 22, 2018, the Company entered into a Stock Purchase Agreement (the "SPA") with Tan Ying Lok (the "Purchaser") and certain selling stockholders, including Airmont Trust and Brad Houtkin, the Company's two controlling stockholders (collectively, the "Sellers"), pursuant to which the Purchaser agreed to acquire 7,258,850 shares of common stock representing approximately 98.75% of the company's issued and outstanding common stock (the "Shares") for \$325,000.

On July 27, 2018, the transactions contemplated by the SPA was closed, and as a result, the Purchaser completed the acquisition of the Shares, representing 98.75% of the company's issued and outstanding common stock for \$325,000, which was funded out of the purchaser's personal funds. The consummation of the transactions contemplated by the SPA resulted in a change of control of the Company.

Special Dividend

As a condition to the SPA discussed above, the Company issued a cash dividend of substantially all of its cash, less a reserve to discharge any remaining liabilities of the Company. The dividend was paid based on an average rate of \$0.024760 per share for an aggregate total of \$181,996.

NOTE 3 – CHANGES IN MANAGEMENT

Pursuant to the requirements of the SPA closed on July 27, 2018, effective on August 6, 2018, Mr. Brad Houtkin resigned from his positions as President, CEO, CFO, Treasurer and Director of the Company. Mr. Michael Houtkin resigned as the Secretary and Director of the Company, and Ms. Sherry Houtkin resigned as the Director of the Company. Further, effective as of the same date, the Board of Directors of the Company appointed Jianguo Wei as the sole Director, CEO, CFO, President and Treasurer of the Company, and Ge Gao as the Corporate Secretary of the Company.

NOTE 4 - SUBSEQUENT EVENTS

We have evaluated all events that occurred after the balance sheet date through the date when our financial statements were issued to determine if they must be reported. Management has determined that there were no additional reportable subsequent events to be disclosed.

Evergreen International Corp.

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

The following discussion and analysis of financial condition and results of operations relates to the operations and financial condition reported in the unaudited condensed consolidated financial statements of the Company for the three and nine months ended January 31, 2019 and 2018 and should be read in conjunction with such financial statements and related notes included in this report. Except for the historical information contained herein, the following discussion, as well as other information in this report, contain “forward-looking statements,” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the “safe harbor” created by those sections. Actual results and the timing of the events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the “Forward-Looking Statements” set forth elsewhere in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

This report may contain “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended (including any statements regarding the Company’s outlook for fiscal 2019 and beyond). Any forward-looking statements are subject to a number of risks and uncertainties. These include, among other risks and uncertainties, without limitation, the lack of any current business operation, the possible failure to identify a suitable acquisition candidate, and specific risks which may be associated with any new business or acquisition that we may acquire.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expect,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential” and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this report. Except as otherwise required by law, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this report to reflect any change in our expectations or any change in events, conditions or circumstances on which any of our forward-looking statements are based. We qualify all of our forward-looking statements by these cautionary statements.

Critical Accounting Policies and Significant Judgments and Estimates

The Securities and Exchange Commission (“SEC”) issued disclosure guidance for “critical accounting policies.” The SEC defines “critical accounting policies” as those that require the application of management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Our significant accounting policies are described in the Notes to these financial statements. Currently, based on the Company’s limited activity, we do not believe that there are any accounting policies that require the application of difficult, subjective or complex judgments.

Historical Background

Historically, we were a wood products company that had been in business since 1980. Our business fluctuated over the years. We were almost wholly dependent on sales to The Home Depot, Inc. As discussed below in “Discontinued Operations,” on September 2, 2003, we discontinued our wood products business.

Discontinued Operations

On September 2, 2003, we terminated our business relationship with Home Depot due to increased difficulties in transacting business with such company on a profitable basis. These difficulties included Home Depot's prohibition against price increases, despite increases in our costs of production, a diminution in the Home Depot territories to which we were allowed to sell product, and Home Depot's demands regarding returns of ordered products that we were unwilling to accede to for economic reasons.

Results of Operations

Since we discontinued our wood products business in 2003, we have had no sales revenue, including during the three and nine months ended January 31, 2019 and 2018.

Three Months Ended January 31, 2019 Compared to the Three Months Ended January 31, 2018

Selling, general and administrative expenses ("operating expenses") were \$9,875 for the three months ended January 31, 2019, as compared to \$4,080 for the comparable prior period. The increase during the current quarter is primarily due to increased professional fees related to company filings.

For the three months ended January 31, 2019, we had a net loss of \$9,875 compared to a net loss of \$4,029 for the comparable prior period. The increase during the current quarter is primarily due to increased professional fees.

Nine Months Ended January 31, 2019 Compared to the Nine Months Ended January 31, 2018

Operating expenses were \$38,122 for the nine months ended January 31, 2019, as compared to \$16,740 for the comparable prior period. The increase during the current period is primarily to increased legal and professional fees related to the stock purchase agreement discussed in Note 2 of the financial statements.

For the nine months ended January 31, 2019, we had a net loss of \$37,989 compared to a net loss of \$16,579 for the comparable prior period. The increase during the current period is primarily due to increased legal and professional fees related to the stock purchase agreement discussed in Note 2 of the financial statements.

Liquidity and Capital Resources

At January 31, 2019, we had working capital deficit of \$15,849, compared to working capital of \$204,136 at April 30, 2018. As of January 31, 2019, we had no cash and cash equivalents and receivables of \$785, a decrease of \$205,636 and an increase of \$785, respectively, compared with our cash on hand at April 30, 2018.

Operating activities used cash of \$23,640 for the nine months ended January 31, 2019, as compared to cash used in operating activities of \$18,704 during the comparable prior period. The increase during the current period is primarily due to increased legal and professional fees related to the stock purchase agreement discussed in Note 2 of the financial statements, partially offset by an increase in accounts payable.

Financing activities used cash of \$181,996 for the nine months ended January 31, 2019, as compared none during the comparable prior period, as the company paid a special dividend of substantially all remaining cash as a provision of the stock purchase agreement discussed in Note 2 of the financial statements.

During the remainder of fiscal 2019, we do not anticipate that we will incur any capital expenditures.

We anticipate that our operating activities will generate negative net cash flow during the remainder of fiscal 2019. We believe that the cash on hand will not be sufficient for meeting our liquidity and capital resource needs for the next year. In order to remedy this liquidity deficiency, management is actively seeking to raise additional capital to fund operations.

Off-Balance Sheet Arrangements

We do not have any transactions, agreements or other contractual arrangements that constitute off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This Item is not applicable because we are a “smaller reporting company,” as defined by applicable SEC regulation.

ITEM 4. CONTROLS AND PROCEDURES

Management’s Report on Disclosure Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our President/Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, we recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we necessarily were required to apply our judgment in evaluating the cost-benefit relationship of possible changes or additions to our controls and procedures.

As of January 31, 2019, we carried out an evaluation, under the supervision and with the participation of our management, including our President/Chief Financial Officer, of the effectiveness of the design and operation of our 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 President/Chief Financial Officer concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, provide a reasonable level of assurance that they are effective in enabling us to record, process, summarize and report information required to be included in our periodic SEC filings within the required time period.

Changes in Internal Control Over Financial Reporting.

There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business. We are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

ITEM 1A. RISK FACTORS

This Item is not applicable because we are a “smaller reporting company,” as defined by applicable SEC regulation.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS ON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS

- 3.1 Articles of Incorporation, as amended ¹
- 3.2 By-Laws ²
- 10.1 Stock Purchase Agreement Dated June 22, 2018 ³
- 16.1 Letter from Rosenberg Rich Banker Berman & Company dated September 14, 2018 ⁴
- 31.1 Certification of the Principal Executive and Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended. **
- 32.1 Certification of the Principal Executive and Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
- 101.INS XBRL Instance Document **
- 101.SCH Document, XBRL Taxonomy Extension **
- 101.CAL Calculation Linkbase, XBRL Taxonomy Extension Definition **
- 101.DEF Linkbase, XBRL Taxonomy Extension Labels **
- 101.LAB Linkbase, XBRL Taxonomy Extension **
- 101.PRE Presentation Linkbase **

** Filed herewith.

(1) Incorporated by reference to the Company's Report on Form 10-K filed July 24, 2018

(2) Incorporated by reference to Amendment No. 1 to the Company's Registration Statement on Form 10-SB (SEC File No. 01-15207) filed on or about August 2, 1999

(3) Incorporated by reference to the Company's Report on Form 8-K filed July 27, 2018

(4) Incorporated by reference to the Company's Report on Form 8-K filed September 14, 2018

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.

Evergreen International Corp.

Date: March 8, 2019

/s/ Jianguo Wei

Jianguo Wei

President, Chief Executive Officer and

Chief Financial Officer