

SMARTHEAT INC.
Form 10-Q
May 09, 2008

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

FORM 10-Q

QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2008

OR

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

Commission file number 000-53052

SMARTHEAT INC.
(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

98-0514768
(IRS Employer
Identification No.)

A-1, 10, Street 7
Shenyang Economic and Technological Development Zone
Shenyang, China
110027
(Address of principal executive offices, including zip code.)

+86 (24) 2519-7699
(telephone number, including area code)

(Former name or former address, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days.

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," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

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 [X]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 22,549,000 shares as of April 30, 2008.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

| | |
|------------------------------|-----|
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SmartHeat Inc.
(formerly Pacific Goldrim Resources, Inc.)
(An Exploration Stage Company)

Balance Sheets

| | March 31, 2008 (Unaudited) \$ | October 31, 2007 (Audited) \$ |
|--|--|--|
| Assets | | |
| Current Assets | | |
| Cash | 7,338 | 9,185 |
| Accounts receivable | 772 | - |
| | 8,110 | 9,185 |
| Liabilities and Stockholders' Deficiency | | |
| Current Liabilities | | |
| Accounts payable | 16,429 | 250 |
| Stockholders' Deficiency | | |
| Common Stock | | |
| 75,000,000 shares authorized, with a \$0.001 par value, 6,549,900 shares issued and outstanding | 6,549 | 6,549 |
| Additional Paid-in Capital | 38,426 | 38,426 |
| Deficit Accumulated During the Exploration Stage | (53,294) | (36,040) |
| Total Stockholders' Deficiency | (8,319) | 8,935 |
| Total Liabilities and Stockholders' Deficiency | 8,110 | 9,185 |

The accompanying notes are an integral part of these financial statements

SmartHeat Inc.
(formerly Pacific Goldrim Resources, Inc.)
(An Exploration Stage Company)

Statements of Operations
(Unaudited)

| | Two Months Ended March, 31 | | Five Months Ended March, 31 | | August 4, 2006 (date of inception) to March 31, |
|---|-------------------------------|-----------|--------------------------------|-----------|--|
| | 2008 | 2007 | 2008 | 2007 | 2008 |
| | \$ | \$ | \$ | \$ | \$ |
| Expenses | | | | | |
| Accounting and administration | 400 | | | 450 | |
| Audit fees | 10,778 | 100 | 1,000 | | 2,800 |
| Bank charges | 23 | – | 10,778 | 3,000 | 24,617 |
| General office expense | 107 | 16 | 68 | 113 | 325 |
| Legal fees | 1,802 | 170 | 260 | 310 | 843 |
| Legal fees | 1,802 | – | 1,802 | 8,186 | 11,988 |
| Mineral property costs | – | – | – | – | 6,694 |
| Transfer agent and filing fees | 2,570 | 50 | 3,346 | 901 | 6,027 |
| Total Expenses | 15,680 | 336 | 17,254 | 12,960 | 53,294 |
| Net Loss | (15,680) | (336) | (17,254) | (12,960) | (53,294) |
| Basic and Diluted Net Loss Per Share | (0.00) | (0.00) | (0.00) | (0.00) | |
| Weighted Average Number of Shares Outstanding – basic and diluted | 6,549,900 | 6,549,900 | 6,549,900 | 6,549,900 | |

The accompanying notes are an integral part of these financial statements

SmartHeat Inc.
(formerly Pacific Goldrim Resources, Inc.)
(An Exploration Stage Company)

Statements of Cash Flows
(Unaudited)

| | Five Months Ended | | August 4, 2006 |
|--|-------------------|----------|---------------------|
| | March 31, | | (date of inception) |
| | 2008 | 2007 | to March 31, |
| | \$ | \$ | 2008 |
| | | | \$ |
| Cash Flows From Operating Activities | | | |
| Net loss | (17,254) | (12,960) | (53,294) |
| Changes in operating assets and liabilities | | | |
| Accounts receivable | (772) | – | (772) |
| Accounts payable | 16,179 | – | 16,429 |
| Due to a related party | – | (125) | – |
| Net Cash Used in Operating Activities | (1,847) | (13,085) | (37,637) |
| Cash Flows From Financing Activities | | | |
| Proceeds From Issuance of Common Stock | – | – | 44,975 |
| Net Cash Provided by Financing Activities | – | – | 44,975 |
| Net (decrease) in Cash | (1,847) | (13,085) | 7,338 |
| Cash, Beginning | 9,185 | 39,516 | – |
| Cash, Ending | 7,338 | 26,431 | 7,338 |
| Supplemental Cash Flow Information | | | |
| Cash paid for: | | | |
| Interest | – | – | – |
| Income taxes | – | – | – |

The accompanying notes are an integral part of these financial statements

F-3

SmartHeat Inc.
(formerly Pacific Goldrim Resources, Inc.)
(An Exploration Stage Company)

Notes to the Financial Statements
March 31, 2008
(Unaudited)

1. Basis of Presentation

Unaudited Interim Financial Statements

The accompanying unaudited interim financial statements have been prepared by SmartHeat Inc. (formerly known as Pacific Goldrim Resources, Inc.) (the "Company") in accordance with generally accepted accounting principles in the United States for interim financial information and with the instructions to Form 10-Q of Regulation S-K. They do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended October 31, 2007 with the Securities and Exchange Commission. The interim unaudited financial statements should be read in conjunction with those financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the five months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ended December 31, 2008.

Subsequent to the period end, the Company entered into a Share Exchange Agreement with Shenyang Taiyu Machinery & Electronic Equipment Co., Ltd., a plate heat exchange products company organized under the laws of the People's Republic of China ("Taiyu"), and the shareholders of Taiyu. Refer to Note 2 below.

2. Subsequent Events

On April 14, 2008, the Company entered into and consummated a series of agreements which resulted in the acquisition of all of share capital of Taiyu, the divestiture of the Company's prior exploration business, and the change of the Company's name to SmartHeat Inc. The acquisition of Taiyu's share capital was accomplished pursuant to the terms of a Share Exchange Agreement dated April 14, 2008 (the "Share Exchange Agreement") by and among the Company's wholly owned subsidiary SmartHeat Inc., a Nevada corporation ("SmartHeat"), Taiyu and all of the shareholders of Taiyu (the "Taiyu Shareholders"). At the closing under the Share Exchange Agreement all of the equitable and legal rights, title and interests in and to Taiyu's share capital in the amount of Yuan 25,000,000 was exchanged for an aggregate of 18,500,000 shares of SmartHeat common stock (the "Share Exchange"). As a result of the Share Exchange, Taiyu became a wholly-owned subsidiary of SmartHeat. SmartHeat was thereafter immediately merged into the Company.

SmartHeat Inc.
(formerly Pacific Goldrim Resources, Inc.)
(An Exploration Stage Company)

Notes to the Financial Statements
March 31, 2008 (Unaudited)

2. Subsequent Events (continued)

In addition, the following actions occurred under the terms of the Share Exchange Agreement:

Immediately following the closing of the Share Exchange, the Company transferred all of its pre-closing assets and liabilities (other than the obligation to pay a \$10,000 fee to the Company's audit firm) to a wholly owned subsidiary, PGR Holdings, Inc., a Nevada corporation ("SplitCo"), under the terms of an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations dated April 14, 2008. The Company also sold all of the outstanding capital stock of SplitCo to Jason Schlombs (the former director and officer, and a major shareholder, of the Company) pursuant to a Stock Purchase Agreement dated April 14, 2008 in exchange for the surrender of 2,500,000 shares of the Company's common stock held by Mr. Schlombs.

As a condition to the closing of the Share Exchange, Mr. Jun Wang, the Chairman and Chief Executive Officer of Taiyu was appointed to the board of directors of the Company. Mr. Wang is the sole member of the board of directors as of the date hereof, Mr. Schlombs, having resigned effective as of the close of business on April 15, 2008.

Also as a condition to the closing of the Share Exchange, Mr. Schlombs resigned as the President, Chief Executive Officer, Secretary and Treasurer of the Company and Mr. Jun Wang was appointed as President and Chief Executive Officer, Ms. Zhijuan Guo was appointed as Chief Financial Officer and Ms. Huajun Ai was appointed as Corporate Secretary.

As a result of the Share Exchange and the cancellation of the 2,500,000 shares of the Company's common stock pursuant to the Split-Off Agreement, there are 22,549,900 shares of the Company's common stock issued and outstanding, approximately 82.04% of which are held by the former Taiyu Shareholders. The shareholders of the Company immediately prior to the completion of these transactions hold the remaining 17.96% of the issued and outstanding share capital of SmartHeat.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

This quarterly report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to "common shares" refer to the common shares in our capital stock.

The following discussion and analysis of our financial condition and results of operations relates to the period ended March 31, 2008. As disclosed in Item 5 of this Part II as a subsequent event, on April 14, 2008 we completed a series of transactions that changed our operations as described in detail in our Current Report on Form 8-K, filed with the SEC on April 18, 2008. We refer you to that report for further description of the transactions and our business going forward.

As used in this quarterly report the terms "we", "us", "our", and the "Company" means SmartHeat Inc. (formerly known as Pacific Goldrim Resources, Inc.), unless otherwise indicated.

General

We were incorporated in the State of Nevada on August 4, 2006. We are a start-up, exploration stage corporation that had intended to engage in the exploration of mineral properties. We do not own any property, but have the right to conduct exploration activities on one property; herein referred to as the Twelve Mile mineral claim.

Our auditors have issued a going concern opinion. Our auditors have a substantial doubt that the Company will be able to continue as an on-going business for the next twelve months unless we obtain additional capital to pay our bills. This is because we have not generated or realized any revenues from our business operations. The ability of the Company to emerge from the exploration stage with respect to any planned principal business activity is dependant upon its successful efforts to raise additional equity financing and/or attain profitable operations. Accordingly, we will need to raise cash from sources other than the sale of minerals found on the property. Our only other source for cash at this time is investments by others in our Company.

Since inception, the Company issued 6,549,900 shares of common stock via private placement for cash proceeds of \$44,975. On August 8, 2006 we issued 2,500,000 shares of common stock at \$0.001 per share for proceeds of \$2,500. An additional 4,000,000 shares of common stock were issued at \$0.0075 per share on August 25, 2006 for proceeds of \$30,000. 49,900 shares of common stock were issued on August 31, 2006 at \$0.25 per share for proceeds of \$12,475.

We had cash resources of \$7,338 and accounts receivable of \$772 as at March 31, 2008. We do not have sufficient funds to continue with our exploration program as we will continue to incur administrative and professional charges associated with preparing, reviewing, auditing and filing our financial statements and our periodic and other disclosure documents.

Management is exploring a variety of options to meet the Company's cash requirements and future capital requirements, including the possibility of equity offerings, debt financing and business combinations.

Plan of Operations

We intended to explore for silver, lead and zinc. Our target is mineralized material. Mineralized material is a mineralized body that has been delineated by appropriate spaced drilling or underground sampling to support sufficient tonnage and average grade of metals to justify removal.

We must conduct exploration to determine if mineralized material exists and if any minerals that are found can be economically extracted and profitably processed.

The property is undeveloped raw land. Detailed exploration and surveying has not been initiated. To our knowledge, no previous exploration activities have taken place on the property. The only events that have occurred are: the acquisition of the Twelve Mile mineral claim by our sole officer and director, Jason Schlombs, who is the record owner, holding the claim in trust for the Company, and the preparation of an independent geological report dated October 24, 2006 by Robert P. Ilchik, Consulting Geologist. Our original consulting geologist; Robert Ilchik is unavailable and does not expect to be able to provide us any services in the foreseeable future. As such, we retained Richard Jeanne to act as our Consulting Geologist and commence exploration under the proposed Two Phase Work Program.

We have begun research and data review of available geological information as outlined under Phase 1 of our recommended exploration program described below and have consulted with our current geologist; Richard Jeanne to discuss plans for Phase 1 exploration work.

Phase 1 of the initial exploration program would consist of air photo interpretation, geological mapping and geochemical rockchip sampling. The exploration program was expected to take approximately two months to complete, weather permitting, and would cost approximately \$9,500.

Phase 2 of the initial exploration program will entail either a VLF survey (survey using very low frequency radio transmitters as the electromagnetic source to identify lateral changes in the subsurface electrical properties of the bedrock) – 10 lines, 100 m spacing or; an IP Survey (survey using induced polarization as the electromagnetic source) – 4 lines, 800 m each and would take approximately three months to complete, weather permitting, and would cost approximately \$4,000 (VLF Survey) or \$12,500 (IP Survey).

Currently, we do not have sufficient funds to complete Phase 1 or to initiate Phase 2 and will need to raise additional capital from a public offering, a private placement or loans.

We anticipate that additional funding will be in the form of issuance of debt and/or equity financing from the sale of our common stock. However, we have no assurance that we will be able to raise sufficient funds from the sale of our common stock to pay all of our anticipated expenses.

For the period ended March 31, 2008, much of our efforts were directed at locating new business opportunities. Our plan of operation over the next twelve months will be to consider guidelines of industries in which the Company may hold an interest; to adopt a business plan regarding engaging in a business in any selected industry and to commence such operations through funding by issuing debt and/or equity securities.

If we are unable to identify any new business opportunities and cannot generate sufficient revenues to fund all of our anticipated expenses, we will either have to suspend operations until we do raise the cash, or cease operations entirely.

Limited Operating History; Need for Additional Capital

There is limited historical financial information about Pacific Goldrim Resources, Inc. upon which to base an evaluation of our performance. We are an exploration stage corporation and have not generated any revenues from operations. We cannot guarantee we will be successful in our business operations. Our business is subject to risks inherent in the establishment of a new business enterprise, including limited capital resources, possible delays in the exploration of our properties, and possible cost overruns due to price and cost increases in services.

To become profitable and competitive, we will conduct research and exploration of the property before we start production of any minerals we may find. We have no assurance that future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Equity financing could result in additional dilution to existing shareholders.

Results of Operations

FROM INCEPTION ON AUGUST 4, 2006 TO MARCH 31, 2008

We acquired the right to conduct exploration activity on one mineral claim consisting of thirteen (13) mineral title cells, collectively referred to as the Twelve Mile Property. The property is located in the Slocan Mining Division of southeastern British Columbia, Canada. The claim was electronically staked by our sole officer and director, Jason Schlombs, using the BC Mineral Title website as administered by the Mineral Tenure Act of British Columbia. We do not own any interest in the property, but merely have the right to conduct exploration activities on one property. We commissioned Robert P. Ilchik, Consulting Geologist to prepare a preliminary geology report on the property; which included a recommended two-phase exploration program.

Our original consulting geologist, Robert Ilchik is unavailable and does not expect to be able to provide us any services in the foreseeable future. We have retained the services of Richard Jeanne (Consulting Geologist) to complete Phase 1 of our exploration program.

We have begun research and data review of available geological information as outlined in the exploration program of our geological report. We have consulted with our geologist to discuss plans for the continuation of Phase 1 of our exploration program.

Net cash from the sale of shares since inception on August 4, 2006 to March 31, 2008 was \$44,975. Since inception, we have used our common stock to raise money to register the title, for corporate expenses and to repay outstanding indebtedness.

Our auditors have a substantial doubt that the Company will be able to continue as an on-going business for the next twelve months unless we obtain additional capital to pay our bills. This is because we have not generated or realized any revenues from our business operations. Accordingly, we will need to raise cash from sources other than the sale of minerals found on the property. The ability of the Company to emerge from the exploration stage with respect to any planned principal business activity is dependant upon its successful efforts to raise additional equity financing and/or attain profitable operations. Due to our inability to commence exploration on our mining property in British Columbia, Canada on a timely basis we are considering other business opportunities.

Liquidity and Capital Resources

As of the date of this report, we have yet to generate any revenues from our business activities. Further, we own no property.

On August 8, 2006, we issued 2,500,000 shares of common stock through a private placement pursuant to section Regulation S of the Securities Act of 1933 to our sole officer and director, Mr. Jason Schlombs in August 2006 in consideration of \$2,500. The shares were sold to a non-US person and all transactions closed outside the United States of America. This was accounted for as a purchase of shares of common stock.

On August 25, 2006, we completed a private placement of 4,000,000 shares of common stock pursuant to Reg. S of the Securities Act of 1933 and raised \$30,000. All of these shares were sold to non-US persons and all transactions closed outside the United States of America. This was accounted for as a purchase of shares of common stock.

On August 31, 2006, we completed a second private placement of 49,900 shares of common stock pursuant to Reg. S of the Securities Act of 1933 and raised \$12,475. All of these shares were sold to non-US persons and all transactions closed outside the United States of America. This was accounted for as a purchase of shares of common stock.

As of March 31, 2008 our total assets were \$ 8,110 and our total liabilities were \$16,429 for a working capital deficit of \$8,319. Total liabilities were comprised of general administrative costs, audit fees and transfer agent fees. We do not sufficient funds to last for twelve months and will need to secure additional capital from other sources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures - We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures ("Disclosure Controls") as of the end of the period covered by this report pursuant to Rule 13a-15 of the Exchange Act. Based on this Evaluation, our CEO and CFO concluded that our Disclosure Controls were effective as of the end of the period covered by this report.

Additionally, there were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the evaluation date. We have not identified any significant deficiencies or material weaknesses in our internal controls, and therefore there were no corrective actions taken.

PART I – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

Share Exchange and Related Transactions

On April 14, 2008, the Company entered into and consummated a series of agreements which resulted in the acquisition of all of share capital of Shenyang Taiyu Machinery & Electronic Equipment Co., Ltd, a plate heat exchange products company organized under the laws of the People's Republic of China ("Taiyu"), the divestiture of the Company's prior exploration business, and the change of the Company's name to SmartHeat Inc. The acquisition of Taiyu's share capital was accomplished pursuant to the terms of a Share Exchange Agreement dated April 14, 2008 (the "Share Exchange Agreement") by and among the Company's wholly owned subsidiary SmartHeat Inc., a Nevada corporation ("SmartHeat"), Taiyu and all of the shareholders of Taiyu (the "Taiyu Shareholders"). At the closing under the Share Exchange Agreement all of the equitable and legal rights, title and interests in and to Taiyu's share capital in the amount of Yuan 25,000,000 was exchanged for an aggregate of 18,500,000 shares of SmartHeat common stock (the "Share Exchange"). As a result of the Share Exchange, Taiyu became a wholly-owned subsidiary of SmartHeat. SmartHeat was thereafter immediately merged into the Company.

In addition, the following actions occurred under the terms of the Share Exchange Agreement:

- Immediately following the closing of the Share Exchange, the Company transferred all of its pre-closing assets and liabilities (other than the obligation to pay a \$10,000 fee to the Company's audit firm) to a wholly owned subsidiary, PGR Holdings, Inc., a Nevada corporation ("SplitCo"), under the terms of an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations dated April 14, 2008. The Company also sold all of the outstanding capital stock of SplitCo to Jason Schlombs (the former director and officer, and a major shareholder, of the Company) pursuant to a Stock Purchase Agreement dated April 14, 2008 in exchange for the surrender of 2,500,000 shares of the Company's common stock held by Mr. Schlombs.
- As a condition to the closing of the Share Exchange, Mr. Jun Wang, the Chairman and Chief Executive Officer of Taiyu was appointed to the board of directors of the Company. Mr. Wang is the sole member of the board of directors as of the date hereof, Mr. Schlombs, having resigned effective as of the close of business on April 15, 2008.

- Also as a condition to the closing of the Share Exchange, Mr. Schlombs resigned as the President, Chief Executive Officer, Secretary and Treasurer of the Company and Mr. Jun Wang was appointed as President and Chief Executive Officer, Ms. Zhijuan Guo was appointed as Chief Financial Officer and Ms. Huajun Ai was appointed as Corporate Secretary.

As a result of the Share Exchange and the cancellation of the 2,500,000 shares of the Company's common stock pursuant to the Split-Off Agreement, there are 22,549,900 shares of the Company's common stock issued and outstanding, approximately 82.04% of which are held by the former Taiyu Shareholders. The shareholders of the Company immediately prior to the completion of these transactions hold the remaining 17.96% of the issued and outstanding share capital of SmartHeat.

SmartHeat designs, manufactures, sells, and services plate heat exchangers ("PHEs"), compact plate heat exchanger units ("PHE Units"), and heat meters for a broad range of industries, including petroleum refining, petrochemicals, power generation, metallurgy, food & beverage, and chemical processing. SmartHeat is one of three authorized dealers of Sondex A/S, one of the world's leading PHE manufacturers, for the industrial and energy sectors in the People's Republic of China and sells PHEs under the "Sondex" brand name. PHE Units are designed by SmartHeat engineers and assembled with Sondex plates, which are then sold under the brand name "Taiyu."

A more complete description of the Share Exchange and related transactions, as well as a detailed discussion of the business of SmartHeat following the consummation of these transactions, is included in the Current Report on Form 8-K that we filed with the Securities and Exchange Commission on April 18, 2008.

Change in Fiscal Year

In connection with the consummation of the Share Exchange and related transactions discussed above, our fiscal year end has been changed from October 31 to December 31, effective as of April 14, 2008.

ITEM 6.

EXHIBITS

The following documents are included herein:

| Exhibit No. | Document Description |
|-------------|---|
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-15(e) and 15d-15(e), promulgated under the Securities and Exchange Act of 1934, as amended. |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-15(e) and 15d-15(e), promulgated under the Securities and Exchange Act of 1934, as amended. |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer). |
| 32.2 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer). |

SIGNATURES

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

SMARTHEAT INC.
(Registrant)

May 9, 2008

By:

/s/ JUN WAN
Jun Wang
President and Chief Executive Officer

May 9, 2008

By:

/s/ ZHIJUAN GUO
Zhijuan Guo
Chief Financial Officer

EXHIBIT INDEX

| Exhibit No. | Document Description |
|-------------|---|
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-15(e) and 15d-15(e), promulgated under the Securities and Exchange Act of 1934, as amended. |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-15(e) and 15d-15(e), promulgated under the Securities and Exchange Act of 1934, as amended. |
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