

Trafalgar Resources, Inc.  
Form 10-Q  
February 13, 2019

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended **December 31, 2018** or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**001-32522**

Commission file number

**Trafalgar Resources, Inc.**

(Exact name of registrant as specified in its charter)

**Utah**

State or other jurisdiction of incorporation or organization

**91-0974149**

(I.R.S. Employer  
Identification No.)

**Everbright Center, Suite 3102**

**0000**

**108 Gloucester Road**

**Wanchai, Hong Kong**

(Address of principal executive offices)

(Zip Code)

**(852) 3618-8608**

Registrant's telephone number, including area code

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

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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, or a smaller reporting 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input type="checkbox"/>

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 ☐

APPLICABLE ONLY TO CORPORATE ISSUERS:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class
Common Stock, no par value

Outstanding February 12, 2019
5,251,309 shares



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**PART I FINANCIAL INFORMATION**

Item 1. Financial Statements

**Trafalgar Resources, Inc.**

**Balance Sheets**

**As of December 31, 2018, and September 30, 2018**

**(Unaudited)**

	<b>December 31,</b>	<b>September 30,</b>
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash		-
		-
Prepayment		

**Total Current Assets**

**TOTAL ASSETS**

**LIABILITIES AND STOCKHOLDERS DEFICIT**

-

-

-

-

-

-

**Current Liabilities**

Accounts payable

632

3,959

Interest payable - related party

-

-

Income taxes payable

100

100

Amount due to a related party

23,093

14,000

Notes payable - related party



	-
	-
<b>Total Current Liabilities and Total Liabilities</b>	
	<b>23,825</b>
	<b>18,059</b>
<b>Stockholders' Deficit</b>	
Common stock no par value, 100,000,000 shares authorized, 5,251,309 shares issued and outstanding	
	137,413
	137,413
Other reserve	
	350,547
	350,547
Accumulated deficit	

(511,785)

(506,019)

**Total Stockholders' Deficit**

**(23,825)**

**(18,059)**

**TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT**

-

-

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

**Trafalgar Resources, Inc.**

**Statements of Operations**

**For the three months ended December 31, 2018 and 2017  
(Unaudited)**

	\$	\$
Income	-	-
Cost of Sales	-	-
Gross Profit	-	-
General and administrative expenses	5,766	6,001
Operating loss	(5,766)	(6,001)
Interest expense to a related party	-	(6,650)
Loss before income taxes	(5,766)	(12,651)
Provision for income taxes	-	-
Net loss	(5,766)	(12,651)
Net loss per common share		
Basic and diluted	(\$0.00)*	(\$0.00)*
Weighted average number of common shares		
Basic and diluted	5,251,309	5,251,309

\*denotes net loss per common share of less than \$0.01 per share.

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



**Trafalgar Resources, Inc.**

**Statements of Cash Flows**

**For the three months ended December 31, 2018 and 2017  
(Unaudited)**

	<b>For the three months</b>	
	<b>ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Activities:</b>		
Net loss	(5,766)	(12,651)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
<b>Changes in operating assets and liabilities:</b>		
Decrease in prepayment	-	833
Decrease in accounts payable	(3,327)	-
Increase in interest payable	-	6,650
Increase in amount due to a related party	9,093	-
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>-</b>	<b>(5,168)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>(5,168)</b>
<b>CASH, at beginning of period</b>	<b>-</b>	<b>15,140</b>
<b>CASH, at end of period</b>	<b>-</b>	<b>9,972</b>
<u>Supplemental disclosure of cash flow information</u>		
Interest paid	-	-
Taxes paid	-	-

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

**Trafalgar Resources, Inc.**

**Notes to the Unaudited Condensed Financial Statements**

**December 31, 2018**

**NOTE 1 NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Trafalgar Resources, Inc. (the "Company") was incorporated under the laws of the State of Utah on October 25, 1972. The Company has not commenced operations that have resulted in significant revenue and the Company's efforts have been devoted primarily to activities related to raising capital and attempting to acquire an operating entity.

**Basis of Presentation**

The financial statements present the balance sheets, statements of operations and cash flows of the Company. These financial statements are presented in the United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States.

**Unaudited Financial Statements**

The accompanying unaudited financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission, or the SEC, including the instruction to Form 10-Q and Article 8 of Regulation S-X. In the opinion of Management, all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the three months ended December 31, 2018, have been made. Operating results for the three months ended December 31, 2018 are not necessarily indicative of the results that may be expected for the year ending September 30, 2019. They do not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

**Net Loss per Common Share**

Loss per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. There are no such common stock equivalents outstanding as of December 31, 2018.

## **Income Taxes**

The Company accounts for income taxes pursuant to FASB ASC 740-10-05, *Accounting for Income Taxes*. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized. A valuation allowance has currently been recorded to reduce our deferred tax asset to \$0.

## **Fair Value of Financial Instruments**

The Company estimates the fair value of financial instruments using the available market information and valuation methods. The Company's financial instruments consist of accounts payable and amount due to a related party. The carrying amount of these financial instruments approximated fair value due to the length of maturity or interest rates that approximate prevailing market rates.

## **Use of estimates**

The presentation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities. Certain significant accounting policies that contain subjective management estimates and assumptions include those related to going concern and valuation allowance on deferred income tax. Operating results in the future could vary from the amounts derived from management's estimates or assumptions.

## **Recently Issued Accounting Pronouncements**

The Company has reviewed Accounting Standards Updates (ASU) through ASU No. 2018-05, which contain technical corrections to existing guidance or affect guidance to specialized industries or entities were recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

## **NOTE 3 - GOING CONCERN**



The financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses resulting in an accumulated deficit of \$511,785 as of December 31, 2018. Further losses are anticipated in the development of its business raising substantial doubt about the Company's ability to continue as a going concern. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and, or, to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to seek new capital from a related party to provide needed funds. These financials do not include any adjustments relating to the amounts and classifications of liabilities that might result from this uncertainty.

**NOTE 4 RELATED PARTY TRANSACTIONS**

All the twelve notes owed to Anthony Brandon Escobar, the former president of the Company (the Former President ), have been waived during the year ended September 30, 2018. An aggregated principal and interest of \$350,547 has been waived, while the Former President draw the cash \$13,392.

**NOTE 5 INCOME TAXES**

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not 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 tax periods 2015, 2016 and 2017 are open for examination by taxing authorities.

The income tax expense (benefit) for the period ended December 31, 2018 differs from the amount computed using the federal statutory rates as follows:

	Three months Ended	Three months Ended
	December 31, 2018	December 31, 2017
Income tax expense (benefit) at	\$ (1,211)	\$ (4,428)
Federal tax rate of 21% for 2018 and 35% for 2017		
Effect of rate changes on deferred tax assets and valuation allowance	807	-
Valuation allowance	404	4,428
	-	-

On December 22, 2017, the 2017 Tax Cuts and Jobs Act (the Tax Act) was enacted into law including a one-time mandatory transition tax on accumulated foreign earnings and a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. We are required to recognize the effect of the tax law changes in the period of enactment, such as determining the transition tax, remeasuring our U.S. deferred tax assets and liabilities as well as reassessing the net realizability of our deferred tax assets and liabilities. The Company does not have any foreign earnings and therefore, we do not anticipate the impact of a transition tax. We have remeasured our U.S. deferred tax assets at a statutory income tax rate of 21%. Since the Tax Act was passed late in the fourth quarter of 2017, and ongoing guidance and accounting interpretation are expected over the next 12 months, we consider the accounting of

any transition tax, deferred tax re-measurements, and other items to be incomplete due to the forthcoming guidance and our ongoing analysis of final year-end data and tax positions. We expect to complete our analysis within the measurement period in accordance with SAB 118.

**NOTE 5 INCOME TAXES - continued**

Deferred tax assets for the quarter ended December 31, 2018 are comprised primarily of the following:

Net Operating Loss Carryforward	\$ 60,270
Valuation Allowance	(60,270)
Total deferred tax asset	-

At December 31, 2018, the Company had a net operating loss carry forward of approximately \$287,000 that may be offset against future taxable income through 2038. These losses will start to expire in the year 2019 through 2038. No tax benefit has been reported in the financial statements because the Company believes that it is more likely than not that the carryforwards will expire unused. The utilization of future losses may be limited under various provisions of the Internal Revenue Code pertaining to continuity of business operations limits and substantial changes in ownership. Accordingly, the potential tax benefits of the loss carryforwards are offset by a valuation allowance of the same amount. The valuation allowance increased during the period ended December 31, 2018 by approximately \$1,300 due to changes in enacted tax rates related to the Tax Act as mentioned above. Deferred tax assets related to operating loss carryforwards increased by approximately \$1,300 due to the Tax Act.

**NOTE 6 SUBSEQUENT EVENTS**

On January 23, 2019, the Company entered into an Agreement and Plan of Merger (the "Agreement") with China Foods Holdings Ltd., a Delaware corporation ("China Foods"), pursuant to which the Company will merge with and into China Foods (the "Merger"). The purpose of the Merger is to change the Company's jurisdiction of incorporation from Utah to Delaware, which the Company's management and board of directors believe is a more favorable domicile for the Company to pursue its new strategy of development and distribution of health related products, including supplements, across the globe, with a focus on opportunities in mainland China, Europe, and Australia. The Company's majority stockholder who owns 5,000,000 shares (approximately 95.2%) of the 5,251,309 outstanding shares of common stock, par value \$0.0001, as of the close of business on January 23, 2019, signed a written consent approving the Merger and the related transactions. Such approval and consent are sufficient under Utah law and the Company's Bylaws to approve the Merger. Accordingly, the Agreement and the transactions contemplated thereby have been approved, and neither a meeting of the Company's stockholders nor additional written consents are necessary.

China Foods was incorporated on January 10, 2019, for the sole purpose of facilitating the Company's reincorporation in Delaware. China Foods currently has no business operations.

The Merger will result in the surviving corporation being known as China Foods Holdings Ltd., and the Company being governed by the Delaware General Corporation Law (the "DGCL") and by the Certificate of Incorporation and

Bylaws of China Foods. The title to all the Company's assets will be vested in the surviving entity, China Foods, and China Foods will assume all of the liabilities of the Company.

**NOTE 6 SUBSEQUENT EVENTS - Continued**

The Merger will become effective as soon as practicable, but in no event sooner than 20 days after our mailing of this Information Statement to our stockholders, which we expect to occur on or around March 5, 2019. At the effective time of the Merger, each share of the Company's common stock will be converted into one share of China Foods's common stock. After the Merger, the rights the Company's stockholders will have will be the rights provided in the Agreement, China Foods's Certificate of Incorporation and Bylaws and under Title 8, Chapter 1 of the DGCL.

The Company's current director, Kong Xiao Jun, will be appointed as a director of China Foods. Yunsu Liu, the director of China Foods will remain a director of China Foods. The Company's current Chief Executive Officer and Chief Financial Officer, Kong Xiao Jun, will be appointed as Chief Executive Officer and Chief Financial Officer of China Foods.

**Item 2. Management's Discussion and Analysis or Plan of Operation.**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This periodic report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, competitive positions, growth opportunities for existing products, plans and objectives of management. Statements in this periodic report that are not historical facts are hereby identified as forward-looking statements. Our Company and our representatives may from time to time make written or oral statements that are forward-looking, including statements contained in this Quarterly Report and other filings with the Securities and Exchange Commission and in reports to our Company's stockholders. Management believes that all statements that express expectations and projections with respect to future matters, as well as from developments beyond our Company's control including changes in global economic conditions are forward-looking statements within the meaning of the Act. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass. Factors that may affect forward-looking statements include a wide range of factors that could materially affect future developments and performance, including the following:

Changes in Company-wide strategies, which may result in changes in the types or mix of businesses in which our Company is involved or chooses to invest; changes in U.S., global or regional economic conditions; changes in U.S. and global financial and equity markets, including significant interest rate fluctuations, which may impede our Company's access to, or increase the cost of, external financing for our operations and investments; increased competitive pressures, both domestically and internationally; legal and regulatory developments, such as regulatory actions affecting environmental activities; the imposition by foreign countries of trade restrictions and changes in international tax laws or currency controls; adverse weather conditions or natural disasters, such as hurricanes and earthquakes; and labor disputes, which may lead to increased costs or disruption of operations.

This list of factors that may affect future performance and the accuracy of forward-looking statements are illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

**Business Overview**

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The Company was incorporated under the laws of the state of Utah on October 25, 1972, under the name of Electronic Agricultural Machinery Development Corporation. In 1974, the Company changed its name to Zenith Development Corporation. In 1980, the Company changed its name to Alternative Energy Resources, Inc. In 2004, the Company changed its name to Trafalgar Resources, Inc.

Initially, the Company sought to develop and market inventions, including an asparagus harvester, a hot water saving device and a gas alert signal. Ultimately, none of the inventions were successful and they were abandoned. The Company ceased to conduct any business and has not conducted any business during the last three years.



Currently, the Company is in the process of investigating potential business ventures which, in the opinion of management, will provide a source of eventual profit to the Company. Such involvement may take many forms, including the acquisition of an existing business or the acquisition of assets to establish subsidiary businesses. All risks inherent in new and inexperienced enterprises are inherent in the Company's business.

The selection of a business opportunity in which to participate is complex and risky. Additionally, as the Company has only limited resources, it may be difficult to find good opportunities. There can be no assurance that the Company will be able to identify and acquire any business opportunity which will ultimately prove to be beneficial to the Company and its shareholders. The Company will select any potential business opportunity based on management's business judgment.

The activities of the Company are subject to several significant risks which arise primarily as a result of the fact that the Company has no specific business and may acquire or participate in a business opportunity based on the decision of management which potentially could act without the consent, vote, or approval of the Company's shareholders. The risks faced by the Company are further increased as a result of its lack of resources and its inability to provide a prospective business opportunity with significant capital.

Acquisition by HY (HK) Financial Investments, Co., Ltd.

On July 13, 2018, HY (HK) Financial Investments Co., Ltd. a Hong Kong limited company ( HY ) purchased 5,000,000 shares of common stock (the Shares ) of the Company for \$410,000. Of the Shares, 4,937,500, were acquired from Anthony Escobar, the Company's Chief Executive Officer and Director, 31,250 were acquired from Anthony Coletti, the Company's Principal Accounting Officer, Secretary, Treasurer, and Director, and 31,250 were acquired from Sean Escobar, a Company Vice President and Director. The Shares represent approximately 95% of the Company's issued and outstanding common stock.

HY used funds from its working capital to acquire the Shares and the transaction completed on July 13, 2018.

Entry into an Agreement and Plan of Merger with China Foods Holdings Ltd

On January 23, 2019, the Company entered into an Agreement and Plan of Merger (the Agreement ) with China Foods Holdings Ltd., a Delaware corporation ( China Foods ), pursuant to which the Company will merge with and into China Foods (the Merger ). The purpose of the Merger is to change the Company's jurisdiction of incorporation from Utah to Delaware, which the Company's management and board of directors believe is a more favorable domicile for the Company to pursue its new strategy of development and distribution of health related products, including supplements, across the globe, with a focus on opportunities in mainland China, Europe, and Australia. The Company's majority stockholder who owns 5,000,000 shares (approximately 95.2%) of the 5,251,309 outstanding

shares of common stock, par value \$0.0001, as of the close of business on January 23, 2019, signed a written consent approving the Merger and the related transactions. Such approval and consent are sufficient under Utah law and the Company's Bylaws to approve the Merger. Accordingly, the Agreement and the transactions contemplated thereby have been approved, and neither a meeting of the Company's stockholders nor additional written consents are necessary.

China Foods was incorporated on January 10, 2019, for the sole purpose of facilitating the Company's reincorporation in Delaware. China Foods currently has no business operations.

The Merger will result in the surviving corporation being known as China Foods Holdings Ltd. , and the Company being governed by the Delaware General Corporation Law (the DGCL ) and by the Certificate of Incorporation and Bylaws of China Foods. The title to all the Company s assets will be vested in the surviving entity, China Foods, and China Foods will assume all of the liabilities of the Company.

The Merger will become effective as soon as practicable, but in no event sooner than 20 days after our mailing of this Information Statement to our stockholders, which we expect to occur on or around March 5, 2019. At the effective time of the Merger, each share of the Company s common stock will be converted into one share of China Foods s common stock. After the Merger, the rights the Company s stockholders will have will be the rights provided in the Agreement, China Foods s Certificate of Incorporation and Bylaws and under Title 8, Chapter 1 of the DGCL.

The Company s current director, Kong Xiao Jun, will be appointed as a director of China Foods. Yungsi Liu, the director of China Foods will remain a director of China Foods. The Company s current Chief Executive Officer and Chief Financial Officer, Kong Xiao Jun, will be appointed as Chief Executive Officer and Chief Financial Officer of China Foods.

### **Critical Accounting Policies, Judgments and Estimates**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the unaudited Financial Statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. The Company believes there have been no significant changes during the three month periods ended December 31, 2018, to the items disclosed as significant accounting policies since the Company s last audited financial statements for the year ended September 30, 2018.

The Company s accounting policies are more fully described in Note 1 and 2 of the financial statements. As discussed in Note 1 and 2, the preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about the future events that affect the amounts reported in the financial statements and the accompanying notes. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual differences could differ from these estimates under different assumptions or conditions. The Company believes that the following addresses the Company s most critical accounting policies.

Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets will be reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized. A valuation allowance has currently been recorded to reduce our deferred tax asset to \$0.

**Discussion and Analysis of Financial Condition and Results of Operations**

The Company is in the process of looking for and evaluating potential business ventures. As the Company possesses limited funds, the Company will be extremely limited in its attempts to locate potential business situations for investigation. The Company intends to commence, on a limited basis, the process of investigating possible merger and acquisition candidates. The Company is planning a new strategy of development and distribution of health related products, including supplements, across the globe, with a focus on opportunities in mainland China, Europe, and Australia, and believes that the Company's status as a Delaware, publicly-held corporation will enhance its ability to locate such potential business ventures. No assurance can be given as to when the Company may locate suitable business opportunities and such opportunities may be difficult to locate; however, the Company intends to actively search for potential business ventures for the foreseeable future.

Management anticipates that due to its limited amount of resources, including funding, the Company may be restricted to participation in only one potential business venture. This lack of diversification should be considered a substantial risk because it will not permit the Company to offset potential losses from one venture against gains from another.

Business opportunities, if any arise, are expected to become available to the Company principally from the personal contacts of its officers and directors. While it is not expected that the Company will engage professional firms specializing in business acquisitions or reorganizations, such firms may be retained if funds become available in the future, and if deemed advisable. Opportunities may thus become available from professional advisors, securities broker-dealers, venture capitalists, members of the financial community, and other sources of unsolicited proposals.

In certain circumstances, the Company may agree to pay a finder's fee or other form of compensation, including perhaps one-time cash payments, payments based upon a percentage of revenues or sales volume, and/or payments involving the issuance of securities, for services provided by persons who submit a business opportunity in which the Company shall decide to participate, although no contracts or arrangements of this nature presently exist. The Company is unable to predict at this time the cost of locating a suitable business opportunity.

The analysis of business opportunities will be undertaken by or under the supervision of the Company's management, none of whom is a professional analyst and none of whom have significant general business experience. Among the factors which management will consider in analyzing potential business opportunities are the available technical, financial and managerial resources; working capital and financial requirements; the history of operation, if any; future prospects; the nature of present and anticipated competition; potential for further research, developments or exploration; growth and expansion potential; the perceived public recognition or acceptance of products or services; name identification, and other relevant factors.

It is not possible at present to predict the exact manner in which the Company may participate in a business opportunity. Specific business opportunities will be reviewed and, based upon such review, the appropriate legal structure or method of participation will be decided upon by management. Such structures and methods may include,

without limitation, leases, purchase and sale agreements, licenses, joint ventures; and may involve merger, consolidation or reorganization. The Company may act directly or indirectly through an interest in a partnership, corporation or reorganization. However, it is most likely that any acquisition of a business venture the Company would make would be by conducting a reorganization involving the issuance of the

Company's restricted securities. Such a reorganization may involve a merger (or combination pursuant to state corporate statutes, where one of the entities dissolves or is absorbed by the other), or it may occur as a consolidation, where a new entity is formed and the Company and such other entity combine assets in the new entity. A reorganization may also occur, directly or indirectly, through subsidiaries, and there is no assurance that the Company would be the surviving entity. Any such reorganization could result in loss of control of a majority of the shares. The Company's present directors may be required to resign in connection with a reorganization.

The Company may choose to enter into a venture involving the acquisition of or merger with a company which does not need substantial additional capital but desires to establish a public trading market of its securities. Such a company may desire to consolidate its operations with the Company through a merger, reorganization, asset acquisition, or other combination, in order to avoid possible adverse consequences of undertaking its own public offering. Such consequences might include expense, time delays or loss of voting control. In the event of such a merger, the Company may be required to issue significant additional shares, and it may be anticipated that control over the Company's affairs may be transferred to others.

As part of their investigation of acquisition possibilities, the Company's management may meet with executive officers of the business and its personnel; inspect its facilities; obtain independent analysis or verification of the information provided, and conduct other reasonable measures, to the extent permitted by the Company's limited resources and management's limited expertise. Generally, the Company intends to analyze and make a determination based upon all available information without reliance upon any single factor as controlling.

In all likelihood, the Company's management will be inexperienced in the areas in which potential businesses will be investigated and in which the Company may make an acquisition or investment. Thus, it may become necessary for the Company to retain consultants or outside professional firms to assist management in evaluating potential investments. The Company can give no assurance that it will be able to find suitable consultants or managers. The Company has no policy regarding the use of consultants, however, if management, in its discretion, determines that it is in the best interests of the Company, management may seek consultants to review potential merger or acquisition candidates.

It may be anticipated that the investigation of specific business opportunities and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention, and substantial costs for accountants, attorneys and others. Should a decision thereafter be made not to participate in a specific business opportunity, it is likely that costs already expended would not be recoverable. It is likely, in the event a transaction should eventually fail to be consummated, for any reason, that the costs incurred by the Company would not be recoverable. The Company's officers and directors are entitled to reimbursement for all expenses incurred in their investigation of possible business ventures on behalf of the Company, and no assurance can be given that if the Company has available funds they will not be depleted in such expenses.

Based on current economic and regulatory conditions, management believes that it is possible, if not probable, for a company like the Company, without many assets or many liabilities, to negotiate a merger or acquisition with a viable private company. The opportunity arises principally because of the high legal and accounting fees and the length of

time associated with the registration process of going public. However, should any of these conditions change, it is very possible that there would be little or no economic value for anyone taking over control of the Company.



### **Liquidity and Capital Resources**

As of December 31, 2018, the Company had \$nil in current assets and \$23,825 in current liabilities resulting in a negative working capital as of December 31, 2018 of \$23,825. The Company has only incidental ongoing expenses primarily associated with maintaining its corporate status and maintaining the Company's reporting obligations to the Securities and Exchange Commission. Although not required or under any contractual commitment, current management has indicated a willingness to help support the Company's ongoing expenses.

For the three months ended December 31, 2018, the Company had \$5,766 in general and administrative expense related to maintaining its corporate status, and paying accounting and legal fees. Management anticipates only nominal continuing expenses related to investigating business opportunities and legal and accounting costs. For the three months ended December 31, 2018, the Company had a net loss of \$5,766, compared to a loss of \$12,651 for the three months ended December 31, 2017.

The principal stockholder has undertaken to finance the Company in cash for a reasonable period of time for the Company to continue as a going concern, assuming that in such a period of time the Company would be able to restructure its business and restart on a revenue-generating operation to support its continuation. However, it is uncertain as for how long or to what extent such a period of time would be reasonable, and there can be no assurance that the financing from the principal stockholder will not be discontinued.

These uncertainties may result in adverse effects on continuation of the Company as a going concern. The accompanying financial statements do not include or reflect any adjustments that might result from the outcome of these uncertainties.

### **RESULTS OF OPERATIONS**

The Company has not had any significant revenues. The Company continues to suffer a loss related to maintaining its corporate status and reporting obligations. For the three months ended December 31, 2018, the Company had a net loss of \$5,766. The Company does not anticipate any revenue until it locates a new business opportunity.

### **Off Balance Sheet Arrangements**

We have not entered into any off-balance sheet arrangements and it is not anticipated that the Company will enter into any off-balance sheet arrangements.

## **Forward-looking Statements**

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of our Company. Our Company and our representatives may from time to time make written or oral statements that are forward-looking, including statements contained in this report and other filings with the Securities and Exchange Commission and in reports to our Company's stockholders. Management believes that all statements that express expectations and projections with respect to future matters, as well as from developments beyond our Company's control including changes in global economic conditions are forward-looking statements within the meaning of the Act. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass. Factors that may affect forward-looking statements include a wide range of factors that could materially affect future developments and performance, including the following:

Changes in Company-wide strategies, which may result in changes in the types or mix of businesses in which our Company is involved or chooses to invest; changes in U.S., global or regional economic conditions; changes in U.S. and global financial and equity markets, including significant interest rate fluctuations, which may impede our Company's access to, or increase the cost of, external financing for our operations and investments; increased competitive pressures, both domestically and internationally; legal and regulatory developments, such as regulatory actions affecting environmental activities; the imposition by foreign countries of trade restrictions and changes in international tax laws or currency controls; adverse weather conditions or natural disasters, such as hurricanes and earthquakes; and labor disputes, which may lead to increased costs or disruption of operations.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

## **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Not required for smaller reporting companies.



#### **Item 4. Controls and Procedures**

Our Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company.

##### **(a) Evaluation of Disclosure Controls and Procedures**

Our management evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our President and Principal Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were not effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected but we believe the controls and procedures do provide a reasonable assurance.

##### **(b) Changes in the Company's Internal Controls Over Financial Reporting**

There have been no changes in internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.

## **Part II - Other Information**

### **Item 1. Legal Proceedings**

There are no legal proceedings, which are pending or have been threatened against us or any of our officers, directors or control persons of which management is aware.

### **Item 1A. Risk Factors**

Not applicable to smaller reporting companies.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

#### **Recent Sales of Unregistered Securities**

We have not sold any restricted securities during the three months ended December 31, 2018.

#### **Use of Proceeds of Registered Securities**

None; not applicable.

#### **Purchases of Equity Securities by Us and Affiliated Purchasers**

During the three months ended December 31, 2018, we have not purchased any equity securities nor have any officers or directors of the Company.

**Item 3. Defaults Upon Senior Securities**

We are not aware of any defaults upon senior securities.

**Item 4. Mine Safety Disclosures**

None; not applicable.

**Item 5. Other Information**

Not Applicable.

**Item 6. Exhibits**

<u>Exhibits No.</u>	<u>Instruments Defining the Rights of Security Holders</u>
<u>10.1</u>	Agreement and Plan of Merger, by and between Trafalgar Resources, Inc. and China Foods Holdings Ltd., dated January 23, 2019. (Incorporated herein by reference to Trafalgar Resources, Inc.'s Preliminary Information Statement on Form 14C (File No. 001-32522, originally filed with the Securities and Exchange Commission on January 25, 2019.)
<u>31.1</u>	

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

\*

These interactive data files are deemed furnished and not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, or deemed furnished and not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

Trafalgar Resources, Inc.

Dated: February 13, 2019

By:

*/s/ Kong Xiao Jun*

Kong Xiao Jun

Chief Executive Officer & Principal Accounting

Officer

