

CHINA PRINTING, INC.  
Form 10QSB  
June 15, 2005

---

---

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended March 31, 2005

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

For the transition period from to

Commission File No. 000-27243

WORLDTEQ GROUP INTERNATIONAL, INC.  
(Exact name of Registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

03-7392107  
(I.R.S. Employer  
Identification Number)

30 West Gude Drive, Rockville, Maryland  
(Address of principal executive offices)

20850  
(Zip/Postal Code)

(301) 728-8774  
(Telephone Number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x YES o NO

Edgar Filing: CHINA PRINTING, INC. - Form 10QSB

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date. There were 40,706,190 common stock shares, par value \$0.001, as of June 3, 2005.

---

---

---

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

Item 1	<u>Financial Statements</u>	4
	<u>Consolidated Balance Sheet</u>	4
	<u>Consolidated Statements of Operations</u>	5
	<u>Consolidated Statements of Cash Flows</u>	6
	<u>Notes to Financial Statements</u>	7
Item 2	<u>Management's Discussion and Analysis</u>	7
Item 3	<u>Controls and Procedures</u>	7

PART II OTHER INFORMATION

Item 1	<u>Legal Proceedings</u>	11
Item 2	<u>Changes in Securities and Small Business Issuer Purchases of Equity Security</u>	11
Item 3	<u>Defaults Upon Senior Securities</u>	11
Item 4	<u>Submission of Matters to a Vote of Security Holders</u>	11
Item 5	<u>Other Information</u>	11
Item 6	<u>Exhibits and Reports on Form 8-K</u>	11
	<u>Signature</u>	12

Table of Contents

Note Regarding FORWARD-LOOKING STATEMENTS

In addition to historical information, this Report contains forward-looking statements. Such forward-looking statements are generally accompanied by words such as "intends," "projects," "strategies," "believes," "anticipates," "plans," and similar terms that convey the uncertainty of future events or outcomes. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in ITEM 2 of this Report, the section entitled MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION." Readers are cautioned not to place undue reliance on these OPERATION." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof and are in all cases subject to the Company's ability to cure its current liquidity problems. There is no assurance that the Company will be able to generate sufficient revenues from its current business activities to meet day-to-day operation liabilities or to pursue the business objectives discussed herein.

The forward-looking statements contained in this Report also may be impacted by future economic conditions. Any adverse effect on general economic conditions and consumer confidence may adversely affect the business of the Company.

WorldTeq Group International, Inc. undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Factors that could cause actual results or conditions to differ from those anticipated by these and other forward-looking statements include those more fully described in the "Risk Factors" section of the Company's Registration Statement filed with the Securities and Exchange Commission (the "SEC") on June 3, 2005 on Form 10KSB. In addition, readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission.

Part I Financial Information

Item 1. Financial Statement

In the opinion of management, the accompanying unaudited financial statements included in this Form 10-QSB reflect all adjustments necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the

Table of Contents

## ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

WORLDTEQ GROUP INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET

March 31, 2005

(unaudited)

## ASSETS

## Current Assets:

Restricted Cash	\$	45,518
Accounts Receivable		14,093
Other Current Assets		
<b>Total current assets</b>		<b>59,611</b>

Equipment, net		7,071
----------------	--	-------

Customer base		35,417
---------------	--	--------

<b>Total assets</b>	<b>\$</b>	<b>102,099</b>
---------------------	-----------	----------------

## LIABILITIES AND STOCKHOLDERS' DEFECIT

## Current Liabilities

Convertible note payable to stockholder	\$	192,146
Convertible note payable		3,000
Accounts Payable		253,248
Accrued expenses		60,242

<b>Total current liabilities</b>		<b>508,636</b>
----------------------------------	--	----------------

## Commitments and contingencies

## Stockholders' Deficit

Convertible preferred stock, \$.001 par value, 5,000,000 shares authorized, 911,553 shares issued and outstanding		911
Common stock, \$.001 par value, 100,000,000 shares authorized, 1,290,206 shares issued and outstanding		1,290
Paid in capital		22,635,788
Retained deficit		(23,044,526)

<b>Total stockholders' deficit</b>		<b>(406,537)</b>
------------------------------------	--	------------------

<b>Total liabilities and stockholders' deficit</b>	<b>\$</b>	<b>102,099</b>
--	-----------	----------------



Table of Contents

WORLDTEQ GROUP INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
March 31, 2005  
(unaudited)

	Three Months Ended March 31	
	2005	2004
Sales	\$ 52,375	\$ 117,540
Cost of Sales	11,332	82,691
Selling, general and administrative expenses	77,170	290,274
Depreciation	115	12,698
Amortization	3,125	11,458
Bad Debts	-	-
Income (loss) from operations	(39,367)	(279,581)
Interest Expense	0	2,888
Net income (loss)	\$ (39,367)	\$ (282,469)
Basic and diluted income (loss) per share:	\$ (0.09)	\$ (1.65)
Weighted Average Shares Outstanding	40,706,190	31,139,524

Table of Contents

WORLDTEQ GROUP INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS CASH FLOWS  
March 31, 2005  
(unaudited)

	Three Months Ended March 31, 2005	
Cash Flows Used in Operating Activities	2005	2004
Net Income (Loss)	\$ (39,367)	\$ (282,469)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	3,240	6,549
Stock option expense	-	220,000
Change in:		
Accounts Receivable	-	19,283
Other Current Assets	(5,740)	-
Accounts Payable	27,687	6,922
Trade Accounts Receivable	554	20,925
Net Cash Used In Operating Activities	(69,000)	(47,356)
Cash Flows Used In Investing Activities		
Purchases of customer base	-	(50,000)
Cash Flows Provided By Financing Activities		
Proceeds from shareholder note payable	-	-
Exercise of stock options	100,000	100,000
Payments on note payable	(2,644)	(2,644)
Net cash from financing activities	-	97,356
Net Change in Cash	-	-
Cash - beginning of year	-	-
Cash - End of Quarter	-	-



Table of Contents

WORLDTEQ GROUP INTERNATIONAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005  
(Unaudited)

---

---

NOTE 1 - BASIS OF PRESENTATION

The interim financial statements and summarized notes included herein were prepared in accordance with accounting principals generally accepted in the United States of America for interim financial information, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in complete financial statements prepared in accordance with accounting principals generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, it is suggested that these financial statements be read in conjunction with the Consolidated Financial Statements and the Notes thereto, included in Worldteq's Report 10KSB filed June 3, 2005. These interim financial statements and notes hereto reflect all adjustments that are, in the opinion of management, necessary for a fair statement of results for the interim periods presented. Such financial results should not be construed as necessarily indicative of future results.

NOTE 2 - COMMON STOCK

During the three months ended March 31, 2005, no shares, warrants, nor warrants were issued or exercised.

ITEM 2. Management's Discussion and Analysis

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the financial statements, related notes, and other detailed information included elsewhere in this Form 10QSB. Certain information contained below and elsewhere in this Form 10QSB, including information regarding our plans and strategy for our business, are forward-looking statements. See "Note Regarding Forward-Looking Statements."

Our business plan for the next twelve months is to demonstrate the efficacy of our product candidate in animal models. It is necessary for us to establish evidence of efficacy of our approach in order to advance to subsequent milestones.

*Overview*

Currently, we are a switch-less and facilities-based provider of Internet protocol and traditional fiber-based communications services, including voice and data, along with toll free and related services. We market our services to groups specializing in specific ethnic demographics, residential communities located in major metropolitan areas, associations, network marketing organizations, and multi-level-marketing organizations (MLM's). Our goal is to become a leading provider of communication services, including voice, data and Internet services to our targeted markets, comprised of affinity communities. We provide our services through a flexible network of owned, contracted facilities and resale arrangements. We have an extensive network available to us of IP gateways, international gateways, and domestic switches.



Table of Contents

Through our subsidiary WorldTeq Corporation we provide agents, associations, and businesses with opportunities to generate revenues by supplying those associations, individuals, and businesses with Internet technology and communications solutions and services. Our products and services enable the agents and affinity groups to offer their members, customers and others a variety of revenue producing solutions and services without making large investments in technology, infrastructure or staff. The principal products and services which we offer are:

- - Long Distance Service
- - Toll Free Products
- - Financial Services / Corporate Payroll Solutions
- - Billing Services
- - Online Spanish language portal

*Recent Developments*

The company recently announced in the form of an 8-K filed with the SEC that it has signed a plan of exchange to acquire Harbin Yinhai Technology Development Company Ltd.

On January 21, 2005, the Registrant executed a Plan of Exchange (the "Agreement"), between and among the Registrant, Harbin Yinhai Technology Development Company Ltd., a corporation organized and existing under the laws of the Peoples' Republic of China ("Yinhai"), and Progressive Media Group, Inc., XCL Partners, Inc., Aero Financial, Inc. and Triple S Parts, Inc. (collectively, the "Consultants").

Pursuant to and at the closing of the Agreement, the shareholders of Yinhai (the "Yinhai Shareholders") will exchange all of their shares of registered capital of Yinhai for 12,211,857 shares of common stock of the Registrant, or approximately 90% of the Registrant's then outstanding shares of common stock. Upon completion of the exchange, the registered capital of Yinhai will be transferred to the Registrant, and Yinhai will become a wholly-owned subsidiary of the Registrant. An executed copy of the Initial Letter of Agreement is attached hereto as Exhibit 1.1.

Yinhai is a commercial printing company located in Harbin, Peoples' Republic of China, that, among other things, prints forms for use by banks in the Harbin area, and it has approximately 200 employees. It had unaudited revenue of approximately US\$8.6 million in fiscal 2003, and net income of approximately US\$1.57 million.

The company has filed a 14C and has obtained written consent from the majority of the stockholders as of April 7, 2005, approving (i) a reverse split of the Company's common stock at a ratio of 1:30 (the "Reverse Split"), and (ii) an amendment to the Company's Articles of Incorporation changing the name of the Company to "China Printing Inc." (the "Name Change"). The Board of Directors of the Company unanimously approved the Name Change on March 31, 2005 and the Reverse Split on April 1, 2005. Under Section 78.320 of the corporate law of the State of Nevada, action by stockholders may be taken without a meeting, without prior notice, by written consent of the holders of outstanding stock having at least a majority of the voting power that would be necessary to authorize the action at a meeting. No other vote or stockholder action is required. You are hereby being provided with notice of the approval of the Reverse Split and Name Change by less than unanimous written consent of the stockholders of the Company.

As a legal matter, the exchange transaction will become effective when Articles of Exchange are filed with the Secretary of State of the State of Nevada pursuant to the Nevada Revised Statutes Section 92A-200. The name change has taken effect and the company is now registered as China Printing Inc. and trades under the symbol CHPI on the OTC BB. A preliminary 14C was filed on May 16, 2005.

Table of Contents

Results of Operations

Total sales for the first quarter 2005 was \$52,375 as compared to \$117,540 for the quarter ended March 31, 2005, a 55% decrease. This was largely due to the continuing decrease in long distance business based on competition. Additionally, the company chose to focus on new markets, such as with MundoTeq.com. If MundoTeq.com had fully launched it still would have taken a solid year of ramping to recover most of the sales losses we witnessed in the past 5 years. Just as in 2003, the sale of Networld had a significant impact on the reduction of total sales. Additionally, the 2<sup>nd</sup> half of the year saw most of the company's assets focused on finding M&A candidates. As a result of these circumstances, our telecommunications revenue accounted for almost 100% of our total revenue for the quarter ending March 31<sup>st</sup>, 2005.

Our net loss for the quarter ending March 31, 2005 was \$39,367 or \$.01 per share, as compared to \$282,469 for the same period in 2005, a decrease of 85% over the period ending March 31, 2005. Our decrease in net loss was primarily associated with the expensing of options issued to consultants totaling \$220,000 in 2004.

Selling, general and administrative expenses for the first quarter of fiscal 2005 were \$77,170 (excluding the non-cash stock compensation expense) as compared to \$290,274 for the same quarter in fiscal 2004.

The decrease in general and administrative costs was primarily attributable to a reduction of workforce and outsourcing of many of the sales functions. Additionally, because of our reorganization efforts in WorldTeq Corporation and the automation of our back office we were able to greatly decrease our monthly expenses.

Our bad debt expense for first quarter 2004 totaled \$0.

Liquidity and Capital Resources

Net cash used in operating activities for the period ended March 31, 2005 and 2004 was \$69,000 and \$47,356 respectively. Net cash used in operating activities for the period ended March 31, 2004 was primarily the result of a net loss and a decrease in accounts payable offset by recognition of deferred offering costs. Net cash used in operating activities for the period ended March 31, 2005 was primarily the result of a net loss offset by an increase in accounts payable.

Table of Contents

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements with any party.

Critical Accounting Estimates

There have been no material changes in our critical accounting policies or critical accounting estimates nor have we adopted an accounting policy that has or will have a material impact on our consolidated financial statements. For further discussion of our accounting policies see Footnote 1 "Summary of Significant Accounting Policies" in this Quarterly Report on Form 10-QSB and the Notes to Consolidated Financial Statements in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004.

ITEM 3. Controls and Procedures

(a) The Company maintains controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed within 90 days of the filing date of this report, the chief executive officer and the principal financial officer of the Company concluded that the Company's disclosure controls and procedures were adequate.

(b) Changes in internal controls. The Company made no significant changes in its internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the chief executive officer and principal financial officer.

Table of Contents

Part II OTHER INFORMATION

Item 1. Legal Proceedings

None in First Quarter of 2005

Item 2. Changes in Securities and Small Business Issuer Purchases of Equity Securities

None in First Quarter of 2005

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports

(a) LIST OF EXHIBITS

List of Exhibits

31.1	<u>Certifications of CEO pursuant to Section 302</u>
31.2	<u>Certifications of CFO pursuant to Section 302</u> (Included in exhibit 31.1)
32.1	<u>Section 1350 Certifications of CEO</u>
32.2	<u>Section 1350 Certifications of CEO</u> (Included in exhibit 32.1)

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed by the Company during the fiscal quarter ended March 31, 2005  
None

Table of Contents

SIGNATURE

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WorldTeq Group International, Inc.

By: /s/ Jeff Lieberman

---

Jeff Lieberman  
Chief Executive Officer, President,  
Treasurer, and Chairman of the Board

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: June 15, 2005

By: /s/ Jeff Lieberman

---

Jeff Lieberman  
Chief Executive Officer, President,  
Treasurer, and Chairman of the Board

