ENERGROUP HOLDINGS CORP
Form S-1/A
December 31, 2009
As filed with the Securities and Exchange Commission on December 31, 2009

Registration No. 333-149171

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 3
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ENERGROUP HOLDINGS CORPORATION
(Exact name of registrant as specified in its charter)

Nevada (State or Other Jurisdiction of Incorporation or Organization)	2011 (Primary Standard Industrial Classification Number)	87-0420774 (I.R.S. Employer Identification No.)

No. 9, Xin Yi Street, Ganjingzi District
Dalian City, Liaoning province, PRC 116039
Telephone: +86 411 867 166 96
(Address, Including Zip Code and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

The Corporation Trust Company of Nevada
6100 Neil Road, Suite 800
Reno, Nevada 89511
(775) 688-3061
(Name, Address, Including Zip Code and Telephone Number, Including Area Code, of Agent for Service)

With copies of all correspondence to:
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345 Park Avenue
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Tel. No.: 212-407-4159 Fax No.: 212-407-4990

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. þ

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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 definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer o	Accelerated Filer o
Non-Accelerated Filer o (do not check if a smaller reporting company)	Smaller Reporting Company x

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and no offer to buy these securities is being solicited in any state where the offer or sale is not permitted.

Subject to Completion, dated December 31, 2009

Prospectus

ENERGROUP HOLDINGS CORPORATION

6,197,305 shares

Common Stock

This prospectus covers the resale by selling shareholders of up to 6,197,305 shares of our common stock, $0.001 par value.

The selling shareholders may sell their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices. See “Plan of Distribution”. We will not receive any of the proceeds from the sale of the common stock by the selling shareholders.

Our securities are not listed on any national securities exchange. Our common stock is currently quoted on the OTC Bulletin Board under the symbol “ENHD” The last reported closing sale price for our common stock was $2.55, as quoted on the OTC Bulletin Board on December 29, 2009.

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. SEE “RISK FACTORS” BEGINNING ON PAGE 9.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is __, 2010

No offers to sell are made, nor are offers sought to buy these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate as of the date on the front cover page of this prospectus only. Our business, financial condition, results of operations and prospectus may have changed since that date.

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PROSPECTUS SUMMARY

This summary contains basic information about us and this offering. You should read the entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk Factors." Some of the statements contained in this prospectus, including statements under "Summary" and "Risk Factors" as well as those noted in the documents incorporated herein by reference, are forward-looking statements and may involve a number of risks and uncertainties. We note that our actual results and future events may differ significantly based upon a number of factors. You should not put undue reliance on the forward-looking statements in this document, which speak only as of the date on the cover of this prospectus.

References to "we," "our," "us," the "Company," or "Energroup" refer to Energroup Holdings Corporation, a Nevada corporation, and its consolidated subsidiaries.

ENERGROUP HOLDINGS CORPORATION

Energroup Holdings Corporation, through its subsidiaries, is engaged in the business of producing, packing, selling, marketing and distributing fresh pork and processed meat products to clients throughout the People's Republic of China ("China" or the "PRC"). We sell our products to consumers in northeastern China, which has a population of approximately 108 million. In 2008, we had approximately US $176.36 million in sales and US $6.84 million in net income.

Our Business

We produce, pack, sell, market and distribute fresh and processed meat products to customers in the People's Republic of China ("China" or the "PRC"). Our current corporate structure is shown below. We own three PRC operating subsidiaries (collectively, the "Chuming Operating Subsidiaries"):

1. Dalian Chuming Slaughter and Packaging Pork Company Ltd., whose primary business activity is acquiring, slaughtering and packaging of pork and cattle;

2. Dalian Chuming Processed Foods Company Ltd., whose primary business activity is the processing of raw and cooked meat products; and

3. Dalian Chuming Sales Company Ltd., which is responsible for our sales, marketing and distribution activities.

Our three operating subsidiaries are spun off constituents of a former parent company, Dalian Chuming Group Co., Ltd. (the "Group"). Our company is separate and independent from the Group, which operates a different business and has different operations from ours. We took over ownership and control of the three Chuming Operating Subsidiaries from the Group in September 2007. We are headquartered in the City of Dalian, Liaoning Province of China. Throughout this prospectus, Energroup Holdings Corporation, Precious Sheen Investments Limited, Dalian Chuming Precious Sheen Investments Consulting Co., Ltd. and the Chuming Operating Subsidiaries are sometimes collectively referred to as "Chuming."

Our Current Corporate Structure

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Our current customers are concentrated in the Liaoning Province (which has a population of approximately 42 million), and we are the largest pork producer in Dalian City, which has a population of approximately 3 million, or 6 million including the greater metropolitan area. At present, all of our sales are within China, which is the largest pork-consuming nation in the world, with a total of 54 million metric tons consumed in 2006. Due to the rapid development of the Chinese economy, urbanization and strong income growth, we have observed that pork consumption patterns are changing and consumption levels are continuing to increase.

Our major products are:

- Fresh meat - pork that is processed in a controlled environmental chamber with closely monitored temperatures to ensure quality and safety standards during processing right up to the time of delivery to the consumer.

- Frozen fresh meat - butchered pigs that are processed and immediately frozen, which includes such products as smoked pork, ham and roasts.

- Frozen/fresh byproducts - pork byproducts including pig's liver, stomach, intestine, head and hoof.

We are part of an established pork production cycle that culminates in sales of fresh and frozen pork. This cycle includes feedstuff production, pig breeding, slaughtering, processing, packaging and distribution. We are involved in the slaughtering, processing, packaging and distribution aspects of the pork production cycle.

We are the first pork producer in China to receive "Green Food" certification from China's Ministry of Agriculture. Green Food is an innovative certification program unique to China that is awarded to food processors who produce using environmentally sustainable methods and meet certain high technical standards of quality control, safety, and product quality, and generate low levels of pollution.

Financial Results

Our consolidated financial statements for the years ended December 31, 2008 and 2007 are included in this prospectus. In 2007 and 2008, we had approximately $124.7 million and $176.4 million in sales, respectively, and $11.7 million and $6.8 million in net income, respectively.

We have also included our unaudited consolidated financial statements for the three and nine months ended September 30, 2009, during which time we had approximately $67.8 million and $156.9 million in sales, respectively and $3.8 million and $4.7 million in net income, respectively.

See"Index of Financial Statements" on page F-1.

RISKS AFFECTING OUR BUSINESS

We are subject to a number of risks, which you should be aware of before deciding to purchase the securities in this offering. These risks are discussed in the summary below and in the section titled "Risk Factors" beginning on page 9 of this prospectus.

SUMMARY OF RISK FACTORS

This document contains certain statements of a forward-looking nature. Such forward-looking statements, including but not limited to growth and strategies, future operating and financial results, financial expectations and current business indicators are based upon current information and expectations and are subject to change based on factors beyond our control. Forward-looking statements typically are identified by the use of terms such as “look,” “may,” “will,” “should,” “might,” “believe,” “plan,” “expect,” “anticipate,” “estimate” and similar words, although some forward-looking stat are expressed differently. The accuracy of such statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including but not limited to:

- our ability to timely and accurately complete orders for our products;
- our dependence on a limited number of major customers;
- political and economic conditions within the PRC;
- our ability to expand and grow our distribution channels;
- general economic conditions which affect consumer demand for our products;
- the effect of terrorist acts, or the threat thereof, on consumer confidence and spending;
- acceptance in the marketplace of our new products and changes in consumer preferences;
- foreign currency exchange rate fluctuations;
- our ability to identify and successfully execute cost control initiatives;
- other risks outlined above and in our other public filings.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update this forward-looking information. While our management fully intends to make concerted efforts to manage these risks, we cannot assure you that we will be able to do so successfully. See “Risk Factors” beginning on page 9 of this prospectus.

STRATEGIC FINANCING

On December 31, 2007, we entered into a Securities Purchase Agreement (the “Purchase Agreement”) pursuant to which we agreed to issue and sell 3,863,635 shares of our common stock to fifteen accredited investors for an aggregate purchase price of $17,000,000, or $4.40 per share (the “Financing”). The closing of the Financing coincided with the closing of the share exchange transaction with PSI and its shareholders.

In connection with the Purchase Agreement, we agreed to set aside $4.25 million of the purchase price in a holdback escrow account, which would be released to us as follows: $2.0 million upon appointment and confirmation of a board of directors comprised of a majority of independent directors, $1.5 million upon appointment of a new Chief Financial Officer meeting certain qualifications, $500,000 upon selection of a successor independent accounting firm, and $250,000 of which shall be applied towards certain investor relations activities. We agreed to pay partial liquidated damages to the investors equal to 0.5% per month (prorated daily) for each investor’s investment amount if, among other things, we did not successfully appoint a new CFO by March 31, 2008. Prior to March 31, 2008, a majority in interest of the investors and the Company agreed to extend the deadline for appointment of a qualified CFO to April 30, 2008. However, the Company did not appoint a CFO meeting the requirements, and as a result, under our agreement with the investors, the Company is obligated to pay liquidated damages of 0.5% of the total investment amount (i.e., $85,000) beginning on April 30, 2008. In March 2008, the investors in the financing agreed to release $2.0 million in restricted cash from escrow in connection with the appointment of independent directors to our board of directors. As of the date of this prospectus, there remains approximately $2.2 million in the holdback escrow account, which amounts are subject to release to us, or the investors under the terms of a Settlement Agreement we entered into with the investors on December 30, 2009. The material terms of the Settlement Agreement are set forth in further detail below.

Under the terms of our arrangement with Hunter Wise Securities, LLC, our placement agent for the Financing, we paid a commission equal to 7% of the aggregate gross proceeds of the Financing, plus an a amount equal to 3% of such proceeds to reimburse expenses of the placement agent. We also issued a warrant to the placement agent for the purchase of 386,364 shares of the Company’s common stock at an exercise price of $4.40 per share. We also paid $75,000 to the lead investor in the Financing as reimbursement for fees and legal expenses. After deduction of these payments and our expenses, the resulting net proceeds to us was approximately $14.8 million.

Under the terms of the Financing, we agreed to a “make good” provision, under which certain of our founders’ shares were set aside in escrow, and must be released to the investors in the event that we do not meet specified earnings targets of $15.9 million in after-tax net income for 2008, and $20.9 million in after-tax net income and fully-diluted earnings per share of $0.99 for 2009. If the 2008 after-tax net income target is not met, 1,931,818 shares of common stock held by our founders (approximately 9.1% of the issued and outstanding shares) will be transferred to the investors pro rata in proportion to their investment in the Financing without any further consideration from or action by the investors. If both the 2009 after-tax net income and earnings per share targets are not met, an additional 1,931,818 shares of common stock (approximately 9.1% of the issued and outstanding shares) held by our founders will be transferred to the investors, also on a pro rata basis. If all of these “make good” shares were to be released to the investors, the investors would then hold 36.6% of our issued and outstanding stock, assuming a total of 21.2 million shares outstanding. “After-tax net income” is defined in the Purchase Agreement, and is calculated based upon our audited financial statements prepared by U.S. auditors in accordance with U.S. generally accepted accounting principles. For purposes of determining whether or not “after-tax net income” has been achieved by us, any direct or indirect tax breaks, tax holidays, tax credits or similar tax benefits, compensation, grant or any other remuneration or deduction granted by any governmental authority or body which benefits us are excluded from the calculation. As of the date of this prospectus, the investors have agreed to the release of the 2008 “make good” shares to our founder.

We are registering for resale 3,852,271 shares of common stock currently owned by the investors pursuant to a registration statement on Form S-1, of which this prospectus forms a part. We are also registering the 1,931,818 shares for the 2009 “make good” escrow. We were obligated to have the Registration Statement of which this prospectus forms a part, declared effective by the Securities and Exchange Commission (the “SEC”) no later than 135 days after the closing of the Financing, or be subject to the payment of liquidated damages payable in cash of 1% of the total Financing amount per month up to a maximum amount of 10% of the total Financing amount, or $1.7 million. We were unable to meet this deadline, and as a result we currently owe liquidated damages in the amount of $1.7million. Under the terms of the Settlement Agreement, the investors have agreed to waive the liquidated damages owing if we comply with new deadlines for the appointment of the new CFO, the independent directors and the effectiveness of the Registration Statement.

Our Chairman and Chief Executive Officer, who indirectly owns shares of our common stock through family-owned entities and trusts, agreed that his family-owned entities will enter into a lockup agreement under which these shareholders may not offer or sell their securities for a period of one year following the date on which the registration statement is declared effective. This lockup agreement was entered into at the closing of the Financing.

The investors in the Financing have a right of first refusal on any placement or offering by us of debt or equity securities for a one year period following the date on which the registration statement is declared effective. The investors' right of first refusal does not apply to options or warrants that we may issue to employees or consultants, or to non-affiliates as compensation for services, to securities issued in acquisitions or strategic investments that are not related to raising capital for the Company, or to securities issued in underwritten public offerings.

The Financing was subject to the completion of customary due diligence procedures conducted by our investors and their advisors, and we made various representations and warranties in the Purchase Agreement regarding our business, operations and corporate affairs. The Financing is also subject to rescission by the investors in the event that the PRC government challenges or otherwise adversely affects the share exchange transaction with PSI and its shareholders (and the related corporate restructuring of Chuming in the PRC as a prelude to the transaction), if we cannot undo such governmental action or otherwise address the material adverse effect to the reasonable satisfaction of the investors within sixty (60) days after the action occurs.

At the closing of the share exchange transaction and the Financing, the shareholders of PSI owned 79.7%, the investors in the Financing own 18.3%, and other shareholders own 2%, respectively, of our presently issued and outstanding capital stock. The closing of these transactions occurred on December 31, 2007 (the "Closing Date"). At the Closing Date, we had a total of 21,136,391 shares of common stock issued and outstanding.

The securities were offered and sold in the Financing to accredited investors in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), under Regulation D. At the time of the closing, the offering was not registered under the Securities Act or any state securities or "blue sky" laws.

Recent Development

On December 30, 2009, we entered into a Settlement Agreement with the investors, pursuant to which among other things we have agreed to new deadlines for the appointment of a new Chief Financial Officer, the appointment of independent directors to serve on our board of directors, and the effectiveness of the Registration Statement, of which this prospectus forms a part. We refer to these requirements as the Public Company Requirements. The Settlement Agreement modifies and amends certain terms of the Securities Purchase Agreement, the Holdback Escrow Agreement, the Registration Rights Agreement and the Make Good Escrow Agreement, which provided that we comply with the Public Company Requirements. We have agreed with the investors to comply with all of the Public Company Requirements by March 31, 2010, except that we have the right to extend the deadline to have the Registration Statement declared effective until May 15, 2010, if the financial statements to be included in the Registration Statement are no longer current and the audited financial statements for the fiscal year ended December 31, 2009 must be included in the Registration Statement.

The release of the funds from the Holdback Escrow shall be as follows:

1) If we comply with all of the Public Company Requirements by March 31, 2010, all of the funds currently held in the Holdback Escrow will be released to us, and the liquidated damages in the amount of $1.7million for not having the Registration Statement timely declared effective will be waived.

2) In the event, as a result of the extension, the requirement to have the S-1 declared effective is the only Public Company Requirement not met by March 31, 2010, we will have the funds in escrow, less the $1.7 million in liquidated damages, released to us, and the $1.7 million shall remain in escrow and will be released to us if we meet the May 15, 2010 extension deadline. If we miss the extension deadline, then the $1.7 million will be distributed pro rata among the investors.

3) If we fail to satisfy any one of the Public Company Requirements by March 31, 2010, other than having the Registration Statement declared effective if the extension to May 15, 2010 applies, then the investors will have the funds in escrow, less then $1.7million in liquidated damages released to them, on a pro rata basis, and the $1.7million remaining shall remain in escrow and will be released to us if we meet the May 15, 2010 deadline. If we miss the extension deadline, then the $1.7 million will be distributed pro rata among the investors.

4) If we fail to comply with any two of the Public Company Requirements all of the funds in escrow will be released to the investors on a pro rata basis.

We have also agreed with the investors to modify the requirements for the release of the 2009 "make good" shares, such that if we timely comply with all of the Public Company Requirements and meet the 2009 after-tax net income and earnings per share targets the right of a majority in interest of the investors to countersign the escrow release notice with respect to the release of the 2009 "make good" shares shall be automatically waived and we shall have the right to deliver such escrow release notice to the Escrow Agent instructing the Escrow Agent to deliver the 2009 "make good" shares to our founder. Further, we agreed that if we do not meet any one of the Public Company Requirements and we do not meet the 2009 after-tax net income and earnings per share targets, that our right to countersign an escrow release notice with respect to the release of the 2009 "make good" shares shall be automatically waived and a majority in interest of the investors shall have the right to deliver such escrow release notice to the Escrow Agent instructing the Escrow Agent to deliver the 2009 Make Good Escrow Shares to the Investors.

GENERAL INFORMATION

Our principal executive offices are located at No. 9, Xin Yi Street, Ganjingzi District Dalian City, Liaoning Province, PRC 116039 , and our main telephone number is +86 411 867 166 96 .

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize consolidated financial data regarding our business and should be read together with "Management's Discussion and Analysis of Financial Condition or Plan of Operations" and our consolidated financial statements and the related notes included in this prospectus. The summary consolidated financial information as of and for the years ended December 31, 2008 and 2007 have been derived from our consolidated financial statements included in this prospectus. The financial data for the nine months ending September 30, 2009 was derived from our unaudited financial statements included in this prospectus. All monetary amounts are expressed in U.S. Dollars unless otherwise indicated.

	(US dollars in thousands) Twelve Months Ended December 31,				
	2008 (unaudited)	2007 (audited)	2006 (audited)	2005 (audited)	2004 (audited)
Consolidated Statements of Operations Data:					
Sales	176,360	124,696	70,396	54,119	654
Cost of Sales	149,794	(104,379)	(57,794)	(45,284)	(711)
Gross Profit	26,566	20,317	12,601	8,835	(56)
Operating Expenses	7,823	(6,246)	(2,891)	(1,647)	(402)
Income from Operations	18,743	14,071	9,709	7,188	(459)
Other Income (Expense), net	(11,385)	(1,476)	(1,583)	(1,008)	5,164
Income Before Taxes	7,357	12,620	8,126	6,180	4,705
Income Taxes	(520)	(968)	1.6	(191)	66
Net Income	6,837	11,652	8,128	5,988	4,772
Foreign Currency Translation	528	2,064	285	0.7	-
Comprehensive Income	7,366	13,716	8,739	6,274	0.7
Basic Net Income Per Share (in US$)	0.40	0.87	0.61	0.45	0.36
Diluted Net Income Per Share (in US$)	0.32	0.67	0.47	0.35	0.28
Basic Weighted Average Number of Shares Outstanding	13,409,120	13,409,120	13,409,120	13,409,120	13,409,120
Diluted Weighted Average Number of Shares Outstanding	17,272,756	17,272,756	17,272,756	7,272,756	17,272,756

	(US dollars in thousands)					
	At September 30,	At December 31,				
	2009 (unaudited)	2008 (audited)	2007 (audited)	2006 (audited)	2005 (audited)	2004 (audited)
Balance Sheet Data:						
Total Assets	$ 123,931	$ 90,683	$ 66,620	$ 56,846	$ 50,993	$ 29,957
Current Liabilities	37,674	23,758	17,682	16,764	18,979	2,358
Long Term Liabilities	-	-	-	17,909	18,580	19,309
Stockholders Equity	86,257	66,926	48,938	22,174	13,434	8,290

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RISK FACTORS

You should carefully consider the risks described below together with all of the other information included in this prospectus before making an investment decision with regard to our securities. The statements contained in or incorporated into this prospectus that are not historic facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. If any of the following risks actually occurs, our business, financial condition or results of operations could be harmed. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Relating to Our Business

Our limited operating history makes it difficult to evaluate our future prospects and results of operations.

We have a limited operating history. Our holding company in China, Chuming WFOE, and the companies that form its present subsidiaries were incorporated in 2004. Accordingly, you should consider our future prospects in light of the risks and uncertainties experienced by early stage companies in evolving industries such as the meat industry in China. Some of these risks and uncertainties relate to our ability to:

- maintain our market position in the meat business in China;
- offer new and innovative products to attract and retain a larger customer base;
- attract additional customers and increase spending per customer;
- increase awareness of our brand and continue to develop user and customer loyalty;
- respond to competitive market conditions;
- respond to changes in our regulatory environment;
- manage risks associated with intellectual property rights;
- maintain effective control of our costs and expenses;
- raise sufficient capital to sustain and expand our business;
- attract, retain and motivate qualified personnel; and
- upgrade our technology to support additional research and development.

If we are unsuccessful in addressing any of these risks and uncertainties, our business may be materially and adversely affected.

If there are any interruptions to or decline in the amount or quality of our live pigs, raw pork or other major raw material supply, our business could be materially and adversely affected.

Live pigs and raw pork are the principal raw materials used in our production. We procure approximately 60% of our live pigs from the Group, and the remainder from various of third party suppliers who are independent farmers. Our third party suppliers may not continue to be able to supply an adequate number of live pigs to satisfy our present and future production needs. The supply of pigs is dependent on the output of pig farms, which may be affected by outbreaks of diseases or epidemics. Our current suppliers may not be able to provide live pigs of sufficient quality to meet our stringent quality control requirements. Any interruptions to or decline in the amount or quality of our live pig supply could materially disrupt our production and adversely affect our business. In addition to live pigs, we also use additives and packaging in our production, which we source from third party suppliers. Any interruptions to or decline in the amount or quality of our additives or packaging supply, could also disrupt our production or sales and adversely affect our business.

We are vulnerable to increases in the price of live pigs and other operating costs, and we may not be able to entirely offset these increasing costs by increasing the prices of our products, particularly our processed meat products.

We purchase agricultural products, such as live pigs, for use in our production process and for resale. The price of such commodities is subject to fluctuations that are attributable to a number of factors, such as the price of animal feed, diseases and infections, and weather conditions. If for example, worldwide and local grain prices should increase, this would affect the price of animal feed, which may increase the price of live pigs. Higher pig prices may force us to raise the prices we charge our customers for our products, however we may not always be able to pass on the entire amount of price increases to our customers, and/or consumers might cut back on consumption of meat products.

During 2007 and 2008, prices of live pigs rose sharply. If the costs of raw materials or other costs of production and distribution of our products increase further, and we are unable to entirely offset these increases by raising prices of our products, our profit margins and financial condition could be adversely affected. According to China Livestock and Products Annual Report 2007 dated on September 25, 2007 by the USDA Foreign Agricultural Service, the severe supply shortage of hogs in 2007 was because of a series of outbreaks of Porcine Reproductive and Respiratory Syndrome (PRRS), also known as Blue Ear Disease, in China from May 2006. Blue Ear Disease is an infectious disease that affects swine, characterized by reproductive disorders, premature delivery, miscarriage, and stillbirth—as well as abnormal breathing in piglets. According to the report, shortages and a sharp pork price increase occurred as a result of Blue Ear Disease. The average pork price increased by 48 percent from January to August 2007 over the same period in 2006, while prices in July and August 2007 increased by 86 and 87 percent, respectively, from the same months in 2006. The average pork price increased by 28 percent in 2008 compared to 2007.

We paid the Group an aggregate of $72.7 million and $61.7 million for live pigs during the full years of 2008 and 2007, respectively.

We may be unable to anticipate changes in consumer preferences for processed meat products, which may result in decreased demand for our products.

Our continued success in the processed meat products market is in large part dependent on our ability to anticipate and develop products that appeal to the changing tastes, dietary habits and preferences of customers. If we are not able to anticipate and identify new consumer trends and develop new products accordingly, demand for our products may decline and our operating results may be adversely affected. In addition, we may incur significant costs relating to developing and marketing new products or expanding our existing product offerings in reaction to what we perceive to be a consumer preference or demand. Such development or marketing may not result in the level of market acceptance, volume of sales or profitability anticipated.

If the chilled and frozen pork market in China does not grow as we expect, our results of operations and financial conditions may be adversely affected.

If the chilled and frozen pork market in China does not grow as we expect, our business may be harmed, we may need to adjust our growth strategy and our results of operation may be adversely affected.

We require various licenses and permits to operate our business, and the loss of or failure to renew any or all of these licenses and permits could materially adversely affect our business.

In accordance with PRC laws and regulations, we are required to maintain various licenses and permits in order to operate our business, including, without limitation, a slaughtering permit in respect of each of our chilled and frozen pork production facilities and a permit for production of industrial products in respect of each of our processed meat production facilities. We are required to comply with applicable hygiene and food safety standards in relation to our production processes. Our premises and transportation vehicles are subject to regular inspections by the regulatory authorities for compliance with applicable regulations. Failure to pass these inspections, or the loss of or failure to renew our licenses and permits, could require us to temporarily or permanently suspend some or all of our production or distribution operations, which could disrupt our operations and adversely affect our business.

We are highly dependent on senior management and key research and development personnel.

We are highly dependent on our senior management to manage our business and operations and our key research and development personnel for the development of new processing methods and technologies, food products and the enhancement of our existing products. In particular, we rely substantially on our chairman and chief executive officer, Mr. Shi Huashan, to manage our operations. We also depend on our key research personnel. In addition, we also rely on information technology and logistics personnel for the production, storage and shipment of our products and on marketing and sales personnel, engineers and other personnel with technical and industry knowledge to transport, market and sell our products. We do not maintain key man life insurance on any of our senior management or key personnel. The departure of any one of them, in particular Mr. Shi, would have a material adverse effect on our business and operations. Competition for senior management and research and development personnel is intense and the pool of suitable candidates is limited. We may be unable to locate a suitable replacement for any senior management or key research and development personnel that we lose. In addition, if any member of our senior management or key research and development personnel joins a competitor or forms a competing company, they may compete with us for customers, business partners and other key professionals and staff members of our company.

We note that Mr. Shi Huashan, who is our Chief Executive Officer, is also the Chief Executive Officer of the Group, our former parent company. See also, “Certain Relationships and Related Party Transactions” on page 90. Due to the non-exclusive roles of Mr. Shi as our CEO and the principal executive officer of the Group, with whom we conduct business from time to time, potential conflicts of interest may arise. In particular, situations might arise in which we transact business with the Group, and certain terms of agreements might be favorable to us, but conversely unfavorable to the Group, and vice versa. In order to effectively handle such conflict of interest scenarios, our management intends to submit all related party transactions to our independent board of directors, or appropriate committee of the board, for review and approval. If through these mechanisms we are not able to effectively handle such conflicts of interest to serve the Company’s best interest, our business could be harmed or adversely affected.

We compete for qualified personnel with other food processing companies, food retailers, logistics companies and research institutions. Intense competition for these personnel could cause our compensation costs to increase significantly, which could have a material adverse effect on our results of operations. Our future success and ability to grow our business will depend in part on the continued service of these individuals and our ability to identify, hire and retain additional qualified personnel. If we are unable to attract and retain qualified employees, we may be unable to meet our business and financial goals.

We currently rely upon and conduct significant related-party transactions, and most of these stem from our the status of our Operating Subsidiaries, which were formerly subsidiaries of the Dalian Chuming Group Co., Ltd. prior to their spin off to become a part of the Company. While our audit committee is required to review all related-party transactions, these transactions may present a conflict of interest situation in which the interests of the Group are directly opposed to the interests of the Company. If these conflicts of interest are not effectively dealt with in a manner satisfactory to the Company, our interests may be harmed, which may adversely affect our operations and financial condition. Further, our assets remain pledged to collateralize our 2004 loan, an obligation that has been transferred to the Group.

We presently conduct business with Group in several capacities - the main areas where we have transactions with this related party are the purchase of feed for hogs by us from the Group, and the purchase of live pigs by us from the Group, with live pigs being by far the most significant set of transactions (under our Long Term Hog Procurement Agreement). We paid the Group an aggregate of $72.7 million and $61.7 million for live pigs during the full years of 2008 and 2007, respectively.

In addition, in 2004 we obtained a loan of $20,466,901 (RMB 160,000,000) from the Group, which in turn, obtained these funds in a joint loan commitment from both China Development Bank and Shenzhen Development Bank ("Banks") via a collateralized loan. The Group collateralized the loan by purchasing a bond from China Export and Credit Insurance Corporation ("Bond Issuer"). The bond guarantees to the Banks the entire principal and accrued interest of the loan. The cost of the bond is RMB 1,000,000 annually, or in USD: $120,668, 121,902, and 125,284 for the years 2004, 2005, and 2006, respectively, which was paid by the Company. The loan carries a fixed interest of 5.76% per annum. We pledged both land use rights and buildings to the Bond Issuer. We pursued a loan from the Group as the financing solution of choice at the time because our tangible assets, at the time of origination, were insufficient to collateralize the loan. Additionally, at that time we lacked the favorable credit history to directly establish credit facility with the bank.

At December 31, 2007, we repaid our debt in its entirety to the Group by setting off receivables owed by the Group to us. We repaid the loan in order to meet the requirements of the equity financing transaction detailed in Note 18 of our consolidated financial statements for the years ended December 31, 2005, 2006 and 2007. The balances are now owed by the Group to the Banks, and liability for paying the bonding insurance annually lies with the Group. The pledged collateral of land use rights and buildings made to the Bond Issuer still underlie the loan currently owed by the Group, and as such, our assets, namely the buildings and land use rights are at risk if the Group were to default on this loan.

Our growth strategy may prove to be disruptive and divert management resources.

Our growth strategy may involve large transactions and present financial, managerial and operational challenges, including diversion of management attention from existing businesses, difficulty with integrating personnel and financial and other systems, increased expenses, including compensation expenses resulting from newly-hired employees, assumption of unknown liabilities and potential disputes. We could also experience financial or other setbacks if any of our growth strategies incur problems of which we are not presently aware. We may require additional financing in the future.

We may need to obtain additional debt or equity to fund future capital expenditures. Additional equity may result in dilution to the holders of our outstanding shares of capital stock. Additional debt financing may include conditions that would restrict our freedom to operate our business, such as conditions that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We cannot guarantee that we will be able to obtain any additional financing on terms that are acceptable to us, or at all.

Our operations are cash intensive and our business could be adversely affected if we fail to maintain sufficient levels of working capital.

We expend a significant amount of cash in our operations, principally to fund our raw material procurement. Our suppliers, in particular, third party suppliers of pigs, typically require payment in full within seven days after delivery, although some of our suppliers provide us with credit. In turn, we typically require our customers of chilled and frozen pork to make payment in full on delivery, although we offer some of our long-standing customers credit terms. We generally fund most of our working capital requirements out of cash flow generated from operations. If we fail to generate sufficient revenues from our sales, or if we experience difficulties collecting our accounts receivables, we may not have sufficient cash flow to fund our operating costs and our business could be adversely affected.

We may be unable to maintain our profitability in the face of a consolidating retail environment in China.

We sell substantial amounts of our products to supermarkets and large retailers. The supermarket and food retail industry in China has been, and is expected to continue, undergoing a trend of development and consolidation. As the food retail trade continues to consolidate and our retail customers grow larger and become more sophisticated, they may demand lower pricing and increased promotional programs. Furthermore, larger customers may be better able to operate on reduced inventories and potentially develop or increase their focus on private label products. If we fail to maintain a good relationship with our large retail customers, or fail to maintain a wide offering of quality products, or if we lower our prices or increase promotional support of our products in response to pressure from our customers and are unable to increase the volume of our products sold, our profitability could decline.

Our operating results may fluctuate from period to period and if we fail to meet market expectations for a particular period, our share price may decline.

Our operating results have fluctuated from period to period and are likely to continue to fluctuate as a result of a wide range of factors, including seasonal variations in live pig supply and processed meat products consumption. Our production and sales of chilled and frozen pork are generally lower in the summer, due to lower supply of live pigs. Interim reports may not be indicative of our performance for the year or our future performance, and period-to-period comparisons may not be meaningful due to a number of reasons beyond our control. We cannot assure you that our operating results will meet the expectations of market analysts or our investors. If we fail to meet their expectations, there may be a decline in our share price.

We derive all of our revenues from sales in China and any downturn in the Chinese economy could have a material adverse effect on our business and financial condition.

All of our current revenues are generated from sales in China. We anticipate that revenues from sales of our products in China will continue to represent a substantial proportion of our total revenues in the near future. Any significant decline in the condition of the PRC economy could, among other things, adversely affect consumer buying power and discourage consumption of our products, which in turn would have a material adverse effect on our business and financial condition.

We rely on our exclusive network of showcase stores, network stores and supermarket brand counters for the success of our sales and our brand image, and should they perform poorly, our business and brand image could be materially and adversely affected.

In addition to our sales to wholesale customers, we sell our products through showcase stores, network stores and supermarket brand counters. All of these retail based stores exclusively sell our pork products and display the Chuming logo on our store facades. In 2008, these retail outlets accounted for approximately 40% of our total revenue. If the sales performance of our retail based stores deteriorates, this could adversely affect the financial results of the company. In addition, any sanitation, hygiene, or food quality problems that might arise from the retail based stores could adversely affect our brand image and lead to a loss of sales. Chuming does not own any of the retail based stores.

We rely on the performance of our wholesaler, retailer and mass merchant customers for the success of our sales, and should they perform poorly or give priority to our competitors' products, our business could be materially and adversely affected.

In addition to our retail sales channel, we sell our products to supermarkets and large retailers, which in turn sell the products to end consumers. If the sales performance of our wholesale customers deteriorates, this could adversely affect our sales. Furthermore, our wholesale customers also carry products which directly compete with our products for retail space and consumer purchases. There is a risk that our wholesale customers may give higher priority to products of, or form alliances with, our competitors. If our wholesale customers do not continue to purchase our products, or provide our products with similar levels of promotional support, our sales performance and brand imaging could be adversely affected.

The loss of any of our significant customers could have an adverse effect on our business.

Our key customers are principally supermarkets and large retailers in the PRC. We have not entered into long-term supply contracts with any of these major customers. There can be no assurance that we will maintain or improve the relationships with these customers, or that we will be able to continue to supply these customers at current levels or at all. If we cannot maintain long-term relationships with our major customers, the loss of a significant portion of our sales to them could have an adverse effect on our business, financial condition and results of operations. Further, the loss of any one of our top five customers could cause us to suffer a temporary setback in our sales, which could have a short term negative effect on our financial results.

Recent regulatory enforcement crackdowns on food processing companies in the PRC could adversely affect our businesses.

Recently, the PRC government authorities have taken certain measures to maintain the PRC food market in good order and to improve the integrity of the PRC food industry, such as enforcing full compliance with industry standards and closing certain food processing companies in the PRC that did not meet regulatory standards. We cannot assure you that our businesses and operations will not be affected as a result of the deteriorating reputation of the food industry in the PRC due to recent scandals regarding food products.

Environmental regulations and related litigation could have a material adverse effect on our business and results of operations.

Our operations and properties are subject to extensive and increasingly stringent laws and regulations pertaining to, among other things, the discharge of materials into the environment and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Failure to comply with any laws and regulations and future changes to them may result in significant consequences to us, including civil and criminal penalties, liability for damages and negative publicity.

We have incurred, and will continue to incur, significant capital and operating expenditures to comply with these laws and regulations. We cannot assure you that additional environmental issues will not require currently unanticipated investigations, assessments or expenditures, or that requirements applicable to us will not be altered in ways that will require us to incur significant additional costs.

Deterioration of our perishable products may occur due to delivery delays, malfunctioning of freezer facilities or poor handling during transportation, which could adversely affect our business, results of operations and financial condition.

The condition of our food products (being perishable goods) may deteriorate due to shipment or delivery delays, malfunctioning of freezer facilities or poor handling during delivery by shippers or intermediaries. We are not aware of any instances whereby we were made to compensate for delivery delays, malfunctioning of freezer facilities or poor handling during transportation. However, there is no assurance that such incidents will not occur in the future. In the event of any delivery delays, malfunctioning of freezer facilities or poor handling during transportation, we may have to make compensation payments and our reputation, business goodwill and revenue will be adversely affected.

Unexpected business interruptions could adversely affect our business.

Our operations are vulnerable to interruption by fire, power failure and power shortages, floods, computer viruses and other events beyond our control. In particular, China, especially eastern and southern China, is experiencing frequent electricity shortages. In addition, we do not carry business interruption insurance to compensate us for losses that may occur as a result of these kinds of events and any such losses or damages incurred by us could disrupt our production and other operations.

If we fail to develop and maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud; as a result, current and potential shareholders could lose confidence in our financial reports, which could harm our business and the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal controls over financial reporting and beginning with our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 have our independent registered public accounting firm annually attest to our evaluation. The process of strengthening our internal controls and complying with Section 404 is expensive and time consuming, and requires significant management attention. We cannot be certain that the measures we will undertake will ensure that we will maintain adequate controls over our financial processes and reporting in the future. Furthermore, if we are able to rapidly grow our business, the internal controls that we will need will become more complex, and significantly more resources will be required to ensure our internal controls remain effective. Failure to implement required controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our auditors discover a material weakness in our internal controls, the disclosure of that fact, even if the weakness is quickly remedied, could diminish investors’ confidence in our financial statements and harm our stock price. In addition, non-compliance with Section 404 could subject us to a variety of administrative sanctions, including the suspension of trading, ineligibility for listing on one of the Nasdaq Stock Markets or other national securities exchanges, and the inability of registered broker-dealers to make a market in our common stock, which could further reduce our stock price.

We will incur increased costs as a public company which may affect our profitability.

As a public company, Chuming will incur significant legal, accounting and other expenses that it did not incur as a private company. We are now subject to the SEC's rules and regulations relating to public disclosure. SEC disclosures generally involve a substantial expenditure of financial resources. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the SEC, have required changes in corporate governance practices of public companies. We expect that full compliance with these new rules and regulations will significantly increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, we will be required to create additional board committees and adopt policies regarding internal controls and disclosure controls and procedures. In addition, on December 31, 2007, we increased compensation to our senior executive officers, allocated $250,000 of the proceeds from our financing to our investor and public relations program and expect to increase our financial and accounting staff in order to meet the demands and requirements of being a public reporting company. Such additional personnel, public relations, reporting and compliance costs may negatively impact our financial results.

We have limited business insurance coverage.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products. We do not have any business liability or disruption insurance coverage for our operations in China. Any business disruption, litigation or natural disaster may result in our incurring substantial costs and the diversion of our resources. In addition, since our business operations are based outside of the U.S. directors and officers insurance may not be readily available to us at the prices and on terms acceptable to us. If we are not able to secure satisfactory D & O insurance coverage, we may not be able to attract the most qualified directors and officers, and our business could be indirectly adversely affected.

Risks Relating To Our Industry

The pig slaughtering and processed meat industries in China are subject to extensive government regulation, which is in the process of change and development.

The pig slaughtering and processed meat industries in China are heavily regulated by a number of governmental agencies, including primarily the Ministry of Agriculture, the Ministry of Commerce, the Ministry of Health, the General Administration of Quality Supervision, Inspection and Quarantine and the State Environmental Protection Administration. These regulatory bodies have broad discretion and authority to regulate many aspects of the pig slaughtering and processed meat industries in China, including, without limitation, setting hygiene standards for production and quality standards for processed meat products. In addition, the pig slaughtering and processed meat products regulatory framework in China is still in the process of being developed. If the relevant regulatory authorities set standards with which we are unable to comply or which increase our production costs and hence our prices so as to render our products non-competitive, our ability to sell products in China may be limited.

The pig slaughtering and processed meat industries in China may face increasing competition from both domestic and foreign companies, as well as increasing industry consolidation, which may affect our market share and profit margin.

The pig slaughtering and processed meat industries in China are highly competitive. Our processed meat products are targeted at mid- to high-end consumers, a market in which we face increasing competition, particularly from foreign suppliers. In addition, the evolving government regulations in relation to the pig slaughtering industry have driven a trend of consolidation through the industry, with smaller operators unable to meet the increasing costs of regulatory compliance and therefore are at a competitive disadvantage. We believe that our ability to maintain our market share and grow our operations within this landscape of changing and increasing competition is largely dependent upon our ability to distinguish our products and services.

In addition, prior to China's entry into the World Trade Organization ("WTO"), high barriers to entry existed for many potential competitors in our business through the use of tariffs and restrictive import licensing and distribution practices. China's admission to WTO has lowered some of the tariffs and other barriers to entry so we can expect that competition will increase.

We cannot assure you that our current or potential competitors will not develop products of a comparable or superior quality to ours, or adapt more quickly than we do to evolving consumer preferences or market trends. In addition, our competitors in the raw meat market may merge or form alliances to achieve a scale of operations or sales network which would make it difficult for us to compete. Increased competition may also lead to price wars, counterfeit products or negative brand advertising, all of which may adversely affect our market share and profit margin. We cannot assure you that we will be able to compete effectively with our current or potential competitors.

The outbreak of animal diseases or other epidemics could adversely affect our operations.

An occurrence of serious animal diseases, such as foot-and-mouth disease, or any outbreak of other epidemics in China affecting animals or humans might result in material disruptions to our operations, material disruptions to the operations of our customers or suppliers, a decline in the supermarket or food retail industry or slowdown in economic growth in China and surrounding regions, any of which could have a material adverse effect on our operations and turnover. There can be no assurance that our facilities or products will not be affected by an outbreak of any disease or outbreak in the future, or that the market for pork products in the PRC will not decline as a result of fear of disease. In either case, our business, results of operations and financial condition would be adversely and materially affected.

Consumer concerns regarding the safety and quality of food products or health concerns could adversely affect sales of our products.

Our sales performance could be adversely affected if consumers lose confidence in the safety and quality of our products. Consumers in the PRC are increasingly conscious of food safety and nutrition. Consumer concerns about, for example, the safety of pork products, or about the safety of food additives used in processed meat products, could discourage them from buying certain of our products and cause our results of operations to suffer.

We may be subject to substantial liability should the consumption of any of our products cause personal injury or illness.

The sale of food products for human consumption involves an inherent risk of injury to consumers. Such injuries may result from tampering by unauthorized third parties or product contamination or degeneration, including the presence of foreign contaminants, chemical substances or other agents or residues during the various stages of the procurement and production process. While we are subject to governmental inspections and regulations, we cannot assure you that consumption of our products will not cause a health-related illness in the future, or that we will not be subject to claims or lawsuits relating to such matters.

Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertions that our products caused personal injury or illness could adversely affect our reputation with customers and our corporate and brand image. Consistent with industry practice in China, we do not maintain product liability insurance. Furthermore, our products could potentially suffer from product tampering, contamination or degeneration or be mislabeled or otherwise damaged. Under certain circumstances, we may be required to recall products. Even if a situation does not necessitate a product recall, we cannot assure you that government sanctions or product liability claims will not be asserted against us as a result. A product liability judgment against us or a product recall could have a material adverse effect on our business, financial condition or results of operations.

Our product and company name may be subject to counterfeiting and/or imitation, which could impact upon our reputation and brand image as well as lead to higher administrative costs.

We regard brand positioning as the core of our competitive strategy, and intend to position our brand, “Chuming™” to create the perception and image of health, nutrition, freshness and quality in the minds of our customers. There have been frequent occurrences of counterfeiting and imitation of products in the PRC in the past. We cannot guarantee that counterfeiting or imitation of our products will not occur in the future or that we will be able to detect it and deal with it effectively. Any occurrence of counterfeiting or imitation could impact negatively upon our corporate and brand image, particularly if the counterfeit or imitation products cause sickness, injury or death to consumers. In addition, counterfeit or imitation products could result in a reduction in our market share, a loss of revenues or an increase in our administrative expenses in respect of detection or prosecution.

Risks Relating To Conducting Business in the PRC

Substantially all of our assets and projects are located in the PRC, and substantially all of our revenue is sourced from the PRC. Accordingly, our results of operations and financial position are subject to a significant degree to economic, political and legal developments in the PRC, including the following risks:

Economic, political and social conditions and government policies in China could have a material adverse effect on our business, financial condition and results of operations.

Economic, political and social conditions and government policies in China differ in many respects from other more fully industrialized nations, and below are examples of such differences.

- Structure. Agriculture still plays an important role in Chinese economy and employment. Agriculture still represents around 50% of the employment, which is substantially higher than most developed countries.

- Capital re-investment. Compared with more highly developed nations, there may be less availability to Chinese firms of all types of investment capital within China.

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Government involvement. China is still transitioning from a centrally planned economic model to that of a free market. As a result, the Chinese government has traditionally had a greater degree of regulatory involvement in the economic affairs and conduct of firms in China, as compared with firms in more advanced market-based economies.

- Allocation of resources. Related to the above point, the Chinese government may have greater ability to influence the allocation of capital, labor, materials, and other resources than governments of other advanced market-based economies.

- Level of development. Although China's economy has been rapidly growing in recent years, certain aspects such as public infrastructure, poverty rate, and other measurements of development still lag behind highly developed nations, and this affects how companies must conduct business in China.

- Control of foreign exchange. China still maintains strict foreign exchange controls which has been in place since 1979, although steps have been taken to increase the exchangeability of the Chinese RMB with other currencies.

- Growth rate. For several years, China's economy has achieved consistent double digit growth rates, and this may put strain on infrastructure, availability on raw materials, and ability of firms to manage growth.

- Rate of inflation. According to the Consumer Price Index (CPI) compiled by the National Statistics Bureau of China, the overall rate of inflation (CPI) in 2008 is 5.9% and the rate of inflation for food in 2008 was 14.3%, which are substantially higher than most of the developed countries, and these factors affect the local market environment in which Chinese firms must operate.

The economy of China has been transitioning from a centrally planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. It also exercises significant control over China's economic growth through allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing prefe
rential treatment to particular industries or companies.

Policies and other measures taken by the PRC government to regulate the economy could have a significant negative impact on economic conditions in China, with a resulting negative impact on our business. For example, our financial condition and results of operations may be materially and adversely affected by:

· new laws and regulations and the interpretation of those laws and regulations;

· the introduction of measures to control inflation or stimulate growth;

· changes in the rate or method of taxation;

· the imposition of additional restrictions on currency conversion and remittances abroad; or

· any actions which limit our ability to develop, produce, import or sell our products in China, or to finance and operate our business in China.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our Chuming Operating Subsidiaries which are located in China and are governed by PRC laws and regulations. In addition, because the parent companies that hold these entities, namely PSI and Energroup Holdings Corporation, are outside of China, we are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value.

Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on United States or other foreign laws against us, our management or the experts named in this prospectus.

We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, while we are incorporated in the State of Nevada, all of our senior executive officers reside within China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon our senior executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, our PRC counsel has advised us that the PRC does not have treaties with the United States or many other countries providing for the reciprocal recognition and enforcement of judgment of courts.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under our current structure, our income is primarily derived from payments from Chuming WFOE. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries and our affiliated entity to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

Fluctuation in the value of RMB may have a material adverse effect on your investment.

The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. Our revenues and costs are mostly denominated in RMB, while we report our financial results and position in U.S. dollars. Any significant fluctuation in value of RMB may materially and adversely affect our reported cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our stock in U.S. dollars. For example, an appreciation of RMB against the U.S. dollar would make any new RMB denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into RMB for such purposes. An appreciation of RMB against the U.S. dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our U.S. dollar denominated financial assets into RMB, as RMB is our reporting currency.

We face risks related to health epidemics and other outbreaks.

Our business could be adversely affected by the effects of SARS or another epidemic or outbreak. China reported a number of cases of SARS in April 2004. Any prolonged recurrence of SARS or other adverse public health developments in China may have a material adverse effect on our business operations. For instance, health or other government regulations adopted in response may require temporary closure of our production facilities or of our offices. Such closures would severely disrupt our business operations and adversely affect our results of operations. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of SARS or any other epidemic.

Risks Related to Our Corporate Structure

In order to comply with PRC laws limiting foreign ownership of Chinese companies, we conduct our business in the PRC through Chuming by means of certain ownership arrangements. If the PRC government determines that these ownership arrangements do not comply with applicable regulations, our business could be adversely affected and we could be subject to sanctions.

As a result of the share exchange transaction disclosed elsewhere in this prospectus, we own 100% of the equity interest in PSI, a British Virgin Islands company. PSI owns 100% of the equity in Chuming WFOE, a wholly foreign owned enterprise in the PRC. Chuming WFOE is a holding company for the following three operating subsidiaries: (i) Meat Company, (ii) Food Company, and (iii) Sales Company, each of which is a limited liability company headquartered in, and organized under the laws of, China.

The PRC government restricts foreign investment in businesses in China. Accordingly, we operate our business in China through Chuming. Chuming holds the licenses and approvals necessary to operate our business in China.

Although we believe we comply with current PRC regulations, we cannot assure you that the PRC government would agree that these operating arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. If in the future the PRC government determines that we do not comply with applicable PRC law, it could impose fines on our PRC shareholders, and in extreme cases, the PRC government could take steps to revoke our business and operating licenses, require us to discontinue or restrict our operations, restrict our right to collect revenues, require us to restructure our operations, impose additional conditions or requirements with which we may not be able to comply, impose restrictions on our business operations or on our customers, or take other regulatory or enforcement actions against us that could be harmful to our business. Any of these or similar actions could significantly disrupt our business operations or restrict us from conducting a substantial portion of our business operations, which could materially and adversely affect our business, financial condition and results of operations.

Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects.

The PRC State Administration of Foreign Exchange, or SAFE, issued a public notice in January 2005 concerning foreign exchange regulations on mergers and acquisitions in China. The public notice states that if an offshore company controlled by PRC residents intends to acquire a PRC company, such acquisition will be subject to strict examination by the relevant foreign exchange authorities. The public notice also states that the approval of the relevant foreign exchange authorities is required for any sale or transfer by the PRC residents of a PRC company's assets or equity interests to foreign entities, such as us, for equity interests or assets of the foreign entities.

In April 2005, SAFE issued another public notice further explaining the January notice. In accordance with the April notice, if an acquisition of a PRC company by an offshore company controlled by PRC residents has been confirmed by a Foreign Investment Enterprise Certificate prior to the promulgation of the January notice, the PRC residents must each submit a registration form to the local SAFE branch with respect to their respective ownership interests in the offshore company, and must also file an amendment to such registration if the offshore company experiences material events, such as changes in the share capital, share transfer, mergers and acquisitions, spin-off transactions or use of assets in China to guarantee offshore obligations.

On May 31, 2007, SAFE issued another official notice known as "Circular 106," which requires the owners of any Chinese company to obtain SAFE's approval before establishing any offshore holding company structure for foreign financing as well as subsequent acquisition matters in China.

If we decide to acquire a PRC company, we cannot assure you that we or the owners of such company, as the case may be, will be able to complete the necessary approvals, filings and registrations for the acquisition. This may restrict our ability to implement our acquisition strategy and adversely affect our business and prospects. In addition, if such registration cannot be obtained, our company will not be able to receive dividends declared and paid by our subsidiaries in the PRC and may be forbidden from paying dividends for profit distribution or capital reduction purposes.

Chuming is subject to restrictions on making payments to our parent company.

We are a holding company incorporated in the State of Nevada and do not have any assets or conduct any business operations other than our investment in Chuming and their operating subsidiaries in China. As a result of our holding company structure, we rely entirely on payments or dividends from Chuming for our cash flow to fund our corporate overhead and regulatory obligations. The PRC government also imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of China. We may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency. Further, if our subsidiaries in China incur debt on their own in the future, the instruments governing the debt may restrict their ability to make payments. If we are unable to receive all of the revenues from our operations through these contractual or dividend arrangements, we may be unable to pay dividends on our shares of common stock.

Risk Relating to an Investment in Our Securities

Generally, we have not paid any cash dividends to our shareholders and no cash dividends will be paid in the foreseeable future.

We do not anticipate paying cash dividends on our common stock in the foreseeable future and we may not have sufficient funds legally available to pay dividends. Even if the funds are legally available for distribution, we may nevertheless decide or may be unable due to pay any dividends. We intend to retain all earnings for our company's operations.

The application of the "penny stock" rules could adversely affect the market price of our common stock and increase your transaction costs to sell those shares.

As long as the trading price of our common shares is below $5 per share, the open-market trading of our common shares will be subject to the "penny stock" rules. The "penny stock" rules impose additional sales practice requirements on broker-dealers who sell securities to persons other than established customers and accredited investors (generally those with assets in excess of US$1,000,000 or annual income exceeding US$200,000 or US$300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of securities and have received the purchaser's written consent to the transaction before the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the broker-dealer must deliver, before the transaction, a disclosure schedule prescribed by the Securities and Exchange Commission relating to the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information on the limited market in penny stocks. These additional burdens imposed on broker-dealers may restrict the ability or decrease the willingness of broker-dealers to sell our common stock, and may result in decreased liquidity for our common stock and increased transaction costs for sales and purchases of our common stock as compared to other securities.

Our common stock is thinly traded and, you may be unable to sell at or near "ask" prices or at all if you need to sell your shares to raise money or otherwise desire to liquidate your shares.

We cannot predict the extent to which an active public market for our common stock will develop or be sustained. However, we do not rule out the possibility of applying for listing on the Nasdaq Global Select Market, Nasdaq Global Market, Nasdaq Capital Market (the "Nasdaq Markets"), or other exchanges. Our common stock has historically been sporadically or "thinly-traded" on the "Over-the-Counter Bulletin Board," meaning that the number of persons interested in purchasing our common stock at or near bid prices at any given time may be relatively small or nonexistent. This situation is attributable to a number of factors, including the fact that we are a small company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-adverse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we become more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained.

The market price of our common stock is particularly volatile given our status as a relatively small company with a small and thinly traded "float" that could lead to wide fluctuations in our share price. The price at which you purchase our common stock may not be indicative of the price that will prevail in the trading market. You may be unable to sell your common stock at or above your purchase price if at all, which may result in substantial losses to you.

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The market for our common stock is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. As noted above, our common stock is sporadically and/or thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our shareholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. The following factors also may add to the volatility in the price of our common stock: actual or anticipated variations in our quarterly or annual operating results; adverse outcomes; additions to or departures of our key personnel, as well as other items discussed under this “Risk Factors” section, as well as elsewhere in this Report. Many of these factors are beyond our control and may decrease the market price of our common stock, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our common stock will be at any time, including as to whether our common stock will sustain its current market prices, or as to what effect the sale of shares or the availability of common shares for sale at any time will have on the prevailing market price. However, we do not rule out the possibility of applying for listing on the Nasdaq Markets or another exchange.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through pre-arranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

Volatility in our common stock price may subject us to securities litigation.

The market for our common stock may be characterized by significant price volatility when compared to seasoned issuers, and we expect our share price will be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management’s attention and resources.

Future sales of shares of our common stock may decrease the price for such shares.

Actual sales, or the prospect of sales by our shareholders, may have a negative effect on the market price of the shares of our common stock. We may also register certain shares of our common stock that are subject to outstanding convertible securities, if any, or reserved for issuance under our stock option plans, if any. Once such shares are registered, they can be freely sold in the public market upon exercise of the options. If any of our shareholders either individually or in the aggregate cause a large number of securities to be sold in the public market, or if the market perceives that these holders intend to sell a large number of securities, such sales or anticipated sales could result in a substantial reduction in the trading price of shares of our common stock and could also impede our ability to raise future capital.

Our corporate actions are substantially controlled by our principal shareholders and affiliated entities.

Our principal shareholders and their affiliated entities will own approximately 69.5% of our outstanding shares of common stock, representing approximately 69.5% of our voting power. These shareholders, acting individually or as a group, could exert substantial influence over matters such as electing directors and approving mergers or other business combination transactions. In addition, because of the percentage of ownership and voting concentration in these principal shareholders and their affiliated entities, elections of our board of directors will generally be within the control of these shareholders and their affiliated entities. While all of our shareholders are entitled to vote on matters submitted to our shareholders for approval, the concentration of shares and voting control presently lies with these principal shareholders and their affiliated entities. As such, it would be difficult for shareholders to propose and have approved proposals not supported by management. There can be no assurances that matters voted upon by our officers and directors in their capacity as shareholders will be viewed favorably by all shareholders of our company.

The elimination of monetary liability against our directors, officers and employees under Nevada law and the existence of indemnification rights to our directors, officers and employees may result in substantial expenditures by us and may discourage lawsuits against our directors, officers and employees.

Our articles of incorporation contain specific provisions that eliminate the liability of our directors for monetary damages to our company and shareholders, and we are prepared to give such indemnification to our directors and officers to the extent provided by Nevada law. We may also have contractual indemnification obligations under our employment agreements with our officers. The foregoing indemnification obligations could result in our company incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and resultant costs may also discourage our company from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our shareholders against our directors and officers even though such actions, if successful, might otherwise benefit our company and shareholders.

The market price for our stock may be volatile.

The market price for our stock may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- conditions in agricultural markets;
- changes in the economic performance or market valuations of other meat processing companies;
- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between RMB and the U.S. dollar;
- intellectual property litigation;
- general economic or political conditions in China.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our stock.

We may need additional capital, and the sale of additional shares or other equity securities could result in additional dilution to our shareholders.

We believe that our current cash and cash equivalents, anticipated cash flow from operations and the net proceeds from a recent offering will be sufficient to meet our anticipated cash needs for the near future. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

BUSINESS

Company Organization

We produce, pack, sell, market and distribute fresh pork and processed meat products to customers in the People's Republic of China ("China" or the "PRC").

We own three PRC operating subsidiaries (collectively, the "Chuming Operating Subsidiaries"):

1. Dalian Chuming Slaughter and Packaging Pork Company Ltd. (the "Meat Company"), whose primary business activity is acquiring, slaughtering and packaging of pork and cattle;

2. Dalian Chuming Processed Foods Company Ltd. (the "Food Company"), whose primary business activity is the processing of raw and cooked meat products; and

3. Dalian Chuming Sales Company Ltd. (the "Sales Company"), which is responsible for our sales, marketing and distribution activities.

The three operating subsidiaries are spun off constituents of a former parent company, Dalian Chuming Group Co., Ltd. (the "Group"). Our company is separate and independent from the Group, which operates a different business and has different operations from ours. We took over ownership and control of the three Chuming Operating Subsidiaries from the Group in September 2007 following our corporate reorganization. We are headquartered in the City of Dalian, Liaoning Province of China.

Corporate Reorganization

PRC law currently limits foreign ownership of certain companies based in the PRC. In order for us to raise equity capital from investors outside of China, we established an offshore holding company by the name of Precious Sheen Investments Limited ("PSI") in the British Virgin Islands in May 2007. On September 26, 2007, Dalian Precious Sheen Investments Consulting Co., Ltd. ("Chuming WFOE") entered into share transfer agreements with the Group, under which the Group agreed to transfer ownership of the Chuming Operating Subsidiaries to Chuming WFOE. On October 23, 2007, Chuming WFOE completed all required registrations to complete the share transfer, and became the 100% owner of the Chuming Operating Subsidiaries. On November 14, 2007 the Dalian Commerce Bureau approved the transfer of the Group's 68% interest in Chuming WFOE to PSI, and upon this transfer, Chuming WFOE became a wholly foreign owned enterprise, with PSI as the 100% owner of Chuming WFOE (including its subsidiaries). On December 13, 2007, the PRC government authorities issued Chuming WFOE a business license formally recognizing it as a wholly foreign owned enterprise, of which PSI is the sole shareholder.

Following this corporate restructuring, PSI became the 100% owner and parent company of Chuming WFOE, which in turn owns 100% of the Chuming Operating Subsidiaries: the Meat Company, the Food Company and the Sales Company.

Throughout this prospectus, PSI, Chuming WFOE and the Chuming Operating Subsidiaries are sometimes collectively referred to as "Chuming."

Share Exchange Transaction

On December 31, 2007, we acquired all of the outstanding shares of PSI in exchange for the issuance of 16,850,000 restricted shares of our common stock to the shareholders of PSI, which represented approximately 97.55% of then-issued and outstanding common stock (excluding the shares issued in our December 31, 2007 financing transaction). As a result of that transaction, PSI became our wholly owned subsidiary and we acquired the business and operations of Chuming.

Prior to the share exchange transaction, Energroup was a public reporting “shell” company with nominal assets whose sole business was to identify, evaluate and investigate various companies with the intent that, if such investigation warrants, a reverse merger transaction be negotiated and completed pursuant to which Energroup would acquire a target company with an operating business with the intent of continuing the acquired company’s business as a publicly held entity.

As a result of the share exchange transaction, PSI (and its subsidiaries) became the 100% owned subsidiary of Energroup Holdings Corporation, and we acquired the business and operations of Chuming.

Company Overview and History

Our business originated from the founding in 1999 of Dalian Chuming Group Co., Ltd. (the “Group”), the former parent of Chuming. The Group began as a processor and supplier of fresh and frozen meat and meat products. Among industrialized farming corporations in northeastern China, the Group pursued distinction in the Chinese food industry by maintaining high quality management standards and international safety certifications.

In 2004, the Group formed the Chuming Operating Subsidiaries, which now form the core of our business, and these companies began producing and supplying fresh and processed meats under the Chuming brand name. Since then we have rapidly become a significant producer and supplier in China’s meat industry, and have achieved consistent profitability and growth since inception. In the last three years of operation, our sales have grown at an average rate of 59.3% per annum, and our net income from 2006 to 2007 has grown at a rate of 43.4%. We sell our products to consumers in northeastern China, which has a population of approximately 108 million. In particular, our current customers are concentrated in the Liaoning Province (which has a population of approximately 42 million), and we are the largest pork producer in Dalian City, which has a population of approximately 3 million, or 6 million including the greater metropolitan area. At present, all of our sales are within China, which is the largest pork-consuming nation in the world, with a total of 54 million metric tons consumed in 2006. Due to the rapid development of the Chinese economy, urbanization and strong income growth, we have observed that pork consumption patterns are changing and consumption levels are continuing to increase.

Our major products are:

- Fresh meat - pork that is processed in a controlled environmental chamber with closely monitored temperatures to ensure quality and safety standards during processing right up to the time of delivery to the consumer.

- Frozen fresh meat - butchered pigs that are processed and immediately frozen, which includes such products as smoked pork, ham and roasts.

- Frozen fresh byproducts - pork byproducts including pig’s liver, stomach, intestine, head and hoof.

We are part of an established pork production cycle that culminates in sales of fresh and frozen pork. This cycle includes feedstuff production, pig breeding, slaughtering, processing, packaging and distribution. We are involved in the slaughtering, processing, packaging and distribution aspects of the pork production cycle.

We are the first pork producer in China to receive “Green Food” certification from China’s Ministry of Agriculture. Green Food is an innovative certification program unique to China that is awarded to food processors who produce using environmentally sustainable methods and meet certain high technical standards of quality control, safety, and product quality, and generate low levels of pollution. Under strict supervision, control and regulation in production, processing, packing, storage and transportation, Green Food-certified companies must apply these quality control standards from field to customer and regulate the application of inputs, including pesticide, fertilizer, veterinary drug and additives to minimize environmental pollution and prevent toxic and harmful substances from entering the food supply chain. The Green Food certification is based on standards defined by the Codex Alimentarius Commission (“CAC”), a joint body of the United Nations Food and Agriculture Organization and the World Health Organization.

PRC law currently limits foreign ownership of certain companies based in the PRC. In order for us to raise equity capital from investors outside of China, we established an offshore holding company by the name of Precious Sheen Investments Limited (“PSI”) in the British Virgin Islands in May 2007. On September 26, 2007, In 2007, the Group completed a corporate reorganization whereby the Chuming Operating Subsidiaries (namely, the Meat Company, the Food Company and the Sales Company) spun off and separated from the Group. On October 23, 2007, Chuming WFOE completed all required registrations to complete the share transfer, and became the 100% owner of the Chuming Operating Subsidiaries. On November 14, 2007 the Dalian Commerce Bureau approved the transfer of the Group’s 68% interest in Chuming WFOE to PSI, and upon this transfer, Chuming WFOE became a wholly foreign owned enterprise, with PSI as the 100% owner of Chuming (including its subsidiaries). On December 13, 2007, the PRC government authorities issued Chuming WFOE a business license formally recognizing it as a wholly foreign owned enterprise, of which PSI is the sole shareholder.

Following this corporate restructuring, PSI became the 100% owner and parent company of Chuming WFOE, which in turn owns 100% of the Chuming Operating Subsidiaries: the Meat Company, the Food Company and the Sales Company. The business and operations of the Chuming Operating Subsidiaries now comprise the principal business and operations of our company.

In December 2007, PSI completed a reverse-takeover transaction with a U.S. publicly reporting company, which resulted in our current corporate structure. Today, we are a U.S. public reporting company incorporated in the State of Nevada, and we own the Chuming Operating Subsidiaries that continue to operate in the city of Dalian, in Liaoning Province, China. Our common stock is quoted on the OTC Bulletin Board under the symbol “ENHD.OB.”

Concurrently with the closing of the reverse take-over transaction, on December 31, 2007 we closed our $17 million private placement financing involving the issuance of our common stock to 15 accredited investors. The financing yielded net proceeds to us of approximately $14.7 million. For an additional discussion of this financing, please refer to the section above entitled “Strategic Financing” beginning on page 4 of this prospectus.

Industry Overview

The following overview in certain instances cites to materials that are publicly available without charge. If no citation is provided with respect to certain information presented in this “Industry Overview” section, that information is attributed to our own research regarding the world pork market and China’s pork industry.

World Pork Market

According to a November 2007 report of the United States Department of Agriculture (USDA), China is the largest pork producer and consumer in the world. China is the leading producer among other countries in the world by a wide margin, and produces and consumes more than half of the world’s pork. Preliminary numbers for 2007 worldwide production of pork was 94.7 million metric tons (MMT, carcass weight equivalent) and consumption was 93.8 MMT. The USDA forecast for 2008 is that both the production and the consumption in China are expected to expand by more than 2% over 2007 levels.

Pork Production (1,000 Metric Tons, Carcass Weight Equivalent), 2003-2008 (Estimated)

	2003	2004	2005	2006	2007	2008 November
China	45,186	47,016	50,106	51,972	47,000	48,000
EU-27	21,712	21,753	21,676	21,677	22,040	21,910
United States	9,056	9,312	9,392	9,559	9,877	10,108
Brazil	2,560	2,600	2,710	2,830	2,980	3,095
Russian Federation	1,710	1,725	1,735	1,805	1,880	2,000
Canada	1,882	1,936	1,920	1,898	1,850	1,790
Japan	1,260	1,272	1,245	1,247	1,260	1,255
Mexico	1,100	1,150	1,195	1,200	1,200	1,250
Korea, Republic of	1,149	1,100	1,036	1,000	1,065	1,095
Taiwan	893	898	911	905	910	910
Ukraine	630	558	493	485	530	540
Others	3,350	3,481	3,720	3,926	4,086	1,039
Total	90,488	92,801	96,136	98,504	94,678	92,992

Sources: USDA report, Livestock and Poultry: World Markets and Trade, November 2007.
Note: 2007 data is preliminary and 2008 is forecast.

Pork Consumption (1,000 Metric Tons, Carcass Weight Equivalent), 2003-2007 (Estimated)

	2003	2004	2005	2006	2007	2008 November
China	45,054	46,648	49,703	51,467	46,690	47,700
EU-27	20,683	20,528	20,632	20,518	20,790	20,800
United States	8,816	8,817	8,670	8,640	8,939	9,129
Russian Federation	2,417	2,338	2,486	2,639	2,734	2,874
Japan	2,331	2,529	2,482	2,458	2,500	2,490
Brazil	1,957	1,979	1,949	2,191	2,265	2,320
Mexico	1,423	1,556	1,556	1,580	1,565	1,580
Korea, Republic of	1,286	1,336	1,311	1,420	1,518	1,550
Canada	1,003	1,068	967	971	970	930
Taiwan	934	948	944	928	927	928
Ukraine	623	606	544	544	609	619
Others	3,621	3,697	3,906	4,158	4,332	1,249
	90,148	92,050	95,150	97,514	93,839	92,169

Sources: USDA report, Livestock and Poultry: World Markets and Trade, November 2007.
Note: 2007 data is preliminary and 2008 is forecast.

China’s Pork Industry

According to China’s National Bureau of Statistics, China’s US$176 billion animal husbandry sector is the second largest in the country’s basket of agricultural related industries including farming, forestry and fishery. The present size of the pork and processed meat market in China is an estimated US$32 billion.

Our research indicates that China’s per capita meat consumption was just over 55 kilograms by 2000, which is significantly smaller than the consumption level of over 100 kg per year by western standards. Based on what is known about Chinese culinary culture and habits, however, our management believes that the Chinese population is expected to consume more meat as their disposable income increases. For example, our research indicates that Hong Kong residents, who have a significantly higher per capita income, consumed on average 124 kg of meat in 2000.

The manner in which meat sales are conducted has changed as a result of new hygiene and food safety regulations that were introduced by the Chinese government in 1995. Historically, the great majority of meat sales in China had taken place in open-air markets or on streets, i.e. in free wet markets. These markets provided a location through which the consumer could buy live poultry or freshly slaughtered meat produced direct from local farmers. As a result of the new regulations, however, governmental agencies recently have encouraged the replacement of open-air markets by supermarkets and convenience stores, and the market share of open-air markets has continued to decline. Even with these new regulations, however, the open-air markets still currently represent 80% of the overall meat-processing sector in China.

The meat industry in China is characterized by fragmentation, sanitation and hygiene issues, as well as social demographic trends. Supply is extremely localized with limited distribution capability. China’s vast geography and ‘in-development’ transport infrastructure have made it difficult to create national or even regional level competition in the industry. Our management believes that the trend towards greater sales through formal supermarkets and chain stores, coupled with the expansion of our sales and distribution network, will continue to favorably impact our business.

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Pork is China's most important source of meat and is consumed at a much higher rate than other categories of meat. The following 2007 USDA Report shows that pork is consumed in China with five times greater volume than poultry or "broiler meat" and almost seven times more than beef:

	Kg Per Person	Relative %
Beef	5.6	11%
Broiler Meat	7.9	15%
Pork	39.4	74%
Total:	52.9	100%

Sources: USDA report, Livestock and Poultry: World Markets and Trade, April 2007.

In addition to a greater general preference for pork, urbanization and rapid income growth are working in parallel to create more demand for pork and processed pork products. An emerging middle class of relatively high-income consumers is forming in certain Chinese cities. As household incomes rise, these high-income residents consume more of all categories of foods on a per capita basis. According to the Urban Household Survey conducted in 2000 by China's National Bureau of Statistics, pork consumption by low-income residents was 13.4 kg whereas it was 19.6 kg for high-income residents. These residents not only demand a greater quantity of food, but also higher quality (e.g. better cuts of meat, foods that are safer or healthier) and convenience (processed foods). Reports of food poisoning and dangerous chemical residues have given rise to strong demand for "green" foods for which we are certified. We believe that affluent consumers would be willing to pay premium prices for foods which have safety-related certifications, foods with purported health benefits or foods with other desirable attributes. We offer a wide range of food products that appeal to demands for safety, convenience, quality and health attributes demanded by high-income urban consumers.

Our management expects China's meat industry, which includes the meat processing business, to grow due to key driving forces including food safety concerns that we believe will accelerate the transition from the traditional wet market to the modern dry market; rising modern retail channels; government mandates and supports of agricultural and meat processing companies; and consolidating forces.

· Transitioning from "wet-market" to "dry-market"

We believe that food safety is a top concern of Chinese consumers who purchase meat products, and that this will eventually compel modernization of China's meat processing industry. Consumer surveys showed that food safety, nutritional value and taste are the top three concerns of consumers, while price was ranked fourth. Furthermore, surveys showed that 60% of the consumers have a low degree of confidence in meat products in general. There are a number of food safety concerns facing the Chinese pork industry, including swine streptococcus and Foot and Mouth Disease, the use of antibiotics and illegal feed additives such as Clenbutero, pork injected with water and illegal slaughterhouses. China's meat industry traditionally has been dominated by small and family-operated butcher shops that would slaughter the livestock in the open-air marketplaces and without the necessary safety and sterilized equipment. These unsanitary operations create what is commonly known as the "wet market," which currently represents 80% of the overall meat-processing sector. However, the industry is changing rapidly. Along with the prevalent use of refrigerators in urban households, health conscious consumers are demanding more sanitary quality meat products which can only be processed and delivered in a temperature controlled cold chain environment. This presents significant opportunities to meat processors with advanced processing plants and refrigerated transportation capabilities.

· Government quality control

Frequent occurrences of food safety scares have hastened the Chinese government's effort in regulating food safety and quality. For example, in 2006 pork containing Clenbutero were found to be sold in several wet markets in Shanghai that resulted in over 330 people being poisoned, and an outbreak of swine Streptococcus in Sichuan Province led to the death of 17 people. A number of Chinese organizations are involved in an effort to bring the Chinese meat industry's safety, hygiene and sanitation standards to an international level, including the Ministry of Agriculture, Ministry of Health, State Administration of Quality Supervision, Inspection, and Quarantine, State Food and Drug Administration, and the Ministry of Commerce. Tougher quality standards set for the meat processing industry represent barriers to newcomers while forcing operationally inadequate and financially unsound companies to shut down. Our management anticipates that companies such as ours, with quality meat processing and modern logistics systems, will benefit as they capture market share and build consumer brand loyalty.

· Government's strong support of meat processing industry

The main theme of China's 11th Five Year Plan is the development of China's rural economy. With the widening wealth gap between the rich and poor or between urban and rural regions, China's central government has shifted its focus from urban industrial growth to rural agricultural development aimed at improving the standard of living in the poorer regions. Many preferential policies were enacted to help the farming communities including subsidized livestock insurance and interest free loans. Scaled meat processors are considered active agents in galvanizing the rural economies by providing jobs, injecting capital, and introducing new technology and management expertise to the local economies. The Five Year Plans are a series of economic development initiatives promulgated by the Chinese government, however, they do not constitute binding or substantive policies or regulations. The Chinese economy has been shaped primarily through the plenary sessions of the Central Committee and National Congress. The Five Year Plan serves, in part, as a mapping strategy for economic development, setting growth targets, and launching reforms. The plan usually includes detailed economic development guidelines for all its regions and the nation as a whole. As China has transited from a centrally-planned economy to market economy, the name for the 11th Five-Year Plan has been characterized as a "guideline" rather than a strict "plan". The 11th Five-Year Plan covers the period from 2006 to 2011.

- National retailers provide platform for growth

The increasingly widespread use of refrigerators in urban Chinese households has attracted many retailers to carry more frozen food products, making available a wide variety of frozen products to consumers. Major domestic retailers, including LianHua, have made an impact in introducing more brands of frozen food products in their retail stores. Even more significantly going forward will be the rapid expansion of international hypermarkets in China, including France's Carrefour, the U.S.'s Wal-mart, and Germany's Metro. These retailers with national reach will significantly change the retail industry landscape as they provide the platform for the large branded food companies to efficiently and rapidly distribute their products to large and untapped markets. These international retail chains can also provide excellent export opportunities to scaled, quality meat processing companies.

- Industry consolidation benefits scaled players

In the more mature U.S. meat market, the top three producers represent about 50% of the meat industry there. But in China the meat-processing industry is very fragmented, with over 3,000 meat-processors most of which are small operators. The top three producers represent less than 5% of the overall market. Pig farms in China are also very fragmented, with over 90% of the farms possessing fewer than 10 pigs. As smaller players experience pressure from margin compression and stricter government regulations, we believe scaled meat processors will make attractive acquisitions in order to capture market share, gain scale, secure raw material, and move closer to clients. The combination of stricter hygiene regulations, increasing competition from well-financed players, struggling meat suppliers, and increasing international competition from companies like Hormel will induce major industry shakeout and consolidation in the coming years.

Macro and Demographic Trends

It is widely believed that a middle class is rapidly emerging in China. China's GDP has been growing at over 9% per year for the past 10 years and has created millions of new consumers. Management believes that these trends will translate into higher demand for pork products:

- Incomes in urban China increased by 10% in the first nine months of 2006. China's middle class - citizens making at least 50,000 Yuan (US$6,250) - are expected to double by 2010 to 25% of the country's population, fueling domestic consumption.

- While overall income grew rapidly, urban per capita disposable income grew even faster at 39.6% between 2002 and 2005, compared to 34.7% for per capita rural income during the same period. Urban per capita consumption of meat is twice that of the national average.

- Due to the increasing rural migration to urban cities, China expects to double its major cities by 2010 creating new waves of Chinese urban meat consumers. The number of Chinese cities with over 1 million people is projected to reach 125 by 2010 according to the Chinese Academy of Sciences, and cities with over 2 million people are projected to reach 300 by 2020.

- Domestic demand for meat products in China is expected to grow to a projected 100 million metric tons in 2010 from an actual 72.4 million metric tons in 2004 according to Access Asia, an independent research firm. Total production value of meat products are expected to increase to a projected US$120 billion from an actual US$84 billion and per capita meat consumption is expected to increase from an actual 49 kg to a projected 75 kg during the same period. Pork represents the bulk of meat products consumed in China.

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With higher standards of living and more a demanding working lifestyle, urban Chinese consumers are purchasing more processed meat products and spending more on dining on meat products outside of the home. Our research indicates that:

- Currently less than an estimated 10% of the meat consumed in China is processed. Meat consumption out of the home has surpassed in-home meat consumption in 11 Chinese provinces, especially in more economically developed regional markets such as Shanghai, Beijing, and Shenzhen, according to the National Bureau of Statistics.

- Chinese consumers have become more conscious of food safety and quality, fueling demand for branded foods. This has become more evident after the occurrence of a series of disease outbreaks across Asia including SARS and the avian flu. With changing lifestyles and food quality awareness, Chinese consumers are seeking more name brands to ensure the quality in processed meat that they purchase.

- The new health-conscious consumer group has become more educated and concerned with the freshness and nutritional value of various meat products. For example, LTMP (low temperature meat product) pork has become more popular recently as urban consumers become aware that LTMP has better nutritional value and fresher taste than the longer-shelf-life HTMP (high temperature meat product) pork products.

Processing of Meat Products in China

In the PRC, regulations relating to the processing of meat products are set forth in the PRC Law of Food Hygiene and the Administrative Measures for the Hygiene of Meat and Meat Products. A PRC food processing company is required to obtain a hygiene permit from the Hygiene Bureau of the relevant districts before it is permitted to apply to the Ministry of Industry and Commerce for a business license.

A food processing company may not purchase or use meat that has not been inspected and approved by the Animal Supervision Authority. Even if the meat has been so inspected, it must still satisfy other hygiene requirements. Each food processing company must have facilities to conduct regular laboratory testing of its products to ensure food safety requirements are met. For instance, sometimes traceable levels of contaminants and radioactive substances are found in meat products, and these must not exceed certain established national standards.

Food processing companies are required to possess hygienic cold storage facilities, and proper management of such cold storage facilities must be set out. All storage equipment and packing materials must also comply with hygienic standards. All meat products which are packed must be labeled, specifying requisite information such as name of the product, place of manufacture, manufacture date, lot number or code, final consumption date and ingredients. Any meat product to be exported shall be inspected by the Animal and Plant Quarantine Authority when passing through customs. Only meat products which have passed such inspections may be exported.

Business

We are principally engaged in the production, processing, sale and distribution of fresh and prepared meat products in China. Our products are classified as fresh and frozen pork, and prepared foods, which includes prepared pork, seafood and by-products.

Our production facilities are located in Dalian, a coastal city with a population of 3 million (6 million including the greater metropolitan area). Referred to as the “Boston of China” due to its Northeast proximity and port orientation, Dalian is the most affluent city in the Liaoning Province, with a population of 42 million. Dalian serves as a finance and export trade center of Northeast China, and is also the center of the “Buo Sea Economical Zone” (“BSEZ”). According to China’s National Bureau of Statistics, the BSEZ covers 12% of the territory and 20% of the population in China, and is the most important economic center in Northern China. The National Bureau of Statistics also projects that these two areas may generate a more rapid growth rate than the overall GDP growth of China in next 10 years. Our facilities include 5 production lines with the slaughtering capacity of 123,318 metric tons and prepared food capacity of 16,000 metric tons. Our prepared food facilities are the largest in Liaoning Province.

Our production lines are imported from international manufacturing automation leader Stork™ of the Netherlands, with the state-of-the-art technology and specialized for their in-process testing and quality controls. Our production facilities are certified under ISO9001 and HACCP. Our pork products are qualified “Green Food” by the National Green Food Development Center and qualified as one of 14 “National Safe Foods” by the National Slaughtering Authentication Center.

Our products are sold under the brand name of “Chuming™.” We target consumers who desire high quality pork products. We distribute our products through dealers and agents to more than 500 supermarkets, including Carrefour, Wal-mart, Metro, New-mart, Hymall and others. We also distribute our products to over 5,000 schools, hospitals, factory canteens and restaurants, and more than 900 “Chuming” branded showcase stores or specialty counters in wet markets. These showcase stores and specialty counters are operated by resellers of our products with whom we have arrangements to sell our product under the Chuming brand name (the principal difference between showcase stores and specialty counters being location within a supermarket for the former, and location in a wet market for the latter).

Our business activities are the slaughter, processing, packing and distribution of meat products for sale to clients throughout the PRC. We have a 250,000 square meter campus which houses an international standards-based meat processing plant located in the city of Dalian in Liaoning Province, PRC. We have a total of five production lines and an aggregate capacity to slaughter approximately 1.5 million pigs per year. We purchase hogs from more than 3,000 farms in Liaoning Province and nearby areas, in addition to having an exclusive contract with farms owned and operated by the Group to supply us with 750,000 live hogs in 2008, 800,000 in 2009, and 800,000 in 2010, at local market prices. The Group provides breeding pigs, animal feed, vaccination, veterinary services and technology support to our subcontractor pig farmers, resulting in more favorable relations with these small independent suppliers.

Principal Products

We produce, distribute and sell fresh meat and prepared food products under the brand name “Chuming™,” through our dealership distribution network, our own sales force and resellers in the PRC.

We produce two main types of Processed Meat Products - High Temperature Meat Products (HTMPs) and Low Temperature Meat Products (LTMPs).

High Temperature Meat Products. HTMPs are cooked at a temperature of approximately 121°C and at approximately 2.5 times atmospheric pressure. These meat products can be stored at room temperature and have a shelf life of approximately six months from the date of production. However, the permitted shelf life of these products is 120 days from the date of production, even though the actual shelf life of these products is six months. HTMPs are generally priced lower than LTMP and do not require refrigeration. Therefore, they are affordable and accessible to the average PRC consumer.

Low Temperature Meat Products. LTMPs are cooked at lower temperatures ranging from 65 to 85°C, under 1 atmospheric pressure. These meat products have a shelf life of three months from the date of production if they are stored at a temperature of 0°C. In 2003, we introduced our LTMPs to the PRC market. The Group's R&D studies have shown that LTMPs generally taste better than HTMPs because they are cooked at lower temperatures and thus are able to preserve the taste and nutrients found in the ingredients. The LTMPs generally cater to the taste of consumers in PRC cities who have higher purchasing power.

Currently, we have two main series of products for both HTMP and LTMP: the "Ham" series and the "Sausage" series. The Ham series has chunkier pieces of meat and thus has a meatier texture. It also has a corresponding higher percentage of meat content. The Sausage series has a lower percentage of meat content and has a smoother texture. The range of products we offer includes more than 300 varieties of hams and sausages.

The following is a summary of some of the types of Fresh and Processed Meat Products that we manufacture and how they are categorized:

Fresh Pork

Chinese people generally perceive that fresh meat retains a better flavor as compared with frozen meat. As such, the price of fresh pork meat is approximately 20% higher than frozen pork meat. The other producers of fresh pork meat in the PRC are generally farm-based suppliers, which supply the areas around the farms. The key difference between our fresh pork and that of farm-based suppliers is that our fresh pork is produced and packed in a highly controlled sanitized environment in our own facilities. Therefore, consumers have added assurance that our fresh pork meat is safe for consumption.

In order for the pork to remain fresh, at our facilities the pigs are slaughtered and then processed within 30 minutes. The meat is then cooled but not frozen at a temperature between 32° F (0° C) and 39.2° F (4° C) for about 20 hours. Following this cooling process, fresh pork is cut into various parts in a sterilized room with the constant temperature of 12° C. This reduces the risk of exposure to germs and bacterial contamination. Before delivery, the fresh pork is kept in our storage room at a controlled temperature of 0 to 4° C. The meat is stored in airtight sterilizing rooms filled with ozone, which acts as a sterilizing agent, killing remaining germs and bacteria in the meat.

With our own temperature-controlled vans and trucks, we deliver the fresh pork to our customers including dealers, supermarkets and our resellers' stores. The entire process of cold production, cold storage and cold delivery is what we refer to as the "cold chain system." This cold chain system ensures the freshness and quality of our product. Our fresh pork products have an average shelf life of 7 days from the date of production.

Frozen Pork

In the production of our frozen pork, the meat is frozen at -31° F (-35° C) to -40° F (-40° C) for 48 hours. It is then stored or transported at a constant temperature of between -0.4° F (-18° C) to -13° F (-25° C). Since frozen pork can be preserved for longer periods of time, our frozen meat products are ideal for distribution across longer distances to Northeast and North China as well as potentially to international markets such as Korea, Russia and Japan. These products have an average shelf life of 180 days from the date of production. We also sell our frozen pork to restaurants, supermarkets and fresh food markets.

Prepared Food Products

Our prepared food products include prepared pork, seafood and pig by-products, which accounted for 11.57% of our 2008 revenues.

Prepared Pork Products. Our prepared pork products are mainly LTMPs, which are cooked at lower temperatures ranging from 65° C to 85° C and under atmospheric pressure. These meat products generally have a shelf life of 30 days from the date of production if they are stored at a temperature ranging from 0° C to 4° C. For LTMPs, we currently have two series and more than 300 products. These foods are all made from the fresh pork that we produce. The following is a description of the types of prepared pork products we offer:

Ham

- Chuming Cumin Ham
- Cooked Ham
- Roast Ham
- Premium Ham
- Sandwich Ham
- Square Ham
- Chunky Ham
- Baby Ham
- Salted Loin
- Smoked Ham

Sausage

- Diary Sausage
- Garlic Sausage
- Spicy Sausage
- Chinese Sausage
- Taiwan Sausage
- Baby Sausage

Seafood Products. Our prepared seafood products are made from fish, shrimp and other varieties of seafood. With our techniques of prepared food production, we prepare seafood products such as fish sausage and shellfish sausage. Seafood products accounted for approximately 6.2% of our revenue in 2008. Due to the abundance of seafood in Dalian, located on the Northern coast of China, as well as relatively high profit margins for these products, we plan to expand our seafood output in the future. The following is a description of the varieties of seafood products we offer:

Seafood sausage

- Baked Fish Sausage
- Barbequed Prawn Sausage
- Crab Sausage
- Scallop Sausage
- Squid Sausage

Pig By-Products. In China, virtually all parts of the pig are valued for consumption and are used in local cuisine. Pig “by-products” that are not typically used or sold in other parts of the world are prepared and sold in the Chinese market. This includes pig innards, pig skin, pig tails, lard and pig heads. Pig liver, stomach, intestine, head and hoofs are commonly used in Chinese cuisine and are sold to a ready market.

We produce our products through two of the Chuming Operating Subsidiaries: (i) the Meat Company in Wangfangdian, and (ii) the Food Company in Dalian.

Our fresh and frozen pork is produced by our subsidiary Meat Company. The Meat Company’s facilities cover 150,000 square meters and utilize state-of-art slaughtering and cutting lines imported from Stork Co. of the Netherlands. The Meat Company has a slaughtering capacity of 250 pigs per hour, which is 1,500,000 pigs per year at full capacity. Our cutting line has a capacity of 30,132 metric tons per year. Our cold and freezing storage facilities can store up to 6,000 metric tons of fresh product. The fresh pork and frozen pork produced by the Meat Company are typically sold either in whole carcass form or in cuts.

The prepared foods are produced by our subsidiary Food Company, located in the Ganjingzi District of Dalian. The Food Company includes a 10,000 square meter processing facility. There are three prepared food production lines including one pork processing line with the capacity of 10,000 metric tons, one seafood sausage production line with the capacity of 4,500 metric tons and one deli by-product production line with the capacity of 1,500 metric tons. All of the Food Company’s production line equipment is imported from Germany and features state-of-the-art technology. Based on our own market research on our competitors, management believes that the Food Company is now the largest prepared food production plant in the Liaoning Province.

Supply of Pigs

We do not rear pigs, but instead purchase them from our former parent company, the Group, and from other suppliers who aggregate supply from local pig farms. We purchase live pigs from the Group and third party suppliers on a cash-on-delivery basis. While the Group's breeding operations are well developed and large scale, most of the pig farming in the PRC is generally not well commercialized. Our third party suppliers aggregate supplies from hundreds of small pig farms, which are typically operated as independent family-owned farms. One advantage of decentralized supply is that we obtain competitive market pricing for our supply of pigs. Another advantage is that any outbreak of livestock disease is likely to be confined to a one or more of these farms and would not affect our entire supply. Potential disadvantages from a decentralized supply of pigs include variations in quality of stock, and potential variation in quantity and timing of the supply of hogs to our plant for processing. However, because all pig famers who supply pigs to us are all located within the greater Dalian City metropolitan area (within a two hour radius by truck), the logistical issues have so far not interfered with our ability to secure a steady supply of hogs. Since we have around 6,000 local pig farmers who will supply hogs to us, we ordinarily are able to obtain a reasonably stable supply of hogs, even when some farms cannot meet our requests for any reason. Also, because our former parent company, the Group, acquires pigs directly from independent farmers then sell pigs to us in lots (under our Hog Procurement Agreement), to some extent we have minimized the potential disadvantages discussed above.

Our pig suppliers supply us with regular quantities of pigs based on the current prevailing market price of pigs on the day of delivery. We typically order a certain number of pigs per day from each of the farms that supply us pigs. For instance, if we expect to order 80,000 pigs per annum from a supplier, that supplier will supply somewhere between 240 and 260 pigs per day.

In order to ensure a consistent supply of fresh pork to our customers, we have made agreements with approximately 6,000 pig farms in the Dalian, to supplement our usual supply of live pigs. These pig farms agreed to supply us approximately 350,000 pigs in 2008. Our suppliers have an aggregate capacity to supply us with approximately 1,100 pigs per day.

We normally pay a higher than average price per pig, which is typically RMB 1.25 per kg above the average market price for live pigs, in order to acquire what we believe to be a higher quality supply of pigs. Although we pay a premium for a higher quality supply of pigs, our management believes that the benefits of this strategy outweigh the costs because of the goodwill that results from providing a consistently high-quality product to our customers.

We pay different "market prices" for live pigs depending on quality and weight. Incoming live pigs are graded by our quality control personnel based on a number of criteria (including fat content, health of the animal, absence of injuries, the net weight), into several categories including "Grades 1- 4" and "below-grade," with Grade 1 being the highest quality (and accordingly the highest price per kilogram). We then determine prevailing market prices for live pigs for these various grades based on market data drawn from the local marketplace, which fluctuates daily. Approximately 80% of the live pigs purchased by us are in the Grade 1 and Grade 2 categories. For example, for the first quarter of 2008, approximately 80% of the live pigs purchased by us were Grade 1 and 2, with the remainder in Grade 3 and 4. Since we generally select higher-quality pigs (Grades 1 and 2) among all live pigs available for purchase in the marketplace, as a result we pay a higher than average price per kilogram for our overall supply of live pigs.

In 2006, 2007 and 2008, we paid a total of $59.2 million, $110.4 million and $125.6 million, respectively, for our total supply of live pigs. We paid the Group an aggregate of $61.7 million and $72.7 million for live pigs during the full years of 2007 and 2008, respectively, and the amounts paid were determined as described above.

Under our Long-Term Hog Procurement Agreement between the Group and the Meat Company, the Group agreed to supply no less than 800,000 live hogs in 2009, 2010 and 2011 and the price for the hogs is set at the fair market price at the time of delivery.

In 2007, we experienced a severe supply shortage of hogs that was unanticipated. According to China Livestock and Products Annual Report 2007 dated September 2, 2007 by the USDA Foreign Agriculture Service, the severe supply shortage of hogs in 2007 was because of a series of outbreaks of Porcine Reproductive and Respiratory Syndrome (PRRS), also known as Blue Ear Disease, in China from May 2006. In 2007, we processed approximately 791,440 pigs through December 31, 2007, which were 208,560 short of our target of 1,000,000 pigs for 2007. The problem of Blue Ear Disease persisted through 2008, and many of such cases were widely reported throughout China. In 2008, we processed approximately 806,427 pigs through December 31, 2008, which were 193,573 short of our target of 1,000,000 pigs for 2008. Due to the shortage of supply of hogs, during 2008 the government started offering subsidies and tax incentives to pig farmers in an effort to stimulate production. However, the positive effects of such government incentives may take some time to realize. Pigs normally have a growth cycle of 175 days before they are full grown and slaughtered, and with the outbreaks of the Blue Ear Disease, the supply of pigs remained tight and the price of pork remained high in 2008 as a result of the shortage of supply. The average pork price increased by 28 percent in 2008 compared to 2007.

We participate in a breeding program with local farmers - under this program, after a careful selection process, every participating breeder must have a pig farmer provide a guarantee of supply, who must be responsible for making up any differences between the agreed amount and actual number of pigs supplied to us. This program has been in existence since 1998. Management believes that since our breeding program has successfully increased farmer income and tax revenue in our region, our local government has welcomed these programs.

Among our suppliers, Zheng Baojiang, Zhang Jihuan, Wang Fujie, Ge Hongqi, and Chen Lienhe are the most successful pig farmers in our supply chain, and they supplied an aggregate of 12,500, 10,000, 9,000, 8,500 and 7,000 hogs respectively through each of the 12 months of 2008, contributing to 5.8% of our total supply.

In addition to the quality of our suppliers' stock, and their health and safety controls, we have a quality control system of our own to ensure that pigs supplied to us are healthy and fit for human consumption. We require that pigs supplied to us be accompanied by required health certificates, and each must weigh at least between 90kg and 100kg. If the pigs meet the above criteria, we are then obligated to accept delivery of the pigs. (A pig that weighs between 90 and 100 kg, has more saleable meat per kilogram. If it is below this weight range, the ratio of meat to innards would be lower, resulting in less saleable meat per kilogram).

Customers and Distribution Methods

Customers

We have three primary types of customers for our products, which are (1) city and town households, (2) canteens and restaurants, and (3) food processing companies.

We have found that Chinese households prefer fresh pork to frozen pork. Consumers typically buy fresh pork in small quantities, in frequent visits to markets where it is sold. Households usually choose the supermarkets, the wet market, or Chuming™ branded showcase stores to buy the fresh pork based on convenience. This type of customer accounted for 92% of our revenues in 2008.

Canteens include the cafeterias of government agencies, schools, factories and hospitals. These customers, including restaurants, often purchase our pork from Chuming™ branded showcase stores or directly from agents or wholesalers of the Company. This customer segment accounted for 6% of our revenues in 2008.

In addition to the above two types of customers, we also provide branded food processing companies with fresh and frozen pork. However, this customer segment accounted for less than 2% of our revenue in 2008. Since our sourced pigs are of good breed and have strict quality control in the production process, these food processors regularly rely on our pork as an ingredient in their products. Our clients in this segment include Taiwan Dachan, a feed supplier and food processor in Taiwan. These food processing companies typically get access to our products from Chuming agents or wholesalers.

Our largest customer accounted for approximately 8.8% and 9% respectively of our total turnover for the years ended December 31, 2007 and 2008. Our top five customers together accounted for approximately 45% and 37.5% of our total turnover for the years ended December 31, 2007 and 2008 respectively. None of our directors, their associates or any significant shareholder of the Company has any interest in any of our five largest customers.

Distribution Network

Our distribution network is organized and divided by geographic markets and sales regions, including: Dalian Metropolitan, Eastern Liaoning, Western Liaoning, Jilin, Heilongjiang and Hebei markets. In each market, we have a team led by a sales officer whose objective is to expand the Chuming sales network by developing potential dealers, agents and wholesalers, and to maintain the existing network by assisting our sellers. Our Sales Company works with dealers, agents and wholesalers, who then submit orders directly to us.

Sales by Region for the Year Ended December 31, 2008

Dalian	59%
Shenyang	24%
East Liaoning	5%
North Liaoning	3%
West Liaoning	3%
Others	6%

Retail Strategy

To differentiate ourselves, we have a unique retail strategy to complement our wholesale operations. We sell our product to “showcase stores” which are owned and operated by independent operators. These specialty boutique-type stores must have the same design and physical layout and must follow our operating methodologies. These storefronts are highly visible with the Chuming™ brand name. We also set merchandising and pricing policies and all employees must undergo a mandatory training program. There are currently over 500 such boutique stores in Liaoning Province, providing high brand recognition and communicating a message of quality that will benefit all channels. These boutique stores target the new middle class that desire and can afford high quality goods and services. They provide particular convenience to a typical busy two-income, middle-class family which shops frequently after work. Most of these boutique shops are located in Dalian and the major cities of Liaoning Province. Each store has a minimum monthly sales requirement depending on the city and store.

Dealers, agents and wholesalers who we work with serve their own diverse distribution channels. Our affiliated dealers organize their sales to stores and supermarkets, such as Carrefour, Wal-mart, Hymall, New-mart and Metro. Our affiliated agents assist in identifying locations and opening Chuming™ branded showcase stores in their region, important to the expanding our revenues. Our affiliated wholesalers typically organize the sales to canteens and restaurants as well as food processing companies. In some regions, our affiliated agents will also directly contact local canteens and restaurants.

Chuming’s Distribution Network

We have our Chuming™ branded counters in large stores and supermarkets, which are the most important and highly visible locations to enhance our brand and image. Since large supermarkets such as Carrefour and Wal-mart have strict requirements to approve any suppliers, having Chuming™ counters in these megaretailers’ flagship stores reinforces the consumer confidence in our products. We have Chuming™ counters in more than 100 large supermarkets located in Northeast China and the Hebei Province.

Our most popular product, fresh pork, is sold primarily though our Chuming™ branded showcase stores. Chuming™ branded showcase stores are usually located in high-density, urban residential areas easily accessible by our customers. The Chuming™ branded showcase stores also save time compared to long lines sometimes found at large supermarkets. Chuming™ branded showcase stores are all equipped with refrigerators to keep the pork fresh. We have established more than 500 Chuming™ branded showcase stores now operating in Dalian and throughout the Liaoning Province. In the next few years, we aim to increase the number of our Chuming™ branded showcase stores to more than 1,000 outlets.

We provide operators of showcase stores and specialty counters with equipment (refrigerated showcases, signage, uniforms, heating equipment for processed food and other equipment), labels and packaging, technical assistance, and permission to sell our products under the Chuming brand name. These operators pay us an equipment deposit (to cover the cost of equipment), a trademark usage guarantee deposit, a uniform fee (for the cost of employee uniforms), a one-time start-up fee to cover the costs of certain materials, and an ongoing fee of approximately 0.5% of the total purchase amount of the products these operators purchase from us. Operators agree to sell our products exclusively, and may sell other products only with our consent. Operators are responsible for payment of their own taxes and government fees, leasing expenses, and other operating costs. If an operator is terminated, we will refund the equipment deposit upon return of the equipment, and the trademark deposit if the operator has complied with the trademark usage guidelines we provide to them. We generally reward high-volume operators with discounts and incentives on a case-by-case basis. We do not collect any material “franchise fees” from these resellers.

Delivery

In China, one of the main obstacles to expanding market share and developing national brands has been logistical management during processing. We address this issue by equipping our processing plant with modern technologically advanced, state-of-the art equipment and production lines. Our advanced logistical infrastructure includes the use of bar coding and electronic interchange to enhance the speed and accuracy of data flow. Over the years, we have built an extensive logistical system that includes 21 contracted refrigerated container trucks that allow us to better preserve the meat and to expand our market scope by delivering food to farther retail points. As a result, we have been able to make deliveries within a 500km radius of our Dalian processing plant. Furthermore, our modern information technology system adds additional competitive advantage as it provides us real time market and production data which in turn enables us to capitalize on the timely information regarding market pricing, inventory levels, and changes in demand.

After orders are gathered and processed at the Sales Company, our products are delivered utilizing our transportation fleet and through pick-up by certain accounts at our facilities. The quality of our fresh pork is highly dependent on the storage room and delivery vehicles once they leave the chill room. We currently operates 21 temperature-controlled vehicles, which we employ in our operations to help guarantee the freshness of pork at the point of delivery to customer locations in our primary market which is within a two-hour radius of Dalian.

Quality Control

We maintain all required licenses and certificates from the relevant central and local government authorities with regard to our pork production business. In 2005, we were awarded ISO 9001:2000 certification that covers our production, research and development and sales activities. ISO 9001 certification indicates that our abattoirs and pork production operations comply with international standards of quality assurance established by the International Standards Organization. All of our production lines have also passed the Hazard Analysis and Critical Control Point (HACCP) test, which is certified by Moody International Certification Ltd.

We currently have 82 Quality Control (QC) personnel who run and refine our quality assurance system. This system is divided into two sections: Meat Production Supervision and Processed Meat Supervision. The 82 employees who work in our quality assurance program consist of 34 quality control engineers, and 48 staff. All members of the QC team are trained technicians with qualifications and experience in animal husbandry, quarantines and veterinary medicine. The quality control laboratory meets and exceeds all standards set by the authorities and relevant agencies in the PRC.

In addition, on average 11 government inspectors work in our slaughtering and packaging plant every shift. They examine animals before slaughter, supervise sanitation, inspect carcasses and internal organs for diseases during the slaughtering and processing procedures, and then certify carcasses and packaged products as to consumer readiness.

As discussed in the above section regarding our principal products, the pork products produced from freshly slaughtered pigs at our facilities are chilled or frozen after slaughtering to prevent deterioration of the meat caused by bacteria or chemical changes. The chilled and frozen pork are maintained within the requisite temperature ranges, during subsequent handling, transportation and distribution to retain freshness and to prevent deterioration of the meat.

Competition

We are currently one of the largest meat producers in the three northeast provinces of Jilin, Liaoning and Heilongjiang. According to management's estimates, in Liaoning Province, we are the market leader for both fresh pork with 9.6% market share and for meat products with a 2.7% market share. Management estimates that in Dalian, we are the market leader for fresh pork with a 52% market share, and share the lead position for meat products with a 23% market share. As we expand geographically, we expect to encounter additional regional and local competitors. Our management believes that all food segments in China compete on the basis of price, product quality, brand identification and customer service, and that we are well positioned in all of these areas.

Major Domestic Competitors

Currently, our primary competition comes from the domestic players that operate in a very fragmented industry environment. Presently, there is no clearly dominant producer in the PRC pork industry. The three largest producers in China, Shuanghui, People's Food and China Yurun, together capture less than 5% of the total market. Most of the companies in the industry tend to focus on different product and market segments. Shuanghui has the largest market share in the HTMP pork segment, while Yurun is the leader in the LTMP space. Both companies have done well in the top tier markets. People's Food, on the one hand, tends to focus more of its distribution efforts on smaller cities, where mass distribution is more difficult, and typically does not sell through large retail channels. On the other hand, about 40% of China Yurun's sales are through supermarket and hypermarket chains. In terms of geographical focus, we believe People's Food has a strong presence in Northeastern China. China Yurun has announced plans to expand into the Northeast with plans for two new plants in Shenyang and Harbin.

New International Entrants

After China joined the WTO, many domestic industries were opened to international competition, including the meat-processing industry. Foreign companies have already entered China's major cities, mainly though the major hypermarkets such as Carrefour. So far, domestic players have an advantage in the introduction of new products based on local tastes and distribution in below super-tier cities such as Beijing and Shanghai. Tyson Foods, Inc., U.S.A. has a joint venture with Shanghai Ocean Wealth Fish Products Corporation Limited. Hormel Foods Corporation, U.S.A., has set up representative offices in China since 1995 and currently operates processing factories in Shanghai and Beijing.

Dalian Competitors - Fresh Pork

In Dalian, our key fresh pork competitors are Bangchui Island with an 18% market share and Jiuxing (Nine Stars) with a 12% market share.

Name	Market share
Chuming	50%
Bangchui Island	18%
Nine Stars	12%
Taifu	8%
Tianxin	6%
Yurun	6%

Dalian Competitors - Meat Products

In Dalian, our main meat products competitors are Chengxin with a 20% market share, Chuhe with a 17% market share, Jin Baiwei with a 15% market share, Shineway with a 15% market share and Yurun with an 8% market share.

Name	Market share
Chuming	20%
Chengxin	20%
Chuhe	17%
Jin Baiwei	15%
Shineway	15%
Yurun	8%
Others	5%

Advertising and Promotional Activities

Advertising and promotional expenses were $1,764,788 and $2,241,062 for the years ended December 31, 2008 and 2007, respectively. Our advertising and marketing expenditures decreased considerably from $2,241,062 in 2007 to $1,764,788 in 2008, partly attributable to outsourcing some of the marketing and promotion of our products to our independent sales agents, and in return the Company gave them bigger discounts and incentives on our products. The Company believes that advertisements can be handled more effectively at a regional and local level by the sales agents individually, and at the same time it is also more cost effective for the Company. In 2008, we allocated more of our resources to increase the advertising and promotional activities aimed at higher performing regions, retailers and supermarkets.

Advertisements are principally for Processed Meat Products and Fresh Pork and are targeted at consumers in the Northeast PRC. We advertise periodically in the local media to create and maintain public awareness of our products and branding. These activities include television commercials, radio, magazine and newspaper advertisements, and exhibitions. We increase the frequency of advertisements whenever new products are launched.

Intellectual Property Rights

Through our advertising efforts and the consistent quality of its products, our management believes that consumers in the PRC have come to associate our "Chuming™" brand name with quality meat products. Thus, our management believes that the goodwill in the "Chuming™" branding is a valuable asset to us. The "Chuming" trademark and rights to the "Huayu" trademark application in the PRC are owned by Dalian Chuming Industry Development Co., Ltd., a subsidiary of the Group. We have been granted a perpetual fully paid up license to use both of these trademarks in connection with our business under two trademark agreements with Dalian Chuming Industry Development Co., Ltd.

We believe that the protection of our brand names is important to our marketing efforts and believe that we have taken appropriate steps to protect our brand. We have not discovered any counterfeiting or any infringements of our Chuming™ or Huayu brand names during the three years prior to the date of this prospectus.

We require all resellers who we work with, including specialty counters and showcase store operators, to comply with our trademark usage policy, and require them to pay trademark usage guarantee deposits. We also employ approximately 42 employees who randomly inspect the facilities of the over 792 operators we work with to ensure compliance with our policies and other guidelines. We will generally terminate our business relationship with operators found violating our policies.

Research and Development

We have two operations, a Meat Engineering Center and a Sea Products Center, focused on the development of new products to the market. In addition to meeting the taste demands of consumers, these groups focus on quality, nutrition and safety standards. These groups draw upon a 25-employee research and development staff, including three professors in the field of animal nutrition and biology, supporting the safe and rapid introduction to the market of new products, specifically in the areas of seafood and meat by-products. We currently have more than 125 products available to consumers, with the average rate of three new products ready for the market per month. We are also working on anti-freezing experiments to facilitate preservation of our meats so as to minimize or eliminate the use of chemical preservatives.

Government Approval and Regulation of Principal Products

The Chinese government is actively promulgating a plan for "safe meat" and is expected to raise the proportion of slaughtering automation to over seventy percent of all meat and actively enforce authorized slaughtering and quarantine. Government initiatives take the form of benefits ranging from special grants, subsidized financing, preferential tax policies, direct government funding and other types of subsidies aimed at encouraging the modernization of the meat industry. In addition, while it is possible that the Chinese central or provincial governments may enact more stringent regulations that raise standards for the meat processing industry, we believe that our company is currently a leader in meat processing safety standards, and would not be affected by such increased standards.

Compliance with Environmental Laws

We own two wastewater treatment plants on premise with a daily treating capacity of six hundred tons for each plant. These plants are designed to comply with the Integrated Wastewater Discharge Standard of the PRC and the

Environmental Protection Regulation of Dalian City. To the knowledge of our management, we have not breached any environment protection regulations during any of the past three years.

Employees

We currently have approximately 670 employees, the composition of which is as follows:

	R&D and Engineering	Production	General and Administrative	Sales and Marketing	Quality Control	Total
Meat Company	12	189	24	12	15	252
Food Company	18	166	12	8	12	216
Sales Company	0	0	20	182	0	202
Total	30	355	56	202	27	670

We and our predecessor companies have experienced excellent employee retention, which we believe is a result of our consistently-applied management policies and proactive employee benefit program participation. The average tenure is four years for factory workers and twelve years for management staff. All employees are provided with health insurance, unemployment insurance and retirement benefits that are provided by the government. We make regular payments into these government-sponsored health insurance and retirement programs for each employee. Additionally, we provide free meals and accommodations to all employees on shift.

Certain of our employees are represented by a labor union which is governed by PRC Company and Labor Laws. There have been no adverse labor incidents or work stoppages in our history or our predecessor companies. Management believes that our relationship with our employees and the union are good.

Corporate Information

Our principal executive offices are located at No. 9, Xin Yi Street, Ganjingzi District, Dalian City, Liaoning province, PRC 116039. Our main telephone number is +86 411 867 166 96 and our fax number is +86 411 867 166 90.

Description of Property

Facilities

Our main facility and principal executive offices are located at No. 9, Xin Yi Street, Ganjingzi District, Dalian City, Liaoning Province, PRC 116039, which also serves as the headquarters for our food subsidiary and sales subsidiary. Our main facility is located on 95 acres in the industrial area of Dalian, where we have developed over 74,000 sq. meters of factory floor. In addition to our corporate offices, we also own and maintain housing for up to 760 employees, and health maintenance facilities. Our slaughtering subsidiary’s principal facility is located at No.2026, Zhuanshi Street, Wafangdian Town, Dalian City, Liaoning Province, PRC. We believe that these facilities will be sufficient to house our operations for at least the next 3 years, and we have the capacity to accommodate our projected long-term growth plans.

Land Lease on Main Facility and Other Company Offices

We have acquired the land use certificate for 89 acres of land in Dalian City, which entitles us to use and dispose of the land and the commercial or residential buildings located on the land. Our Food Company occupies this land.

We have also opened offices in eleven cities outside of Dalian. We have entered into leasing agreements for these office spaces for terms ranging from one and three years. These offices are mainly sales offices and they are generally very small in size. They are located in surrounding cities, mainly in Liaoning Province. In total, we paid approximately $58,000 rent in 2007 for these eleven offices.

Real Property Rights

We have rights to use and occupy two parcels of state-owned land, which are 106,466 square meters and 48,461 square meters in area, respectively, on which our operations are located. These land use rights are granted to us under two certificates dated March 3, 2003, granted by the Government of the Ganjingzi District of Dalian: (i) Gan Guo Yong [2003] No. 04010 for Site Number 4-17-03-09 (106,466 square meters), and (ii) Gan Guo Yong [2003] No. 04009 for Site Number 4-17-03-10 (48,461 square meters). These land use rights entitle us to use of the land for a period of fifty years (until March 20, 2053) for industrial purposes. Our Food Company occupies these two pieces of land.

We pledged our land use rights in the second parcel above (Gan Guo Yong [2003] No. 04009 for Site Number 4-17-03-10) to the Bank of China, Liaoning Province Branch, and the pledge has a term from December 14, 2006 to December 13, 2011. Our plant, warehouse and office building have all been completed, and we are in the process of filing the proper documentation with the local PRC government to bring these properties into operation.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this prospectus, other than statements of historical facts, that address future activities, events or developments, are forward-looking statements, including, but not limited to, statements containing the words “believe,” “anticipate,” “expect” and words of similar import. These statements are based on certain assumptions and analyses made by us in light of our experience and our assessment of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results will conform to the expectations and predictions of management is subject to a number of risks and uncertainties that may cause actual results to differ materially. Such risks are summarized on page 4, in the section entitled “Risk Factors” on page 9, and in our previous SEC filings.

Consequently, all of the forward-looking statements made in this prospectus are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences to or effects on our business operations.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares by the selling shareholders. All proceeds from the sale of the shares offered by the selling shareholders under this prospectus will be for the account of the selling shareholders, as described below in the sections entitled “Selling shareholders” and “Plan of Distribution.” With the exception of any brokerage fees and commissions which are the respective obligations of the selling shareholders, we are responsible for the fees, costs and expenses of this offering which includes our legal and accounting fees, printing costs and filing and other miscellaneous fees and expenses.

PLAN OF DISTRIBUTION

The selling shareholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed or negotiated prices. The selling shareholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits Investors;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- to cover short sales made after the date that this registration statement is declared effective by the Securities and Exchange Commission;
- broker-dealers may agree with the selling shareholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling shareholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the selling shareholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling shareholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling shareholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling shareholders may from time to time pledge or grant a security interest in some or all of the shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell shares of common stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling shareholders to include the pledgee, transferee or other successors in interest as selling shareholders under this prospectus.

When we are notified in writing by a selling shareholder that any material arrangement has been entered into with a broker-dealer for the sale of common stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such selling shareholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such the shares of common stock were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, when we are notified in writing by a selling shareholder that a donee or pledgee intends to sell more than 500 shares of common stock, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The selling shareholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling shareholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of securities will be paid by the selling shareholder and/or the purchasers. Each selling shareholder has represented and warranted to us that it acquired the securities subject to this prospectus and the registration statement of which it forms a part, in the ordinary course of such selling shareholder’s business and, at the time of its purchase of such securities such selling shareholder had no agreements or understandings, directly or indirectly, with any person to distribute any such securities.

We have advised each selling shareholder that it may not use shares covered under this prospectus and the registration statement of which it forms a part, to cover short sales of common stock made prior to the date on which the registration statement shall have been declared effective by the Securities and Exchange Commission. If a selling shareholder uses this prospectus for any sale of the common stock, it will be subject to the prospectus delivery requirements of the Securities Act. The selling shareholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such selling shareholders in connection with resales of their respective shares under the related registration statement.

We are required to pay all fees and expenses incident to the registration of the shares, but we will not receive any proceeds from the sale of the common stock. We have agreed to indemnify the selling shareholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

SELLING SHAREHOLDERS

We are registering this offering under the terms of securities purchase agreements between us and the holders of certain of our securities. Such securities were issued by us in transactions that were exempt from the registration requirements of the Securities Act to persons reasonably believed by us to be “accredited investors” as defined in Regulation D under the Securities Act. We are registering these securities in order to permit the selling shareholders who purchased them from us to dispose of the shares of common stock, or interests therein, from time to time. The selling shareholders may sell all, some, or none of their shares in this offering. See “Plan of Distribution.”

The table below lists the selling shareholders and other information regarding the beneficial ownership of the shares of common stock by each of the selling shareholders. The second column lists the number of shares of common stock beneficially owned by each selling shareholder as of December 30, 2009. The third column lists the shares of common stock covered by this prospectus that may be disposed of by each of the selling shareholders. The fourth column lists the number of shares that will be beneficially owned by the selling shareholders assuming all of the shares covered by this prospectus are sold. As of December 30, 2009, we have 21,136,392 shares of common stock issued and outstanding.

The selling shareholders may decide to sell all, some, or none of the shares of common stock listed below. We cannot provide you with any estimate of the number of shares of common stock that any of the selling shareholders will hold in the future. For purposes of this table, beneficial ownership is determined in accordance with the rules of the SEC, and includes voting power and investment power with respect to such shares.

The inclusion of any securities in the following table does not constitute an admission of beneficial ownership by the persons named below. Except as indicated in the footnotes to the table, no selling shareholder has had any material relationship with us or our predecessors or affiliates during the last three years. Except as indicated below, no selling shareholder is the beneficial owner of any additional shares of common stock or other equity securities issued by us or any securities convertible into, or exercisable or exchangeable for, our equity securities. Except as indicated below, no selling shareholder is a registered broker-dealer or an affiliate of a broker-dealer.

Selling Shareholder Table

Name	Shares Owned	Shares Offered	Shares Held After Offering	% Ownership After Offering
Pinnacle China Fund, L.P. 4965 Preston Park Blvd, Suite 240 Plano, TX 75093 (1)	1,022,727	1,022,727	0	0%
The Pinnacle Fund, L.P. 4965 Preston Park Blvd, Suite 240 Plano, TX 75093 (1)	1,022,727	1,022,727	0	0%
Westpark Capital, L.P. 4965 Preston Park Blvd, Suite 240 Plano, TX 75093 (2)	409,091	409,091	0	0%
Atlas Allocation Fund, L.P. 100 Crescent Court #880, Dallas, TX 75201 c/o Atlas Capital Management (3)	409,091	409,091	0	0%
Southwell Partners, L.P. 1901 North Akerd Street Dallas, TX 75201 (4)	409,091	409,091	0	0%
Centaur Value Fund 1460 Main St., Suite 234 Southlake, TX 76092 (5)	62,500	62,500	0	0%

Sandor Capital Master Fund, L.P. 2828 Routh Street, Suite 500 Dallas, TX 75201 (6)	113,636	113,636	0	0%
Precept Capital Master Fund, G.P. 200 Crescent Court, Suite 1450 Dallas, TX 75201 (7)	113,636	113,636	0	0%
Roth Capital Partners, LLC 24 Corporate Plaza Newport Beach, CA 92660 (8)	90,910	90,910	0	0%
Aaron M. Gurewitz Trustee of AMG Trust 30 Twilight Bluff Newport Coast, CA 92657 (9)	5,681	5,681	0	0%
Gordon Roth 189 Monarch Bay Dana Point, CA 92629	5,681	5,681	0	0%
Glacier Partners, L.P. 812 Anacapa St, Suite B Santa Barbara, CA 93101 (10)	90,909	90,909	0	0%
Matthew Hayden 7582 Windermere Ct. Lake Worth, FL 33467	34,091	34,091	0	0%
Shine Gold Holdings Limited Palm Grove House, P.O. Box 438 Road Town, Tortola, British Virgin Islands (11)	10,690,668	1,931,818	8,758,850	41.4%
Halter Financial Investments, LP 12890 Hill Top Road Argyle, TX 76226 (12)	347,827	347,827	0	0%
Jenson Services, Inc. 4685 S. Highland Drive, Suite 202 Salt Lake City, UT 84117 (13)	65,389	65,389	0	0%
SCG Private Holdings, LLC 20400 Stevens Creek Blvd., Ste 840 Cupertino, CA 95014 (14)	62,500	62,500	0	0%
TOTAL	14,944,791	6,197,305	8,758,850	41.4%

(1) Barry Kitt has dispositive and voting power over the shares and may be deemed to be the beneficial owner of the shares of common stock beneficially owned by each of Pinnacle China Fund, L.P. and The Pinnacle Fund, L.P. Mr. Kitt disclaims beneficial ownership of the

shares to the extent of his direct or indirect pecuniary interest.

(2) Mr. Patrick J. Brosnahan has voting and dispositive control over securities held by Westpark Capital, L.P.

(3) Mr. Robert H. Alpert has voting and dispositive control over securities held by Atlas Allocation Fund, L.P.

(4) Mr. Wilson S. Jaeggli has voting and dispositive control over securities held by Southwell Partners, L.P.

(5) Mr. Zeke Aston has voting and dispositive control over securities held by Centaur Value Fund.

(6) Mr. John S. Lemak has voting and dispositive control over securities held by Sandor Capital Master Fund, L.P.

(7) Mr. D. Blair Baker has voting and dispositive control over securities held by Precept Capital Master Fund, G.P.

(8) Mr. Gordon Roth has voting and dispositive control over securities held by Roth Capital Partners, LLC.

(9) Mr. Aaron M. Gurewitz has voting and dispositive control over securities held by the Aaron M. Gurewitz, Trustee of AMG Trust.

(10) Mr. Peter Castellanos has voting and dispositive control over securities held by Glacier Partners, L.P.

(11) Shine Gold Holdings Limited is a company organized under the laws of the British Virgin Islands. The registered address for Shine Gold Holdings is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands. Mr. Shi Huashan and certain of his relatives (the "Shi Family") have entered into a trust agreements with a non-PRC individual, under which the non-PRC individual holds the shares of Shine Gold Holdings as a trustee for the benefit of Mr. Shi and his family. The natural persons with voting power and investment power on behalf of Shine Gold Holdings is Chong Shun. As beneficiaries of the trust arrangement, members of the Shi family have only economic rights with respect to the shares held by Shine Gold Holdings. Mr. Shi Huashan and the Shi family hereby disclaim beneficial ownership except to the extent of their pecuniary interest in the Energroup shares held by Shine Gold Holdings.

(12) Mr. Timothy Halter has voting and dispositive control over securities held by Halter Financial Investments, LP.

(13) Mr. Travis Jenson has voting and dispositive control over securities held by Jenson Services, Inc.

(14) Dr. David Burny has voting and dispositive control over securities held by SCG Private Holdings, LLC.

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the summary consolidated financial data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our predecessor's financial statements and the related notes included elsewhere in this prospectus. The financial data as of and for the years ending December 31, 2008 and 2007 were derived from audited financial statements included in this prospectus. The financial data for the years ending December 31, 2006, 2005 and 2004 were derived from audited financial statements from previously filed reports. The financial data for the nine months ending September 30, 2009 was derived from our unaudited financial statements included in this prospectus. Historical results are not necessarily indicative of the results to be expected for any future period.

	(US dollars in thousands) Nine Months Ended September 30,	Year Ended	December 31,			
	2009 (unaudited)	2008 (audited)	2007 (audited)	2006 (audited)	2005 (audited)	2004 (audited)
Consolidated Statements of Operations Data:						
Sales	156,853	176,360	124,696	70,396	54,119	654
Cost of Sales	(133,616)	149,794	(104,379)	(57,794)	(45,284)	(711)
Gross Profit	23,237	26,566	20,317	12,601	8,835	(56)
Operating Expenses	(3,965)	7,823	(6,246)	(2,891)	(1,647)	(402)
Income from Operations	19,272	18,743	14,071	9,709	7,188	(459)
Other Income (Expense), net	36	(11,385)	(1,476)	(1,583)	(1,008)	5,164
Income Before Taxes	6,161	7,357	12,620	8,126	6,180	4,705
Income Taxes	(1,441)	(520)	(968)	1.6	(191)	66
Net Income	4,720	6,837	11,652	8,128	5,988	4,772
Foreign Currency Translation	1,773	528	2,064	285	0.7	-
Comprehensive Income	6,493	7,366	13,716	8,739	6,274	0.7
Basic Net Income Per Share (in US$)	0.27	0.40	0.87	0.61	0.45	0.36
Diluted Net Income Per Share (in US$)	0.22	0.32	0.67	0.47	0.35	0.28
Basic Weighted Average Number of Shares Outstanding	17,272,756	13,409,120	13,409,120	13,409,120	13,409,120	13,409,120
Diluted Weighted Average Number of Shares	21,136,392	17,272,756	17,272,756	17,272,756	7,272,756	17,272,756

Outstanding

	(US dollars in thousands)					
	At September 30,	At December 31,				
	2009 (unaudited)	2008 (audited)	2007 (audited)	2006 (audited)	2005 (audited)	2004 (audited)
Balance Sheet Data:						
Total Assets	$ 123,931	$ 90,683	$ 66,620	$ 56,846	$ 50,993	$ 29,957
Current Liabilities	37,694	23,758	17,682	16,764	18,979	2,358
Long Term Liabilities	-		-	17,909	18,580	19,309
Stockholders Equity	86,257	66,926	48,938	22,174	13,434	8,290

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 for the nine months ended September 30, 2009 and 2008, and for the fiscal years ended December 31, 2008 and 2007 should be read in conjunction with the Selected Consolidated Financial Data, the consolidated financial statements, and the notes to those financial statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Risk Factors, Cautionary Notice Regarding Forward-Looking Statements and Business sections in this report. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "c
expressions to identify forward-looking statements.

OVERVIEW

Headquartered in the City of Dalian, Liaoning Province of the People's Republic of China (the "PRC" or "China"), we are a meat processing company primarily involved in the slaughtering, processing, packaging and distribution of pork and pork products. We also process and sell seafood, such as minced fillet products, which accounted for a small portion of our revenue (approximately 7.86%) in the third quarter of 2009.

We are the first pork producer in China to receive "Green Food" certification from China's Ministry of Agriculture. Green Food is an innovative certification program unique to China that is awarded to food processors who produce using environmentally sustainable methods and meet certain high technical standards of quality control, safety, and product quality, and generate low levels of pollution. The Green Food certification is based on standards defined by the Codex Alimentarius Commission ("CAC"), a joint body of the United Nations Food and Agriculture Organization and the World Health Organization. We also received ISO 9001:2000 certification that covers our production, research and development and sales activities.

Currently we have a wholesale and retail distribution network and sell either directly or indirectly across northeast China, including supermarkets and hypermarkets.

As of September 30, 2009, we had 732 employees, of whom 387 were operating personnel, 256 were sales personnel, 39 were research and development personnel and 50 were administrative personnel.

Dalian Precious Sheen Investments Consulting Co., Ltd., or Chuming WFOE, is our holding company established in China for our three PRC operating subsidiaries, collectively referred to elsewhere in this report as the "Chuming Operating Subsidiaries":

1. Dalian Chuming Slaughter and Packaging Pork Company Ltd. ("Meat Company"), whose primary business activity is acquiring, slaughtering and packaging of pork and cattle;
2. Dalian Chuming Processed Foods Company Ltd. ("Food Company"), whose primary business activity is the processing of raw and cooked meat products; and
3. Dalian Chuming Sales Company Ltd. ("Sales Company"), which is responsible for our sales, marketing and distribution operations.

The Chuming Operating Subsidiaries are spin-off constituents of a former parent company, Dalian Chuming Group Co., Ltd., or the "Group." Our primary business activities are the production and packing of fresh pork and production of processed meat products for distribution and sale to clients throughout the PRC. Chuming WFOE was incorporated in China as a wholly foreign owned enterprise in December 2007. Chuming WFOE is 100% owned by Precious Sheen Investments Limited ("PSI"), a holding company established in the British Virgin Islands in May 2007.

Pork is widely regarded as China's most important source of meat and is consumed at a much higher rate than other categories of meat. We believe that increasing levels of consumption of pork products in China is linked to the rapid development of the Chinese economy, urbanization and strong income growth.

Aside from increasing aggregate consumption, based on management's research, pork consumption patterns in recent years have shown two main characteristics. The first is that per capita pork is consumed at higher rates in the urban areas of China as opposed to rural areas, although the rate of growth in these urban consumption rates is relatively slight. The second is that consumers' consumption preferences appear to have shifted from frozen meat to fresh meat, and from fat meat to lean meat, with a tendency toward high quality cuts. Management believes these trends continue to be very favorable to our business which is based on mechanized meat processing and sales to urban consumers.

Our total sales volume was 82,585 metric tons in the third quarter of 2009, 27,697 metric tons in the second quarter of 2009, 18,512 metric tons in the first quarter of 2009, 18,007 metric tons in the fourth quarter of 2008.

Due to a shortage in supply, live hog prices rose significantly in 2008. Retail pork prices are an important component of China's Consumer Price Index (CPI), a key inflation indicator. In order to moderate increases in the CPI and maintain the living standard of its lower-income population, the Chinese government (as it pertains to the pork industry) has implemented a number of policies to encourage pork production. The average pork price has declined somewhat from the first quarter of 2009, mainly because of perceptions arising from the appearance of swine flu in late April and early May. In June 2009, the Chinese government purchased and placed in storage large quantities of pork products in order to adjust the pork price in an effort to cause it to rebound to a reasonable level. As a result of this action, the prices of pork have been rising since July 2009, and have risen to a level higher than the prices seen during the first quarter of 2009. The prices are continuing to trend higher.

In China, the pork processing industry remains fragmented, and we believe, inefficient. As smaller players experience pressure from margin compression and stricter government regulations, we believe scaled pork processors, like ourselves, will be positioned to make acquisitions on favorable terms in order to capture market share, gain scale, secure raw material, and access more customers. We expect that the combined factors of stricter hygiene regulations, increasing competition from well-financed players, and struggling meat suppliers, will induce industry consolidation in the coming years. We believe we are in a strong position to continue to take advantage of the Chinese government's support for leading pork producers, these market consolidation trends, and the emerging hog supply situation. Management believes that this is a long-term trend.

Given the current competitive market conditions, we constantly strive to impose strict quality control in our products and utilize state-of-art slaughtering and cutting lines (which are imported from Stork Co. of the Netherlands), to ensure our product quality, increase awareness of our brand and develop customer loyalty. Our research suggests that consumers in China are increasingly conscious of food safety and nutrition, and they are using their purchasing power to demand safer and higher quality food products for their families.

We place a very high priority on food safety and integrity. For the feeds which are used for our hogs, we control and monitor our feed sources by acquiring feeds only from qualified suppliers who are licensed in the nation or the province, and then carry out comprehensive tests to ensure quality. All of our production lines have also passed the Hazard Analysis and Critical Control Point (HACCP) test, which is certified by Moody International Certification Ltd. Management anticipates that companies such as ours, with quality meat processing and modern logistics systems, will benefit as they capture market share and build consumer brand loyalty.

Management believes that we need to broaden our geographic sales network and diversify our customer base. Our distribution network has been expanded to all three northeastern provinces where we have established our branches in the cities of Harbin and Daqing, Heilongjiang Province, and the City of Changchun, Jilin Province. A broader customer base can not only mitigate our reliance on certain big customers, but also bring us more opportunities. We believe a broader market for our products can increase demand for our products, reduce our vulnerability to market changes, and provide additional areas of growth in the future.

Our top five customers accounted for 35.6% for our total sales for the quarter ended September 30, 2009. We plan to position our business to diversify our customer base, which is expected to lower this percentage gradually in the future.

Management presently anticipates continued growth in volume of sales. Nevertheless, our ability to meet increased customer demand and maintain profitability will however continue to depend on factors such as our production capacity, availability of working capital, input costs, as well as the other factors described throughout this report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our management's discussion and analysis of our financial condition and results of operations are based on our combined financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported net sales and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and assumptions. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 to our combined financial statements included elsewhere in this prospectus, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating this management discussion and analysis:

Method of Accounting

We maintain our general ledger and journals with the accrual method accounting for financial reporting purposes. The financial statements and notes are representations of management. Accounting policies adopted by us conform to generally accepted accounting principles in the United States of America and have been consistently applied in the presentation of financial statements, which are compiled on the accrual basis of accounting.

Principles of Consolidation

The consolidated financial statements, which include the Company and its subsidiaries, are compiled in accordance with generally accepted accounting principles in the United States of America. All significant inter-company accounts and transactions have been eliminated. The consolidated financial statements include 100% of assets, liabilities, and net income or loss of those wholly-owned subsidiaries.

Our founders have directly or indirectly owned the three operating subsidiaries since their inception. We also own two intermediary holding companies. As of September 30, 2009, the detailed identities of the consolidating subsidiaries are as follows:

Name of Company	Place of Incorporation	Attributable Equity Interest	Registered Capital
Precious Sheen Investments Limited	BVI	100%	USD 10,000
Dalian Chuming Precious Sheen Investment Consulting Co., Ltd.	PRC	100%	RMB 91,009,955
Dalian Chuming Slaughtering & Pork Packaging Co. Ltd.	PRC	100%	RMB 10,000,000
Dalian Chuming Processed Foods Co. Ltd.	PRC	100%	RMB 5,000,000
Dalian Chuming Sales Co. Ltd.	PRC	100%	RMB 5,000,000

The consolidation of these operating subsidiaries into a newly formed holding company i.e. “the Company” is permitted by United States GAAP: ARB51 paragraph 22 and 23.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes these estimates using the best information available at the time the estimates are made; however, actual results could differ materially from these estimates.

Accounts Receivable

We extend unsecured, non-interest bearing credit to our customers; accordingly, we carry an allowance for doubtful accounts, which is an estimate, made by management. Management makes its estimate based on prior experience rates and assessment of specific outstanding customer balances. Management may extend credit to new customers who have met the criteria of our revised credit policy.

Inventory Carrying Value

Inventory, consisting of raw materials in the form of livestock, work in progress, and finished products, is stated at the lower of cost or market value. Finished products are comprised of direct materials, direct labor and an appropriate proportion of overhead. Periodic evaluation is made by management to identify if inventory needs to be written down because of damage, or spoilage. Cost is computed using the weighted average method.

Property, Plant, and Equipment

Property, Plant, and Equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

Property and equipment are depreciated using the straight-line method over their estimated useful life with a 5% salvage value. Their useful lives are as follows:

Fixed Asset Classification	Useful Life
Land Improvements	10 years
Buildings	20 years
Building Improvements	10 years
Manufacturing Machinery & Equipment	10 years
Office Equipment	5 years
Furniture & Fixtures	5 years
Vehicles	5 years

Land Use Rights

Land Use Rights are stated at cost less accumulated amortization. Amortization is provided over its useful life, using the straight-line method. The useful life of the land use right is 50 years.

Customer Deposits

Customer Deposits represents money we have received in advance for purchases of pork and pork products. We consider customer deposits as a liability until products have been shipped and revenue is earned. We collect a damage deposit (as a deterrent) recorded on other payable from showcase store operators as a means of enforcing the proper use of our trademark. We carry the amount of these deposits as a current liability because we will return the deposit to the operator when we cease to conduct business with the operator.

Statutory Reserve

Statutory reserve refers to the amount appropriated from the net income in accordance with laws or regulations, which can be used to recover losses and increase capital, as approved, and, are to be used to expand production or operations. PRC laws prescribe that an enterprise operating at a profit, must appropriate, on an annual basis, from its earnings, an amount to the statutory reserve to be used for future company development. Such an appropriation is made until the reserve reaches a maximum equaling 50% of the enterprise's registered capital.

Earnings Per Share

We compute earnings per share ("EPS") in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per share" ("SFAS No. 128"), and SEC Staff Accounting Bulletin No. 98 ("SAB 98"). SFAS No. 128 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as the income or loss available to common shareholders divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., contingent shares, convertible securities, options, and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Recent Accounting Pronouncements

See Note 2(Z) to the consolidated financial statements included elsewhere in this prospectus for discussions on recently issued accounting announcements. We are currently evaluating the potential impact, if any, of the adoption of the above recent accounting pronouncements on our consolidated results of operations and financial condition.

RESULTS OF OPERATIONS
Comparison of Nine Months Ended September 30, 2009 and September 30, 2008.

The following table sets forth the results of our operations for the periods indicated as a percentage of net sales:

		Quarter Ended September 30, 2009	% of Sales		Quarter Ended September 30, 2008	% of Sales
Sales	$	67,821,080	100%	$	53,725,596	100%
Cost of Sales		(57,246,206)	84.41%		(47,254,631)	87.96%
Gross Profit		10,574,874	15.59%		6,470,965	12.04%
Selling Expenses		(706,664)	1.04%		(878,893)	1.64%
General & Administrative Expenses		(614,806)	0.91%		(734,976)	1.37%
Total Operating Expense		(1,321,470)	1.95%		(1,613,869)	3.01%
Operating Income / (Loss)		9,253,405	13.64%		4,857,096	9.04%
Other Income (Expense)		(4,814,163)	7.10%		(320,037)	0.60%
Earnings Before Tax		4,439,242	6.55%		4,537,058	8.44%
(Income Tax Expense) / Deferred Tax Benefit		(686,232)	1.01%		(216,770)	0.40%
Net Income	$	3,753,010	5.53%	$	4,320,288	8.04%
Earnings Per Share						
Basic	$	0.22		$	0.25	
Diluted		0.18			0.20	
Weighted Average Shares Outstanding						
Basic		17,272,756			17,272,756	
Diluted		21,136,392			21,182,756	

Sales. Our sales include revenues from sales of our fresh pork, frozen pork, and processed food products. During the quarter ended September 30, 2009, we had sales of $67,821,080 as compared to sales of $53,725,596 for the quarter ended September 30, 2008, an increase of approximately 26.24%. Our sales for our various product categories in the third quarter of 2009 are summarized as follows:

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Sales by product category, in dollars:	Third Quarter 2009 (amount)	% of Total Sales	Third Quarter 2008 (amount)	% of Total Sales	% of increase from 2008 to 2009
Fresh Pork	$ 48,102,469	70.90%	$ 42,858,853	79.80%	12.23%
Frozen Pork	8,244,934	12.20%	4,618,716	8.60%	78.51%
Processed Food Products	11,473,677	16.90%	6,248,027	11.60%	83.64%
Total Sales	$ 67,821,080	100%	53,725,596	100%	26.24%

Sales by product category, by weight of product (metric tons):	Third Quarter 2009 (Weight in tons)	% of Total Sales	Third Quarter 2008 (Weight in tons)	% of Total Sales	% of change from 2008 to 2009
Fresh Pork	28,322	77.86%	18,681	79.53%	51.61%
Frozen Pork	4,196	11.54%	2,190	9.32%	91.60%
Processed Food Products	3,858	10.61%	2,619	11.15%	47.31%
Total Sales	36,376	100%	23,490	100%	54.86%

In the third quarter of 2009, we raised our average per-kilogram sale price for processed food products and decreased our average per-kilogram sale prices for fresh pork and frozen pork to our customers. These changes were inline with changes in the market price for these products. In the third quarter of 2009, our sales volume of fresh pork, frozen pork and processed food products (by weight) increased as compared to the third quarter of 2008, with the frozen pork category continuing experiencing the highest growth in sales volume by weight. We also increased our sales of fresh pork by weight in the third quarter of 2009 as compared with the same period in the prior year. For processed food products, our sales by weight increased by 47.31%, but because of higher per-kilogram prices, our sales revenue for this product category increased by 83.64%. Management attributes the increases in sales revenue in our product categories to the continuing strength in consumer demand for our products in the periods presented.

The following table shows the change in the average price per kilogram for our product to consumers in the quarter ending September 30, 2009, as compared to the same quarter last year:

	Average Per-Kilogram Price to Customers (in $US)			
	Third quarter of 2009	Third quarter of 2008	% change	Change in Price
Fresh Pork	$ 1.70	$ 2.29	-25.97%	$ -0.60
Frozen Pork	$ 1.96	$ 2.11	-6.83%	$ -0.14
Processed Food Products	$ 2.97	$ 2.39	24.66%	$ 0.59

Although we also sell our products through sales agents, our principal sales channels consist of Chuming-branded showcase stores, supermarkets and restaurants and canteens. The following table summarizes the changes in the number of participants within these sales channels:

	Sales Channels		
As of September 30,	Showcase Stores	Supermarkets	Restaurants and Canteens

2008	702	186	3,226
2009	924	572	5,013

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As shown in the table above, as of September 30, 2009, as compared to September 30, 2008, we significantly increased the number of participants in all three of these sales channels. We believe the sales from supermarkets and hypermarkets are likely to continue to yield higher profit margins. Their orders tend to be large and stable in quantity, and they usually have better credit. The increase in the number of these participants has resulted in increased sales volume.

Cost of Sales. Cost of sales for the third quarter of 2009 increased by $9,991,575 or approximately 21.14%, from $47,254,631 for the three months ended September 30, 2008 to $57,246,206 for the three months ended September 30, 2009. The increase was principally attributable to the concession on the sales price of the products to sales agents on a condition that sales agent assumes marketing expenses in selling our products, starting in the third quarter of 2008. Our cost of sales for our various product categories in the third quarter of each of 2009 and 2008 is summarized and shown as a percentage of overall cost of sales in the following chart:

Product Category		Cost of Sales Third quarter 2009	% of Overall Cost of Sales		Cost of Sales Third quarter 2008	% of Overall Cost of Sales	% of Change from 2008 to 2009
Fresh Pork	$	41,643,459	72.74%	$	38,455,262	81.38%	8.29%
Frozen Pork		7,093,774	12.39%		3,925,908	8.31%	80.69%
Processed Food Products		8,508,973	14.86%		4,873,461	10.31%	74.60%
Total Cost of Sales	$	57,246,206	100%	$	47,254,631	100%	21.14%

The following table shows our cost of sales in the third quarter of each of 2009 and 2008 as a percentage of sales within each product group.

Product Category:		Cost of Sales Third quarter 2009	% of Product Group Sales		Cost of Sales Third quarter 2008	% of Product Group Sales	% Change Product Group Sales
Fresh Pork	$	41,643,459	86.57%	$	38,455,262	89.73%	-3.15%
Frozen Pork		7,093,774	86.04%		3,925,908	85.00%	1.04%
Processed Food Products		8,508,973	74.16%		4,873,461	78.00%	-3.84%
Total Cost of Sales	$	57,246,206	84.41%	$	47,254,631	87.96%	-3.55%

Our cost of sales of fresh pork products increased by 8.29% and decreased by 3.15% as a percentage of sales of fresh pork products, in each case as compared to the third quarter of 2008. This change resulted principally from the concession on the sales price of the products to sales agents on a condition that each such sales agent assumed marketing expenses in selling our products, starting in the third quarter of 2008. Our cost of sales of frozen pork products increased by 80.69% and by 1.04% as a percentage of sales of frozen pork products, in each case as compared to the third quarter of 2008, because production and sales of this product increased over the respective periods. During the third quarter of 2009, the cost of sales of processed food products increased by 74.60% and decreased by 3.84% as a percentage of sales of processed food products, in each case as compared to the same period last year. Contributing factors to this increase of cost of sales were an increase in sales volume of processed food products and the higher transportation and delivery cost associated with an expanded sales range of this product period over period.

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The following table shows the estimated average per-kilogram price we paid for live pigs in 2009 and 2008:

	Average Unit Price Per Kilogram in 2009 (in $US)	Average Unit Price Per Kilogram in 2008 (in $US)	Price Increase/(Decrease) (in $US)	% Increase/(Descrease) from 2008 to 2009
First Quarter	1.7652	2.2936	(0.5284)	(23.03)%
Second Quarter	1.5032	2.2578	(0.7546)	(33.42)%
Third Quarter	1.7477	2.2513	(0.5036)	(22.37)%
Fourth Quarter	N/A	2.105	N/A	N/A%

The most rapid increase in live pig prices occurred in the third and fourth quarters of 2007, for the highest grades of live pigs. However, live pig prices dropped from their highs in the second quarter of 2008 and have been stable since the third quarter of 2008. We believe that live pig prices will continue to remain stable, or perhaps trend lower, potentially through the first quarter of 2010. We believe this trend of lower, stable prices to be temporary.

Gross Profit. Gross profit was $10,574,874 for the three months ended September 30, 2009 as compared to $6,470,965 for the same period in 2008, representing an increase of $4,103,909, or approximately 63.42%. Management attributes the increase in gross profit to increased sales volume of all three product groups and increased pricing on processed pork products. Our gross profit as a percentage of sales was 15.59% in the third quarter of 2009 as compared to 12.04% for the same period in 2008.

The following table presents our gross profit for the three months ended September 30, 2009 and 2008. The table below also shows the percentage of gross profit for each of our product groups, as a percentage of sales for that product group.

Product Group	Gross Profit Third quarter of 2009	% of Product Group Sales	Gross Profit Second quarter of 2008	% of Product Group Sales	% of increase from Third quarter of 2008 to Third Quarter of 2009
Fresh Pork	$ 6,459,010	13.43%	$ 4,403,591	10.27%	46.68%
Frozen Pork	1,151,160	13.96%	692,808	15.00%	66.16%
Processed Food Products	2,964,704	25.84%	1,374,566	22.00%	115.68%
Total Gross Profit	$ 10,574,874	15.59%	$ 6,470,965	12.04%	63.42%

In the third quarter of 2009, the gross profit of the fresh pork segment and frozen pork segement increased by 46.68% and 66.16%, respectively, as compared to the same period last year principally due to the increase in sales volume in those two segments despite a lower per-kilogram unit price to customers. The processed food products segment continued to yield period over period a gross profit amount that was the highest among all the product groups as a percentage of product group sales. Because of the high margins and increased prices to consumers of this product, we were able to maintain a stable amount of gross profit in dollar terms for this product period over period.

Selling Expenses. Selling expenses totaled $706,664 for the three months ended September 30, 2009, as compared to $878,893 for the same period in 2008, a decrease of $172,229 or 19.60%. This decease is due to a reduction in our advertising expenses. We continued to increase sales made through sales agents, who assumed certain marketing expenses in selling our fresh pork products.

General and Administrative Expenses. General and administrative expenses totaled $614,806 for the three months ended September 30, 2009 as compared to $734,976 for the same period in 2008, a decrease of $120,170 or 16.35%. This change is partially attributable to decreased depreciation expense.

Other income (Expense). Our other income (expense) consists of interest income, other expenses, and interest expense. In the third quarter of 2009, we had other income totaled $7,204. Our total other income in the third quarter of 2009 decreased by $673,140, or 98.94% as compared to the same period in 2008. This decrease in other income is primarily attributable to the decrease of rental income from our frozen storage facility and the exclusion of the government subsidy that was part of other income in prior periods.

Net Income. Net income for the three months ended September 30, 2009 was $3,753,010 as compared to $4,320,288 for the same period in 2008, a decrease of $567,278 or 13.13%. This decrease in net income is attributable to a compensatory expense arising from the expected release of 1,448,864 of our shares from an escrow arrangement entered into as part of a private equity financing consummated by us in December 2007. See note 18 of the consolidated financial statements included elsewhere in this prospectus.

Comparison of Nine Months Ended September 30, 2009 and September 30, 2008.

The following table sets forth the results of our operations for the periods indicated as a percentage of net sales:

		Nine Months Ended September 30, 2009	% of Sales		Nine Months Ended September 30, 2008	% of Sales	
Sales	$	156,852,674	100.00%	$	140,309,218	100.00	%
Cost of Sales		(133,615,742)	85.19%		(120,329,483)	85.76	%
Gross Profit		23,236,932	14.81%		19,979,735	14.24	%
Selling Expenses		(2,079,027)	1.33%		(3,463,947)	2.47	%
General & Administrative Expenses		(1,885,651)	1.20%		(1,881,138)	1.34	%
Total Operating Expense		(3,964,678)	2.53%		(5,345,085)	3.81	%
Operating Income / (Loss)		19,272,254	12.29%		14,634,650	10.43	%
Other Income (Expense)		(13,110,960)	8.36%		(9,040)	0.01	%
Earnings Before Tax		6,161,294	3.93%		14,625,611	10.42	%
(Income Tax Expense) / Deferred Tax Benefit		(1,441,418)	0.92%		(449,138)	0.32	%
Net Income	$	4,719,876	3.01%	$	14,176,473	10.10	%
Earnings Per Share							
Basic	$	0.27		$	0.82		
Diluted		0.22			0.67		
Weighted Average Shares Outstanding							
Basic		17,272,756			17,272,756		
Diluted		21,136,392			21,182,756		

Sales. Our sales include revenues from sales of our fresh pork, frozen pork, and processed food products. During the nine months ended September 30, 2009, we had sales of $156,852,674 as compared to sales of $140,309,218 for the same period of 2008, an increase of approximately 11.79%. Our sales for our various product categories for the nine months period ended September 30, 2009 are summarized as follows:

Sales by product category, in dollars:		Nine Months Ended September 30, 2009 (amount)	% of Total Sales		Nine Months Ended September 30, 2008 (amount)	% of Total Sales	% of increase from 2008 to 2009
Fresh Pork	$	115,951,472	73.92%	$	114,605,135	81.68%	1.17%
Frozen Pork		16,686,335	10.64%		9,311,039	6.64%	79.21%
Processed Food Products		24,214,867	15.44%		16,393,044	11.68%	47.71%
Total Sales	$	156,852,674	100%		140,309,218	100%	11.79%

Sales by product category, by weight of product (metric tons):	Nine Months Ended September 30,2009 (Weight in tons)	% of Total Sales	Nine Months Ended September 30,2008 (Weight in tons)	% of Total Sales	% of change from 2008 to 2009
Fresh Pork	64,471	78.07%	48,123	80.14%	33.97%
Frozen Pork	9,763	11.82%	4,449	7.41%	119.44%
Processed Food Products	8,351	10.11%	7,475	12.45%	11.72%
Total Sales	82,585	100%	60,047	100%	37.53%

In the nine months ended September 30, 2009, we raised our average per-kilogram sale price for processed food products and decreased our average per-kilogram sale prices for fresh pork and frozen pork to our customers. These changes were inline with changes in the market price for these products. In the nine months ended September 30, 2009, our sales volume of fresh pork, frozen pork and processed food products (by weight) increased, with the frozen pork category experiencing the highest growth in sales volume both by weight and in terms of sales revenue. Our sales revenue for fresh pork slightly increased due to the increase of sales volume for this product despite a reduction in the average per-kilogram price. For processed food products, our sales by weight increased by 11.72%, and because of higher per-kilogram prices, our sales revenue for this product category increased by 47.71% as compared with the same period in the prior year. Management attributes the increases in sales revenue in our product categories to the continuing strength in consumer demand for our products in the periods presented.

The following table shows the change in the average price per kilogram for our product to consumers in the nine months ended September 30, 2009, as compared to the same period last year:

	Average Per-Kilogram Price to Customers (in $US)						
		Nine Months Ended September 30, 2009		Nine Months Ended September 30, of 2008	% change		Change in Price
Fresh Pork	$	1.80	$	2.38	-0.24%	$	-0.58
Frozen Pork	$	1.71	$	2.09	-0.18%	$	-0.38
Processed Food Products	$	2.90	$	2.19	0.32%	$	0.71

Cost of Sales. Cost of sales for the nine months ended September 30, 2009 increased by $ $13,286,259 or approximately 11.04%, from $120,329,483 for the nine months ended September 30, 2008 to $133,615,742 for the nine months ended September 30, 2009. The increase was principally attributable to the concession on the sales price of the products to sales agents on a condition that sales agent assumes marketing expenses in selling our products, starting in the third quarter of 2008. Our cost of sales for our various product categories in the nine months ended

September 30, 2009 and 2008 is summarized and shown as a percentage of overall cost of sales in the following chart:

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Product Category		Cost of Sales Nine Months Ended September 30 2009	% of Overall Cost of Sales		Cost of Sales Nine Months Ended September 30 2008	% of Overall Cost of Sales	% of increase from 2008 to 2009
Fresh Pork	$	101,328,631	75.84%	$	100,269,410	83.33%	1.06%
Frozen Pork		14,405,427	10.78%		7,681,210	6.38%	87.54%
Processed Food Products		17,881,684	13.38%		12,378,863	10.29%	44.45%
Total Cost of Sales	$	133,615,742	100%	$	120,329,483	100%	11.04%

The following table shows our cost of sales in the nine months ended September 30, 2009 and 2008 as a percentage of sales within each product group.

Product Category:		Cost of Sales Nine Months Ended September 30, 2009	% of Product Group Sales		Cost of Sales Nine Months Ended September 30, 2008	% of Product Group Sales	% Change Product Group Sales
Fresh Pork	$	101,328,631	87.73%	$	100,269,410	87.49%	0.24%
Frozen Pork		14,405,427	83.93%		7,681,210	82.50%	1.44%
Processed Food Products		17,881,684	73.85%		12,378,863	75.51%	-1.67%
Total Cost of Sales	$	133,615,742	85.19%	$	120,329,483	85.76%	-0.57%

Our cost of sales of fresh pork products increased by 1.06% and increased by 0.24% as a percentage of sales of fresh pork products, in each case as compared to the nine months ended September 30, 2008. This change resulted principally from the increase of the sales volume. Our cost of sales of frozen pork products increased by 87.54% and by 1.44% as a percentage of sales of frozen pork products, in each case as compared to the nine months ended September 30, 2008, because production and sales of this product increased over the respective periods. During the nine months ended September 30, 2009, the cost of sales of processed food products increased by 44.45% but decreased by 1.67% as a percentage of sales of processed food products, in each case as compared to the same period last year. Contributing factors to this increase were an increase in sales volume of processed food products and the higher transportation and delivery cost associated with an expanded sales range of this product period over period.

Gross Profit. Gross profit was $23,236,932 for the nine months ended September 30, 2009 as compared to $19,979,735 for the same period in 2008, representing an increase of $3,257,197, or approximately 16.30%. Management attributes the increase in gross profit to strong increases in sales revenue, driven by strong demand for our products, especially our frozen pork products, despite higher input costs and related price increases to our customers. Our gross profit as a percentage of sales was 14.81% in the nine months ended September 30, 2009 as compared to 14.24% for the same period in 2008.

The following table presents our gross profit for the nine months ended September 30, 2009 and 2008. The table below also shows the percentage of gross profit for each of our product groups, as a percentage of sales for that product group.

Product Group	Gross Profit Nine Months	% of Product Group Sales	Gross Profit Nine Months	% of Product Group Sales	% of Change from 2008 to 2009

	Ended September 30, 2009		Ended September 30, 2008		
Fresh Pork	$ 14,222,841	12.27%	$ 14,335,725	12.51%	-0.79%
Frozen Pork	2,680,908	16.07%	1,629,829	17.50%	64.49%
Processed Food Products	6,333,183	26.15%	4,014,181	24.49%	57.77%
Total Gross Profit	$ 23,236,932	14.81%	$ 19,979,735	14.24%	16.30%

In the nine months ended September 30, 2009, the gross profit of the fresh pork segment fell by 0.79% as compared to the same period last year principally due to lower average-per-kilogram price to customers which offset sales volume increases in this segment. The gross profit of the frozen pork products increased by 64.49% as compared to the same period last year primarily due to the dramatically increase of sales volume despite the lower average per-kilogram price to customers. The processed food products segment continued to yield period over period a gross profit amount that was the highest among all the product groups as a percentage of product group sales. Because of the high margins and increased prices to consumers of this product, we were able to maintain a stable amount of gross profit in dollar terms for this product period over period.

Selling Expenses. Selling expenses totaled $2,079,027 for the nine months ended September 30, 2009, as compared to $3,463,947 for the same period in 2008, a decrease of $1,384,920 or 39.98%. This decease is due to a reduction in our advertising expenses. We continued to increase sales made through sales agents, who assumed certain marketing expenses in selling our fresh pork products.

General and Administrative Expenses. General and administrative expenses totaled $1,885,651 for the nine months ended September 30, 2009 as compared to $1,881,138 for the same period in 2008, an increase of $4,513 or 0.24%. This change is primarily attributable to increased outside legal fees and audit fees, and increased staff, which was partially offset by a decrease in depreciation expense.

Other income (Expense). Our other income (expense) consists of interest income, other expenses, and interest expense. In the nine months ended September 30, 2009, we had totaled other income of $35,552 and we did have income of $141,834 from a government subsidy. Our total other income in the nine months ended September 30, 2009 decreased by $1,384,508, or 97.50% as compared to the same period in 2008. This decrease in total other income is primarily attributable to the decrease of rental income from our frozen storage facility and the exclusion of the government subsidy that was part of other income in prior periods.

Net Income. Net income for the nine months ended September 30, 2009 was $4,719,876 as compared to $14,176,473 for the same period in 2008, a decrease of $9,456,597 or 66.71%. This decrease in net income is attributable to a compensatory expense arising from the expected release of 1,448,864 of our shares from an escrow arrangement entered into as part of a private equity financing consummated by us in December 2007. See note 18 of the consolidated financial statements included elsewhere in this prospectus.

Comparison of Years Ended December 31, 2008 and December 31, 2007.

The following table sets forth the results of our operations for the periods indicated as a percentage of net sales:

	Year Ended December 31, 2008	% of Sales	Year Ended December 31, 2007	% of Sales
Sales	$ 176,360,013	100.00%	$ 124,696,036	100.00%
Cost of Sales	149,794,249	84.94%	104,378,909	83.67%
Gross Profit	26,565,764	15.04%	20,317,127	16.33%
Selling Expenses	5,147,366	2.92%	4,672,862	3.75%
General & Administrative Expenses	2,675,661	1.52%	1,572,836	1.26%
Total operating Expense	7,823,027	4.44%	6,245,698	5.01%
Operating Income / (Loss)	18,742,737	11.32%	14,071,429	11.32%
Other Income (Expense)	(11,385,383)	(6.46) %	(1,475,730)	(1.16) %
Earnings Before Tax	7,357,354	4.17%	12,619,687	10.16%
(Income Tax Expense) / Deferred Tax Benefit	(520,089)	(0.29) %	(967,540)	(0.78) %
Net Income	$ 6,837,265	3.88%	$ 11,652,147	9.38%
Basic and Diluted Earnings Per Share	0.32		0.67	
Weighted Average Shares Outstanding	17,272,756		17,272,756	

Sales. Our sales include revenues from sales of our Fresh Pork, Frozen Pork, and Processed Food Products. During the year ended December 31, 2008, we had sales of $176,360,013 as compared to sales of $124,696,036 for the year ended December 31, 2007, an increase of approximately 41.4%. This increase consisted of an increase in the sale of Fresh Pork of $46.5 million or 48.8%, from $95.3 million in 2007 to $141.8 million in 2008, an increase in the sale of Frozen Pork of $2.9 million or 26.4%, from $11.2 million to $14.1 million, and an increase in the sale of Processed Food Products of $2.2 million or 12.1%, from $18.2 to $20.4 million for the years then ended. In 2008, we raised our average per-kilogram sale prices to our customers, which coincided with an increase in the cost of live pigs and other production costs. The average per-kilogram sales price for our Fresh Pork, Frozen Pork and Processed Foods to customers increased by 12%, 28.8% and 30.9%, respectively, compared to the prior year.

Despite the high price of live hogs, our sales volume of products (by weight) still increased slightly for Fresh Pork and Processed Foods by 4.13% and 0.1%, respectively, compared to 2007. We usually sell our Fresh Pork through our independent sales agents and supermarkets. Our profit margin for sales through supermarkets is generally higher than other channels, which is the reason why we are continuing to actively pursue this particular sales channel. In 2008, many of our sales agents were able to achieve higher sales since we implemented the extension of payment terms to creditworthy customers. Since many of our sales agents are long standing customers with good credit, they were able to take advantage of the extension of payment terms to generate greater cash flow and to create higher sales in 2008. Another factor attributable to the increase of sales and sales volume was that we increased the number of our sales agents and showcase stores from 7,600 in 2007 to 9,200 in 2008. Management believes that this increase in sales and sales volume, despite elevated live hog prices, resulted from increased consumer demand, and increased consumer awareness of our brand and availability of our products. However, the sales volume of our Frozen Pork decreased considerably in 2008, with 38.3% less sales volume compared to the prior year. Even though the sales volume of Frozen Pork decreased significantly in 2008, our sales revenue for Frozen Pork increased by 26.4% from 2007 because we were able to increase the prices of Frozen Pork, and pass most of it to our consumers. Our Frozen Pork is usually sold to cities outside of Liaoning province and the sales volume was especially impacted during the fourth quarter of 2008,which management believes is due to the effect of economic slowdown, which led to less spending on certain foods such as meat products.

Cost of Sales. Cost of sales for 2008 increased by $45,415,340 or 43.5 %, from $104,378,909 for the year ended December 31, 2007 to $149,794,249 for the year ended December 31, 2008. The significant increase in cost of sales was mainly attributable to the cost of live pigs. Our cost of sales for our various product categories in 2008 is summarized as follows:

	(In thousands of U.S. Dollars)					
		2008	% of Sales		2007	% of Sales
Fresh Pork	$	121,742	81.2%	$	84,622	81.11%
Frozen Pork		11,026	7.4%		7,058	6.76%
Processed Food Products		17,019	11.4%		12,653	12.13%
Total Cost of Sales:	$	149,794	100%	$	104,378	100%

Management estimates that the average cost of live pigs increased by approximately 28% for 2008, as compared with the prior year, which was the most significant factor causing an increase in our cost of sales. In 2007, the average cost for live pigs progressively increased from RMB8.0 per kilogram in first quarter, to RMB10.3 per kilogram in second quarter, to RMB13.78 per kilogram in third quarter, and to RMB14.2 per kilogram in the fourth quarter. The average price for live hogs was RMB11.46 per kilogram for the full year of 2007. In 2008, the price of live pigs reached RMB16 per kilogram in the first quarter, then the average price decreased slightly to RMB15.76 in the second quarter, and then further declined to an average price of RMB14.43, where it remained for the last two quarters of 2008. The average price for live hogs was RMB14.63 per kilogram for the full year of 2008.

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In 2008, we experienced price increases in electricity, water and coal, all of which we use in our production process. However, this increase in utilities was in proportion to the increase of our sales volume, and not due to an increase in the unit price of the utilities, with the exception of coal for which the unit price did increase slightly. Total wages increased in 2008 due to the addition of new employees to handle the increase of our sales, but the salaries of our employees remained stable. Lastly, we experienced slight increases in transportation and delivery costs in 2008, corresponding with the increased sales. Even with the significant increase of the cost of live pigs in 2008, management estimates that we were able to recoup approximately 98% of the cost increases through increased consumer prices for our products. Management also believes that productivity remained steady, with no significant changes from 2007 to 2008.

Gross Profit. Gross profit was $26,565,764 for the year ended December 31, 2008 as compared to $20,317,127 for the year ended December 31, 2007, representing an increase of $6,248,637, or approximately 30.8%. The gross profits for Fresh Pork, Frozen Pork and Processed Foods in 2008 were $20,059,628, $3,109,969 and 3,396,166, respectively. Management attributes the increase in gross profit to strong increases in sales, driven by strong demand for our products. In 2008, we increased the prices of our products in order to mitigate the impact of higher prices of live hogs in 2008. Our gross profit as a percentage of sales was 15.04% in 2008 as compared to 16.33% in 2007. The slight decrease in gross profit as a percentage of sales was attributable to the increased cost of live pigs, which we were not able to pass all of such increase to our customers.

Selling Expenses. Selling expenses totaled $5,147,366 for the year ended December 31, 2008, as compared to $4,672,862 for the year ended December 31, 2007, an increase of $474,504 or 10.2%. The increase of our selling expenses in 2008 is attributable to the addition of new salespersons to our sales team, increased incentives for salespersons, buy-in fees paid to supermarkets for placement of our products, and expenses for market and product development, sales planning and training, etc. In 2008, our advertising and marketing expenditures decreased from $2,241,062 in 2007 to $1,764,788 in 2008. Our advertising and marketing expenditures decreased considerably because part of the marketing and promotion of our products were handled individually by sales agents, and in return the Company gave them bigger discounts and incentives on our products. The Company believed that advertisements can be handled more effectively at a regional and local level by the sales agents, and at the same time it is also more cost effective for the Company. In 2008, the Company allocated more of our resources and increased advertising and promotional activities aimed at higher performing regions, retailers and supermarkets. Our advertising and promotional activities included television commercials, radio, magazine and newspaper advertisements, and exhibitions. The Company also developed new markets in 2008, adding nine new sales offices in cities such as Harbin, Dalian and Changchun, etc.

General and Administrative Expenses. General and Administrative Expenses totaled $2,675,661 for the year ended December 31, 2008 as compared to $1,572,836 for the year ended December 31, 2007, an increase of $1,102,825 or 70.1%. This significant increase is primarily attributable to higher costs of doing business as a public company. In 2008, our expenses for attorneys, accountants and public relations consultants increased, as compared to the prior year. Because the amount of our total sales was higher in 2008, we also had to contribute more into a riverbank maintenance fee, price adjustment fund, and stamp tax mandated by local governmental agencies in proportion to our total sales. In 2008, our land use tax has increased from RMB 4.5 to RMB 6 per square meter which also slightly increased our general expenses.

Other Income (Expense). Our other income (expense) consisted of Interest Income, Other Expenses, and Interest Expense. We had total Other Expenses of $11,385,383 for the year ended December 31, 2008 as compared to $1,451,742 for the year ended December 31, 2007, an increase of $9,933,641 or 684.3%. The substantial increase in Other Expenses in 2008 was primarily attributable to the accrual of the expected release of escrowed shares pursuant to a make good agreement related to the Exchange Transaction and Financing on December 31, 2007.

Pursuant to such make good agreement, a total of 3,863,636 shares of our common stock held by a trust, the beneficiaries of which include our CEO Mr. Shi Huashan and his family, were deposited into a make good escrow account. These shares are to be released back to Mr. Shi and his family if the Company meets the following earnings targets of $15.9 million, and $20.9 million in after-tax net income for the years ended December 31, 2008, and 2009 respectively. In the event that the Company does not meet the aforementioned financial targets, the escrowed shares will be released, on a pro-rata basis, to the investors in the Financing. In accordance with Topic 5.T of the Staff Accounting Bulletins (SAB 79), the Company expects to record a compensatory expense for the shares upon their release from escrow. Whether the shares are released to the accredited investors or released to Mr. Shi, the Company will record an expense with a corresponding credit to the Company’s contributed paid in capital. The Company anticipates that compensatory expense to be recognized in future operating periods could be in a range between $17 million to $29.2 million. The Company approximates this range based on the per share offering price of $4.4 at December 31, 2007 and a potential future stock price of $7.57 based on a $20 million net income (short of the target of $20.9 million net income) with a price-to-earnings ratio of 8.0, which is comparable to the valuation used in the offering at December 31, 2007. For the year ended December 31, 2008, the Company has met their 2008 financial target, and therefore the Company expects that 1,931,818 shares will be released. The Company recorded an expense for the expected release of shares deposited the escrow account in the amount of $10,622,294, which significantly increased our Other Expenses.

Net Income. Our net income for the year ended December 31, 2008 was $6,837,265 as compared to $11,652,147 for the year ended December 31, 2007, a decrease of $4,814,882 or 41.3%. This decrease in net income is basically attributable to the recorded expense in the amount of 10,622,294 in 2008 as above-mentioned.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Nine Months Ended September 30, 2009

As of September 30, 2009, we had cash and cash equivalents of $14,670,937, other current assets of $79,711,836 and current liabilities of $37,673,841. At September 30, 2008, we had $5,695,798 in cash and cash equivalents. We presently finance our operations primarily with cash flows from our operations, and we anticipate that this will continue to be our primary source of funds to finance our short-term cash needs. If we require additional capital to expand or enhance our existing facilities, we will consider debt or equity offerings or institutional borrowings as potential means of financing.

Net cash sourced in operating activities was $881,330 for the nine months ended September 30, 2009, while net cash flow used in operating activities was $307,586 in the same period of 2008. This is primarily attributable to the increase in gross profits of our products.

Net cash used in investing activities was $3,932,762 for the nine months ended September 30, 2009, compared to cash used in investing activities of $1,638,371 in the same period of 2008. This change is primarily due to amounts used for improvements for one of our fresh food plants in the nine months ended September 30, 2009.

Net cash sourced from financing activities was $10,253,095 for the nine months ended September 30, 2009, as compared to net cash used in financing activities of $964,516 in the same period of 2008. This increase resulted principally from an increase in our borrowings from banks during the nine months ended September 30, 2009 as compared to the same period of 2008.

Twelve Months Ended December 31, 2008

Net cash inflow used from operating activities was $3.23 million in fiscal 2008 and while net cash flow sourced in operating activities was $1.97 million in fiscal 2007. Prior to 2007, we offered flexible payment terms to agents who purchase pork products from us for resale to retailers, but in March of 2007, we eliminated this practice and required agents to pay promptly for products ordered. In 2008, we established a more comprehensive set of payment terms determined by the creditworthiness and the length of time we have worked with such agents and retailers. For example, we require our new customers to pre-pay or pay upon delivery for our products since we are unfamiliar with their history and creditworthiness. For customers we have worked with over a period of time and with good credit, we give them until the end of the month to pay for our products. For customers we have worked with for over 3 years and have established their creditworthiness, we offer them payment terms of 30 to 60 days. We are more lenient toward large retailers and supermarkets since they have a more complete accounting and purchasing system and there is a lesser possibility of breach of payment terms or non-payment. The payment terms for such large retailers usually range between 45 to 75 days, to be negotiated with each individual retailer prior to the execution of contract. To improve our process of collecting accounts receivable as compared to the prior year, we have also placed a cap on accounts receivable in proportion to the quantity ordered. The agent or retailer must pay down the balance of the accounts payable once the maximum cap is reached on their accounts, even if it is prior to the expiration of their payment terms.

In 2008, there was an increase in interest paid to $1.76 million compared to the prior year. We owed interest payment of $809,994 in 2007 which the Group has paid on our behalf in 2007. We repaid the Group the 2007 interest payment of $809,994 in 2008. In 2008, we also made an interest payment for the interest we owed in 2008 in the amount of

$953,460. We had an increase in interest earned of $264,774 in 2008 due to the deposit of more money in our bank accounts and we also earned higher interest by moving some of our money to certificate of deposit accounts.

We had $4.25 million in escrowed funds in December 2007. Pursuant to a holdback escrow agreement executed on December 31, 2007, $2 million was held in escrowed funds subject to hiring a certain number of independent directors, $1.5 million was held subject to hiring a qualified Chief Financial Officer, $250,000 was held to hire one of the agreed upon investor relations firms, and $500,000 was held to hire one of the independent public accounting firms of record. As of fiscal year 2008, only $2 million in the escrow account has been released for satisfying the criteria of hiring the independent directors. Net cash flow used in investing activities was $3.76 million in fiscal 2008, compared to cash used in investing activities of $11.3 million in fiscal 2007. There was an increase from $2.8 million to $5.8 million in expenditures for plant and equipment in 2008. The $3 million increase in spending was used in the renovation and expansion of the production facilities for prepared foods. As a result of the expansion, starting 2009 we can increase our production of prepared foods from 15,000 metric tons to 30,000 metric tons per year. We did not incur any expenses for land use rights in 2008 compared to the $4.1 million we paid for land use rights in 2007. The expense for land use rights in 2007 was a one-time payment that we paid off in 2007.

Net cash flow used in financing activities was $1.44 million in fiscal 2008 as compared to net cash sourced from financing activities of $18.26 million in fiscal 2007. The Company maintains two revolving bank loans with the Bank of China (Liaoning Branch) in the term of eleven months. The amount of credit and interest rate of the bank loans are re-negotiated at the end of each term, and the parties re-execute a new revolving loan agreement every year after negotiation. Upon the expiration of both of our revolving loan agreements executed with the Bank of China (Liaoning Branch) in 2007 that expired during October 2008, we renegotiated and executed two new revolving loan agreements in the total amount of $9.26 million in November 2008. However, this cash inflow was offset by repayment of the above mentioned 2007 bank loans that expired in October 2008 in the amount of $10.07 million. Compared to 2007, the total amount of our revolving bank loans decreased by $1.44 million in 2008. For additional details concerning the repayment, see Note 9(B) in the footnotes to our financial statements included elsewhere in this prospectus.

The cash flow statement shows that there was an $18 million increase in Accounts Receivable in 2008 compared to 2007. The significant increase was attributable to the more comprehensive billing system implemented by the Company in 2008, which offered our creditworthy customers longer and more flexible payment terms. The implementation of the new billing system boosted our Accounts Receivable and also increased our sales and gross profits. Other Receivable also increased by over $1 million in 2008 because we implemented new credit/debit card machines and had to make adjustments in our accounting to correspond with such change. Many of our showcase stores and customers made cash payments in the past. Due to safety reasons and the problem of counterfeit money, we no longer accepted cash payments in 2008 and switched to using credit/debit card machines provided by the Bank of China. The time of process for the actual payment to be deposited into our bank account takes approximately 4 business days. During this time, the payments are recorded in Other Receivable since they are not actually received and cannot be counted as Accounts Receivable yet. After the money has been transferred into our bank account, we settle and deduct the relevant Accounts Receivable from Other Receivable accordingly.

Our Related Party Receivable decreased by $9.2 million in 2007, yet has an increase of $6.9 million in 2008. The significant increase is due to the accounting of the Company's transactions with certain related parties. In the normal course of business which includes the purchases of hogs and other raw materials, sale of pork and pork products, the Company conducts transactions with the following related parties: Dalian Chuming Group Co., Ltd ("Group") and the Group subsidiaries, that are not consolidated into Energroup Holdings or Energroup's subsidiary, Dalian Chuming Precious Sheen Investments Consulting Co. Ltd. (Chuming): (1) Dalian Chuming Industrial Development Co., Ltd., ("Industrial Development Co.") (2) Dalian Chuming Trading Co., Ltd, ("Trading Co.") (3) Dalian Mingxing Livestock Product Co. Ltd., ("Mingxing") (4) Dalian Chuming Stockbreeding Combo Development Co., Ltd., ("Combo Development Co.") (5) Dalian Chuming Fodder Co., Ltd. ("Fodder Co."), and (6) Dalian Chuming Biological Technology Co., Ltd., ("Biological Co.") and (7) Dalian Huayu Seafood Food Co., Ltd. ("Huayu"). The Company and the aforementioned related parties share common beneficial ownership. All transactions with related parties are generally performed at arm's length.

In the event that the Company has both receivables from, and payables to the Group, it will setoff the balances in order to arrive at a single balance that is either due from, or due to the Group. The Company's net receivable balance at December 31, 2008 was $10,919,777. Of the $10,919,777 net receivable owed by the Group to the Company, the entire amount has been securitized by bank drafts issued by the bank on behalf of subsidiaries of the Group to the Company. These notes are collateralized by deposits at the bank by those particular subsidiaries of the Group. The drafts can be endorsed and discounted to the bank for cash; however the Company currently intends to hold these drafts until maturity.

Our Accounts Payable increased significantly in 2008 to $3.9 million. The reason was attributable to the extension of our billing period from the original 30 to 60 days granted by our supplier who sells us supplementary materials and packaging materials. The extension of payment term was to reward us for being a good customer. Another contributing factor was we had to pay for the renovation and equipment costs due to the expansion of our production facilities in 2008. Our taxes payable also increased in 2008 due to an increase of our payable value-added tax. Our Customer Advances increased by $3.2 million in 2008. The increase of such advances was for the renovation and expansion of production facilities and purchasing of new equipments. Since the Company has yet to receive an invoice for such renovation and equipment expenses, such costs cannot be accounted into the Company's assets yet.

Twelve Months Ended December 31, 2007

Net cash sourced from operating activities was $23.0 million in fiscal 2007, while net cash flow used in operating activities was $7.1 million in fiscal 2006. Prior to 2007, we offered flexible payment terms to agents who purchase pork products from us for resale to retailers, but in March of 2007, we eliminated this practice and required agents to pay promptly for products ordered. In addition, we have worked with our larger customers to make improvements in the collection process. As a result we believe we have improved our process of collecting accounts receivable as compared to the prior year. In 2007, we also used $108.5 million in cash to purchase materials and pay employees in our efforts to satisfy increased customer demand for our products.

Net cash used in investing activities was $11.3 million in fiscal 2007, compared to cash used in investing activities of $1.9 million in fiscal 2006. The increase in cash flow used in investing activities from 2006 to 2007 was a result of an equity financing, and a one-time payment by us for land use rights. In 2007, we completed a $17 million private placement, and agreed to have $4.25 million of the net proceeds deposited into an escrow account for release contingent upon our satisfaction of certain criteria relating to the structure of the board and management, and appointment of an auditing firm. Also in 2007, we paid approximately $4.2 million to our local government for land use rights which we acquired in 2004.

Net cash used in financing activities was $2.7 million in fiscal 2007 as compared to net cash sourced from financing activities of $1.8 million in fiscal 2006. This change was a result of our $17 million private placement financing, $4.25 million of which was held back in an escrow account, and the repayment of a construction loan with an original principal amount of $19.3 million, in addition to other short term loans. Our private placement financing brought in approximately $14.7 million in cash proceeds, excluding amounts held back in escrow. However, this cash inflow was offset by the payment of $23.2 million that was used toward repayment in full of our construction loan from 2004, and certain short term business loans.

Capital Commitments

In the first quarter of 2008, as discussed above, we relaxed our credit policy for certain of our major customers, permitting them up to a two-month grace period for payment for goods, where previously no such grace period was provided. Management expects that in the short term, this revised credit policy will result in an increase in accounts receivable, and a corresponding reduction in our cash position. Management does not anticipate that this change in our credit policy will result in any deficiency of working capital.

Uses of Liquidity

Our cash requirements through the end of fiscal 2008 will be primarily to fund daily operations for the growth of our business. Management will consider acquiring additional manufacturing capacity for processed foods in the future to strengthen and stabilize our manufacturing base.

Sources of Liquidity

Our primary sources of liquidity for our short-term cash needs are expected to be from cash flows generated from operations and cash and cash equivalents currently on hand. We believe that we will be able to borrow additional funds if needed.

We believe our cash flow from operations together with our cash and cash equivalents currently on hand will be sufficient to meet our needs for working capital, capital expenditure and other commitments through the end of 2008. For our long-term cash needs, we may consider a number of alternative financing opportunities, which may include debt and equity financing. No assurance can be made that such financing will be available to us, and adequate funds may not be available on terms acceptable to us. If additional funds are raised through the issuance of equity securities, dilution to existing shareholders may result. If funding is insufficient at any time in the future, we will develop or enhance our products or services and expand our business through our own cash flows from operations.

As of September 30, 2009, we had outstanding $6,435,007 in aggregate borrowings from the Bank of China under two loans, in the principal amounts of $4,387,504 and $2,047,503, on which we pay interest at rates of 6.1586% and 7.3260% per annum respectively. As of September 30, 2009, we had outstanding $4,387,504 in borrowings from the Bank of Huaxia under one loan, on which we pay interest at a rate of 6.732% per annum. As of September 30, 2009, we had outstanding $5,850,006 in borrowings from Shanghai Pufa Development Bank under one loan, on which we pay interest at a rate of 5.841% per annum.   As of September 30, 2009, we did not have any standby letters of credit or standby repurchase obligations.

Foreign Currency Translation Risk

Our operations are, for the most part, located in the PRC, and we earn our revenue in Chinese RMB. However, we report our financial results in U.S. Dollars using the closing rate method. As a result, fluctuations in the exchange rates between Chinese RMB and the U.S. Dollar will affect our reported financial results. The balance sheet items are translated into U.S. dollars using the exchange rates at the respective balance sheet dates. The capital and various reserves are translated at historical exchange rates prevailing at the time of the transactions while income and expenses items are translated at the average exchange rate for the period. All exchange differences are recorded within equity. The foreign currency translation adjustment for the nine months ended September 30, 2009 and 2008, which was in each instance a gain, was $1,773,476 and $550,999, respectively.

During 2003 and 2004 the exchange rate of RMB to the dollar remained constant at 8.26 RMB to the dollar. On July 21, 2005, the Chinese government adjusted the exchange rate from 8.26 to 8.09 RMB to the dollar. In 2008, the RMB continued to appreciate against the U.S. dollar. As of September 30, 2009, the market foreign exchanges rate was increased to 6.8376 RMB to one U.S. dollar. As a result, the ongoing appreciation of RMB to U.S. dollar negatively impacted our gross margins for the nine months and three months ended September 30, 2009.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

We have certain fixed contractual obligations and commitments that include future estimated payments. Changes in our business needs, cancellation provisions, changing interest rates, and other factors may result in actual payments differing from the estimates. We cannot provide certainty regarding the timing and amounts of payments. We have presented below a summary of the most significant assumptions used in our determination of amounts presented in the tables in order to assist in the review of this information within the context of our consolidated financial position, results of operations, and cash flows.

The following tables summarize our contractual obligations as of September 30, 2009, and the effect these obligations are expected to have on our liquidity and cash flows in future periods.

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	5 Years +
Contractual Obligations:					
Bank Indebtedness	$ 16,672,517	$ 16,672,517	$ -	$ -	$ -
Other Indebtedness	$ -	$ -	$ -	$ -	$ -
Capital Lease Obligations	$ -	$ -	$ -	$ -	$ -
Operating Leases	$ -	$ -	$ -	$ -	$ -
Purchase Obligations	$ 188,033,052	$ 156,700,000	$ 31,333,052	$ -	$ -
Total Contractual Obligations:	$ 204,705,569	$ 173,372,517	$ 31,333,052	$ -	$ -

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As indicated in the table, as of September 30, 2009 we had $188,033,052 in purchase obligations, which relates to our agreement for the purchase and sale of hogs. On December 19, 2007, we entered into a hog purchase agreement whereby the Group will provide, at fair market prices, a minimum number of hogs to us.

At September 30, 2009, management projected minimum quantities of hogs as detailed in the following table:

Year	Hogs		Price Per Hog		Amount
(October to December) 2009	124,824	$	187.13	$	23,358,315
2010	800,000	$	205.84	$	164,674,737
				$	188,033,052

For purposes of estimating future payments, we project that the fair market price of the hogs will increase by 10% each year. The assumption of 10% reflects our expectations with regard to inflation and the rising costs of inputs in breeding livestock.

Off-balance Sheet Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Related Party Transactions

For a description of our related party transactions, see the section of this Prospectus entitled "Certain Relationships and Related Party Transactions."

Quantitative and Qualitative Disclosures about Market Risk

We do not use derivative financial instruments in our investment portfolio and have no foreign exchange contracts. Our financial instruments consist of cash and cash equivalents, trade accounts receivable, accounts payable and long-term obligations. We consider investments in highly liquid instruments purchased with a remaining maturity of 90 days or less at the date of purchase to be cash equivalents. However, in order to manage the foreign exchange risks, we may engage in hedging activities to manage our financial exposure related to currency exchange fluctuation. In these hedging activities, we might use fixed-price, forward, futures, financial swaps and option contracts traded in the over-the-counter markets or on exchanges, as well as long-term structured transactions when feasible.

Interest Rates. Our exposure to market risk for changes in interest rates relates primarily to our short-term investments and short-term obligations; thus, fluctuations in interest rates would not have a material impact on the fair value of these securities. At September 30, 2009, we had approximately $14.7 million in cash and cash equivalents. A hypothetical 10% increase or decrease in interest rates would not have a material impact on our earnings or loss, or the fair market value or cash flows of these instruments.

Foreign Exchange Rates. All of our sales and inputs are transacted in Renminbi ("RMB"). As a result, changes in the relative values of U.S. Dollars and RMB affect our reported levels of revenues and profitability as the results are translated into U.S. Dollars for reporting purposes. However, since we conduct our sales and purchase inputs in RMB, fluctuations in exchange rates are not expected to significantly affect our financial stability, or gross and net profit margins. We do not currently expect to incur significant foreign exchange gains or losses, or gains or losses associated with any foreign operations.

Our exposure to foreign exchange risk primarily relates to currency gains or losses resulting from timing differences between signing of sales contracts and settling of these contracts. Furthermore, we translate monetary assets and liabilities denominated in other currencies into RMB, the functional currency of our operating business. Our results of operations and cash flow are translated at average exchange rates during the period, and assets and liabilities are translated at the unified exchange rate as quoted by the People's Bank of China at the end of the period. Translation adjustments resulting from this process are included in accumulated other comprehensive income in our statement of shareholders' equity. We recorded net foreign currency gains of $610,696, $2,064,272 and $528,277 in 2006, 2007 and 2008, respectively. We have not used any forward contracts, currency options or borrowings to hedge our exposure to foreign currency exchange risk. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future. As our sales denominated in foreign currencies, such as RMB, continue to grow, we may consider using arrangements to hedge our exposure to foreign currency exchange risk.

Our financial statements are expressed in U.S. dollars but the functional currency of our operating subsidiary is RMB. The value of your investment in our stock will be affected by the foreign exchange rate between U.S. dollars and RMB. A decline in the value of RMB against the U.S. dollar could reduce the U.S. dollar equivalent amounts of our financial results, the value of your investment in our company and the dividends we may pay in the future, if any, all of which may have a material adverse effect on the price of our stock.

LEGAL PROCEEDINGS

We are not aware of any material existing or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our current directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to us.

DIRECTORS AND EXECUTIVE OFFICERS

Our board of director consisted of the following individuals as of December 30, 2009:

Name	Age	Position	Effective Date of Appointment
Shi Huashan	50	President, Chief Executive Officer and Chairman(1)	January 28, 2008
Wang Shu	34	Chief Financial Officer and Director(1)	January 28, 2008
Ma Fengqing	47	Vice President and Director	January 28, 2008
Wang Shuying	58	Director	January 28, 2008

(1) The effective date of appointment of the CEO and CFO was December 31, 2007.

Mr. Shi Huashan, age 50, is a graduate of Beijing Renwen University in Corporate Law, and the founder of Chuming. Mr. Shi Huashan has nearly 20 years of experience in the food industry. He established Dalian Chuming Industry Development Company in 1992, which started the Dalian Chuming Group Co., Ltd. From 1992 to present he has served as President and CEO of Chuming and the Dalian Chuming Group Co., Ltd. companies. In 2004, he was selected by the China Meats Association as one of the “Ten Most Influential Entrepreneurs in the China Meat Industry.” Mr. Shi Huashan is the current President of the Dalian Food Association. He is Chuming’s President, Chief Executive Officer, and Chairman of the Board of Directors.

Ms. Wang Shu, age 34, is a graduate of Liaoning University, with a major in accounting, Ms. Wang Shu has more than 11 years of experience in finance. From 1996 to 2001, she worked at Dalian Huaqiao House Development Company as its chief accountant. In 2001, she joined Dalian Chuming Group Co., Ltd., and in her present role serves as Chuming’s as Chief Financial Officer, and as a member of the Board of Directors

Ms. Ma Fengqin, age 47, is a graduate of Dalian Electric Power Economic School, with a major in accounting. From 1990 to 1993, she worked at Dalian Thermo Engineering Company as its Chief Accountant. From 1992 to 2001, Ms. Ma served as Vice President of Dalian Chuming Industry Development Company. Since 2002 she has served as Chuming’s Vice President, and a member of the Board of Directors. Ms. Ma is married to Mr. Shi Huashan, Chairman of the Board of Directors.

Ms. Wang Shuying, age 58, member of the Chuming Board of Directors, served from 1996-2004 as Chief of the Dalian Planning Committee's Agriculture Economy Development Section, and now works as a consultant to the Section. From 1991-1996 she was Vice Chief of the Section. A graduate of Dalian Railway College, she was a staff member of the Dalian Machinery Bureau's Agriculture Machinery Department from 1977-1984. From 1984-1989 Ms. Wang was Chief of the Dalian Planning Committee's Industry Section, before undertaking German language studies at the Beijing Foreign Trading University. She completed a training program in Germany at Heidelberg Hiller College from 1989-1991 prior to returning to Dalian's Planning Committee.

The Board of Directors and Committees

Our Board of Directors does not maintain a separate audit, nominating or compensation committee. Functions customarily performed by such committees are performed by its Board of Directors as a whole. We are not required to maintain such committees under the applicable rules of the Over-the-Counter Bulletin Board. We do not currently have an "audit committee financial expert" since we currently do not have an audit committee in place. We intend to create board committees, including an independent audit committee, in the near future.

We do not currently have a process for security holders to send communications to the Board.

Director Independence

Our common stock is quoted on the Over-the-Counter Bulletin Board and, therefore, we are not required to maintain a board consisting of majority independent directors and we are not currently otherwise subject to any law, rule or regulation requiring that all or any portion of our Board of Directors include "independent" directors. Our board of directors reviewed the independence of the directors using the criteria established by the American Stock Exchange. As of December 31, 2008, the board of directors determined that only one of the directors was independent based on such criteria.

Family Relationships

President and Chairman of the board of directors Mr. Shi Huashan, and Ms. Ma Fengqin, who is a vice president and director, are husband and wife.

Involvement in Certain Legal Proceedings

Our directors, executive officers and control persons have not been involved in any of the following events during the past five years:

1. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

4. being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Code of Ethics

The Company has adopted a formal code of ethics. The Company has developed a formal code of ethics that will apply to all of its employees (including its executive officers). The Company intends to distribute this Code of Ethics to its employees, and to hold discussions with the employees as to how it applies.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis describes the material elements of the compensation awarded to our current executive officers. This compensation discussion focuses on the information contained in the following tables and related footnotes and narrative for the last completed fiscal year. Our Board of Directors currently oversees and administers our executive compensation program.

Our current executive compensation program presently includes a base salary. Our compensation program does not include (i) discretionary annual cash performance-based incentives, (ii) termination/severance and change of control payments, or (iii) perquisites and benefits.

Our Compensation Philosophy and Objectives

Our philosophy regarding compensation of our executive officers includes the following principles:

- our compensation program should align the interests of our management team with those of our shareholders;
- our compensation program should reward the achievement of our strategic initiatives and short- and long-term operating and financial goals;
- compensation should appropriately reflect differences in position and responsibility;
- compensation should be reasonable and bear some relationship with the compensation standards in the market in which our management team operates; and
- the compensation program should be understandable and transparent.

In order to implement such compensation principles, we have developed the following objectives for our executive compensation program:

- overall compensation levels must be sufficiently competitive to attract and retain talented leaders and motivate those leaders to achieve superior results;
- a portion of total compensation should be contingent on, and variable with, achievement of objective corporate performance goals, and that portion should increase as an executive’s position and responsibility increases;
- total compensation should be higher for individuals with greater responsibility and greater ability to influence our achievement of operating goals and strategic initiatives;

- the number of elements of our compensation program should be kept to a minimum, and those elements should be readily understandable by and easily communicated to executives, shareholders, and others; and

- executive compensation should be set at responsible levels to promote a sense of fairness and equity among all employees and appropriate stewardship of corporate resources among shareholders.

Determination of Compensation Awards

Our Board of Directors is provided with the primary authority to determine the compensation awards available to our executive officers. To aid the board of directors in making its determination for the last fiscal year, our current senior management provided recommendations to the board of directors regarding the compensation of all executive officers.

Director Compensation

In connection with the Exchange Transaction in December 2007, we appointed seven new directors consisting of four independent directors in 2008, Wang Shuying, Matthew Dillon, Nestor Gounaris and James Boyle, and three non-independent directors, Shi Huashan, Wang Shu and Ma Fengqin. For the fiscal year of 2008, we paid our independent directors a flat fee of $1,000 per month as compensation for their services on the Board. On December 9, 2008, Messrs. Dillon, Gounaris and Boyle resigned form the Board of Directors. As a result, following their resignations we only paid compensation to Ms. Wang Shuying as our independent director.

Executive Compensation

The following executive compensation disclosure reflects all compensation for fiscal year 2008 received by our principal executive officer, principal financial officer, and three most highly compensated executive officers whose salary exceeded US$100,000. We refer to these individuals in this report as “named executive officers.”

Summary Compensation

The following table reflects all compensation awarded to, earned by or paid to our directors and named executive officers for our fiscal years ended December 31, 2007 and 2008:

Summary Compensation

		Annual Compensation (2)		
Name and Principal Position	Fiscal Year	Salary (1) ($)	All Other Compensation (3) ($)	Total ($)
Shi Huashan	2008	$ 100,000	-	100,000
Chief Executive Officer, President	2007	60,000	-	60,000
Wang Shu	2008	$ 40,000	-	40,000
Chief Financial Officer	2007	20,000	10,000	30,000
Wang Shuying	2008	12,000	-	12,000
Director	2007	-	-	-
Chen Fuyan	2008	12,000	-	12,000
Chief Operating Officer	2007	-	-	-
Ma Fengqin	2008	12,000	-	12,000
Director	2007	-	-	-

(1) Expressed in U.S. Dollars based on the interbank exchange rate of 6.85420 RMB for each 1.00 U.S. Dollar for the year ended December 31, 2008.

(2) In 2008, compensation paid to our officers and directors included no bonuses, stock or option awards, non-equity incentive plan awards, or non-qualified deferred compensation, and accordingly, these columns have been omitted from this table.

(3) In 2008, all other compensation includes transportation subsidy, telecommunication subsidy, and other fringe benefits.

None of our executive officers received, nor do we have any arrangements to pay out, any bonus, stock awards, option awards, non-equity incentive plan compensation, or non-qualified deferred compensation.

Grants of Plan-Based Awards

We did not make any grants of plan-based awards to our directors or named executive officers during our fiscal year-ended December 31, 2008.

Outstanding Equity Awards

There are no unexercised options, stock that has not vested, or equity incentive plan awards for any of our directors or named executive officers outstanding as of December 31, 2008.

Option Exercises and Stock Vested

There were no exercises of stock options, stock appreciation rights, or similar instruments, and no vesting of stock, including restricted stock, restricted stock units and similar instruments, during the last completed fiscal year for any of our directors or named executive officers.

Pension Benefits

We currently have no plans that provide for payments or other benefits at, following, or in connection with retirement of our directors or named executive officers.

Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans

We currently have no defined contribution or other plans that provide for the deferral of compensation to our directors or named executive officers on a basis that is not tax-qualified.

Potential Payments Upon Termination or Change-in-Control

Other than any employment agreements described in this report, we currently have no contract, agreement, plan or arrangement, whether written or unwritten, that provides for payments to a named executive officer at, following, or in connection with any termination, including without limitation resignation, severance, retirement or a constructive termination of a named executive officer, or a change in control of the registrant or a change in the named executive officer’s responsibilities, with respect to each named executive officer.

Employment Agreements

Effective at closing of the Exchange Transaction described elsewhere in this report, we entered into executive employment agreements with each of Mr. Shi Huashan (President and Chief Executive Officer), Ms. Wang Shu (acting Chief Financial Officer) and Mr. Chen Fuyuan (Chief Operating Officer). Each agreement provides for a yearly salary of USD $100,000 payable in monthly installments in accordance with our standard payroll practices for salaried employees. Each executive officer's salary will be subject to adjustment pursuant to our employee compensation policies in effect from time to time. Under the terms of each of the agreements, each executive officer will be entitled to the benefits that we customarily make available to employees in comparable positions. Each officer has the right to terminate his or her employment by giving us prior notice with or without cause, and we hold an equal right. The Board of Directors or appropriate committee thereof, may from time to time, in its sole discretion, adjust the salaries and benefits paid to our executive officers. A copy of the employment agreements are included as exhibits to our Form 8-K filed on January 7, 2008.

Mr. Zhang Yizhao was first appointed on September 18, 2008 as Chief Financial Officer of the Company and served until December 23, 2008. We entered into an employment agreement with Mr. Yizhao Zhang dated September 18, 2008. Under that agreement, Mr. Zhang was to be paid an annual salary of $180,000, and was eligible to participate in equity or non-equity bonus programs to be determined by the Board of Directors. Mr. Zhang resigned on December 23, 2008 for personal reasons.

Following Mr. Zhang's resignation, Ms. Wang has assumed the duties of Chief Financial Officer effective December 23, 2008. The terms of Wang Shu's employment as Chief Financial Officer of the Company is set forth in her original employment agreement dated December 31, 2007.

The following is a summary of the compensation to be paid under these employment agreements in the upcoming fiscal year ended December 31, 2009 to our named executive officers:

Summary of Compensation To Be Paid Under Employment Agreements for
Fiscal Year Ended December 31, 2009

	Annual Compensation		
Name and Principal Position	Salary	Bonus (1)	Other annual Compensation
Shi Huashan President, Chief Executive Officer	$ 100,000	—	—
Wang Shu Chief Financial Officer	$ 100,000	—	—
Chen Fuyuan Chief Operating Officer	$ 100,000	—	—

We have no arrangements with our executive officers to pay bonuses or other annual compensation.

Indemnification of Officers and Directors

The Nevada Revised Statutes and our bylaws permit us to indemnify our officers and directors for liabilities they may incur, including liabilities under the Securities Act and Exchange Act. Our bylaws provide that our officers and directors may be indemnified by us in the event of third party actions, if the officer or director acted in good faith and in a manner that he or she reasonably believed was in or not against the company's best interests, and with respect to any criminal action or proceeding, had no reason to believe that his or her actions were unlawful. Our bylaws also provide that we may provide indemnification for our officer and directors for any action by the company against such directors and officers, if the officer or director acted in good faith and in a manner that he or she reasonably believed was in or not against the company's best interests, except no indemnification may be made for negligence or misconduct of such director's or officer's duties to the company, unless a court in which the matter is brought determines that in view of all the circumstance of the case, the person is fairly and reasonably entitled to indemnification. This and our bylaws indemnification may, however, be unenforceable as against public policy.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of December 30, 2009, for each of the following persons:

- each of our directors and each of the named executive officers in the "Management" section of this prospectus;
- all directors and named executive officers as a group; and
- each person who is known by us to own beneficially five percent or more of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC. Unless otherwise indicated in the table, the persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite the shareholder's name. Unless otherwise indicated, the address of each beneficial owner listed below is c/o Dalian Precious Sheen Investments Consulting Co., Ltd., No. 9, Xin Yi Street, Ganjingzi District, Dalian City, Liaoning Province, PRC 116039. The percentage of class beneficially owned set forth below is based on 21,136,392 shares of our common stock outstanding on December 30, 2009.

	Common Stock Beneficially Owned		
Named executive officers and directors:	Number of shares beneficially owned		Percentage of class beneficially owned
Shi Huashan	14,688,948	(1)	69.5%
Wang Shu	0		0%
Chen Fuyuan	0		0%
Ma Fengqin	0		0%
Wang Shuying	0		0%
All directors and executive officers as a group (5 persons)	14,688,948		69.5%
5% Shareholders:			
Shine Gold Holdings Limited	10,690,668	(1)	50.6%
Shiny Snow Holdings Limited	1,948,890	(1)	9.2%
Smart Beat Limited	2,049,390	(1)	9.7%
Barry Kitt	2,045,455	(2)	9.7%

(1) Shine Gold Holdings Limited, Shiny Snow Holding Limited, and Smart Beat Limited, are each companies organized under the laws of the British Virgin Islands (collectively, the “Shi Family Companies”). The registered address for the Shi Family Companies is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands. Mr. Shi Huashan and certain of his relatives (the “Shi Family”) have entered into trust agreements with three non-PRC individuals, under which the non-PRC individuals shall hold the shares of the Shi Family Companies as trustees for the benefit of the Shi Family. The natural persons with voting power and investment power on behalf of the Shi Family Companies are (i) Chong Shun, (ii) Kuo Ching Wan Amy, and (iii) Wey Meirong, respectively (collectively, the “Trustees”). As beneficiaries of the trust arrangements, members of the Shi Family have only economic rights with respect to the shares held by the Shi Family Companies. Mr. Shi Huashan and the Shi Family hereby disclaim beneficial ownership except to the extent of their pecuniary interest in the Company shares held by the Shi Family Companies.

(2) Barry Kitt exercises investment discretion and control over the shares of common stock of the Company held by The Pinnacle Fund, L.P., a Texas limited partnership (“Pinnacle”) and Pinnacle China Fund, L.P., a Texas limited partnership (“Pinnacle China”). Pinnacle Advisers, L.P. (“Advisers”) is the general partner of Pinnacle. Pinnacle Fund Management, LLC (“Management”) is the general partner of Advisers. Mr. Kitt is the sole member of Management. Pinnacle China Advisers, L.P. (“China Advisers”) is the general partner of Pinnacle China. Pinnacle China Management, LLC (“China Management”) is the general partner of China Advisers. Kitt China Management, LLC (“China Manager”) is the manager of China Management. Mr. Kitt is the manager of China Manager. As of December 31, 2007, Pinnacle and Pinnacle China were the beneficial owners of 2,045,454 shares of Common Stock. Mr. Kitt may be deemed to be the beneficial owner of the shares of Common Stock beneficially owned by Pinnacle and Pinnacle China. Mr. Kitt expressly disclaims beneficial ownership of all shares of Common Stock beneficially owned by Pinnacle and Pinnacle China.

Equity Compensation Plan Information

We have not adopted any equity compensation plan as of December 30, 2009.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Since the beginning of our last fiscal year we had the following transactions in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest:

Related Party Transactions of Chuming

Our current Chief Executive Officer, Mr. Shi Huashan, is also the Chief Executive Officer and a controlling beneficial shareholder of our former parent company, Dalian Chuming Group Co., Ltd. Mr. Shi devotes the majority of his time and effort to his role as our Chief Executive Officer under our employment agreement with him. A description of the executive employment agreements we have with our executives, including the employment agreement between Mr. Shi and the Company, under the heading “Employment Agreements” earlier in this report. However, some portion of his time is spent on the business and affairs of Dalian Chuming Group Co., Ltd., and in his capacity as the principal executive officer, he presides over management and the day-to-day operations of Dalian Chuming Group Co., Ltd.

In the normal course of business, we conduct transactions with the following related parties, that are not consolidated into the Company or its subsidiaries: (1) Dalian Chuming Group Co., Ltd., also referred to this report as the "Group", and the Group's subsidiaries: (2) Dalian Chuming Industrial Development Co., Ltd., (3) Dalian Chuming Trading Co., Ltd, (4) Dalian Mingxing Livestock Product Co. Ltd., (5) Dalian Chuming Stockbreeding Combo Development Co., Ltd., (6) Dalian Chuming Fodder Co., Ltd., (7) Dalian Chuming Biological Technology Co., Ltd., and (8) Dalian Huayu Seafood Food Co., Ltd. The Company and the aforementioned related parties share common beneficial ownership. All related party transactions are conducted between Chuming WFOE and the Group. All transactions with related parties are generally performed at arm's length, and in 2008, all such transactions were conducted at arm's length.

Management believes that these transactions are material to our operations and results. For further details concerning the nature of these transactions, refer to footnote 5 in the Notes to Consolidated Financial Statements as at and for the years ended December 31, 2008, 2007 and 2006. Paragraph 2(c) of the Statement of Financial Accounting Standards No. 57 (SFAS 57) requires us to disclose in our financial statements the dollar amounts of each of the periods presented, as well as the effect of any change in the method of establishing the terms from that used in the preceding period, for our related-party transactions. Due to certain limitations in our historical records heading up to the end of fiscal 2007, the present capacity of our accounting staff, and the fact that our historical records relating to these related party transactions are manually-based, we have presented these related party transactions according to their general category and current balance, and each such balance may represent a series of prior transactions culminating in such balance. The Company and management acknowledge our responsibility to comply with the requirements of SFAS 57, and fully intend to take all necessary steps to update our accounting systems and procedures in order to achieve such compliance on an ongoing basis. Specifically, we intend to update our systems and methods of tracking related party transactions, by adding appropriate accounting staff to enhance our capabilities, and put in place procedures to track and record all relevant aspects of our related party transactions as necessary to comply with the requirements of SFAS 57 and the SEC disclosure rules.

The Company believes that its related-party transactions with the Group, as a whole, have a significant bearing on our financial results. As of December 31, 2008, approximately 58% of our supply of live hogs was acquired from the Group. Accordingly, our cost of sales is significantly correlated with our hog purchasing arrangement with the Group. The hogs that were purchased from the Group comprised 49% and 52% of our total cost of sales for the years 2008 and 2007, respectively. The remainder of our supply of hogs was purchased by us directly from breeders, whom we provide training and technical advice to help ensure quality.

Due to the non-exclusive roles of Mr. Shi as our CEO and the principal executive officer of the Group, with whom we conduct business from time to time, potential conflicts of interest may arise. In particular, situations might arise in which we transact business with the Group, and certain terms of agreements might be favorable to us, but conversely unfavorable to the Group, and vice versa. In order to effectively handle such conflict of interest scenarios, our management intends to submit all related party transactions to our independent board of directors, or appropriate committee of the board, for review and approval.

The "Chuming" trademark and rights to the "Huayu" trademark application in the PRC are owned by Dalian Chuming Industry Development Co., Ltd., a subsidiary of the Group. We have been granted a perpetual fully paid up license to use both of these trademarks in connection with our business, under two trademark agreements with Dalian Chuming Industry Development Co., Ltd.

On December 17, 2007, we entered into a Long-Term Hog Procurement Agreement with the Group, our former parent. This agreement specifies that the Group should supply no less than 800,000 live hogs in 2009 and 800,000 in 2010, and the price for the hogs is at the fair market price at the time of acquisition.

In 2004, we obtained a loan of $20,466,901 (RMB 160,000,000) from the Group, which in turn, obtained these funds in a joint loan commitment from both China Development Bank and Shenzhen Development Bank ("Banks") via a collateralized loan. The Group collateralized the loan by purchasing a bond from China Export and Credit Insurance Corporation ("Bond Issuer"). The bond guarantees to the Banks the entire principal and accrued interest of the loan. The cost of the bond is RMB 1,000,000 annually, or in USD: $120,668, 121,902, and 125,284 for the years 2004, 2005, and 2006, respectively, which was paid by us. The loan carries a fixed interest of 5.76% per annum. We pledged both land use rights and buildings to the Bond Issuer. We pursued a loan from the Group as the financing solution of choice because our tangible assets, at the time of origination, were insufficient to collateralize the loan. Additionally, we at that time lacked the favorable credit history to directly establish credit facility with the bank.

At December 31, 2007, we repaid the debt in its entirety to the Group by setting off receivables owed by the Group to us. We repaid the loan in order to meet the requirements of the equity financing transaction detailed in Note 18 of our financial statements included in this report. The balances are now owed by the Group to the Banks, and liability for paying the bonding insurance annually lies with the Group. The pledged collateral of land use rights and buildings made to the Bond Issuer still underlie the loan currently owed by the Group, and as such, our assets, namely the buildings and land use rights are at risk if the Group were to default on this loan.

At December 31, 2008, the Company had the following short term loans outstanding:

The loan provided by the Bank of China is secured by the Meat Company's land use rights, which have been appraised at a fair market value of $5,605,611 (RMB 41,000,000). The Shanghai Pudong Development Bank loan has been guaranteed by the Group.

At September 30, 2009 the Company had the following short term loans outstanding:

Bank	Interest Rate	Due Date	Amount
Bank of China	6.1586%	10/26/2009	$ 4,387,504
Bank of Huaxie	6.372%	3/3/2010	4,387,504
Bank of China	7.326%	10/17/2009	2,047,503
Shanghai Pufa Development Bank	5.841%	7/16/2010	5,850,006
			$ 16,672,517

The loan provided by the Bank of China is secured by the Meat Company's land use rights, which have been appraised at a fair market value of $5,605,611 (RMB 41,000,000).

Related Party Transactions Prior to Change in Control

Set forth below are the related party transactions that took place since December 31, 2006, but prior to our change in control on December 31, 2007, between our shareholders, officers and/or directors, and us.

A shareholder, Jenson Services, paid $3,193 of the Company's operating expenses during the three months ended March 31, 2007 resulting in total accrued "loans from stockholders" of $25,871. The total $25,871 has been paid by Jenson Services and was payable to Jenson Services as of March 31, 2007.

On May 3, 2007, Energroup, along with its then-current directors and executive officers, entered into a stock purchase agreement with Halter Financial Investments, L.P., a Texas limited partnership ("HFI"), pursuant to which Energroup agreed to sell to HFI 11,200,000 pre-reverse split shares (approximately 1,600,000 post-reverse split shares) of unregistered, restricted common stock for $350,000 cash. This transaction closed on May 22, 2007. In conjunction with this stock purchase agreement, on May 3, 2007, certain of Energroup's then-principal shareholders, as a condition of the closing of the stock purchase agreement surrendered and cancelled 1,350,000 then-issued and outstanding shares of Energroup common stock. These shares were surrendered as follows: Jenson Services, Inc., which then owned 2,480,500 pre-reverse split shares (approximately 354,290 post-reverse split shares) (or approximately 68% of our then-outstanding voting securities) delivered 375,000 of its pre-reverse split shares (approximately 53,572 post-reverse split shares) for cancellation; James P. Doolin, which then owned 475,000 pre-reverse split shares (approximately 67,858 post-reverse split shares) (or approximately 13% of our then-outstanding voting securities) delivered 475,000 pre-reverse split shares (approximately 67,858 post-reverse split shares) for cancellation; and his sister, Alycia Anthony, which then owned 500,000 pre-reverse split shares (approximately 71,429 post-reverse split shares (or approximately 14% of our then-outstanding voting securities) delivered 500,000 pre-reverse split shares (approximately 71,429 post-reverse split shares) for cancellation. All of these cancelled shares were returned to the status of authorized and unissued shares of Energroup. No consideration was given by Energroup in the cancellation of these shares. The effect of the share cancellations was to reduce the carrying par value of shares surrendered and a corresponding increase to additional paid-in capital.

Under the terms of the stock purchase agreement, on May 3, 2007, the board of directors of Energroup at the time declared a special cash distribution of $0.1219 per share to shareholders of record as of May 17, 2007, the record date for the special cash distribution. Neither HFI nor the shares surrendered by Jenson Services or James P. Doolin or Alycia Anthony participated in the special cash distribution. The special cash distribution was paid on May 29, 2007, to shareholders of record on the record date, subject to the closing of the stock purchase agreement. The special cash distribution was paid to the holders of an aggregate 2,297,421 pre-reverse split shares of Energroup's common stock, after giving effect to the cancellation of 1,350,000 pre-reverse split shares discussed above, which resulted in a total cash distribution of approximately $280,000. The special cash distribution was a condition of the closing of the stock purchase agreement.

As at the date of this prospectus, we do not have any policies in place with respect to whether we will enter into agreements with related parties in the future or for the review, approval or ratification of such related party transactions.

DESCRIPTION OF SECURITIES

The following information describes our capital stock and provisions of our articles of incorporation and our bylaws, all as in effect upon the closing of the share exchange transaction. This description is only a summary. You should also refer to our articles of incorporation, bylaws and articles of amendment which have been incorporated by reference or filed with the SEC as exhibits to the registration statement on Form S-1 of which this prospectus forms a part.

General

As of December 30, 2009 we have 31,739,130 shares authorized of which 21,739,130 are shares of common stock, par value $0.001 and 10,000,000 are shares of preferred stock, par value $0.001. There are 21,136,392 shares of common stock issued and outstanding and -0- shares of preferred stock issued and outstanding.

Common Stock

Holders of common stock are entitled to one vote for each share on all matters submitted to a shareholder vote. Holders of common stock do not have cumulative voting rights. Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of common stock are entitled to share in all dividends that the board of directors, in its discretion, declares from legally available funds. In the event of our liquidation, dissolution or winding up, subject to preferences that may be applicable to any then-outstanding preferred stock, each outstanding share entitles its holder to participate in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock.

Holders of common stock have no conversion, preemptive or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. The rights of the holders of common stock are subject to any rights that may be fixed for holders of preferred stock, when and if any preferred stock is authorized and issued. All outstanding shares of common stock are duly authorized, validly issued, fully paid and non-assessable.

Preferred Stock

Our board of directors, without further shareholder approval, may issue preferred stock in one or more classes or series as the board may determine from time to time. Each such class or series shall be distinctly designated. All shares of any one class or series of the preferred stock shall be alike in every particular, except that there may be different dates from which dividends thereon, if any, shall be cumulative, if made cumulative. The voting powers, designations, preferences, limitations, restrictions and relative rights thereof, if any, may differ from those of any and all other series outstanding at any time. Our board of directors has express authority to fix (by resolutions adopted prior to the issuance of any shares of each particular class or series of preferred stock) the number of shares, voting powers, designations, preferences, limitations, restrictions and relative rights of each such class or series. The rights granted to the holders of any series of preferred stock could adversely affect the voting power of the holders of common stock and issuance of preferred stock may delay, defer or prevent a change in our control.

Registration Rights

We have agreed to undertake to file this prospectus and related registration statement to register the common stock issued to the investors in the Financing. We were obligated to have the Registration Statement of which this prospectus forms a part, declared effective by the Securities and Exchange Commission (the “SEC”) no later than 135 days after the closing of the Financing, or be subject to the payment of liquidated damages payable in cash of 1% of the total Financing amount per month up to a maximum amount of 10% of the total Financing amount, or $1.7 million. We were unable to meet this deadline, and as a result we currently owe liquidated damages in the amount of $1.7million. Under the terms of the Settlement Agreement, the investors have agreed to waive the liquidated damages owing if we comply with new deadlines for the appointment of the new CFO, the independent directors and the effectiveness of the Registration Statement

Registration of these shares of common stock would result in the holders being able to trade these shares without restriction under the Securities Act once the applicable registration statement is declared effective. We will pay all registration expenses related to any registration. Non-registration penalties do not apply when the holder can sell all of the holder's shares pursuant to Rule 144 under the Securities Act.

Market Price of and Dividends on Common Equity and Related Shareholder Matters

Our common stock is not listed on any stock exchange. Our common stock is traded over-the-counter on the OTC Bulletin Board under the symbol "ENHD.OB". The following table sets forth the high and low bid information for our common stock for each quarter within our last three fiscal years and subsequent interim periods, as reported by the OTC Bulletin Board. The bid prices reflect inter-dealer quotations, do not include retail markups, markdowns or commissions and do not necessarily reflect actual transactions.

	Low		High	
2009				
Quarter ended December 31, 2009	$	2.00	$	3.00
Quarter ended September 30, 2009	$	2.00	$	3.05
Quarter ended June 30, 2009	$	0.51	$	2.15
Quarter ended March 31, 2009	$	0.40	$	1.05
2008				
Quarter ended December 31, 2008	$	0.25	$	0.51
Quarter ended September 30, 2008	$	0.25	$	5.00
Quarter ended June 30, 2008	$	5.00	$	5.00
Quarter ended March 31, 2008	$	5.00	$	53.00
2007 (1)				
Quarter ended December 31, 2007	$	53.00	$	53.00
Quarter ended September 30, 2007	$	4.65	$	4.65
Quarter ended June 30, 2007	$	4.65	$	4.65
Quarter ended March 31, 2007	$	4.65	$	4.65

(1) Adjusted for reverse stock split effective on December 14, 2007.

Holders

As of December 30, 2009, there were approximately 160 shareholders of record of our common stock.

Transfer Agent

Our transfer agent is Western States Transfer and Registrar, Inc., and its telephone number is (801) 523-1547. Our transfer agent's address is 1911 Ryan Park Avenune, Sandy, Utah 84092.

DIVIDENDS

On May 3, 2007, prior to the share exchange transaction with PSI and its shareholders, Energroup, along with its then-current directors and executive officers, entered into a stock purchase agreement with Halter Financial Investments, L.P., a Texas limited partnership ("HFI"), pursuant to which we agreed to sell to HFI 11,200,000 pre-reverse split shares (approximately 1,600,000 post-reverse split shares) of unregistered, restricted common stock for $350,000 cash. This transaction closed on May 22, 2007. In conjunction with this stock purchase agreement, on May 3, 2007, certain of our then-principal shareholders, as a condition of the closing of the stock purchase agreement surrendered and cancelled 1,350,000 then-issued and outstanding shares of our common stock. These shares were surrendered as follows: Jenson Services, Inc., which then owned 2,480,500 pre-reverse split shares (approximately 354,290 post-reverse split shares) (or approximately 68% of our then-outstanding voting securities) delivered 375,000 of its pre-reverse split shares (approximately 53,572 post-reverse split shares) for cancellation; James P. Doolin, which then owned 475,000 pre-reverse split shares (approximately 67,858 post-reverse split shares) (or approximately 13% of our then-outstanding voting securities) delivered 475,000 pre-reverse split shares (approximately 67,858 post-reverse split shares) for cancellation; and his sister, Alycia Anthony, which then owned 500,000 pre-reverse split shares (approximately 71,429 post-reverse split shares (or approximately 14% of our then-outstanding voting securities) delivered 500,000 pre-reverse split shares (approximately 71,429 post-reverse split shares) for cancellation. All of these cancelled shares were returned to the status of authorized and unissued shares. No consideration was given by us in the cancellation of these shares. The effect of the share cancellations was to reduce the carrying par value of shares surrendered and a corresponding increase to additional paid-in capital.

Under the terms of the stock purchase agreement, on May 3, 2007, the then-current board of directors of Energroup declared a special cash distribution of $0.1219 per share to its shareholders of record as of May 17, 2007, the record date for the special cash distribution. Neither HFI or the shares surrendered by Jenson Services or James P. Doolin or Alycia Anthony participated in the special cash distribution. The special cash distribution was paid on May 29, 2007, to shareholders of record on the record date, subject to the closing of the stock purchase agreement. The special cash distribution was paid to the holders of an aggregate 2,297,421 pre-reverse split shares of our common stock, after giving effect to the cancellation of 1,350,000 pre-reverse split shares discussed above, which resulted in a total cash distribution of approximately $280,000. The special cash distribution was a condition of the closing of the stock purchase agreement.

Except for the special cash distribution described above, we have never paid cash dividends on our common stock. Since the reverse take-over transaction on December 31, 2007, we have not declared or paid any dividends.

We intend to keep future earnings, if any, to finance the expansion of our business, and we do not anticipate that any cash dividends will be paid in the foreseeable future. Our future payment of dividends will depend on our earnings, capital requirements, expansion plans, financial condition and other relevant factors that our board of directors may deem relevant. Our retained earnings deficit currently limits our ability to pay dividends. PRC regulations, which apply to Chuming WFOE, Meat Company, Food Company and Sales Company currently permit payment of dividends only out of accumulated profits, as determined in accordance with PRC accounting standards and regulations. The PRC government imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of the PRC. We may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency.

LEGAL MATTERS

Richardson & Patel LLP has rendered an opinion regarding the legality of the issuance of the shares of common stock being registered in this prospectus.

EXPERTS

Our consolidated financial statements for each of the fiscal years ending December 31, 2008 and 2007, have been audited by our independent auditor, Samuel H. Wong & Co., LLP, certified public accountants registered with the Public Company Accounting Oversight Board, which firm also reviewed our interim consolidated financial statements for the nine months ending September 30, 2009, as set forth in their report. We have included our consolidated financial statements in this prospectus in reliance on the report of the above-named independent auditor, given upon their authority as experts in accounting and auditing.

DISCLOSURE OF COMMISSION POSITION OF INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for our directors, officers and controlling persons pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

ADDITIONAL INFORMATION

Energroup Holdings Corporation is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the " Exchange Act"). Reports filed with the SEC pursuant to the Exchange Act, including proxy statements, annual and quarterly reports, and other reports filed by the Company can be inspected and copied at the public reference facilities maintained by the SEC at the Headquarters Office, 100 F. Street N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. You can request copies of these documents upon payment of a duplicating fee by writing to the SEC. The Company's filings are also available on the SEC's internet site (http://www.sec.gov).

Energroup Holdings Corporation - Index of Financial Statements

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Energroup Holdings Corporation
Consolidated Balance Sheets
As of September 30, 2009 and December 31, 2008
(Stated in US Dollars)

ASSETS	Note		At September 30, 2009		At December 31, 2008
Current Assets					
Cash		$	14,670,937	$	5,695,798
Restricted Cash	2(D),3		2,175,676		2,177,091
Accounts Receivable	2(E),4		30,311,236		18,661,065
Other Receivable			6,378,797		2,162,412
Related Party Receivable	5		17,714,847		10,919,777
Inventory	2(F),6		6,305,385		6,051,109
Purchase Deposit	2(G)		1,198,540		1,453,861
Prepaid Expenses			36,268		62,734
Prepaid Taxes			274,979		334,413
Deferred Tax Asset			645,171		643,609
Total Current Assets			79,711,836		48,161,869
Non-Current Assets					
Property, Plant & Equipment, net	2(H),7		24,261,966		25,794,151
Land Use Rights, net	2(I),8		13,265,187		13,430,435
Construction in Progress	2(J)		6,691,893		3,262,146
Other Assets			-		34,807
TOTAL ASSETS		$	123,930,882	$	90,683,408
LIABILITIES					
Current Liabilities					
Bank Loans & Notes	9	$	16,672,517	$	6,419,422
Accounts Payable			4,634,941		7,695,208
Taxes Payable			5,657,814		2,341,971
Other Payable			3,951,402		2,318,142
Accrued Liabilities			2,444,836		1,724,266
Customer Deposits	2(L)		4,312,331		3,258,752
Total Current Liabilities			37,673,841		23,757,761
TOTAL LIABILITIES		$	37,673,841	$	23,757,761

See Accompanying Notes to the Consolidated Financial Statements

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Energroup Holdings Corporation

Consolidated Balance Sheets
As of September 30, 2009 and December 31, 2008
(Stated in US Dollars)

STOCKHOLDERS' EQUITY	Note	At September 30, 2009	At December 31, 2008
Preferred Stock - $0.001 par value 10,000,000 shares authorized; 0 shares issued & outstanding at September 30, 2009 and December 31, 2008, respectively.		$ -	$ -
Common Stock $0.001 par value 21,739,130 shares authorized; 21,136,392 shares issued & outstanding at September 30, 2009 and December 31, 2008, respectively.		21,137	21,137
Additional Paid in Capital		38,900,380	26,062,337
Statutory Reserve	2(M),11	2,077,488	2,077,488
Retained Earnings		39,995,333	35,275,457
Accumulated Other Comprehensive Income	2(N)	5,262,704	3,489,228
TOTAL STOCKHOLDERS' EQUITY		86,257,041	66,925,647
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 123,930,882	$ 90,683,408

See Accompanying Notes to the Consolidated Financial Statements

Energroup Holdings Corporation
Consolidated Statements of Income
For the three and nine months ended September 30, 2009 and 2008

(Stated in US Dollars)

	Note	3 months ended September 30, 2009	3 months ended September 30, 2008	9 months ended September 30, 2009	9 months ended September 30, 2008
Sales	2(O)	$ 67,821,080	$ 53,725,596	$ 156,852,674	$ 140,309,218
Cost of Sales	2(P)	(57,246,206)	(47,254,631)	(133,615,742)	(120,329,483)
Gross Profit		10,574,874	6,470,965	23,236,932	19,979,735
Selling Expenses	2(Q)	(706,664)	(878,893)	(2,079,027)	(3,463,947)
General & Adm. Expenses	2(R)	(614,806)	(734,976)	(1,885,651)	(1,881,138)
Operating Income		9,253,405	4,857,096	19,272,254	14,634,650
Other Income		7,204	680,344	35,552	1,420,060
Other Expenses		(8,270)	(413,264)	(71,978)	(514,000)
Interest Income		13,574	-	131,139	279,097
Interest Expense		(206,869)	(587,118)	(509,464)	(1,194,197)
Government Subsidy Income		14	-	141,834	-
Release of Make Good Shares		(4,619,816)	-	(12,838,043)	-
Earnings before Tax		4,439,242	4,537,058	6,161,294	14,625,611
Income Tax	2(V),13	(686,232)	(216,770)	(1,441,418)	(449,138)
Net Income		$ 3,753,010	$ 4,320,288	$ 4,719,876	$ 14,176,473
Earnings Per Share	2(Y),16				
Basic		$ 0.22	$ 0.25	$ 0.27	$ 0.82
Diluted		$ 0.18	$ 0.20	$ 0.22	$ 0.67
Weighted Average Shares Outstanding					
Basic		17,272,756	17,272,756	17,272,756	17,272,756
Diluted		21,136,392	21,182,756	21,136,392	21,182,756

See Accompanying Notes to the Consolidated Financial Statements

Energroup Holdings Corporation
Consolidated Statements of Changes in Stockholders' Equity
As of September 30, 2009 and December 31, 2008
(Stated in US Dollars)

Common Stock		Additional			Accumulated
Shares Outstanding	Amount	Paid in Capital	Statutory Reserve	Retained Earnings	Other Comprehensive Income