

# CHINA XINGBANG INDUSTRY GROUP INC.

## FORM 10-Q (Quarterly Report)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

or

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: 000-54429

**China Xingbang Industry Group Inc.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**99-0366034**

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

**No. 1108 Sai Wei Avenue,  
Hi-Tech Development Zone,  
Xinyu City,  
Jiangxi Province, P.R.C. 338004**

(Address of principal executive offices) (Zip Code)

**(011) 86 79 07123318**

(Registrant's telephone number, including area code)

(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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 81,244,000 shares of common stock, par value \$0.001, as of November 16, 2015.

**CHINA XINGBANG INDUSTRY GROUP INC.**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

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In this quarterly report, unless otherwise specified or the context otherwise requires, the terms “we” “us,” “our,” and the “Company” refer to China Xingbang Industry Group Inc. and our consolidated subsidiaries and variable interest entities taken together as a whole.

Pursuant to Item 10(f) of Regulation S-K promulgated under the Securities Act of 1933, as amended, we have elected to comply throughout this quarterly report with the scaled disclosure requirements applicable to “smaller reporting companies.” Except as specifically included in the quarterly report, items not required by the scaled disclosure requirements have been omitted.

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

CHINA XINGBANG INDUSTRY GROUP INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2015

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CHINA XINGBANG INDUSTRY GROUP INC.  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	<u>As of September 30, 2015</u>	<u>As of December 31, 2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 42,796	\$ 198,744
Accounts receivable, net	15,734	16,117
Prepaid expenses and other current assets	423,266	262,668
Total Current Assets	<u>481,796</u>	<u>477,529</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	760,776	703,951
<b>TOTAL ASSETS</b>	<u>\$ 1,242,572</u>	<u>\$ 1,181,480</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Deferred revenue	\$ 51,898	\$ 53,161
Other payables and accrued expenses	4,029,779	1,622,263
Due to stockholders	1,776,072	1,611,708
Due to related companies	9,542,040	5,173,317
Total Current Liabilities	<u>15,399,789</u>	<u>8,460,449</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
	-	-
<b>STOCKHOLDERS' DEFICIT</b>		
Preferred stock (\$0.001 par value, 60,000,000 shares authorized, no shares issued as of September 30, 2015 and December 31, 2014)	-	-
Common stock (\$0.001 par value, 300,000,000 shares authorized, 81,244,000 shares issued and outstanding as of September 30, 2015 and December 31, 2014)	81,244	81,244
Additional paid-in capital	959,330	959,330
Unappropriated accumulated deficit	(15,673,498)	(8,500,442)
Appropriated retained earnings	72,493	72,493
Accumulated other comprehensive income	403,214	108,406
Total Stockholders' Deficit	<u>(14,157,217)</u>	<u>(7,278,969)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<u>\$ 1,242,572</u>	<u>\$ 1,181,480</u>

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

CHINA XINGBANG INDUSTRY GROUP INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
<b>REVENUE</b>	\$ 162,141	\$ 20,744	\$ 389,630	\$ 23,386
<b>COST OF REVENUE</b>	869,113	300,213	3,072,550	731,019
<b>GROSS LOSS</b>	(706,972)	(279,469)	(2,682,920)	(707,633)
<b>OPERATING EXPENSES</b>				
Selling expenses	1,357,025	368,226	3,249,752	701,247
General and administrative expenses	301,668	228,910	1,051,904	658,020
Depreciation – property and equipment	49,617	27,500	134,635	74,885
Total Operating Expenses	1,708,310	624,636	4,436,291	1,434,152
<b>LOSS FROM OPERATIONS</b>	(2,415,282)	(904,105)	(7,119,211)	(2,141,785)
<b>OTHER (EXPENSES) INCOME, NET</b>				
Interest income	15	350	454	1,056
Other income	(3)	170	1,531	355
Other expenses	(51,732)	(922)	(54,123)	(2,284)
(Loss) gain on disposal of property and equipment	(57)	-	(1,707)	618
Total Other (Expenses) Income, net	(51,777)	(402)	(53,845)	(255)
<b>NET LOSS BEFORE TAXES</b>	(2,467,059)	(904,507)	(7,173,056)	(2,142,040)
Income tax provision	-	-	-	-
<b>NET LOSS</b>	(2,467,059)	(904,507)	(7,173,056)	(2,142,040)
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>				
Foreign currency translation (loss) gain	314,791	(58,058)	294,809	42,446
<b>TOTAL COMPREHENSIVE LOSS</b>	\$ (2,152,268)	\$ (962,565)	\$ (6,878,247)	\$ (2,099,594)
Net loss per share				
- basic and diluted	\$ (0.03)	\$ (0.01)	\$ (0.09)	\$ (0.03)
Weighted average number of shares outstanding during the period				
- basic and diluted	81,244,000	81,244,000	81,244,000	81,244,000

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

CHINA XINGBANG INDUSTRY GROUP INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	Nine months ended September 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (7,173,056)	\$ (2,142,040)
Adjusted to reconcile net loss to net cash used in operating activities:		
Depreciation – property and equipment	134,635	74,885
Loss (gain) on disposal of property and equipment	1,707	(618)
Changes in operating assets and liabilities		
Accounts receivables	-	(15,298)
Prepaid expenses and other current assets	(169,664)	(193,673)
Other payables and accrued expenses	2,487,380	(7,569)
Accrued rent payable to a related company	24,489	24,810
Accrued rent payable to a stockholder	46,097	-
Net cash used in operating activities	(4,648,412)	(2,259,503)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(211,607)	(348,741)
Proceeds from disposals of property and equipment	445	3,497
Net cash used in investing activities	(211,162)	(345,244)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Due to related parties	4,544,717	2,663,131
Proceeds from (repayment to) stockholders	160,059	(87,544)
Net cash provided by financing activities	4,704,776	2,575,587
<b>EFFECT OF EXCHANGE RATES ON CASH</b>	(1,150)	(5,401)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(155,948)	(34,561)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	198,744	284,001
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	\$ 42,796	\$ 249,440
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest expenses	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -

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

CHINA XINGBANG INDUSTRY GROUP INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

**NOTE 1 BASIS OF PRESENTATION**

The accompanying unaudited consolidated group financial statements of China Xingbang Industry Group Inc. ("China Xingbang" or the "Company"), its subsidiaries and variable interest entities ("VIEs") (collectively the "Group") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete audited financial statements. Unless otherwise specified, all amounts set out in the consolidated financial statements are expressed in US Dollars.

In the opinion of management, the unaudited consolidated financial statements contain all adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's consolidated financial position as of September 30, 2015, the results of operations and comprehensive loss for the three and nine months ended September 30, 2015 and 2014 and consolidated statements of cash flows for the nine months ended September 30, 2015 and 2014. The consolidated results for the three and nine months ended September 30, 2015 are not necessarily indicative of the results to be expected for a full year. These financial statements should be read in conjunction with the audited consolidated financial statements and footnotes of the Company for the year ended December 31, 2014.

Reclassification

Certain amounts for prior periods have been reclassified to conform to the current period presentation.

**NOTE 2 GOING CONCERN**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company's operations resulted in a net loss of \$7,173,056 and used cash in operations of \$4,648,412 for the nine months ended September 30, 2015. As of September 30, 2015, the Company had an unappropriated accumulated deficit of \$15,673,498 and a working capital deficiency of \$14,917,993.

In the course of its development activities, the Company continues to sustain losses. The Company expects to finance its operations primarily through capital contributions from stockholders and its affiliates. The Company borrowed from related companies with a balance of \$9,542,040 as of September 30, 2015, and the related parties agreed to lend more funds to the Company as needed for management to execute its business plan for at least the next twelve months.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to meet its obligations, to obtain additional financing as may be required until such time as it can generate sources of recurring revenues and to ultimately attain profitability when the Company's e-commerce business is fully developed. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**NOTE 3 ORGANIZATION**

The Company was incorporated in Nevada on April 12, 2011 as a holding company.

Xing Bang Industry Group Limited ("Xingbang BVI") was incorporated in the British Virgin Islands ("BVI") on March 24, 2011 as a holding company and is wholly owned by China Xingbang.

China Group Purchase Alliance Limited ("Xingbang HK") was incorporated in Hong Kong on August 5, 2008 as a holding company and is wholly owned by Xingbang BVI. Xingbang HK established Guangzhou Xingbang Information Consulting Co., Ltd., a wholly foreign owned enterprise (the "WFOE"), on May 12, 2011 in the People's Republic of China ("PRC") to provide consulting, investment and technical services to Guangdong Xingbang Industry Information & Media Co., Ltd. ("Guangdong Xingbang").

Guangdong Xingbang was incorporated in the PRC on January 17, 2005 as a limited liability company. Guangdong Xingbang is a print media advertising operator serving the home furnishing industry in the PRC. Guangdong Xingbang also provides marketing consulting service to clients in the home furnishing industry and local government in the PRC. Starting from August 2011, Guangdong Xingbang began to provide e-commerce services, namely B2B2C (Business-to-Business-to-Consumer), to manufacturers and distributors, and brick-and-mortar stores located in different parts of the PRC through an e-commerce platform, referred to as ju51 Mall, developed by Guangdong Xingbang.



Xinyu Xingbang Information Industry Co., Ltd (“Xinyu Xingbang”) was incorporated in the PRC on June 11, 2012 and took over business operations of Guangdong Xingbang. Pursuant to the Articles of Association of Xinyu Xingbang, Guangdong Xingbang and the WFOE each invested \$786,708 (RMB 5,000,000) in Xinyu Xingbang and each owns 50% of the equity interest of Xinyu Xingbang. Under the Xinyu Xingbang Articles of Association, the WFOE is entitled to appoint the sole director and all members of the management team of Xinyu Xingbang and the WFOE is entitled to receive 99.99% of Xinyu Xingbang’s net profit. Based on the relevant PRC regulations, an Internet Content Provider license, or ICP license, issued by the Chinese Ministry of Industry and Information Technology, is required for Xinyu Xingbang to conduct business as currently contemplated. In order to be granted the ICP license, foreign investor’s ownership of Xinyu Xingbang cannot exceed 50%. Xinyu Xingbang obtained its ICP license in February 2013. Guangdong Xingbang will gradually wind down its operations and Xinyu Xingbang will carry out Guangdong Xingbang’s business except that Guangdong Xingbang will fulfill its contractual obligations under the existing customer contracts. On June 30, 2012, Guangdong Xingbang granted an exclusive license to Xinyu Xingbang to permit Xinyu Xingbang to use the trademark, domain names, intellectual property rights and any know-how Guangdong Xingbang owns for the period from July 1, 2012 to June 30, 2022. Guangdong Xingbang also assigned the management right and right to receive revenue from the ju51 Mall to Xinyu Xingbang. Guangdong Xingbang will continue its corporate existence to hold the equity interest in Xinyu Xingbang for the same period.

Pursuant to (i) a series of contractual arrangements between the WFOE, Guangdong Xingbang and all the stockholders of Guangdong Xingbang, (ii) the share exchange agreement between China Xingbang, Xingbang BVI and all the stockholders of Xingbang BVI, and (iii) the WFOE’s 50% equity ownership of Xinyu Xingbang, the results of all these entities are consolidated together. Since they are under common control, the contractual arrangements and share exchange were accounted for as a reorganization of entities under common control.

The Company accounts for its VIEs in accordance with ASC 810, which requires the consolidation of VIEs in which a company has both the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and the obligation to absorb losses or the right to receive the benefits from the VIE that could potentially be significant to the VIE. The Company assesses all newly created entities and those with which the Company becomes involved to determine whether such entities are VIEs and, if so, whether or not the Company is their primary beneficiary.

As required by ASC 810-10, the Company performs a qualitative assessment to determine whether the Company remains the primary beneficiary of Guangdong Xingbang, which also owns 50% of Xinyu Xingbang. A qualitative assessment begins with an understanding of the nature of the risks in the entity as well as the nature of the entity’s activities including terms of the contracts entered into by the entity, ownership interests issued by the entity and the parties involved in the design of the entity. The Company’s assessment on the involvement with Guangdong Xingbang reveals that the Company has the absolute power to direct the most significant activities that impact the economic performance of Guangdong Xingbang. Under the accounting guidance, the Company is deemed to be the primary beneficiary of Guangdong Xingbang and the results of Guangdong Xingbang and Xinyu Xingbang are consolidated in the Company’s group financial statements for financial reporting purposes. As of September 30, 2015 and December 31, 2014, the Company has no equity interest in Guangdong Xingbang; none of the Company’s assets serve as collateral for Guangdong Xingbang; creditors of Guangdong Xingbang have no recourse to the Company; and the Company has not provided any guarantees to Guangdong Xingbang.

The assets and liabilities associated with Guangdong Xingbang and Xinyu Xingbang are combined and presented on a gross basis, prior to consolidation adjustments with other entities in the Group, and are as follows:

	<b>As of September 30, 2015 (Unaudited)</b>	<b>As of December 31, 2014</b>
Cash and cash equivalents	\$ 19,662	\$ 137,870
Accounts receivable, net	15,734	16,117
Prepaid expenses and other current assets	422,816	255,660
Due from group companies	1,580,022	1,401,127
Property and equipment, net	760,776	703,951
<b>Total assets</b>	<b>\$ 2,799,010</b>	<b>\$ 2,514,725</b>
Deferred revenue	\$ 51,898	\$ 53,161
Other payables and accrued expenses	3,994,362	1,577,392
Due to group companies	437,948	400,993
Due to a stockholder	989,363	805,854
Due to related companies	9,566,633	5,173,317
<b>Total current liabilities</b>	<b>15,040,204</b>	<b>8,010,717</b>
Deficit of variable interest entities	(12,241,194)	(5,495,992)
<b>Total liabilities and stockholders’ deficit</b>	<b>\$ 2,799,010</b>	<b>\$ 2,514,725</b>

In 2011, the Company agreed to waive the management fee payable by Guangdong Xingbang for a period of 3 years from May 13, 2011 to May 12, 2014 in order for Guangdong Xingbang to preserve enough cash to fund its e-commerce business. In 2014, the Company agreed to extend the waiver of management fee payable by Guangdong Xingbang for an additional 3 years from May 13, 2014 to May 12, 2017.

The liabilities recognized as a result of combining the VIEs do not necessarily represent additional claims on the Company's general assets; rather, they represent claims against the specific assets of the combined VIEs. Conversely, assets recognized as a result of combining the VIEs do not represent additional assets that could be used to satisfy claims by the Company's creditors as they are not legally included within the Company's general assets.

Immediately prior to the PRC restructuring transactions that were completed on May 13, 2011, the Chief Executive Officer of the Company and his spouse controlled Guangdong Xingbang as they owned 90% and 10% respectively, of its registered capital. The Chief Executive Officer also indirectly controlled WFOE as he owned 56.25% of the issued share capital of Xingbang BVI, the sole stockholder of WFOE. As WFOE and Guangdong Xingbang are under common control, the contractual arrangements have been accounted for as a reorganization of entities under common control and the Group's financial statements were prepared as if the reorganization occurred at the beginning of the first period presented.

#### Share exchange

On May 13, 2011, China Xingbang entered into a share exchange agreement with Xingbang BVI and the stockholders of Xingbang BVI in which the stockholders of Xingbang BVI exchanged 100% of the issued share capital of Xingbang BVI, valued at \$80,000, for 79,999,000 shares of common stock of China Xingbang. Xingbang BVI became a wholly owned subsidiary of China Xingbang. Prior to the share exchange, the sole stockholder of China Xingbang owned 56.25% of the issued share capital of Xingbang BVI. As both companies are under common control, the share exchange involving China Xingbang and Xingbang BVI is being treated for accounting purposes as a capital transaction and a reorganization of entities under common control with China Xingbang as the accounting acquirer and Xingbang BVI as the accounting acquiree. The consolidated financial statements were prepared as if the reorganization occurred at the beginning of the first period presented.

Accordingly, these group financial statements include the following:

1. The balance sheets consisting of the net assets of the acquirer and acquiree at historical cost; and
2. The statement of operations including the operations of the acquirer and acquiree for the periods presented.

#### **NOTE 4 PRINCIPLES OF CONSOLIDATION**

The accompanying consolidated financial statements for the nine months ended September 30, 2015 and 2014 include the financial statements of China Xingbang, its wholly owned subsidiaries, Xingbang BVI, Xingbang HK and the WFOE, its contractually controlled affiliate, Guangdong Xingbang, and Xinyu Xingbang which is 50% owned by Guangdong Xingbang and 50% owned by WFOE.

All significant inter-company accounts and transactions have been eliminated in consolidation.

## NOTE 5 USE OF ESTIMATES

The preparation of the unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the group financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 6 THE EFFECT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2015, FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis. The new consolidation standard changes the way reporting enterprises evaluate whether (a) they should consolidate limited partnerships and similar entities, (b) fees paid to a decision maker or service provider are variable interests in a VIE, and (c) variable interests in a VIE held by related parties of the reporting enterprise require the reporting enterprise to consolidate the VIE. The guidance is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2015. Early adoption is allowed, including early adoption in an interim period. A reporting entity may apply a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or may apply the amendments retrospectively. The Company is in process of assessing the impact of the adoption of this guidance on the consolidated financial statements.

All other accounting standards that have been issued or proposed by the FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

## NOTE 7 OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consisted of the following:

	<b>As of September 30, 2015</b>	<b>As of December 31, 2014</b>
Customers deposits and prepayments	\$ 1,868,374	\$ 1,202,093
Business and other taxes payable	71,571	9,720
Other payables	34,132	6,744
Accrued salary	1,092,424	146,778
Accrued social benefit and housing allowance	891,517	176,707
Other accrued expenses	71,761	80,221
	<u>\$ 4,029,779</u>	<u>\$ 1,622,263</u>

## NOTE 8 COMMITMENTS AND CONTINGENCIES

### (a) Defined contribution retirement plans

The full time employees of Guangdong Xingbang and Xinyu Xingbang are entitled to employee benefits including medical care, welfare subsidies, unemployment insurance and pension benefits through a Chinese government mandated multi-employer defined contribution plan. The Company is required to accrue for those benefits based on certain percentages of the employees' salaries and make contributions to the plans out of the amounts accrued for medical and pension benefits. The total provision and contributions made for such employee benefits for the three months ended September 30, 2015 and 2014 were \$344,425, and \$89,392 respectively. The total provision and contributions made for such employee benefits for the nine months ended September 30, 2015 and 2014 were \$942,411 and \$199,191 respectively. The Chinese government is responsible for the medical benefits and the pension liability to be paid to these employees.

### (b) Rental leases commitment

Guangdong Xingbang leases office premises from two stockholders (Mr. Yao and his spouse) under an operating lease at a monthly rental of \$15,105 which shall expire on December 31, 2016 pursuant to certain lease agreement.

In September 2013, Guangdong Xingbang leased Zhongshan office premises from an independent third party, Zhongshan Guzhen Asset Management Ltd, pursuant to a lease agreement at a monthly rental of \$1,801. The lease shall expire on August 31, 2018.

Xinyu Xingbang leases office premises from Xinyu Xingbang Industry Co., Ltd ("Xinyu Industry") under an operating lease at a monthly rental of 2,675, which shall expire on June 30, 2016. Mr. Yao and his spouse own 90% and 10% respectively, of the registered capital of Xinyu Industry. The lease was renewed with the same term which shall expire on June 30, 2019.

In August 2014, Xinyu Xingbang leased Guangzhou office premises from an independent third party, Jingyan Yang, pursuant to a lease agreement and pays a monthly rental of \$1,023. The lease shall expire on August 27, 2015 and the Company ended the lease without renewal.

As of September 30, 2015, the Company had outstanding commitments with respect to the above operating leases, which are due as follows:

Three months ending December 31, 2015	\$	62,346
Fiscal years ending December 31,		
2016		249,381
2017		68,123
2018		56,115
2019		16,049
Total	\$	<u>452,014</u>

Rental expenses for the three and nine months ended September 30, 2015 and 2014 were \$75,584, \$61,622, \$205,023 and \$182,674 respectively.

### (c) Capital commitment

As of September 30, 2015, the Company had contracted capital commitment of \$54,833 for the purchase of office equipment.

## NOTE 9 RELATED PARTY TRANSACTIONS AND BALANCES

### Transactions:

	For the nine months ended September 30,	
	2015	2014
Transactions with stockholders		
- Accrued rent for Guangdong office	\$ 138,291	\$ 140,103
- Rent paid	(92,194)	(140,103)
- Repayment	-	(87,544)
- Loan received	160,059	-
	<u>\$ 206,156</u>	<u>\$ (87,544)</u>

On August 11, 2015, the Company obtained a loan for \$160,059 from Mr. Yao. The loan is non-interest bearing and due on August 10, 2016.

The Company has a lease agreement with Mr. Yao. See Note 8 for details.

	For the nine months ended September 30,	
	2015	2014
Transactions with related companies		
Xinyu Xingbang Industry Co., Ltd (a)		
- Loan received	\$ 4,588,889	\$ 2,562,056
- Expenses paid on behalf of the company	148,953	-
- Repayment	(173,013)	-
- Accrued rent	24,489	24,810
Other related companies (b)		
- Expenses paid on behalf of company	56,337	101,075
- Repayment	(76,449)	-
	<u>\$ 4,569,206</u>	<u>\$ 2,687,941</u>

(a) Xinyu Xingbang Industry Co., Ltd. is organized in China and Mr. Yao and his wife, own 90% and 10% of the Company respectively.

The Company borrowed \$4,588,889 and \$2,562,056 from Xinyu Xingbang during the nine months ended September 30, 2015 and 2014, respectively. The loans are non-interest bearing and due on various dates before September 2016.

The Company signed a lease agreement with Xinyu Xingbang. See Note 8 for details.

(b) Other related companies also paid expenses on behalf of the Company and the Company made repayments to those companies.

Other related companies are as following:

Xinyu Zhongxing Decoration Technical Network Co., Ltd. is organized in China. Mr. Yao and his wife own 80% and 20%, of the company, respectively.

Xinyu Qiuying Technology Network Co., Ltd is organized in China and Mr. Yao is a director.

Guangzhou Efee Pay Network Co., Ltd. is organized in China and Mr. Yao is a director.

Xinyu Media Alliance Advertising Co., Ltd. is organized in China and Mr. Yao is a director.

Other related companies paid expenses on behalf of the Company for \$56,337 and \$101,075 for the nine months ended September 30, 2015 and 2014, respectively.

The Company made repayment of \$76,449 during the nine months ended September 30, 2015 and did not make any repayment during the same period in 2014.

The advances are non-interest bearing and due on demand.

Balances:

Due to stockholders consist of the following:

	As of September 30, 2015	As of December 31, 2014
Mr. & Mrs. Yao	\$ 1,776,072	\$ 1,611,708

As of September 30, 2015 and December 31, 2014, WFOE owed \$786,708 and \$805,854 respectively, to Mr. Yao. The loan is interest free and unsecured. The loan was entered into on May 31, 2012, and the loan period started on June 11, 2012 and was due on June 10, 2013. On May 31, 2013, August 7, 2014 and June 11, 2015, the loan was renewed with the same terms and a renewed due date of June 11, 2016. The proceeds of the loan were used as the capital investment in Xinyu Xingbang.

As of September 30, 2015 and December 31, 2014, Guangdong Xingbang owed \$944,050 and \$805,854 respectively, to Mr. Yao. The loans are interest free and unsecured and due on June 18, 2016 and August 10, 2016.

As of September 30, 2015 and December 31, 2014, Guangdong Xingbang accrued \$45,314 and \$0 respectively, to Mr. Yao for the rental of the office premises. The amount due is unsecured and interest free.

Due to related parties consist of the following:

	As of September 30, 2015	As of December 31, 2014
Xinyu Xingbang Industry Co., Ltd - loan payable	\$ 9,482,975	\$ 5,092,991
Xinyu Xingbang Industry Co., Ltd - other advances	67,147	65,760
Xinyu Zhongxing Decoration Technical Network Co., Ltd	19,496	14,566
Xinyu Qiuying Technology Network Co., Ltd	(1,719)	-
Xinyu Qiuying Technology Network Co., Ltd - Guangzhou Branch	(60,301)	-
Guangzhou EFee Pay Network Co., Ltd	1,594	-
Xinyu Media Alliance Advertising Co., Ltd	32,848	-
Total	<u>\$ 9,542,040</u>	<u>\$ 5,173,317</u>

The Company had various loan agreements with Xinyu Xingbang Industry as of September 30, 2015 and December 31, 2014.

Those loans are non-interest bearing and due on various dates before September 2016.

Due to (due from) related parties are non-interest bearing and due on demand.

## NOTE 10 CONCENTRATIONS AND CREDIT RISKS

As of September 30, 2015 and December 31, 2014, all of the Company's assets were located in the PRC and Hong Kong and all of the Company's revenues were derived from customers located in the PRC.

For the three and nine months ended September 30, 2015 and 2014, there were no suppliers accounting for 10% or more of the Company's purchases.

For the three and nine months ended September 30, 2015 and 2014, there were no customers accounting for 10% or more of the Company's sales.

## NOTE 11 INCOME TAX

Xingbang NV was incorporated in the United States on April 12, 2011 and has net operating loss carry forwards for income taxes amounting to approximately \$1.6 million as of September 30, 2015 which may be available to reduce future years' taxable income. These net operating loss carry forwards will expire, if not utilized, commencing in 2030. Management believes that the realization of the benefits from these losses appears uncertain due to the Xingbang's NV limited operating history and continuing losses. Accordingly, a full deferred tax asset valuation allowance has been provided and no net deferred tax asset benefit has been recorded.

Xingbang BVI was incorporated in the BVI on March 24, 2011 and under current laws of the BVI and is not subject to tax on income.

Xingbang HK was incorporated in Hong Kong and is subject to the income tax regulation of Hong Kong. No provision for income tax has been made. Xingbang HK has incurred operating loss for the nine months ended September 30, 2015.

The Company's Chinese subsidiaries and VIEs are governed by the Income Tax Law of the PRC concerning the privately run and foreign invested enterprises, which are generally subject to tax at a statutory rate of 25% on income reported in the statutory financial statements after appropriate tax adjustments.

The Company has net operating loss carry forwards in China for income taxes amounting to approximately \$ 11.5 million as of September 30, 2015 which may be available to reduce future year's taxable income. These net operating loss carry forwards will expire, if not utilized, commencing in 2016. Management believes that the realization of the benefits from these losses appears uncertain due to continuing losses. Accordingly, a full deferred tax asset valuation allowance has been provided and no net deferred tax asset has been recorded.

The reconciliation of income tax expense at the U.S. statutory rate of 35% to the Company's effective tax rate is as follows:

	Nine Months Ended September 30	
	2015	2014
U.S. Statutory rate	\$ (2,510,570)	\$ (749,714)
Tax rate difference	699,677	194,895
Permanent difference	18	460
Change of valuation allowance	1,810,875	554,359
Effective tax rate	\$ -	\$ -

The provisions for income taxes are summarized as follows:

	Nine Months Ended September 30	
	2015	2014
Current	\$ -	\$ -
Deferred	-	-
Total	\$ -	\$ -

## NOTE 12 SUBSEQUENT EVENTS

In accordance with ASC Topic 855-10, the company has analyzed its operations subsequent to September 30, 2015 to the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these financial statements, other than noted herein.

On October 16, 2015, Guangdong Xingbang entered into a loan agreement with Xinyu Industry, with an amount of \$34,615 (RMB220,000). The loan is interest free and unsecured with a loan period from October 13, 2015 to October 12, 2016. This loan is solely for the operation of Guangdong Xingbang.

On October 12, 2015, Xinyu Xingbang entered into a loan agreement with Xinyu Industry, with an amount of \$143,181 (RMB910,000). The loan is non-interest bearing and unsecured with a maturity date of October 8, 2016. This loan is solely for the operation of Xinyu Xingbang.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our results of operations and financial condition should be read together with our consolidated group financial statements and the notes thereto and other financial information, which are included in our annual report on Form 10-K for fiscal year ended December 31, 2014. Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles. In addition, our financial statements and the financial information included in this report reflect our organization transactions and have been prepared as if our current corporate structure had been in place throughout the relevant periods.

This section contains forward-looking statements. These forward-looking statements are subject to various factors, risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Further, as a result of these factors, risks and uncertainties, the forward-looking events may not occur. Relevant factors, risks and uncertainties include, but are not limited to, those discussed in “Item 1. Business,” “Item 1A. Risk Factors” and elsewhere in our annual report on Form 10-K for fiscal year ended December 31, 2014. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management’s beliefs and opinions as of the date of this report. We are not obligated to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

### Overview and Strategy

In this Quarterly Report on Form 10-Q, unless the context requires or is otherwise specified, references to the “Company,” “we,” “us,” “our” and similar expressions include the following entities (as defined herein):

- (i) China Xingbang Industry Group Inc., a Nevada corporation (“**China Xingbang**”);
- (ii) Xing Bang Industry Group Limited, a British Virgin Islands company and a wholly-owned subsidiary of China Xingbang (“**Xingbang BVI**”);
- (iii) China Group Purchase Alliance Limited, a Hong Kong company and a wholly-owned subsidiary of Xingbang BVI (“**Xingbang HK**”);
- (iv) Guangzhou Xingbang Information Consulting Co., Ltd., a wholly foreign-owned enterprise, or the “**WFOE**”, formed in the People’s Republic of China (“**PRC**”) and a wholly-owned subsidiary of Xingbang HK;
- (v) Guangdong Xingbang Industry Information & Media Co. Ltd., our principal operating subsidiary, which is a Chinese variable interest entity that the WFOE controls through certain contractual arrangements (“**Guangdong Xingbang**”); and
- (vi) Xinyu Xingbang Information Industry Co., Ltd., an entity incorporated in the PRC which the WFOE and Guangdong Xingbang each own 50% of its equity interest, (“**Xinyu Xingbang**”). Xinyu Xingbang will continue the business of Guangdong Xingbang.

Through our wholly owned subsidiaries, Xingbang BVI and Xingbang HK, we own the WFOE, which controls Guangdong Xingbang, a variable interest entity (“VIE”), through a series of variable interest entity, or VIE contractual arrangements. Guangdong Xingbang is currently our source of income and operations. A summary of our business is described below.

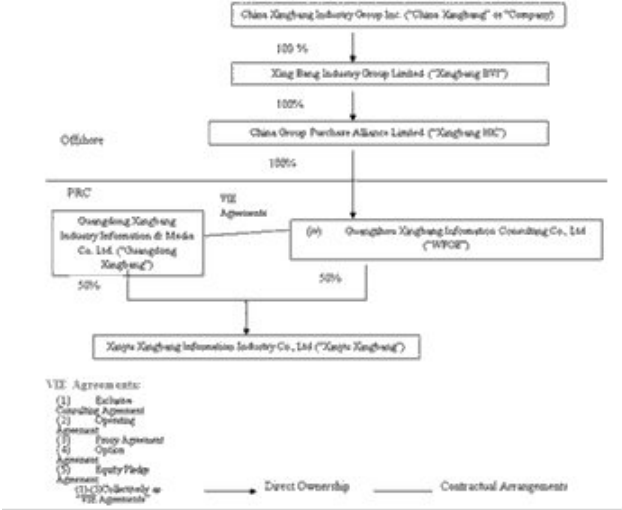
We were formed as a Nevada corporation on April 12, 2011 to acquire operational control over Guangdong Xingbang. Since foreign investors are restricted by the laws and regulations of the PRC to operate media and e-commerce business in China, we operate our business through ownership of the WFOE that provides management, consulting, investment and technical services to Guangdong Xingbang. We do not own any direct equity interest in Guangdong Xingbang. In May 2011, the WFOE entered into a series of contractual arrangements which effectively give the WFOE operational control over Guangdong Xingbang despite the lack of direct ownership. As a result of these contractual arrangements, we treat Guangdong Xingbang as a variable interest entity, or VIE, under U.S. generally accepted accounting principles, and we have included its historical financial results in our consolidated financial statements.

Our subsidiaries, Xingbang BVI and Xingbang HK are holding companies which do not have any operations or own any assets except for the ownership of the WFOE. The only current operation of the WFOE is to provide consulting and management services to Guangdong Xingbang. Guangdong Xingbang was founded in 2005 as a print-media based advertising operator and consulting services provider. On December 31, 2013, Guangdong Xingbang ceased all of its business operations except certain administrative functions.



Xinyu Xingbang was incorporated in the PRC in June 2012 and took over the business of Guangdong Xingbang as of December 31, 2013. Pursuant to the Articles of Associations of Xinyu Xingbang, Guangdong Xingbang and the WFOE each invested \$787,030 (RMB 5,000,000) in Xinyu Xingbang and each owns 50% of the equity interest of Xinyu Xingbang. Under the Xinyu Xingbang Articles of Association, the WFOE is entitled to appoint the sole director and all members of the management team of Xinyu Xingbang and the WFOE is entitled to receive 99.99% of Xinyu Xingbang's net profit. Based on the relevant PRC regulations, an Internet Content Provider license, or ICP license, issued by the Chinese Ministry of Industry and Information Technology, is required for Xinyu Xingbang to conduct business as currently contemplated. In order to be granted the ICP license, foreign investor's ownership of Xinyu Xingbang cannot exceed 50%. Xinyu Xingbang obtained its ICP license in February 2013. Guangdong Xingbang will gradually wind down its operations and Xinyu Xingbang will carry out Guangdong Xingbang's business except that Guangdong Xingbang will fulfill its contractual obligations under the existing customer contracts. On June 30, 2012, Guangdong Xingbang granted an exclusive license to Xinyu Xingbang to permit Xinyu Xingbang to use trademark, domain names, intellectual property rights and any know-how Guangdong Xingbang owns for the period from July 1, 2012 to June 30, 2022. Guangdong Xingbang also assigned the management right and right to receive revenue from the ju51 Mall to Xinyu Xingbang. Guangdong Xingbang will continue its corporate existence to hold the equity interest in Xinyu Xingbang for the same period. Currently we derive all of our revenues from Xinyu Xingbang.

Below is our updated organizational structure after the incorporation of Xinyu Xingbang.



We intend to provide an extensive e-commerce platform to provide value added services to manufacturers, distributors, retailers, decoration companies, and decoration technicians in the home furnishing industry while serving consumers through the ju51 Mall. “Ju51” sounds similar to the Chinese words of “juwu you,” which means “worry-free living” in Mandarin. When fully constructed, the ju51 Mall is expected to have ten marketplaces targeting ten sectors in the home furnishing industry, including light and lighting, bath and kitchen supplies, hardware, home textiles, residential furniture, office furniture, tiles, floor, doors and windows, home appliances, interior painting and home décor and security monitoring system. Since its launch in August 2011, we explored different business strategies to maximize revenue generation through the ju51 Mall. As of September 30, 2015, we have two types of flagship stores in the Ju51 Mall, i.e. product flagship stores and service flagship stores. As of September 30, 2015, we generated revenue from three streams, namely, (i) sales of furniture to showrooms, (ii) franchise fees from the service flagship stores on Ju51 Mall and (iii) fees received from technical service stations.

*Product flagship stores*

We expect to receive franchise fees from manufacturers in the home furnishing industry when they open product flagship stores in the Ju51 Mall and sales of furniture on Ju51 Mall. As of September 30, 2015, there were an aggregate of 383 product flagship stores. We received commission from the sales by these product flagship stores. In order to attract more manufacturers to open product flagship stores on the Ju51 Mall, we decided to waive the franchise fee from the product flagship stores until the end of 2015.

### *Service flagship stores*

Ju51 Mall also provides a platform for service flagship stores such as interior designers to list their company information and allow customers to reach out to each of them directly. Businesses are required to have their own physical stores prior to being franchised as service flagship stores in the platform. Each store shall pay a franchise fee of RMB2,000 for 1-2 years of franchise. As of September 30, 2015, there were 1,504 businesses as service flagship stores.

### *Technical Service Stations*

Technical service stations are primarily operated by brick-and-mortar retailers and decoration companies which have physical stores. A technical service station acts as a shopping guide and provides product support and services. When a consumer places orders online directly with flagship stores, the technical service station located closest to the consumer will receive the order simultaneously and provide product support and services, such as returns, exchanges, refunds and installation, through its own brick-and-mortar store. The reason for having technical service stations as shopping guides is to address the Chinese consumers' concern about return or exchange of products ordered online. Generally we only develop one technical service station within a county or a district of a city to protect their economic interest. We currently intend to have the technical service stations act as distributors and promote our services in local markets. Customers may avoid paying the shipping fees by picking up the product at a local technical service station. In addition to technical service stations, we also intend to have decoration technicians to act as shopping guides to help increase sales volume in the ju51 Mall. Xinyu Zhongxing Decoration Technicians Network Company Limited, ("Zhongxing Decoration"), an entity which is 80% owned by Mr. Xiao Hong Yao (" Mr. Yao"), our Chairman of the Board, CEO and 20% owned by his spouse, founded a web portal named China Decoration Technician at <http://www.zgzxjg.com>, which is intended to review and certify decoration technicians. Customers placing orders through the decoration technicians will enjoy special discounts compared to the retail price listed on the ju51 Mall. We also expect to develop different categories of Ju51 Mall memberships where the members will enjoy special discounts in order to promote sales in the ju51 Mall. A technical service station can earn commission as a percentage of the retail price, and the technical service station is related to the e-commerce platform. A decoration technician will also earn commissions, paid by flagship stores, based on a percentage of the amount he or she sells as a shopping guide. Our business model is designed to make sure consumers will receive quality products and services and have a quality shopping experience at the ju51 Mall. We expect the current business model will keep retail prices at the ju51 Mall at a competitive level.

We had an agency agreement with Zhongxing Decoration. Pursuant to the Agency Agreement, Zhongxing Decoration agreed to identify appropriate candidate to serve as technical service station. We were obligated to pay Zhongxing Decoration a commission of 5% of the sales closed by flagship stores on Ju51 Mall, 100% of the technical service station annual fee, and a commission of 10% of the franchise annual fee. Starting from January 2015, in order to have a more direct cooperation with technical service stations, Xinyu Xingbang, Zhongxing Decoration and technical service stations entered into certain three party agreements pursuant to which Zhongxing Decoration shall no longer act as the middle person, allowing Xinyu Xingbang to directly enter into cooperation agreement with technical service stations.

Xinyu Xingbang entered into cooperation agreements with technical service stations since January 2015. Xinyu Xingbang is entitled to receive from the technical service stations a service charge of RMB10,000 for one year of training and guidance service to technical service stations. As of September 30, 2015, we have 235 technical service stations.

*Advertising services through e-commerce platform*

Since 2014, we started to promote a Media Integrated Advertising Communication Package at a flat fee, ranging from RMB50,000 to RMB500,000 depending on the broadcasting frequency. As of September 30, 2015, we did not generate any revenue and management is evaluating the original business plan to consider possible changes.

## **Critical Accounting Policies and Estimates**

In preparing our consolidated group financial statements in conformity with accounting principles generally accepted in the United States, we make estimates and assumptions that affect the accounting, recognition and disclosure of our assets, liabilities, stockholders' equity, revenues and expenses. We make these estimates and assumptions because certain information that we use is dependent upon future events, which cannot be calculated with a high degree of precision from data available or cannot be readily calculated based upon generally accepted methodologies. In some cases, these estimates are particularly difficult and therefore require a significant amount of judgment. Actual results could differ from the estimates and assumptions that we use in the preparation of our consolidated group financial statements.

During the nine months ended September 30, 2015, there were no significant changes to our critical accounting policies and estimates as reported in our Annual Report on Form 10-K for the year ended December 31, 2014.

## **Results of Operations — Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014.**

### **Revenue**

During the three months ended September 30, 2015 and 2014, we had total revenue of \$162,141 and \$20,744 respectively, with an increase of \$141,397, or approximately 682% compared to the same period in 2014. \$82,298 was attributed to revenue generated from service flagship stores, \$69,430 was attributed to revenue generated from technical service stations, and \$10,413 was attributed to commissions arising from sales by the product flagship stores. During the three months ended September 30, 2014, total revenue was \$20,744 which was attributed to revenue generated from service flagship stores. The increase of \$141,397 was mainly due to increase in number of service flagship stores from 229 at September 30, 2014 to 1,504 at September 30, 2015, as well as the revenue from commissions arising from sales by the product flagship stores.

**Cost of revenue**

Cost of revenue is mainly comprised of salaries of website administrators, business tax relating to e-commerce and commission paid to technical service stations.

Cost of revenue for the three months ended September 30, 2015 was \$869,113, compared to \$300,213 for the three months ended September 30, 2014, an increase of \$568,900, or approximately 189%. The increase was due to the increase in salaries of website administrators and commission paid to technical service stations.

**Gross loss**

Gross loss was \$706,972 for the three months ended September 30, 2015, an increase of \$427,503, or approximately 153%, compared to a gross loss of \$279,469 of the same period in 2014. The increase was mainly due to the increase in cost in the e-commerce business outweigh the increase in e-commerce revenue.

**Operating expenses**

Operating expenses consist of selling, general and administrative expenses and depreciation.

Operating expenses for the three months ended September 30, 2015 were \$1,708,310, composed of \$1,357,025 in selling expenses, \$301,668 in general and administrative expenses, and \$49,617 in depreciation. Operating expenses for the three months ended September 30, 2014 were \$624,636, composed of \$368,226 in selling expenses, \$228,910 in general and administrative expenses, and \$27,500 in depreciation. The increase in operating expenses from the three months ended September 30, 2014 to the three months ended September 30, 2015 was \$1,083,674, or approximately 173%, which was mainly due to the increase of information technology expense, staff cost and advertising expenses. More staff hired during the three months ended September 30, 2015 due to the growth of business have also increased the selling expenses. The average staff increased from 112 in the third quarter of 2014 to 354 for the same period of 2015.

**Other (expenses) income, net**

Other (expenses) income, net, consists mainly of interest income, other income, other expenses, and loss on disposal of property and equipment.

Other expenses, net, for the three months ended September 30, 2015 was \$51,777 compared to other expenses, net of \$402 for the three months ended September 30, 2014, an increase of \$51,375, or approximately 12,780%. The increase in other expenses, net, for the third quarter ended September 30, 2015 was mainly due to the costs of early termination of an operating lease agreement for \$48,018.

**Net Loss**

Net loss was \$2,467,059 and \$904,507 for the three months ended September 30, 2015 and 2014 respectively. The increase was mainly due to the result of the increase in selling, general and administrative expenses and cost of revenue.

**Other comprehensive (loss) income**

Other comprehensive income was \$314,791 for the three months ended September 30, 2015. Other comprehensive loss was \$58,058 for the three months ended September 30, 2014. The change of foreign currency translation gain (loss) was primarily caused by the fluctuation in the RMB to U.S. dollar exchange rate in 2015 compared to 2014.

## **Results of Operations — Nine months Ended September 30, 2015 Compared to Nine months Ended September 30, 2014.**

### **Revenue**

During the nine months ended September 30, 2015 and 2014, we had total revenue of \$389,630 and \$23,386 respectively, with an increase of \$366,244, or approximately 1,566% compared to the same period in 2014. \$206,196 was attributed to revenue generated from service flagship stores, \$92,816 was attributed to revenue generated from technical service stations, and \$90,618 was attributed to commissions arising from sales by the product flagship stores. During the nine months ended September 30, 2014, total revenue was \$23,386 which was attributed to revenue generated from service flagship stores. The increase of \$366,244 was mainly due to increase in number of service flagship stores from 229 at September 30, 2014 to 1,504 at September 30, 2015, as well as the revenue from commissions arising from sales by the product flagship stores.

### **Cost of revenue**

Cost of revenue is mainly comprised of salaries of website administrators, business tax relating to e-commerce and commission paid to technical service stations.

Cost of revenue for the nine months ended September 30, 2015 was \$3,072,550, compared to \$731,019 for the nine months ended September 30, 2014, an increase of \$2,341,531, or approximately 320%. The increase was due to the increase in salaries of website administrators and commission paid to technical service stations.

### **Gross loss**

Gross loss was \$2,682,920 for the nine months ended September 30, 2015, an increase of \$1,975,287, or approximately 279%, compared to a gross loss of \$707,633 of the same period in 2014. The increase was mainly due to the increase in cost in the e-commerce business outweigh the increase in e-commerce revenue.

### **Operating expenses**

Operating expenses consist of selling, general and administrative expenses and depreciation.

Operating expenses for the nine months ended September 30, 2015 were \$4,436,291, composed of \$3,249,752 in selling expenses, \$1,051,904 in general and administrative expenses, and \$134,635 in depreciation. Operating expenses for the nine months ended September 30, 2014 were \$1,434,152, composed of \$701,247 in selling expenses, \$658,020 in general and administrative expenses, and \$74,885 in depreciation. The increase in operating expenses from the nine months ended September 30, 2014 to the nine months ended September 30, 2015 was \$3,002,139, or approximately 209%, which was mainly due to the increase of information technology expense, staff cost and advertising expenses. More staff hired during the nine months ended September 30, 2015 due to the growth of business have also increased the selling expenses. The average staff increased from 86 for the nine months ended September 30, 2014, to 440 for the same period of 2015.

### **Other (expenses) income, net**

Other (expenses) income, net, consists mainly of interest income, other income, other expenses, and (loss) gain on disposal of property and equipment.

Other expenses, net, for the nine months ended September 30, 2015 was \$53,845 compared to other expenses, net of \$255 for the nine months ended September 30, 2014, an increase of \$53,590, or approximately 21,016%. The increase in other expenses, net, was mainly due to the costs of \$48,018 for the early termination of an operating lease agreement on August 21, 2015.

## Net Loss

Net loss was \$7,173,056 and \$2,142,040 for the nine months ended September 30, 2015 and 2014 respectively. The increase was mainly due to the result of the increase in selling, general and administrative expenses and cost of revenue.

## Other comprehensive (loss) income

Other comprehensive income was \$294,809 for the nine months ended September 30, 2015. Other comprehensive income was \$42,446 for the nine months ended September 30, 2014. The change of foreign currency translation gain was primarily caused by the fluctuation in the RMB to U.S. dollar exchange rate in 2015 compared to 2014.

## Liquidity and Capital Resources

### Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on hand and demand deposits at banks. We had \$42,796 and \$198,744 of cash and cash equivalents on hand as of September 30, 2015 and December 31, 2014 respectively. There was a decrease of \$155,948 in our cash and cash equivalents from December 31, 2014 to September 30, 2015.

The decrease in our cash and cash equivalents from December 31, 2014 to September 30, 2015 was largely attributable to the combined effect of net cash used in operating activities of \$4,648,412, payments for purchase of property and equipment of \$211,162, offset by net advances from related companies and stockholders of \$4,704,776 during the nine months ended September 30, 2015.

We require cash for working capital, capital expenditures, repayment of debt, salaries, commissions and related benefits and other operating expenses and income taxes. We expect that our working capital needs will increase for the foreseeable future, as we continue to develop and grow our business. See “Business — General” in our 10-K filed with the SEC on March 27, 2015. For the fourth quarter of 2015, we are estimating a cash inflow of approximately \$1.57 million and an outflow of approximately \$1.62 million as we are starting to generate revenue from e-commerce platform.

The following table summarizes our cash flows for the nine months ended September 30, 2015 and 2014:

	Nine months ended	
	June 30,	
	2015	2014
Net cash used in operating activities	\$ (4,648,412)	\$ (2,259,503)
Net cash used in investing activities	\$ (211,162)	\$ (345,244)
Net cash provided by financing activities	\$ 4,704,776	\$ 2,575,587



**Net Cash Used in Operating Activities.** Net cash used in operating activities was \$4,648,412 and \$2,259,503 for the nine months ended September 30, 2015 and 2014 respectively. The most significant items affecting the comparison of our operating cash flow for the nine months ended September 30, 2015 and 2014 are summarized below:

- Increase in cash loss from operations - Our net loss from operations, excluding depreciation, and (loss) gain on disposal of property and equipment, increased by \$4,968,941 on a period-to-period basis, from cash loss of \$2,067,773 for the nine months ended September 30, 2014 to cash loss of \$7,036,714 for the nine months ended September 30, 2015, which negatively impacted our cash flows from operations. The increase in cash loss from operations was mainly due to the increase in cost of revenue, information technology expenses, advertising expenses and staff costs in the first three quarters in 2015 compared to the same period last year.
- Increase in prepaid expenses and other current assets - Prepaid expenses and other current assets increased by \$169,664 for the nine months ended September 30, 2015, and increased by \$193,673 for the same period in 2014. Prepaid expenses and other current assets consisted of prepaid information technology expenses and advertising expenses, rental and other deposits and advances to staff. The increase in prepaid expenses and other current assets was mainly due to increase in prepaid information technology expenses and advertising expenses.
- Increase in other payables and accrued expenses - Other payables and accrued expenses increased by \$2,487,380 for the first three quarters in 2015, and decreased by \$7,569 for the same period in 2014. Other payables and accrued expenses consisted of other tax payables, accrued expenses, deposits received from customers, other payables and accrued wages. The increase in other payables and accrued expenses was due to increase in deposits received from customers and accrued expenses.

**Net Cash Used in Investing Activities.** Our investing activities for the nine months ended September 30, 2015 and 2014 used cash of \$211,162 and \$345,244 respectively. The net decrease in cash used in investing activities was mainly due to decrease in purchase of property and equipment of \$137,134.

**Net Cash Provided by Financing Activities.** Net cash provided by financing activities for the nine months ended September 30, 2015 and 2014 was \$4,704,776 and \$2,575,587 respectively. The net increase was mainly due to the increase in advances from related companies for \$1,881,586.

#### **Capital Resources**

We had negative working capital of \$14,917,993 as of September 30, 2015 and \$7,982,920 as of December 31, 2014. The reason for the increase in negative working capital from December 31, 2014 to September 30, 2015 was primarily due to the increase in amounts due to related companies and prepaid expenses and other current assets and continuous loss for the period.

Under the VIEs' agreements, Guangdong Xingbang shall pay the WFOE a consulting service fee, payable in RMB each quarter, equivalent to all of its net income for such quarter based on its quarterly financial statements, prepared in accordance with generally accepted accounting principles of the PRC. The WFOE then may transfer the cash payment to the offshore holding companies (Xingbang HK, Xingbang BVI and China Xingbang) via dividend payment, after deduction of relevant taxes. If we obtain funds through financing in the US, Xingbang HK may invest in the WFOE. It is generally prohibited for PRC resident enterprises, including foreign owned entities, to make inter-company loans. However, management believes it is in compliance with the current PRC law for the WFOE to deposit the funds into a PRC bank account and request the PRC bank to lend the funds to Guangdong Xingbang, and may use such means to obtain capital funding in the future.

We are a holding company with no significant revenue-generating operations of our own, and thus any cash flows from operations are and will be generated by Guangdong Xingbang through our WFOE's existing consulting service management arrangement with Guangdong Xingbang. Our ability to service our debt and fund our ongoing operations is dependent on the results of these operations and their ability to provide us with cash. The WFOE's ability to make loans or pay dividends are restricted under PRC law and may be restricted under the terms of future indebtedness, its governing documents or other agreements. With the cash on hand and the anticipated cash to be received from our operations, we may not be able to generate enough cash to support the expansion of the business operations. However, the Guangdong Xingbang's Stockholders are committed to provide cash as needed to support the Company's ongoing operations and continued growth. Therefore, we believe that our sources of liquidity will be sufficient to enable us to meet our cash needs for at least the next 12 months.

Nonetheless, our liquidity and capital position could be adversely affected by:

- continued failure to generate sufficient revenue in the e-commerce business;
- the enactment of new laws and regulations;
- our inability to grow our business as we anticipate by expanding our revamped e-commerce business;
- any other changes in the cost structure of our underlying business model; and
- any of the other risks and uncertainties described in "Item 1A. Risk Factors" in our annual report on Form 10-K for the fiscal year ended December 31, 2014.

## Debt Obligations

The following is a summary of amounts outstanding under our debt obligations as of September 30, 2015 and December 31, 2014.

	<b>As of September 30, 2015</b>	<b>As of December 31, 2014</b>
Due to related companies	\$ 9,542,040	\$ 5,173,317
Due to a stockholder	1,776,072	1,611,708
<b>Total debt</b>	<b>\$ 11,318,112</b>	<b>\$ 6,785,025</b>

See Note 8 and Note 9 for details.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not applicable to smaller reporting companies.

**Item 4. Controls and Procedures.****Evaluation of Disclosure Controls and Procedures.**

The Company's management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of September 30, 2015 and has determined that our disclosure controls and procedures were not effective as of September 30, 2015 due to certain material weaknesses, including: (i) a lack of sufficient accounting personnel with appropriate understanding of U.S. GAAP and SEC reporting requirements; and (ii) a lack of standard charter of accounts and written accounting manual and closing procedures to facilitate preparation of financial statements under U.S. GAAP for financial reporting processes. As a result of such material weaknesses, our disclosure controls and procedures were not effective.

**Limitations on the Effectiveness of Disclosure Controls.**

Readers are cautioned that our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls.

**Changes in Internal Control over Financial Reporting.**

There were no changes in our internal control over financial reporting during the third quarter of 2015 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.**

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

**Item 1A. Risk Factors.**

As a smaller reporting company, we are not required to provide the information required by this Item.

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

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 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	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

**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.

Date: November 23, 2015

China Xingbang Industry Group Inc.

By: /s/ Xiaohong Yao  
Xiaohong Yao, Chairman, President and  
Chief Executive Officer  
(principal executive officer)

By: /s/ Haigang Song  
Haigang Song, Chief Financial Officer  
(principal financial and accounting officer)

## EXHIBIT INDEX

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I, Xiaohong Yao, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ending September 30, 2015 of China Xingbang Industry Group Inc.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2015

By: s/Xiaohong Yao

Xiaohong Yao

Chief Executive Officer

(Principal Executive Officer)

I, Haigang Song, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ending September 30, 2015 of China Xingbang Industry Group Inc.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an quarterly report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2015

By: /s/ Haigang Song  
Haigang Song  
Chief Finance Officer  
(Principal Finance and Accounting Officer)



**Certification Pursuant To  
Section 906 of Sarbanes-Oxley Act of 2002**

I, Xiaohong Yao, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly report on Form 10-Q of China Xingbang Industry Group Inc. for the quarter ended September 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 23, 2015

By: /s/ Xiaohong Yao

Xiaohong Yao

Chief Executive Officer

(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

**Certification Pursuant To  
Section 906 of Sarbanes-Oxley Act of 2002**

I, Haigang Song, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly report on Form 10-Q of China Xingbang Industry Group Inc. for the quarter ended September 30, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 23, 2015

By: /s/ Haigang Song  
Haigang Song  
Chief Finance Officer  
(Principal Finance and Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.