

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

FIRST STATE FINANCIAL CORPORATION

55 E Washington St
Chicago, IL 60602

1-416-428-0963

SIC Code: 3844

Quarterly Report

For the period ending September 30, 2024
(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

5,920,300 as of September 30, 2024

5,920,300 as of December 31, 2023

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

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

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

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

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

FIRST STATE FINANCIAL CORPORATION

Current State and Date of Incorporation or Registration: Florida, October 28, 1999
Standing in this jurisdiction: Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

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

NONE

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

NONE

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

55 E Washington St., Chicago, IL 60602

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

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

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

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Issuer Direct Corporation
Phone: 919-228-6243
Email: dominick.dalpizzol@issuerdirect.com
Address: One Glenwood Ave, Suite 1001, Raleigh, NC 27603

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	FSTF
Exact title and class of securities outstanding:	Common
CUSIP:	
Par or stated value:	\$ 1.00
Total shares authorized:	500,000,000 as of date: September 30, 2024
Total shares outstanding:	5,920,300 as of date: September 30, 2024:
Total number of shareholders of record:	218 as of date: September 30, 2024

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

NONE

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

N/A

3. Describe any other material rights of common or preferred stockholders.

NONE

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

NONE

3) Issuance History

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: Opening Balance Date 12/31/21 Common: 5,920,300 Preferred: 0			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
Shares Outstanding on Date of This Report: Ending Balance : Date 09/30/24 Common: 5,920,300 Preferred: 0									

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

No Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)

4) Issuer's Business, Products and Services

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

Limited operations – Still in development

B. List any subsidiaries, parent company, or affiliated companies.

NONE

C Describe the issuers' principal products or services.

Our main business are E-commerce platform, health products, daily necessities, international trade, digital currency and social media platforms.

5) Issuer's Facilities

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

First State Financial Corp. has office area of 5000 square feet.

6) Officers, Directors, and Control Persons

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
MARSHALL REYNOLDS	5%+	Huntington, WV	429,920	Common	7.26%	
MEIHUA XU	OFFICER	Ontario, Canada	0			Change of Control March, 2021
Rui Zhang	CEO/CFO	Chicago, IL	0			

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above in Section 5 have been in the last 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

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

NONE

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

NONE

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above"

NONE

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

NONE

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

NONE

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

NONE

8) Third Party Service Providers

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Donald R. Kerr, P.E., ESQ
Address 1: 3663 Greenwood Circle
Address 2: Chalfont, PA 18914
Phone: 215-962-9378
Email: keeresq@gmail.com

Accountant or Auditor

Name: Tyrus C Young
Firm: Factsco, LLC
Address 1: 1771 Holly Springs Rd NE
Address 2: Marietta, GA 30062
Phone: 727-470-8684
Email: factsco@gmail.com Investor

Relations

Name: NONE
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

Twitter: _____
Discord: _____
LinkedIn: _____
Facebook: _____

[Other] NONE

Other Service Providers

NONE

9) Financial Statements

A. This Disclosure Statement was prepared by (name of individual

Name: **Tyrus C Young**

Title: **Consultant**

Relationship to Issuer: **Vendor**

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

IFRS

U.S. GAAP

C. The following financial statements were prepared by (name of individual)²:

Name: **Tyrus C Young**

Title: **Consultant**

Relationship to Issuer: **Vendor**

Describe the qualifications of the person or persons who prepared the financial statements:

Consultant for public companies for over 17 years. Former CPA.

The following financial statements are included with this Disclosure Statement

- a. Balance Sheet as of September 30, 2024 and December 31, 2023
- b. Statement of Income for the three and nine months ended September 30, 2024 and 2023
- c. Statement of Cash Flows for the three and nine months ended September 30, 2024 and 2023
- d. Statement of Changes in Stockholders' Equity from December 31, 2021 through September 30, 2024
- e. Notes to the Financial Statements

10) Issuer Certification

Principal Executive Officer:

I, Meihua Xu certify that:

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

October 30, 2024

/s/ Meihua Xu,

Meihua Xu, CEO

Principal Financial Officer:

I, Rui Zhang certify that:

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

October 30, 2024

/s/ Rui Zhang,
Rui Zhang, CFO

FIRST STATE FINANCIAL CORPORATION
Balance Sheet

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Unaudited)</u>
ASSETS		
Current Assets		
Cash	\$ 0	\$ 0
Accounts Receivables	<u>0</u>	<u>0</u>
Total Current Assets	0	0
Other assets	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)		
Current Liabilities		
Accounts Payable	4,463	3,513
Advances by Shareholder	<u>98,151</u>	<u>80,851</u>
Total Current Liabilities	102,614	84,364
Long Term Obligations	<u>0</u>	<u>0</u>
Total Liabilities	<u>102,614</u>	<u>84,364</u>
Stockholder equity (deficit)		
Common Stock \$1.00 par value, 500,000,000 shares authorized, 5,920,509 and 5,920,000 shares issued and outstanding at September 30, 2024 and December 31, 2023 respectively	5,920,300	5,920,300
Additional Paid in Capital	32,600,270	32,600,270
Accumulated deficit	<u>(38,623,184)</u>	<u>(38,604,934)</u>
Total Stockholder's Equity	<u>(102,614)</u>	<u>(84,364)</u>
Total Liabilities and Stockholders Equity	<u><u>0</u></u>	<u><u>0</u></u>

The accompanying notes are an integral part of these financial statements

FIRST STATE FINANCIAL CORPORATION

Statements of Income

(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Consulting Revenues	<u>0</u>	<u>900</u>	<u>0</u>	<u>5400</u>
Operating Expenses				
General & Administrative	<u>300</u>	<u>1,455</u>	<u>18,250</u>	<u>16,004</u>
Total Operating Expenses	<u>300</u>	<u>1,455</u>	<u>18,250</u>	<u>16,004</u>
Operating Income (Loss)	(300)	(555)	(18,250)	(10,604)
Other Income (Expense)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET INCOME	<u><u>(300)</u></u>	<u><u>(555)</u></u>	<u><u>(18,250)</u></u>	<u><u>(10,604)</u></u>

The accompanying notes are an integral part of these financial statements

FIRST STATE FINANCIAL CORPORATION
Statement of Cash Flows
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash flows from operations				
Net (loss)	\$ (300)	\$ (555)	\$ (10,604)	\$ (10,604)
Adjustments to reconcile net operations to net cash		-		-
Accounts receivables	0	(900)	(5,400)	(5,400)
Accounts Payable	0	(5,030)	1,033	1,033
Net cash provided by(used) operating activities	(300)	(6,485)	(14,971)	(14,971)
 Cash flows from investing activities	0	0	0	0
Net cash provided (used) by investing activities	0	0	0	0
 Cash flows from financing activities				
Shareholder Advances	300	6,485	32,271	14,971
Net cash provided (used) by financing activities	300	6,485	14,971	14,971
 Net Increase (Decrease) in cash	0	0	0	0
 Cash, Beginning of Period	0	0	0	0
 Cash, End of Period	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these financial statements

FIRST STATE FINANCIAL CORPORATION

Statement of Shareholder's Equity

	Common Stock		Additional	Accumulated	Total
	Shares	Par Value	Paid in Capital	Deficit	Stockholder's Equity
Balance - December 31, 2021	<u>5,920,300</u>	<u>\$ 5,920,300</u>	<u>\$ 32,663,000</u>	<u>\$ (38,583,300)</u>	<u>\$ 0</u>
Net Profit or Loss				<u>(2,400)</u>	<u>(2,400)</u>
Balance - December 31, 2022	<u>5,920,300</u>	<u>\$ 5,920,300</u>	<u>\$ 32,663,000</u>	<u>\$ (38,585,700)</u>	<u>\$ (2,400)</u>
Reclass to Shareholder Loan			<u>(62,730)</u>		<u>(62,730)</u>
Net Profit or Loss				<u>(19,234)</u>	<u>(19,234)</u>
Balance - December 31, 2023	<u>5,920,300</u>	<u>\$ 5,920,300</u>	<u>\$ 32,600,270</u>	<u>\$ (38,604,934)</u>	<u>\$ (84,364)</u>
Net Profit or Loss				<u>(18,250)</u>	<u>(18,250)</u>
Balance - September 30, 2024	<u>5,920,300</u>	<u>\$ 5,920,300</u>	<u>\$ 32,600,270</u>	<u>\$ (38,623,184)</u>	<u>\$ (102,614)</u>

The accompanying notes are an integral part of these financial statements

FIRST STATE FINANCIAL CORPORATION
Notes to the Financial Statements
September 30, 2024

Note 1 Organization and Significant Accounting Policies

Description of Business

First State Financial Corp. (FSTF) is a publicly traded company on OTC

Market. Use of Estimates

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

Cash Equivalents

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

Accounts Receivable

The Company reviews customers' credit history before extending unsecured credit. Accounts receivables are reviewed to determine the need for an allowance for amounts that may become uncollectible in the future. The necessity of an allowance is based on management's review of accounts receivable balances and historic write-offs. Invoice terms can vary from at date of shipment to net 30 days. The Company does not accrue interest on past due accounts receivable. The Company writes off receivables when they are deemed uncollectible after all collection attempts have failed. The Company has determined that an allowance for doubtful accounts is not necessary as of September 30, 2024.

Property and Equipment

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

Fair Value of Financial Instruments

The Company's financial instruments would be recorded on its balance sheet. The carrying amounts for cash, accounts receivable, note receivable, accounts payable, and accrued expenses approximate fair value due to the

immediate or short-term maturity of these financial instruments. The lease obligation and subordinated debt approximates fair value since this debt was recently obtained.

Income Taxes

The Company accounts for income taxes by following an asset and liability approach to financial accounting and reporting for income taxes. Accordingly, deferred tax assets and liabilities arise from the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax amounts are determined using the tax rates expected to be in effect when the taxes will actually be paid or refunds received, as provided under currently enacted tax law. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense or benefit is the tax payable or refundable, respectively, for the period plus or minus the change in deferred tax assets and liabilities during the period. In accordance with the guidance, the Company has adopted a policy under which, if required to be recognized in the future, interest related to the underpayment of income taxes will be classified as a component of interest expense and any related penalties will be classified in operating expenses in the statement of operations. The Company recognizes a financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Net Income (Loss) Per Share

Stock-Based Compensation

The Company may grant options to individuals under various plans. The Company measures and recognizes compensation expense for all stock-based payment awards made to employees and directors on a straight-line basis over the respective vesting period of the awards. The compensation expense for the Company's stock-based payments is based on estimated fair values determined at the time of the grant of the portion of stock-based payment awards that are ultimately expected to vest. The Company estimates the fair value of stock-based payment awards on the date of grant using the Black-Scholes option pricing model. This option pricing model involves a number of assumptions, including the expected term of the stock options, the volatility of the public market price for the Company's common stock and interest rates.

Comprehensive Income (Loss)

Comprehensive income (loss) includes net income (loss) and items defined as other comprehensive income (loss). Items defined as other comprehensive income (loss) include items such as foreign currency translation adjustments and unrealized gains and losses on certain marketable securities. For the three and nine months ended September 30, 2024 and 2022, respectively, there were no adjustments to net income (loss) to arrive at comprehensive income (loss).

Note 2 Going Concern

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Our ability to continue as a going concern is dependent on our ability to raise the required additional capital or debt

financing to meet short-term needs to relocate our plastics processing facility to a new site and then restart the facility which would include hiring production works.

Note 3. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer our controls and procedures in place as of the end of the period covered by this report were evaluated. We previously reported that as of March 31, 2022, we had identified a material weakness in our internal control over financial reporting related to identifying the disallowed portion of the Company's deferred tax asset for regulatory reporting requirements. The error in calculating our capital ratios led to uncertainty whether we can continue as a going concern and utilize our deferred tax asset. While we have made progress in remediating this deficiency in our internal control over financial reporting, there has been an insufficient period of time to determine whether the implemented processes are operating effectively. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2024, such disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Note 4. Subsequent Events

In accordance with FASB ASC Topic 855, Subsequent Events, the Company evaluates events and transactions that occur after the balance sheet date for potential recognition in the financial statements. The effects of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date are recognized in the financial statements as of September 30, 2024. In preparing these financial statements, the Company evaluated the events and transactions that occurred through the date these financial statements were issued.

As of the date of this report, there are no significant events that would require disclosure.