LG Display Co., Ltd.
Form 6-K
August 14, 2008
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 UNDER

THE SECURITIES EXCHANGE ACT OF 1934

For the month of Aug 2008

LG Display Co., Ltd.

(Translation of Registrant s name into English)

20 Yoido-dong, Youngdungpo-gu, Seoul 150-721, The Republic of Korea

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F __X__ Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No __X__

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SEMIANNUAL REPORT

(From January 1, 2008 to June 30, 2008)

THIS IS A TRANSLATION OF THE SEMIANNUAL REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A NON-CONSOLIDATED BASIS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN KOREA, OR KOREAN GAAP, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES IN THIS DOCUMENT.

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1. Overview

A. Industry

(1) Industry characteristics and growth potential

TFT-LCD technology is one of the most widely used technologies in the manufacture of flat panel displays and the demand for flat panel displays is growing. The flat panel display industry is characterized by entry barriers due to rapidly evolving technology, capital-intensive characteristics, and the significant investments required to achieve economies of scale, among other factors. There is strong competition between a relatively small number of players within the industry and production capacity in the industry, including ours, is being continually increased.

The demand for LCD panels for notebook computers & monitors has been closely related to the IT industry cycle. The demand for LCD panels for TVs is growing with the start of HDTV broadcasting and as LCD TV has come to play an important role in the digital display market. There is competition between TFT-LCD and PDP technologies in the area of large flat TV products. In addition, markets for small- to medium-sized LCD panels, such as mobile phones, P-A/V, medical applications and automobile navigation systems, among others, are growing steadily.

The average selling prices of LCD panels have declined in general and are expected to continually decline with time irrespective of general business cycles as a result of, among other factors, technology advances and cost reductions.

(2) Cyclicality

The TFT-LCD business is highly cyclical as well as being capital-intensive. In spite of the increase in demand for products, this industry has experienced periodic volatility caused by imbalances between demand and supply due to capacity expansion within the industry.

Intense competition and expectations of demand growth may lead panel manufacturers to invest in manufacturing capacity on similar schedules, resulting in a surge in capacity when production is ramped up at new fabrication facilities.

During such surges in capacity growth, our customers can exert and have exerted strong downward pricing pressure, resulting in sharp declines in average selling prices and significant fluctuations in our gross margins. Conversely, demand surges and fluctuations in the supply chain can lead to price increases.

(3) Competitiveness

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, performance and reliability, successful and timely investment and product development, success of our end-brand customers in marketing their brands and products, component and raw material supply costs, foreign exchange rate and general economic and industry conditions.

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Core competitiveness includes technology leadership, capability to design new products and premium products, timely investment in advanced fabs, cost leadership through application of large production lines, innovation of process and productivity, and collaborative customer relationships.

Most importantly, cost leadership and stable and long-term relationships with customers are critical to secure profit even in a buyer s market.

A substantial portion of our sales is attributable to a limited group of end-brand customers and their designated system integrators. The loss of these end-brand customers, as a result of customers entering into strategic supplier arrangements with our competitors or otherwise, would thus result in reduced sales.

Developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. We take active measures to protect our intellectual property internationally by obtaining patents and undertaking monitoring activities in our major markets. It is also necessary to recruit and retain the experienced key staffs and highly skilled line operators.

(4) Sourcing material

Key materials (including color filters) are sourced in-house as well as from domestic and overseas vendors.

The shortage of raw materials may arise temporarily due to the rapid increase in demand for raw materials resulting from capacity expansion in the TFT-LCD industry.

We have purchased, and expect to purchase, a substantial portion of our equipment from a limited number of qualified foreign and local suppliers. From time to time, increased demand for new equipment may cause lead times to extend beyond those normally required by the equipment vendors.

(5) Others

Most TFT-LCD panel makers are located in Asia.

a. Korea: LG Display, Samsung Electronics (including a joint venture between Samsung Electronics and Sony Corporation), BOE-Hydis

b. Taiwan: AU Optronics, Chi Mei Optoelectronics, CPT, etc.

c. Japan: Sharp, IPS-Alpha, etc.

d. China: SVA-NEC, BOE-OT, etc.

B. Company

(1) Business overview

Commercial production for our TFT-LCD business began in September 1995 at P1, which was then the first fabrication facility of LG Electronics. At the end of 1998, LG Electronics and LG Semicon transferred their respective TFT-LCD related businesses to LG Soft Co., Ltd (currently LG Display). It became a joint venture between LG Electronics and Philips Electronics in August 1999. In July 2004, we completed our initial public offering and listed our common stock on the Korea Exchange and our ADSs on the New York Stock Exchange. As of June 30, 2008, we operate seven fabrication facilities located in Gumi and Paju, Korea, and seven module facilities located in Gumi and Paju, Korea; Nanjing (3 factories) and Guangzhou, China; and Wroclaw, Poland.

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We became the first LCD maker in the world to commence commercial production at a 4th generation fab (P3) in July 2000 and at a 5th generation fab (P4) in March 2002, and we started mass production at our 6th generation fab (P6) in August 2004, which allows us to produce LCD panels for large TVs and monitors. With the commencement of mass production at our 7th generation fab (P7) in January 2006 and with our decision to invest in an 8th generation fab (P8) in October 2007, we are expanding our production capacity in line with the growing large-sized LCD TV market. In addition, in July 2007, we decided to make additional investments in our 6th generation fab (P6) to prepare for the growth of the TFT-LCD market.

Our non-consolidated sales increased by 40.5% from KRW 5,874 billion in the first half of 2007 to KRW 8,251 billion in the first half of 2008. We recorded non-consolidated operating income of KRW 1,779 billion in the first half of 2008 compared to non-consolidated operating loss of KRW 99 billion in the first half of 2007 and we recorded non-consolidated net income of KRW 1,492 billion in the first half of 2008 compared to non-consolidated net income of KRW 60 billion in the first half of 2007. (Our consolidated sales under Korean GAAP increased by approximately 35.7% from KRW 6,077 billion in the first half of 2007 to KRW 8,247 billion in the first half of 2008. We recorded consolidated operating income under Korean GAAP of KRW 1,770 billion in the first half of 2008 compared to consolidated operating loss of KRW 58 billion in the first half of 2007. In addition, we recorded consolidated net income of KRW 1,476 billion in the first half of 2008 compared to consolidated net income of KRW 60 billion in the first half of 2007.)

We reinforced our position as a leader in LCD technology by developing public displays such as the world s largest 52-inch multi-touch screen panel and a 47-inch triple-view panel as well as the world s largest 6-inch oval LCD panel, a 17.1-inch switchable 3D display which function allows for a 2D/3D conversion with ease, a 15-inch TFT LCD panel with a C/F board that applies the role printing method and a 15-inch AM OLED that uses the a-Si method.

Moreover, we formed strategic alliances or entered into long-term sales contracts with major global firms such as Dell, Hewlett Packard and Kodak of the United States and Japan s Toshiba, among others, to secure customers and expand partnerships for technology development.

(2) Market shares

Our worldwide market share for large-size TFT-LCD panels (10-inch or large) based on revenue

	2008 H1	**2007**	**2006**
Panel for Notebook Computers	30.1%	28.5%	26.2%
Panel for Monitors	15.9%	15.6%	15.6%
Panel for TVs	18.0%	22.0%	23.6%
Total	19.4%	20.4%	20.5%

* Source: DisplaySearch Q3 2008

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(3) Market characteristics

Due to the recent high growth in the display appliance market for the flat display format, the scale of the LCD market is growing at a rapid rate, resulting in expansion of the market centered mainly in America, Japan, Europe and China.

(4) New business

As of the end of the first half of 2008, P7 in our Paju Display Cluster reached an expanded production capacity of over 150 thousand sheets of glass substrates per month and we have commenced the construction of P8 (8th generation fab) in anticipation of growth in the large-sized TFT-LCD market.

In May 2006, we entered into an investment agreement with the Guangzhou Development District Administrative Committee to construct a module production plant in Guangzhou, China, and in June 2006, we established LG Display Guangzhou Co., Ltd. (f/k/a LG.Philips LCD Guangzhou Co., Ltd.). We commenced mass production at the new module production plant in December 2007 and we held an opening ceremony for the module production plant in April 2008.

In June 2008, we launched the OLED Business Unit in anticipation of future growth in the OLED business. In addition, we also plan to strengthen our market position in the future display technologies by accelerating the development of flexible display technologies and leading the LED back-light LCD market.

In order to facilitate a cooperative purchasing relationship with HannStar Display Corporation (HannStar), a company that manufactures TFT-LCD panels in Taiwan, we decided to purchase 180 million shares of preferred stock of HannStar at a purchase price of NT$3,170,250,000. We acquired the preferred shares in February 2008. The preferred shares mature in three years and are convertible into shares of common stock of HannStar.

We are making an effort to increase our competitiveness by forming cooperative relationships with our suppliers and purchasers of our products. As part of this effort, in June 2008 we purchased 2,037,204 shares of AVACO, which produces sputters, a core equipment for LCD production, and we purchased 1,008,875 shares of TLI Co., Ltd., which produces core LCD panel components such as Timing Controllers and Drive ICs. By promoting strategic relationships with equipments and parts suppliers which enables us to obtain a stable source of supply of equipments and parts at competitive prices, we have strengthened our competitive position in the LCD business.

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In July 2008, we and Skyworth RGB Electronics founded a R&D joint venture corporation with a registered capital of CNY 50 million in China.

(5) Organization chart as of June 30, 2008

- CEO: Chief Executive Officer

- CFO: Chief Financial Officer

- CPO: Chief Production Officer

- CTO: Chief Technology Officer

C. Recent developments

(1) January 2008: Acquired OLED business from LG Electronics

(2) March 2008: Changed the name of the Company from LG.Philips LCD Co., Ltd. to LG Display Co., Ltd.

(3) Major contracts

February 2008: Extended trademark license agreement with Philips Electronics
(January 1, 2008 ~ June 30, 2008)

February 2008: Extended trademark license agreement with LG Corp.
(January 1, 2008 ~ December 31, 2010)

April 2008: Entered into an agreement with Skyworth RGB Electronics to establish a research and development joint venture company

June 2008: Skyworth TV Holdings Limited purchased a 16% interest in LG Display Guangzhou Co., Ltd

2. Information Regarding Shares

A. Change in Capital Stock

(Unit: KRW, Share)

Date	Descriptions	Change in number of common shares	Face amount per share
July 27, 2005	Follow-on offering*	32,500,000	5,000

* ADSs offering: 32,500,000 shares (US$42.64 per share, US$21.32 per ADS)

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B. Convertible Bonds

(Unit: USD, Share)

Item		Content
Issuing date		April 18, 2007
Maturity (Redemption date after put option exercise)		April 18, 2012 (April 18, 2010)
Face Amount		USD550,000,000
Offering method		Public offering
Conversion period		Convertible into shares of common stock during the period from April 19, 2008 to April 3, 2012
Conversion price		KRW 48,760 per share*
Conversion status	Number of shares already converted	None
	Number of convertible shares	10,530,762 shares if all are converted*
Remarks		Registered form Listed on Singapore Exchange

* Conversion price was adjusted from KRW 49,070 to KRW 48,760 and the number of convertible shares was adjusted from 10,464,234 to 10,530,762 following the approval by the stockholders, during the annual general meeting of stockholders on February 29, 2008, of a cash dividend of KRW 750 per share.

C. Shareholder List

(1) Total shares issued and outstanding: 357,815,700 shares as of June 30, 2008

(2) Largest shareholder and related parties as of June 30, 2008

(Unit: share)

Name	Relationship	January 1, 2008	Increase/Decrease	June 30, 2008
LG Electronics	Largest Shareholder	135,625,000 (37.9%)		135,625,000 (37.9%)
Young Soo Kwon	Related Party	15,000 (0.0%)	8,000	23,000 (0.0%)
Total		135,640,000 (37.9%)	8,000	135,648,000 (37.9%)

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(3) Shareholders who owned 5% or more of our shares as of December 31, 2007

(Unit: share)

Name	Type of stock	Number of shares	Ratio
LG Electronics	Common Stock	135,625,000	37.9%
Philips Electronics	Common Stock	71,225,000	19.9%*
Total		206,850,000	57.8%

* On March 17, 2008, Philips Electronics sold an additional 6.7% of our common stock (24 million shares of common stock).

D. Voting rights as of June 30, 2008

(Unit: share)

Description	Number of shares
1. Shares with voting rights [A-B]	357,815,700
A. Total shares issued	357,815,700
B. Shares without voting rights	
2. Shares with restricted voting rights	
Total number of shares with voting rights [1-2]	357,815,700

E. Dividends

On February 29, 2008, we declared a cash dividend of KRW 750 per share to our shareholders of record as of December 31, 2007 and distributed the cash dividend to such shareholders in March 2008.

Dividends during the recent 3 fiscal years

Description	2008 H1	2007	2006
Par value (Won)	5,000	5,000	5,000
Net income (loss) (Million Won)	1,492,108	1,344,027	(769,313)
Earnings (Loss) per share (Won)	4,170	3,756	(2,150)
Retained earning for dividends (Million Won)	5,251,973	4,028,227	2,711,036
Total cash dividend amount (Million Won)		268,362	
Total stock dividend amount (Million Won)			
Cash dividend payout ratio (%)			
Cash dividend yield (%)		1.6	
Stock dividend yield (%)			
Cash dividend per share (Won)		750	
Stock dividend per share (Won)			

* Earnings per share are calculated based on par value of 5,000 Won per share.

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(As a result of a stock split, par value of our shares changed to Won 5,000 per share from Won 10,000 per share as of May 25, 2004.)

* Retained earning for dividends is the amount before dividends are paid.
* Earnings per share is calculated by net income divided by weighted average number of common stock.

3. Major Products and Materials

A. Major products in H1 2008

(Unit: In billions of Won)

Business area	Sales types	Items (Market)	Specific use	Major trademark	Sales (%)
TFT-LCD	Product/ Service/ Other Sales	TFT-LCD (Overseas)	Notebook Computer, Monitor, TV, Applications Panels, etc.	LG Display	7,676 (93.0%)
		TFT-LCD (Korea*)	Notebook Computer, Monitor, TV, Applications Panels, etc.	LG Display	575 (7.0%)
Total					8,251 (100%)

* Including local export.
** Period: January 1, 2008 ~ June 30, 2008
*** Major products trademark has changed from LG. Philips LCD to LG Display

B. Average selling price trend of major products

(Unit: USD / m^2)

Description	2008 Q2	2008 Q1	2007 Q4	2007 Q3
TFT-LCD panel	1,274	1,339	1,375	1,364

* Semi-finished products in the cell process have been excluded.
** Quarterly average selling price per square meter of net display area shipped
*** On a consolidated basis

C. Major materials

(Unit: In billions of Won)

Business area	Purchase types	Items	Specific use	Purchase amount (%)	Suppliers
TFT-LCD	Materials	Glass	LCD panel manufacturing	1,093 (26.5%)	Samsung Corning Precision Glass Co., Ltd., NEG, etc.
		Back-Light		1,028 (25.0%)	Heesung Electronics Ltd., etc.
		Polarizer		548 (13.3%)	LG Chem., etc.
		Others		1,453 (35.2%)	
	Total			4,122 (100%)	

* Period : January 1, 2008 ~ Jun 30, 2008

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D. Price trend of major materials

Prices of major materials depend on fluctuations in supply and demand in the market as well as on change in size and quantity of raw materials according to the increased production of large-size panels.

4. Production and Equipment

A. Production capacity and calculation

(1) Production capacity

(Unit : 1,000 Glass sheets)

Business area	Items	Business place	2008 H1	2007	2006
TFT-LCD	TFT-LCD	Gumi, Paju	6,017	11,544	9,942

* Glass size per each factory not considered.

(2) Calculation of production capacity

a. Method

Assumptions for calculation

Based on input glass

Calculation method of production capacity

2008 H1: Monthly maximum input capacity per each factory in the first half of 2008 × number of months (6 months).

2007: Monthly maximum input capacity per each factory in year 2007 × number of months (12 months).

2006: Monthly maximum input capacity per each factory for 4th quarter of 2006 × number of months (12 months).

b. Average working hours

See 4.B(2) below.

B. Production performance and working ratio

(1) Production performance

(Unit: 1,000 Glass sheets)

Business area	Items	Business place	2008 H1	2007	2006
TFT-LCD	TFT-LCD	Gumi, Paju	5,719	10,182	9,052

* Based on input glass

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(2) Working Ratio *

(Unit: Hours)

Business place (area)	Available working hours of 2008 H1	Real working hours of 2008 H1	Average working ratio
Gumi (TFT-LCD)	4,368 (24 hours X 182 days)	4,368 (24 hours X 182 days)	100%
Paju (TFT-LCD)	4,368 (24 hours X 182 days)	4,368 (24 hours X 182days)	100%

C. Investment plan

(1) Investment in progress

(Unit: In billions of Won)

Business area	Description	Investment period	Investment assets	Investment effect	Total investment	Already invested	To be invested	Remarks
TFT-LCD	New / Expansion, etc.	Q4 05~	Building/ Machinery, etc.	New production facility	4,400	1,163	3,237	

(2) Investment Plan (Consolidated basis)

(Unit: In billions of Won)

Business area	Project	Expected yearly investment 2008 *	2009 **	2010 **	Investment effects	Remarks
TFT-LCD	New / Expansion, etc.	4,500			Capacity Expansion, etc.	

* Expected investments in 2008 are subject to change depending on market environment.

** Expected investments in 2009 and in 2010 cannot be projected due to industry characteristics.

5. Sales

A. Sales performance

(Unit: In billions of Won)

Business area	Sales types	Items (Market)		2008 H1	2007 H1	2007
TFT-LCD	Products, etc.	TFT-LCD	Overseas	7,676	5,422	13,137
			Korea*	575	452	1,026
			Total	8,251	5,874	14,163

* Including local export.

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B. Sales route and sales method

(1) Sales organization

As of June 30, 2008, each of the IT Business Unit, TV Business Unit, Mobile Business Unit, and OLED Business Unit had individual sales and customer support functions.

Sales subsidiaries in America, Germany, Japan, Taiwan and China (Shanghai and Shenzhen) perform sales activities in overseas countries and provide technical support to customers.

(2) Sales route

LG Display HQ g Overseas subsidiaries (USA/Germany/Japan/Taiwan/Shenzhen/Shanghai), etc. gSystem integrators, Branded customers g End users

LG Display HQ g System integrators, Branded customers g End users

(3) Sales methods and conditions

Direct sales & sales through overseas subsidiaries, etc.

(4) Sales strategy

To secure stable sales to major PC makers and the leading consumer electronics makers globally

To increase sales of premium notebook computer products, to strengthen sales of the larger size and high-end monitor segment and to lead the large and wide LCD TV market including in the category of full-HD 120Hz TV monitors

To diversify our market in the small- to medium-sized monitor segment, including products such as mobile phone, P-A/V, automobile navigation systems, aircraft instrumentation and medical diagnostic equipment, etc.

6. Directors & Employees

A. Members of the Board of Directors

Name	**Date of birth**	**Position**	**Business experience**
Young Soo Kwon	February 6, 1957	Representative Director, President and Chief Executive Officer	President and Chief Financial Officer of LG Electronics
James (Hoyoung) Jeong	November 2, 1961	Director and Chief Financial Officer	Executive Vice President and Chief Financial

			Officer of LG Electronics
Simon (Shin Ik) Kang	May 10, 1954	Director	Head of Digital Display Product Business Division of LG Electronics

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Paul Verhagen	February 2, 1962	Director	Chief Financial Officer of Consumer Lifestyle Section, Philips Electronics
Ingoo Han	October 15, 1956	Outside Director	Dean, Graduate School of Management, Korea Advanced Institute of Science and Technology
Dongwoo Chun	January 15, 1945	Outside Director	Outside Director, Pixelplus
Bruce. I. Berkoff	August 13, 1960	Outside Director	President of LCD TV Association
Yoshihide Nakamura	October 22, 1942	Outside Director	President of ULDAGE, Inc.
William Y. Kim	June 6, 1956	Outside Director	Partner of Ropes & Gray LLP

B. Committees of the Board of Directors

Committees of the Board of Directors as of June 30, 2008

Committee	**Member**
Audit Committee	Ingoo Han, Yoshihide Nakamura, William Y. Kim
Remuneration Committee	Simon (Shin Ik) Kang, Paul Verhagen, Dongwoo Chun, Bruce I. Berkoff
Outside Director Nomination and Corporate Governance Committee	Simon (Shin Ik) Kang, Paul Verhagen, Dongwoo Chun, William Y. Kim

C. Director & Officer Liability Insurance

(1) Overview of Director & Officer Liability Insurance (as of August 13, 2008)

(Unit: USD)

Name of insurance	**Premium paid in 2008**	**Limit of liability**	**Remarks**
Directors & Officers Liability Insurance	1,984,000	100,000,000	

* In July 2008, we renewed our director & officer liability insurance with coverage until July 2009.

(2) The approval procedure for the Director & Officer Liability Insurance

The limit for liability, coverage and premiums were approved by our internal regulation

(3) The insured

1. LG Display and its subsidiaries and their respective Directors and Officers

2. Duly elected or appointed Directors or Officers, past and new Directors and Officers during the policy period

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3. The estates and heirs of deceased Directors or Officers, and the legal representatives of Directors or Officers in the event of their incompetence, insolvency or bankruptcy (only if the Directors or Officers were employed at the time the acts were committed)

(4) The Covered Risks

1. The liability of a director or an officer for the Loss to shareholders or 3rd parties, arising from any alleged Wrongful Act of a director or officer of the Company in their respective capacities, provided that the director or officer duly discharged his or her fiduciary duties

   a. Wrongful Act means any breach of duty, neglect, error, misstatement, misleading statement, omission, or act by the Directors or Officers

   b. Loss includes damages, judgments, settlements and Defense Costs

2. Coverage for security holder derivative action & security claims

The Loss arising out of any security holder derivative action is paid in accordance with the Security Holder Derivative Action Inclusion Clause . Securities Loss, incurred on account of a Securities Claim against the Directors, Officers and/or the Company, is covered (except for exclusions).

(5) Exclusions

1. General Exclusions (any loss related to following items):

   Any illegal gaining of personal profit through, dishonest or criminal act;

   Remuneration payment to the Insureds without the previous approval of the stockholders, which payment was illegal;

   Profits in fact made from the purchase or sale of securities of the Company using non public information in an illegal manner;

   Payment of commissions, gratuities, benefits or any other favor provided to a political group, government official, director, officer, employee or any person having an ownership interest in any customers of the

   Company or their agent(s), representative(s) or member(s) of their family or any other entity(ies) with which they are affiliated;

   Wrongful Acts alleged in any claim which has been reported under any policy of which this policy is a renewal or replacement;

Any pending or prior litigation as of the inception date of this policy, or derived from the same facts as alleged in such pending or prior litigation, etc.;

Wrongful Act which Insured knew or should reasonably have foreseen at the inception date of this policy;

Pollutants, contamination;

Nuclear material, radioactive contamination;

Bodily injury, disease, death or emotional distress of any person, or damage to tangible property, loss of use of property, or injury from oral or written publication of a libel or slander, or material that violates a person s right of privacy;

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Any alleged Wrongful Act of any Subsidiary of which the insured did not own more than 50% of stock either directly or indirectly through its Subsidiaries.

2. Special Exclusions (any loss related to following items) :

Punitive Damage

Nuclear Energy Liability

Mutual claim between Insureds

Claim of a large shareholder (one holding 15% or more of the outstanding shares)

Claim by a government entity

Professional Service liability

Section 16(b) of the Securities Exchange Act of 1934 or a similar law

ERISA(Employee Retirement Income Security Act)

The so called Year 2000 Problem

War & Terrorism

Asbestos/Mould liability

Patent / Copyright liability, etc.

D. Employees

(as of June 30, 2008) (Unit: person, in millions of Won)

Sex	Details of Employees: Office Worker	Line Worker	Others	Total	Total Salary in 2008 H1	Per Capita Salary	Average Service Year
Male	5,396	6,397		11,793	314,526	28.3	5.1
Female	414	4,634		5,048	96,639	19.4	3.1
Total	5,810	11,031		16,841	411,165	25.5	4.5

* Directors and executive officers have been excluded.

E. Stock option

The following table sets forth certain information regarding our stock options as of June 30, 2008.

Executive Officers (including Former Officers)	Grant Date	Exercise Period From	Exercise Period To	Exercise Price	Number of Granted Options	Number of Exercised Options	Number of Exercisable Options*
Ron H.Wirahadiraksa	April 7, 2005	April 8, 2008	April 7, 2012	KRW 44,050	100,000	0	50,000
Duke M. Koo	April 7, 2005	April 8, 2008	April 7, 2012	KRW 44,050	40,000	0	20,000
Sang Deog Yeo	April 7, 2005	April 8, 2008	April 7, 2012	KRW 44,050	40,000	0	20,000
Jae Geol Ju	April 7, 2005	April 8, 2008	April 7, 2012	KRW 44,050	40,000	0	20,000
Total					220,000		110,000

* When the increase rate of the Company s share price is the same or less than the increase rate of the Korea Composite Stock Price Index (KOSPI) over the three-year period following the grant date, only 50% of the initially granted shares are exercisable. Since the increase rate of the Company s share price was lower than the increase rate of KOSPI during the period from April 7, 2005 to April 7, 2008, only 50% of the 220,000 initially granted shares are exercisable.

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7. Financial Information

A. Financial highlights (Based on Non-consolidated, Korean GAAP)

(Unit: In millions of Won)

Description	2008 H1	2007	2006	2005	2004
Current Assets	7,843,293	5,644,253	2,731,656	3,196,934	2,638,616
Quick Assets	6,650,057	4,963,657	1,996,280	2,725,169	2,170,617
Inventories	1,193,236	680,596	735,376	471,765	467,999
Non-current Assets	7,829,857	7,750,182	10,084,191	9,798,981	6,960,077
Investments	769,314	489,114	361,558	213,984	168,055
Tangible Assets	6,650,191	6,830,600	8,860,076	8,988,459	6,366,651
Intangible Assets	169,947	111,530	114,182	149,894	183,471
Other Non-current Asset	240,405	318,938	748,375	446,644	241,900
Total Assets	15,673,150	13,394,435	12,815,847	12,995,915	9,598,693
Current Liabilities	3,394,169	2,245,410	2,694,389	2,594,282	1,900,765
Non-current Liabilities	2,702,169	2,859,652	3,231,782	2,726,036	1,925,286
Total Liabilities	6,096,338	5,105,062	5,926,171	5,320,318	3,826,051
Capital Stock	1,789,079	1,789,079	1,789,079	1,789,079	1,626,579
Capital Surplus	2,311,071	2,311,071	2,275,172	2,279,250	1,012,271
Other Accumulated Comprehensive Income (Loss)	69,516	5,823	(13,948)	(1,418)	42,118
Retained Earnings	5,407,146	4,183,400	2,839,373	3,608,686	3,091,674
Total Shareholder s Equity	9,576,812	8,289,373	6,889,676	7,675,597	5,772,642

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Description	2008 H1	2007	2006	2005	2004
Sales Revenues	8,251,154	14,163,131	10,200,660	8,890,155	8,079,891
Operating Income (Loss)	1,779,499	1,491,135	(945,208)	447,637	1,640,708
Income (Loss) from continuing operation	1,492,108	1,344,027	(769,313)	517,012	1,655,445
Net Income (Loss)	1,492,108	1,344,027	(769,313)	517,012	1,655,445

B. R&D Expense

(1) Summary

(Unit: In millions of Won)

Account		2008 H1	2007	2006
Material Cost		125,206	246,577	291,714
Labor Cost		68,400	110,586	87,078
Depreciation Expense		10,352	22,516	20,671
Others		16,971	34,737	36,649
Total R&D Expense		220,929	414,416	436,112
Accounting Treatment	Selling & Administrative Expenses	68,416	106,082	82,635
	Manufacturing Cost	152,513	308,334	353,477
R&D Expense / Sales Ratio [Total R&D Expense/Sales for the period×100]		2.7%	2.9%	4.3%

(2) R&D achievements

[Achievements in 2004]

1) Development of 20.1-inch AMOLED

Joint development of 20.1-inch AMOLED with LG Electronics

Development of world s largest 20.1-inch wide AMOLED based on LTPS technology

2) Development of copper bus line

Next generation LCD technology to significantly improve brightness, definition and resolution, etc.

3) Development and mass production of world s largest TFT-LCD panel for full-HD TV (55-inch) in October 2004.

Stitch Lithography and Segmented Circuit Driving to cope with large-size LCD Panel

Achievement of high contrast ratio and fast response time through new technologies

Application of innovative panel technology to solve the weak point (gravity/touch stains) of large size

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4) Development of ultra high resolution product (30-inch)

World s first success in mass production of LCM applying Cu Line (source & gate area)

Achievement of ultra high resolution (2560x1600 : 101ppi)

5) Development of the world s lowest power-consumption, 32-inch wide LCD TV model

Development of the world s lowest power consumption, under 90W model (EEFL applied)

High contrast ratio, fast response time (DCR + ODC applied)

[Achievements in 2005]

6) Development of high luminance and high color gamut 17-inch wide LCD panel for notebook computer

World s first 500nit luminance and 72% color gamut in 17-inch wide for notebook computer

Development of 6200nit luminance backlight

7) Development of world s largest 10.1-inch Flexible Display

Joint development with E-ink Corporation

8) 37-inch, 42-inch, 47-inch full-HD model development, applying low resistance line (copper bus line)

World s first mass production of copper bus line model

Realize full-HD Resolution (1920x1080)

9) 37-inch wide LCD model development which is the world s best in power consumption

The lowest power consumption of below 120W (applying EEFL)

High contrast ratio, fast response time with DCR, ODC technology.

[Achievements in 2006]

10) Development of high brightness/color gamut 17-inch wide slim LCD for notebook computer

Slim model (10tg7t), featuring 500nit, NTSC 72%

Development of slim and high brightness backlight

11) World s largest size 100-inch TFT-LCD development

High quality image without noise or signal distortion, applying low resistance copper bus line

High dignity picture for full-HD TV

12) 32-inch/42-inch HCFL Scanning Backlight applied LCD TV model development

Realization of MBR (Motion Blur Reduction) by application of Backlight Scanning technology

Lamp Quantity Reduction by HCFL (Hot Cathode Fluorescent Lamp) application

13) World s largest 20.1-inch TFT-LCD for notebook computer development

S-IPS Mode, sRGB, Realization of DCR 3000:1 by backlight control, brightness 300nit

14) Ultra-slim TFT-LCD development for mobile phones

Realization of 1.3t by reducing light guide plate & glass thickness

15) The fast response 2.0-inch TFT-LCD development for mobile phones

Realization of high quality image by new liquid crystal development (25msg16ms)

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16) Wide color gamut 30-inch wide TFT-LCD monitor development

Realization of 92% high color gamut by application of WCG CCFL

17) LGE Chassis integration model (Tornado) development (32-inch/37-inch/42-inch)

Maximized cost reduction by co-design with LGE & LPL

Improved product competitiveness by thin & light design

18) 32-inch 120Hz new-mode panel development

Cost reduction & spec. upgrade by new-mode panel

MBR (Motion Blur Reduction) by 120Hz driving

19) CI model development (new concept BL)

Cost reduction and productivity improvement by new concept backlight

[Achievements in 2007]

20) Development of first Poland model

32-inch HD model

21) Development of socket type backlight model

42-inch FHD model

47-inch HD/FHD model

22) Development of new concept backlight model

Development of 32-inch HD model

42/47-inch model under development

23) Development of interlace image sticking free technology and model

Improvement of low picture quality caused by TV interlace signals

24) Development of TFT-LCD with ODF (One Drop Filling) for mobile phone application

Our first ODF model for mobile phone application (1.52 inch)

25) Development of GIP (Gate in Panel) application model 15XGA

Removed gate drive IC: 3ea g 0ea

Reduction in net material costs and shortening of assembly process

26) 24-inch TN (92%) monitor model development

The world s first large-size panel TN application

Realization of 92% high color gamut on the world s largest TN panel

27) 15.4-inch LED backlight applied model development

The world s first 15.4-inch wide LED-applied display panel for notebook computers

The world s largest LED-applied panel for notebook computers

28) Development of FHD 120Hz display panel

37- to 47-inch FHD model

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29) Development of backlight localization model

- 32-inch HD model

30) Development of enhanced Dynamic Contrast Ratio technology

- 32-inch HD model
- Enhanced from 5000:1 to 10000:1

31) Development of technology that improves panel transmittance

- Expected to be applied to new models

32) Development of THM (through-hole mounting) technology and model

- 37- to 47-inch model
- Providing more mounting options to users

33) Development of the world s first DRD (Double Rate Driving) technology-applied model

- Source Drive IC reduction: 6ea g 3ea
- Reduction in net material costs and shortening of assembly process

34) COG (Chip On Panel) applied model development

- Development of thin and light LCD panels made possible by flat type structure

35) 26-inch/30-inch IPS 102% monitor model development

- Development of 26-inch/30-inch IPS model that can realize 102% wide color gamut

36) 2.4-inch narrow bezel for Mobile Display

- The borders on the left and right sides of this 2.4-inch qVGA-resolution (240RGB×320) LCD panel measure just 1mm each. This is approximately 50% thinner than most a-Si TFT LCD panels currently produced, which generally have borders measuring closer to 2mm

37) Development of 6-inch Electrophoretic Display Product (EDP) to be used in e-books. The first EPD product for LG Display

The first EDP to be developed and launched for e-books, the 6-inch SVGA-resolution (800RGBX600) EDP will be supplied to SONY

[Achievements in 2008]

38) 42FHD Ultra-Slim LCD TV development

Development of ultra-slim (19.8mm in thickness) 42-inch TV panel

39) 37FHD COF adoption LCD TV development

Cost reduction with TCP g COF change: $2.4 (as of March 2008)

40) Scanning Backlight Technology development

Achieve 6ms MPRT from 8ms

41) 24WUXGA monitor model development applying RGB LED backlight

High color gamut (NTSC > 105%), color depth (10 bit)

42) 13.3-inch notebook computer model development applying LED backlight

Thin & Light model development applying LED backlight and COG technology (3.5mm in thickness, 275g in weight)

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43) IPS GIP technology development

Developed LCD industry s first WUXGA GIP technology in wide view mode area (IPS, VA)

Comparative advantage in cost & transmittance over VA

44) 17.1-inch notebook computer model development applying RGB LED backlight

High color gamut (100%) notebook computer model development applied RGB LED backlight

45) Free Form LCD development (Elliptical, Circle)

Development of the world s largest 6-inch elliptical and 1.4-inch circular-shaped LCD panels

Developing non-traditional shaped displays by applying (i) error-free, cutting-edge techniques to overcome technical limitations in making curved LCD panels, (ii) accumulated panel design knowledge and (iii) unique screen information processing algorithm

Potential applications of the elliptical-shaped LCD panels include digital photo frame, as well as instrument panels for automobiles and home electronics. The circular LCD panel is expected to make a huge impact in the design of small digital devices like mobile phones, watches and gaming devices.

46) 42HD power consumption saving technology development

Power consumption reduction using lamp mura coverage technology which reduces the number of lamps used for B/L from 18pcs(160W) to 9pcs(80W) in case of 42-inch HD LCD panels.

47) New liquid crystal development

CR: Up 5% compared with the MP level.

Material cost is same to the MP material.

48) New AG Polarizer development:

New Polarizer which has a low CR drop ratio under bright room condition

CR drop ratio under 1,500lux compared with dark room condition : 82% g 67%

49) PSM (Potential Sharing Method) technology development

(Improves the Yogore mura characteristics by applying a different electric circuit driving method)

The time for Yogore mura occurrence delayed by more than 50%
: Black line 1level base, 552Hrs, 720Hrs g 1,392Hrs, 2,064Hrsh

50) LED backlight 47FHD TV model in development

Development of next generation light source which enables realization of ultra slim LCD panels

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C. Domestic Credit Rating

Subject	Month of rating	Credit rating	Rating agency (Rating range)
Corporate Debenture	March 2005	AA-	National Information & Credit Evaluation, Inc.
	June 2005	AA-	
	June 2006	AA-	
	December 2006	A+	
	June 2007	A+	(AAA ~ D)
	March 2005	AA-	Korea Investors Service, Inc.
	June 2005	AA-	
	June 2006	AA-	
	January 2007	A+	
	June 2007	A+	(AAA ~ D)
Commercial Paper	June 2005	A1	National Information & Credit Evaluation, Inc.
	January 2006	A1	
	June 2006	A1	
	December 2006	A1	
	June 2007	A1	
	December 2007	A1	(A1 ~ D)
	June 2006	A1	Korea Investors Service, Inc.
	January 2007	A1	
	June 2007	A1	
	December 2007	A1	(A1 ~ D)

D. Remuneration for directors in 2008 H1

(Unit: In millions of Won)

Classification	Salary paid	Approved salary at shareholders meeting	Per capita average salary paid	Remarks
Inside Directors (4 persons)	1,540	13,400	385	
Outside Directors (5 persons)	165		33	

* Period: January 1, 2008 ~ June 30, 2008

* Salary paid is calculated on the basis of actually paid salary except accrued salary and severance benefits.

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E. Derivative contracts

(1) Foreign currency forward contracts

(Unit: In millions)

Contracting party	Selling position	Buying position	Contract foreign exchange rate	Maturity date	Purpose
ABN AMRO Bank and others	US$ 611	KRW 626,374	KRW977.70 :US$1 ~ KRW1,053.40 :US$1	July 1, 2008 ~ November 17, 2008	Hedge of fair value
BNP Paribas and others	US$ 94	JPY 10,000	JPY 104.63 :US$1 ~ JPY 107.79:US$1	July 14, 2008 ~ August 14, 2008	Hedge of fair value
BNP Paribas and others	US$ 785	KRW 774,609	KRW 944.10 :US$1 ~ KRW 1,050.10:US$1	July 1, 2008 ~ December 31, 2008	Hedge of cash flow
CALYON Bank and others	KRW 38,470	JPY 4,000	9.58: JPY1~ 9.65: JPY1	July 14, 2008 ~ August 14, 2008	Hedge of cash flow

(2) Cross Currency Interest Rate Swap

(Unit: In millions)

Contracting party	Contract amount		Contract interest rate	Maturity date	Purpose
Kookmin Bank and others	Buying position	US$ 150	3M LIBOR ~ 3M LIBOR +0.53%	August 29,2011 ~ January 31, 2012	Hedge of fair value and cash flow
	Selling position	KRW 143,269	4.54% ~ 5.35%	August 29,2011 ~ January 31, 2012	Hedge of fair value and cash flow

(3) Interest Rate Swap

(Unit: In millions)

Contracting party	Contract amount	Contract interest rate		Maturity date	Purpose
Standard Chartered First Bank Korea	US$ 150	Floating Rate Receipt	6 Month Libor	May 21, 2009 ~ May 24, 2010	Hedge of cash flow
		Fixed Rate Payment	5.375% ~ 5.644%		

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(4) Currency Option

(Unit: In millions)

Contracting party	USD Put Option Buying Position	USD Call Option Selling Position	Strike Price	Maturity date	Purpose
Citibank Korea and others	US$ 330	US$ 330	KRW 941.00:US$1 ~ KRW 999.10:US$1	July 9, 2008 ~ September 29, 2008	Hedge of fair value

F. Status of equity investment

Status of equity investment as of June 30, 2008:

Company	Total issued and outstanding shares	Number of shares owned by us	Ownership ratio
LG Display America, Inc.	5,000,000	5,000,000	100%
LG Display Japan Co., Ltd.	1,900	1,900	100%
LG Display Germany GmbH	960,000	960,000	100%
LG Display Taiwan Co., Ltd.	11,550,000	11,550,000	100%
LG Display Nanjing Co., Ltd.	*	*	100%
LG Display Hong Kong Co., Ltd.	115,000	115,000	100%
LG Display Shanghai Co., Ltd.	*	*	100%
LG Display Poland Sp. zo.o.	5,110,710	4,103,277	80%
LG Display Guangzhou Co., Ltd.	*	*	84%
LG Display Shenzhen Co., Ltd.	*	*	100%
Paju Electric Glass Co., Ltd.	3,600,000	1,440,000	40%
TLI Co., Ltd.	7,760,575	1,008,875	13%
AVACO Co., Ltd.	10,237,204	2,037,204	20%

* No shares have been issued in accordance with the local laws and regulations.

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LG DISPLAY CO., LTD.

(Formerly, LG.Philips LCD Co., Ltd.)

Interim Non-Consolidated Financial Statements

(Unaudited)

June 30, 2008

(With Independent Accountants Review Report Thereon)

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LG DISPLAY CO., LTD. (formerly, LG.Philips LCD Co., Ltd.)

Notes to Interim Non-Consolidated Financial Statements

June 30, 2008

(Unaudited)

Independent Accountants Review Report

Based on a report originally issued in Korean

To the Stockholders and Board of Directors

LG Display Co., Ltd.:

We have reviewed the accompanying interim non-consolidated balance sheet of LG Display Co., Ltd. (formerly, LG.Philips LCD Co., Ltd.) (the Company) as of June 30, 2008, and the related interim non-consolidated statements of income for each of the three-month and six-month periods ended June 30, 2008, changes in stockholders equity and cash flows for the six-month period ended June 30, 2008. These interim non-consolidated financial statements are the responsibility of the Company s management. Our responsibility is to issue a report on these interim financial statements based on our review. The accompanying interim non-consolidated statements of income for each of the three-month and six-month periods ended June 30, 2007, changes in stockholders equity and cash flows for the six-month period ended June 30, 2007, presented for comparative purposes, were reviewed by Samil PricewaterhouseCoopers, whose report thereon dated July 25, 2007, stated that nothing had come to their attention that caused them to believe that these interim non-consolidated financial statements reviewed by them were not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the Republic of Korea.

We conducted our review in accordance with the Review Standards for Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. These Standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data and, thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim non-consolidated financial statements referred to above are not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the Republic of Korea.

The non-consolidated balance sheet of the Company as of December 31, 2007 and the related non-consolidated statements of income, appropriation of retained earnings, changes in stockholders equity and cash flows for the year then ended were audited by Samil PricewaterhouseCoopers and their report thereon, dated February 15, 2008, expressed an unqualified opinion. The accompanying non-consolidated balance sheet of the Company as of December 31, 2007, presented for comparative purposes, is not different from the above-stated non-consolidated balance sheet in all material respects.

As discussed in Note 2 (b) to the interim non-consolidated financial statements, accounting principles and review standards and their application in practice vary among countries. The accompanying interim non-consolidated financial statements are not intended to present the financial position, results of operations, changes in stockholders equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such interim non-consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying interim non-consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

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LG DISPLAY CO., LTD. (formerly, LG.Philips LCD Co., Ltd.)

Notes to Interim Non-Consolidated Financial Statements

June 30, 2008

(Unaudited)

/s/ KPMG Samjong Accounting Corp.
Seoul, Korea
July 18, 2008

This report is effective as of July 18, 2008, the review report date. Certain subsequent events or circumstances**,** which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying interim non-consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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LG DISPLAY CO., LTD. (formerly, LG.Philips LCD Co., Ltd.)

Interim Non-Consolidated Balance Sheets

(Unaudited)

As at June 30, 2008 and December 31, 2007

In millions of Won, except share data	Note	2008	2007
Assets			
Cash and cash equivalents		(Won) 804,128	1,109,749
Short-term financial instruments		2,945,000	785,000
Available-for-sale securities	3	74	63
Trade accounts and notes receivable, net	4, 18	2,231,588	2,462,946
Other accounts receivable, net	4	56,899	121,687
Accrued income, net	4	58,662	14,044
Advance payments, net	4	1,317	2,743
Prepaid expenses		58,698	33,475
Prepaid value added tax		157,172	94,564
Deferred income tax assets, net	13	334,099	330,277
Inventories, net	5	1,193,236	680,596
Other current assets		2,420	9,109
Total current assets		7,843,293	5,644,253
Long-term financial instruments		13	13
Equity-method investments	6	644,481	489,101
Available-for-sale securities	3	114,386	
Long-term loans	18	10,434	
Property, plant, and equipment, net	7	6,650,191	6,830,600
Intangible assets, net		169,947	111,530
Long-term other receivables, net	4	273	364
Long-term prepaid expenses		162,480	155,584
Deferred income tax assets, net	13	25,920	134,055
Non-current guarantee deposits		38,491	28,935
Other non-current assets		13,241	
Total non-current assets		7,829,857	7,750,182
Total assets		(Won) 15,673,150	13,394,435

See accompanying notes to interim non-consolidated financial statements.

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LG DISPLAY CO., LTD. (formerly, LG.Philips LCD Co., Ltd.)

Interim Non-Consolidated Balance Sheets (continued)

(Unaudited)

As at June 30, 2008 and December 31, 2007

ote	2008
8	(Won) 1,091,587
	1,098,669
	10,845
	6,285
	178,663
	298,230
	51,357
9	560,096
	98,437
	3,394,169
8	1,734,242
9	865,768
0	
	89,210

12,949

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., Lt (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 fron Group in September 2007 following our corporate reorganization. We are headquartered in the City of Dalian, Liaonin 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 cap from investors outside of China, we established an offshore holding company by the name of Precious Sheen Investm Limited (“PSI”) in the British Virgin Islands in May 2007. On September 26, 2007, Dalian Precious Sheen Investmen Consulting Co., Ltd. ("Chuming WFOE") entered into share transfer agreements with the Group, under which the Gro agreed to transfer ownership of the Chuming Operating Subsidiaries to Chuming WFOE. On October 23, 2007, Chum WFOE completed all required registrations to complete the share transfer, and became the 100% owner of the Chumin 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 govern 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 i 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 collectivel 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-is and outstanding common stock (excluding the shares issued in our December 31, 2007 financing transaction). As a res 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 business was to identify, evaluate and investigate various companies with the intent that, if such investigation warrant reverse merger transaction be negotiated and completed pursuant to which Energroup would acquire a target company 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 Energr 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 pare Chuming. The Group began as a processor and supplier of fresh and frozen meat and meat products. Among industria farming corporations in northeastern China, the Group pursued distinction in the Chinese food industry by maintainin 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 rapidly become a significant producer and supplier in China’s meat industry, and have achieved consistent profitabilit growth since inception. In the last three years of operation, our sales have grown at an average rate of 59.3% per annu and our net income from 2006 to 2007 has grown at a rate of 43.4%. We sell our products to consumers in northeaster China, which has a population of approximately 108 million. In particular, our current customers are concentrated in t Liaoning Province (which has a population of approximately 42 million), and we are the largest pork producer in Dali City, which has a population of approximately 3 million, or 6 million including the greater metropolitan area. At prese of our sales are within China, which is the largest pork-consuming nation in the world, with a total of 54 million metri consumed in 2006. Due to the rapid development of the Chinese economy, urbanization and strong income growth, w 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 inclu 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. G
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 f to customer and regulate the application of inputs, including pesticide, fertilizer, veterinary drug and additives to mini environmental pollution and prevent toxic and harmful substances from entering the food supply chain. The Green Fo certification is based on standards defined by the Codex Alimentarius Commission (“CAC”), a joint body of the Unite 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 cap from investors outside of China, we established an offshore holding company by the name of Precious Sheen Investm Limited (“PSI”) in the British Virgin Islands in May 2007. On September 26, 2007, In 2007, the Group completed a c 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 require 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 WF PSI, and upon this transfer, Chuming WFOE became a wholly foreign owned enterprise, with PSI as the 100% owner Chuming (including its subsidiaries). On December 13, 2007, the PRC government authorities issued Chuming WFOE 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 turn owns 100% of the Chuming Operating Subsidiaries: the Meat Company, the Food Company and the Sales Comp The business and operations of the Chuming Operating Subsidiaries now comprise the principal business and operatio our company.

In December 2007, PSI completed a reverse-takeover transaction with a U.S. publicly reporting company, which resul our current corporate structure. Today, we are a U.S. public reporting company incorporated in the State of Nevada, a own the Chuming Operating Subsidiaries that continue to operate in the city of Dalian, in Liaoning Province, China. C 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 p placement financing involving the issuance of our common stock to 15 accredited investors. The financing yielded ne proceeds to us of approximately $14.7 million. For an additional discussion of this financing, please refer to the sectio 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 provided with respect to certain information presented in this “Industry Overview” section, that information is attribut 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 po producer and consumer in the world. China is the leading producer among other countries in the world by a wide marg and produces and consumes more than half of the world’s pork. Preliminary numbers for 2007 worldwide production pork was 94.7 million metric tons (MMT, carcass weight equivalent) and consumption was 93.8 MMT. The USDA fo for 2008 is that both the production and the consumption in China are expected to expand by more than 2% over 2007 levels.

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

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

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

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 lar the country's basket of agricultural related industries including farming, forestry and fishery. The present size of the p 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 signific smaller than the consumption level of over 100 kg per year by western standards. Based on what is known about Chin culinary culture and habits, however, our management believes that the Chinese population is expected to consume m 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 tha introduced by the Chinese government in 1995. Historically, the great majority of meat sales in China had taken place open-air markets or on streets, i.e. in free wet markets. These markets provided a location through which the consume could buy live poultry or freshly slaughtered meat produced direct from local farmers. As a result of the new regulatio 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 regulation 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 demogra trends. Supply is extremely localized with limited distribution capability. China's vast geography and 'in-developmen 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 expansion of our sales and distribution network, will continue to favorably impact our business.

Pork is China's most important source of meat and is consumed at a much higher rate than other categories of meat. T following 2007 USDA Report shows that pork is consumed in China with five times greater volume than poultry or "l meat" and almost seven times more than beef:

	Kg Per Person	Relative %
Beef	5.6	
Broiler Meat	7.9	
Pork	39.4	
Total:	52.9	

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 c more demand for pork and processed pork products. An emerging middle class of relatively high-income consumers i forming in certain Chinese cities. As household incomes rise, these high-income residents consume more of all catego of foods on a per capita basis. According to the Urban Household Survey conducted in 2000 by China's National Bur Statistics, pork consumption by low-income residents was 13.4 kg whereas it was 19.6 kg for high-income residents. T residents not only demand a greater quantity of food, but also higher quality (e.g. better cuts of meat, foods that are sa healthier) and convenience (processed foods). Reports of food poisoning and dangerous chemical residues have given to strong demand for "green" foods for which we are certified. We believe that affluent consumers would be willing t premium prices for foods which have safety-related certifications, foods with purported health benefits or foods with o desirable attributes. We offer a wide range of food products that appeal to demands for safety, convenience, quality ar 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 driv forces including food safety concerns that we believe will accelerate the transition from the traditional wet market to t modern dry market; rising modern retail channels; government mandates and supports of agricultural and meat proces 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, surve showed that 60% of the consumers have a low degree of confidence in meat products in general. There are a number c food safety concerns facing the Chinese pork industry, including swine streptococcus and Foot and Mouth Disease, th of antibiotics and illegal feed additives such as Clenbutero, pork injected with water and illegal slaughterhouses. Chin 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 url households, health conscious consumers are demanding more sanitary quality meat products which can only be proces and delivered in a temperature controlled cold chain environment. This presents significant opportunities to meat proc 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 ar quality. For example, in 2006 pork containing Clenbutero were found to be sold in several wet markets in Shanghai th resulted in over 330 people being poisoned, and an outbreak of swine Streptococcus in Sichuan Province led to the de 17 people. A number of Chinese organizations are involved in an effort to bring the Chinese meat industry’s safety, hy 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 Min of Commerce. Tougher quality standards set for the meat processing industry represent barriers to newcomers while fo operationally inadequate and financially unsound companies to shut down. Our management anticipates that compani such as ours, with quality meat processing and modern logistics systems, will benefit as they capture market share and 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 wea between the rich and poor or between urban and rural regions, China’s central government has shifted its focus from u industrial growth to rural agricultural development aimed at improving the standard of living in the poorer regions. M preferential policies were enacted to help the farming communities including subsidized livestock insurance and intere 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 P are a series of economic development initiatives promulgated by the Chinese government, however, they do not const 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 fo 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 thar “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 mo frozen food products, making available a wide variety of frozen products to consumers. Major domestic retailers, incl 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 th industry landscape as they provide the platform for the large branded food companies to efficiently and rapidly distrib 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 C the meat-processing industry is very fragmented, with over 3,000 meat-processors most of which are small operators. top three producers represent less than 5% of the overall market. Pig farms in China are also very fragmented, with ov 90% of the farms possessing fewer than 10 pigs. As smaller players experience pressure from margin compression an stricter government regulations, we believe scaled meat processors will make attractive acquisitions in order to captur market share, gain scale, secure raw material, and move closer to clients. The combination of stricter hygiene regulati increasing competition from well-financed players, struggling meat suppliers, and increasing international competitio 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 for the past 10 years and has created millions of new consumers. Management believes that these trends will translate 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.

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

- 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
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 Ministr
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 f
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 i
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 c
storage facilities must be set out. All storage equipment and packing materials must also comply with hygienic standa
All meat products which are packed must be labeled, specifying requisite information such as name of the product, pl
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, seafo
by-products.

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

Our production lines are imported from international manufacturing automation leader Stork™ of the Netherlands, wi
state-of-the-art technology and specialized for their in-process testing and quality controls. Our production facilities ar
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 C

Our products are sold under the brand name of "Chuming™." We target consumers who desire high quality pork prod
distribute our products through dealers and agents to more than 500 supermarkets, including Carrefour, Wal-mart, Me
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 show
stores and specialty counters are operated by resellers of our products with whom we have arrangements to sell our pr
under the Chuming brand name (the principal difference between showcase stores and specialty counters being locatio
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 throu
the PRC. We have a 250,000 square meter campus which houses an international standards-based meat processing pla
located in the city of Dalian in Liaoning Province, PRC. We have a total of five production lines and an aggregate cap
to slaughter approximately 1.5 million pigs per year. We purchase hogs from more than 3,000 farms in Liaoning Prov
and nearby areas, in addition to having an exclusive contract with farms owned and operated by the Group to supply u
with 750,000 live hogs in 2008, 800,000 in 2009, and 800,000 in 2010, at local market prices. The Group provides bre
pigs, animal feed, vaccination, veterinary services and technology support to our subcontractor pig farmers, resulting i
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 o
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).

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High Temperature Meat Products. HTMPs are cooked at a temperature of approximately 121°C and at approximately
times atmospheric pressure. These meat products can be stored at room temperature and have a shelf life of approxima
six months from the date of production. However, the permitted shelf life of these products is 120 days from the date o
production, even though the actual shelf life of these products is six months. HTMPs are generally priced lower than L
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 atmosp
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 tha
LTMPs generally taste better than HTMPs because they are cooked at lower temperatures and thus are able to preserv
taste and nutrients found in the ingredients. The LTMPs generally cater to the taste of consumers in PRC cities who ha
higher purchasing power.

Currently, we have two main series of products for both HTMP and LTMP: the "Ham" series and the "Sausage" serie
Ham series has chunkier pieces of meat and thus has a meatier texture. It also has a corresponding higher percentage o
meat content. The Sausage series has a lower percentage of meat content and has a smoother texture. The range of pro
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
are categorized:

Fresh Pork

Chinese people generally perceive that fresh meat retains a better flavor as compared with frozen meat. As such, the p
of fresh pork meat is approximately 20% higher than frozen pork meat. The other producers of fresh pork meat in the
are generally farm-based suppliers, which supply the areas around the farms. The key difference between our fresh po
and that of farm-based suppliers is that our fresh pork is produced and packed in a highly controlled sanitized environ
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. T
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. Follow
this cooling process, fresh pork is cut into various parts in a sterilized room with the constant temperature of 12° C. Th
reduces the risk of exposure to germs and bacterial contamination. Before delivery, the fresh pork is kept in our storag
room at a controlled temperature of 0 to 4° C. The meat is stored in airtight sterilizing rooms filled with ozone, which
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 w
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 sto
or transported at a constant temperature of between -0.4° F (-18° C) to -13° F (-25° C). Since frozen pork can be prese
for longer periods of time, our frozen meat products are ideal for distribution across longer distances to Northeast and
China as well as potentially to international markets such as Korea, Russia and Japan. These products have an average
life of 180 days from the date of production. We also sell our frozen pork to restaurants, supermarkets and fresh food
markets.

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Prepared Food Products

Our prepared food products include prepared pork, seafood and pig by-products, which accounted for 11.57% of our 2
revenues.

Prepared Pork Products. Our prepared pork products are mainly LTMPs, which are cooked at lower temperatures rang
from 65° C to 85° C and under atmospheric pressure. These meat products generally have a shelf life of 30 days from
date of production if they are stored at a temperature ranging from 0° C to 4° C. For LTMPs, we currently have two se
and more than 300 products. These foods are all made from the fresh pork that we produce. The following is a descrip
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 ou techniques of prepared food production, we prepare seafood products such as fish sausage and shellfish sausage. Seafo products accounted for approximately 6.2% of our revenue in 2008. Due to the abundance of seafood in Dalian, locate the Northern coast of China, as well as relatively high profit margins for these products, we plan to expand our seafoo 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 mark includes pig innards, pig skin, pig tails, lard and pig heads. Pig liver, stomach, intestine, head and hoofs are commonl 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 Wangfangdia (ii) the Food Company in Dalian.

Our fresh and frozen pork is produced by our subsidiary Meat Company. The Meat Company's facilities cover 150,00 square meters and utilize state-of-art slaughtering and cutting lines imported from Stork Co. of the Netherlands. The M Company has a slaughtering capacity of 250 pigs per hour, which is 1,500,000 pigs per year at full capacity. Our cutti line has a capacity of 30,132 metric tons per year. Our cold and freezing storage facilities can store up to 6,000 metric of fresh product. The fresh pork and frozen pork produced by the Meat Company are typically sold either in whole ca form or in cuts.

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

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Supply of Pigs

We do not rear pigs, but instead purchase them from our former parent company, the Group, and from other suppliers 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 far in the PRC is generally not well commercialized. Our third party suppliers aggregate supplies from hundreds of small farms, which are typically operated as independent family-owned farms. One advantage of decentralized supply is tha obtain competitive market pricing for our supply of pigs. Another advantage is that any outbreak of livestock disease i likely to be confined to a one or more of these farms and would not affect our entire supply. Potential disadvantages fr 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 with greater Dalian City metropolitan area (within a two hour radius by truck), the logistical issues have so far not interfere with our ability to secure a steady supply of hogs. Since we have around 6,000 local pig farmers who will supply hogs us, we ordinarily are able to obtain a reasonably stable supply of hogs, even when some farms cannot meet our reques any reason. Also, because our former parent company, the Group, acquires pigs directly from independent farmers the pigs to us in lots (under our Hog Procurement Agreement), to some extent we have minimized the potential disadvant discussed above.

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

In order to ensure a consistent supply of fresh pork to our customers, we have made agreements with approximately 6 pig farms in the Dalian, to supplement our usual supply of live pigs. These pig farms agreed to supply us approximate 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 p for live pigs, in order to acquire what we believe to be a higher quality supply of pigs. Although we pay a premium fo higher quality supply of pigs, our management believes that the benefits of this strategy outweigh the costs because of 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 control personnel based on a number of criteria (including fat content, health of the animal, absence of injuries, the ne weight), into several categories including "Grades 1- 4" and "below-grade," with Grade 1 being the highest quality (an accordingly the highest price per kilogram). We then determine prevailing market prices for live pigs for these variou grades based on market data drawn from the local marketplace, which fluctuates daily. Approximately 80% of the liv purchased by us are in the Grade 1 and Grade 2 categories. For example, for the first quarter of 2008, approximately 8 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 tota supply of live pigs. We paid the Group an aggregate of $61.7 million and $72.7 million for live pigs during the full ye 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 a 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 (PR also known as Blue Ear Disease, in China from May 2006. In 2007, we processed approximately 791,440 pigs throug December 31, 2007, which were 208,560 short of our target of 1,000,000 pigs for 2007. The problem of Blue Ear Dis 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 fo 2008. Due to the shortage of supply of hogs, during 2008 the government started offering subsidies and tax incentives pig farmers in an effort to stimulate production. However, the positive effects of such government incentives may tak some time to realize. Pigs normally have a growth cycle of 175 days before they are full grown and slaughtered, and w the outbreaks of the Blue Ear Disease, the supply of pigs remained tight and the price of pork remained high in 2008 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 an differences between the agreed amount and actual number of pigs supplied to us. This program has been in existence s 1998. Management believes that since our breeding program has successfully increased farmer income and tax revenu 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 success pig farmers in our supply chain, and they supplied an aggregate of 12,500, 10,000, 9,000, 8,500 and 7,000 hogs respe 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 own to ensure that pigs supplied to us are healthy and fit for human consumption. We require that pigs supplied to us accompanied by required health certificates, and each must weigh at least between 90kg and 100kg. If the pigs meet th above criteria, we are then obligated to accept delivery of the pigs. (A pig that weighs between 90 and 100 kg, has mo saleable meat per kilogram. If it is below this weight range, the ratio of meat to innards would be lower, resulting in le 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, Chuming™ branded showcase stores to buy the fresh pork based on convenience. This type of customer accounted fo 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 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 fr pork. However, this customer segment accounted for less than 2% of our revenue in 2008. Since our sourced pigs are good breed and have strict quality control in the production process, these food processors regularly rely on our pork a 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 to 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 Metrop Eastern Liaoning, Western Liaoning, Jilin, Heilongjiang and Hebei markets. In each market, we have a team led by a officer whose objective is to expand the Chuming sales network by developing potential dealers, agents and wholesale 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.

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Sales by Region for the Year Ended December 31, 2008

Dalian
Shenyang
East Liaoning
North Liaoning
West Liaoning
Others

Retail Strategy

To differentiate ourselves, we have a unique retail strategy to complement our wholesale operations. We sell our prod "showcase stores" which are owned and operated by independent operators. These specialty boutique-type stores mus the same design and physical layout and must follow our operating methodologies. These storefronts are highly visibl the Chuming™ brand name. We also set merchandising and pricing policies and all employees must undergo a mand training program. There are currently over 500 such boutique stores in Liaoning Province, providing high brand recog and communicating a message of quality that will benefit all channels. These boutique stores target the new middle cl 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 Dali 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 deale organize their sales to stores and supermarkets, such as Carrefour, Wal-mart, Hymall, New-mart and Metro. Our affili agents assist in identifying locations and opening Chuming™ branded showcase stores in their region, important to th expanding our revenues. Our affiliated wholesalers typically organize the sales to canteens and restaurants as well as f processing companies. In some regions, our affiliated agents will also directly contact local canteens and restaurants.

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Chuming's Distribution Network

We have our Chuming™ branded counters in large stores and supermarkets, which are the most important and highly 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 t consumer confidence in our products. We have Chuming™ counters in more than 100 large supermarkets located in N China and the Hebei Province.

Our most popular product, fresh pork, is sold primarily though our Chuming™ branded showcase stores. Chuming™ 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 m than 500 Chuming™ branded showcase stores now operating in Dalian and throughout the Liaoning Province. In the n 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 cove cost of equipment), a trademark usage guarantee deposit, a uniform fee (for the cost of employee uniforms), a one-tim start-up fee to cover the costs of certain materials, and an ongoing fee of approximately 0.5% of the total purchase am 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, leasin expenses, and other operating costs. If an operator is terminated, we will refund the equipment deposit upon return of equipment, and the trademark deposit if the operator has complied with the trademark usage guidelines we provide to We generally reward high-volume operators with discounts and incentives on a case-by-case basis. We do not collect 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 b 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 and to expand our market scope by delivering food to farther retail points. As a result, we have been able to make deli 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 and through pick-up by certain accounts at our facilities. The quality of our fresh pork is highly dependent on the stor room and delivery vehicles once they leave the chill room. We currently operates 21 temperature-controlled vehicles, we employ in our operations to help guarantee the freshness of pork at the point of delivery to customer locations in o 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 rega our pork production business. In 2005, we were awarded ISO 9001:2000 certification that covers our production, rese and development and sales activities. ISO 9001 certification indicates that our abattoirs and pork production operation comply with international standards of quality assurance established by the International Standards Organization. All 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 i divided into two sections: Meat Production Supervision and Processed Meat Supervision. The 82 employees who wor our quality assurance program consist of 34 quality control engineers, and 48 staff. All members of the QC team are t 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 exa animals before slaughter, supervise sanitation, inspect carcasses and internal organs for diseases during the slaughteri 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 slaughter 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 subsequ handling, transportation and distribution to retain freshness and to prevent deterioration of the meat.

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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% r share and for meat products with a 2.7% market share. Management estimates that in Dalian, we are the market leader fresh pork with a 52% market share, and share the lead position for meat products with a 23% market share. As we ex geographically, we expect to encounter additional regional and local competitors. Our management believes that all fo segments in China compete on the basis of price, product quality, brand identification and customer service, and that w 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 sh in the HTMP pork segment, while Yurun is the leader in the LTMP space. Both companies have done well in the top t 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% o China Yurun's sales are through supermarket and hypermarket chains. In terms of geographical focus, we believe Peo Food has a strong presence in Northeastern China. China Yurun has announced plans to expand into the Northeast wit 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 local tastes and distribution in below super-tier cities such as Beijing and Shanghai. Tyson Foods, Inc., U.S.A. has a jo venture with Shanghai Ocean Wealth Fish Products Corporation Limited. Hormel Foods Corporation, U.S.A., has set 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 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 shar
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 2 respectively. Our advertising and marketing expenditures decreased considerably from $2,241,062 in 2007 to $1,764,7 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 advertisements can be handled more effectively at a regional and local level by the sales agents individually, and at th 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 Nort PRC. We advertise periodically in the local media to create and maintain public awareness of our products and brandi 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 PRC have come to associate our "Chuming™" brand name with quality meat products. Thus, our management believe goodwill in the "Chuming™" branding is a valuable asset to us. The "Chuming" trademark and rights to the "Huayu" application in the PRC are owned by Dalian Chuming Industry Development Co., Ltd., a subsidiary of the Group. W been granted a perpetual fully paid up license to use both of these trademarks in connection with our business under t 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 Chumin 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 trademark usage policy, and require them to pay trademark usage guarantee deposits. We also employ approximately 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 safety standards. These groups draw upon a 25-employee research and development staff, including three professors i field of animal nutrition and biology, supporting the safe and rapid introduction to the market of new products, specifi in the areas of seafood and meat by-products. We currently have more than 125 products available to consumers, with average rate of three new products ready for the market per month. We are also working on anti-freezing experiments 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 quaranti Government initiatives take the form of benefits ranging from special grants, subsidized financing, preferential tax po direct government funding and other types of subsidies aimed at encouraging the modernization of the meat industry. addition, while it is possible that the Chinese central or provincial governments may enact more stringent regulations raise standards for the meat processing industry, we believe that our company is currently a leader in meat processing 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. 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	
Food Company	18	166	12	8	12	
Sales Company	0	0	20	182	0	
Total	30	355	56	202	27	

We and our predecessor companies have experienced excellent employee retention, which we believe is a result of ou consistently-applied management policies and proactive employee benefit program participation. The average tenure i 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 int these government-sponsored health insurance and retirement programs for each employee. Additionally, we provide f 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. The have been no adverse labor incidents or work stoppages in our history or our predecessor companies. Management bel 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, 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. O main facility is located on 95 acres in the industrial area of Dalian, where we have developed over 74,000 sq. meters o factory floor. In addition to our corporate offices, we also own and maintain housing for up to 760 employees, and hea maintenance facilities. Our slaughtering subsidiary's principal facility is located at No.2026, Zhuanshi Street, Wafang Town, Dalian City, Liaoning Province, PRC. We believe that these facilities will be sufficient to house our operations 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 th 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 offi spaces for terms ranging from one and three years. These offices are mainly sales offices and they are generally very s in size. They are located in surrounding cities, mainly in Liaoning Province. In total, we paid approximately $58,000 i 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 squar 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 [2 No. 04010 for Site Number 4-17-03-09 (106,466 square meters), and (ii) Gan Guo Yong [2003] No. 04009 for Site Nu 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 M 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 4-17-0 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, eve 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 m in light of our experience and our assessment of historical trends, current conditions and expected future development well as other factors we believe are appropriate under the circumstances. However, whether actual results will confor the expectations and predictions of management is subject to a number of risks and uncertainties that may cause actua results to differ materially. Such risks are summarized on page 4, in the section entitled “Risk Factors” on page 9, and previous SEC filings.

Consequently, all of the forward-looking statements made in this prospectus are qualified by these cautionary stateme and there can be no assurance that the actual results anticipated by management will be realized or, even if substantial 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 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 b fees and commissions which are the respective obligations of the selling shareholders, we are responsible for the fees, 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 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 t 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 a for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling shareholders do not expect th 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 b them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and shares of common stock from time to time under this prospectus, or under an amendment to this prospectus under Rul 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling shareholders to inclu 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 R 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 sol 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 prospe 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 prospectu

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 commission received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar sel expenses, if any, that can be attributed to the sale of securities will be paid by the selling shareholder and/or the purch Each selling shareholder has represented and warranted to us that it acquired the securities subject to this prospectus a registration statement of which it forms a part, in the ordinary course of such selling shareholder's business and, at the of its purchase of such securities such selling shareholder had no agreements or understandings, directly or indirectly, 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 registrati statement shall have been declared effective by the Securities and Exchange Commission. If a selling shareholder uses prospectus for any sale of the common stock, it will be subject to the prospectus delivery requirements of the Securitie 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 registrati statement.

We are required to pay all fees and expenses incident to the registration of the shares, but we will not receive any proc from the sale of the common stock. We have agreed to indemnify the selling shareholders against certain losses, claim 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 certa our securities. Such securities were issued by us in transactions that were exempt from the registration requirements o 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 fron 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 o
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 commor stock covered by this prospectus that may be disposed of by each of the selling shareholders. The fourth column lists t 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 future. For purposes of this table, beneficial ownership is determined in accordance with the rules of the SEC, and inc 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 securities convertible into, or exercisable or exchangeable for, our equity securities. Except as indicated below, no sell 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	
The Pinnacle Fund, L.P. 4965 Preston Park Blvd, Suite 240 Plano, TX 75093 (1)	1,022,727	1,022,727	0	
Westpark Capital, L.P. 4965 Preston Park Blvd, Suite 240 Plano, TX 75093 (2)	409,091	409,091	0	
Atlas Allocation Fund, L.P. 100 Crescent Court #880, Dallas, TX 75201 c/o Atlas Capital Management (3)	409,091	409,091	0	
Southwell Partners, L.P. 1901 North Akerd Street Dallas, TX 75201 (4)	409,091	409,091	0	
Centaur Value Fund 1460 Main St., Suite 234 Southlake, TX 76092 (5)	62,500	62,500	0	

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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 Discuss and Analysis of Financial Condition and Results of Operations" and our predecessor's financial statements and the rel notes included elsewhere in this prospectus. The financial data as of and for the years ending December 31, 2008 and 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 inc 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	2008	2007	2006	2005	2004
	(unaudited)	(audited)	(audited)	(audited)	(audited)	(audite
Consolidated Statements of Operations Data:						
Sales	156,853	176,360	124,696	70,396	54,119	
Cost of Sales	(133,616)	149,794	(104,379)	(57,794)	(45,284)	
Gross Profit	23,237	26,566	20,317	12,601	8,835	
Operating Expenses	(3,965)	7,823	(6,246)	(2,891)	(1,647)	
Income from Operations	19,272	18,743	14,071	9,709	7,188	
Other Income (Expense), net	36	(11,385)	(1,476)	(1,583)	(1,008)	5
Income Before Taxes	6,161	7,357	12,620	8,126	6,180	4
Income Taxes	(1,441)	(520)	(968)	1.6	(191)	
Net Income	4,720	6,837	11,652	8,128	5,988	4
Foreign Currency Translation	1,773	528	2,064	285	0.7	
Comprehensive Income	6,493	7,366	13,716	8,739	6,274	
Basic Net Income Per Share (in US$)	0.27	0.40	0.87	0.61	0.45	
Diluted Net Income Per Share (in US$)	0.22	0.32	0.67	0.47	0.35	
Basic Weighted Average Number of Shares Outstanding	17,272,756	13,409,120	13,409,120	13,409,120	13,409,120	13,409
Diluted Weighted Average Number of Shares Outstanding	21,136,392	17,272,756	17,272,756	17,272,756	7,272,756	17,272

	(US dollars in thousands)					
	At September 30,	At December 31,				
	2009	2008	2007	2006	2005	2004
	(unaudited)	(audited)	(audited)	(audited)	(audited)	(audite

Balance Sheet Data:						
Total Assets	$ 123,931	$ 90,683	$ 66,620	$ 56,846	$ 50,993	$ 29
Current Liabilities	37,694	23,758	17,682	16,764	18,979	2
Long Term Liabilities	-		-	17,909	18,580	19
Stockholders Equity	86,257	66,926	48,938	22,174	13,434	8

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 conjunct 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. Ac 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," "pla "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to i statements.

OVERVIEW

Headquartered in the City of Dalian, Liaoning Province of the People's Republic of China (the "PRC" or "China"), w meat processing company primarily involved in the slaughtering, processing, packaging and distribution of pork and p 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. G 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 W Health Organization. We also received ISO 9001:2000 certification that covers our production, research and developm and sales activities.

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

As of September 30, 2009, we had 732 employees, of whom 387 were operating personnel, 256 were sales personnel, 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 C 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 C 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 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 fa to lean meat, with a tendency toward high quality cuts. Management believes these trends continue to be very favorab 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 China's Consumer Price Index (CPI), a key inflation indicator. In order to moderate increases in the CPI and maintain 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 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 orde 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 po have been rising since July 2009, and have risen to a level higher than the prices seen during the first quarter of 2009. 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 oursel will be positioned to make acquisitions on favorable terms in order to capture market share, gain scale, secure raw ma and access more customers. We expect that the combined factors of stricter hygiene regulations, increasing competitio 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 long-term trend.

Given the current competitive market conditions, we constantly strive to impose strict quality control in our products a utilize state-of-art slaughtering and cutting lines (which are imported from Stork Co. of the Netherlands), to ensure ou product quality, increase awareness of our brand and develop customer loyalty. Our research suggests that consumers China are increasingly conscious of food safety and nutrition, and they are using their purchasing power to demand sa 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 provin and then carry out comprehensive tests to ensure quality. All of our production lines have also passed the Hazard Ana 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 the 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 cities of Harbin and Daqing, Heilongjiang Province, and the City of Changchun, Jilin Province. A broader customer b can not only mitigate our reliance on certain big customers, but also bring us more opportunities. We believe a broade market for our products can increase demand for our products, reduce our vulnerability to market changes, and provid 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 futur

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 capaci 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 combi financial statements, which have been prepared in accordance with accounting principles generally accepted in the Un States. The preparation of these financial statements requires us to make estimates and assumptions that affect the rep amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial staten as well as the reported net sales and expenses during the reporting periods. On an ongoing basis, we evaluate our estin and assumptions. We base our estimates on historical experience and on various other factors that we believe are reaso under the circumstances, the results of which form the basis for making judgments about the carrying value of assets a liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under differe assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 to our combined financial statements incl 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 gene accepted accounting principles in the United States of America and have been consistently applied in the presentation 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 w 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 in 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 ar 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 permitt 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 Stat 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 revenu and expenses during the reporting period. Management makes these estimates using the best information available at t 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 assessment of specific outstanding customer balances. Management may extend credit to new customers who have m 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 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% salva 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 t 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 consi customer deposits as a liability until products have been shipped and revenue is earned. We collect a damage deposit (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 operat 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 be used to recover losses and increase capital, as approved, and, are to be used to expand production or operations. PR laws prescribe that an enterprise operating at a profit, must appropriate, on an annual basis, from its earnings, an amou the statutory reserve to be used for future company development. Such an appropriation is made until the reserve reac maximum equaling 50% of the enterprise's registered capital.

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Earnings Per Share

We compute earnings per share (“EPS”) in accordance with Statement of Financial Accounting Standards No. 128, “E per share” (“SFAS No. 128”), and SEC Staff Accounting Bulletin No. 98 (“SAB 98”). SFAS No. 128 requires compa 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 sim 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, c issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per sh 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 recent issued accounting announcements. We are currently evaluating the potential impact, if any, of the adoption of the abo 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 Sa
Sales	$	67,821,080	100%	$	53,725,596	1
Cost of Sales		(57,246,206)	84.41%		(47,254,631)	87
Gross Profit		10,574,874	15.59%		6,470,965	12
Selling Expenses		(706,664)	1.04%		(878,893)	1
General & Administrative Expenses		(614,806)	0.91%		(734,976)	1
Total Operating Expense		(1,321,470)	1.95%		(1,613,869)	3
Operating Income / (Loss)		9,253,405	13.64%		4,857,096	9
Other Income (Expense)		(4,814,163)	7.10%		(320,037)	0
Earnings Before Tax		4,439,242	6.55%		4,537,058	8
(Income Tax Expense) / Deferred Tax Benefit		(686,232)	1.01%		(216,770)	0
Net Income	$	3,753,010	5.53%	$	4,320,288	8
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 e September 30, 2008, an increase of approximately 26.24%. Our sales for our various product categories in the third qu 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 20
Fresh Pork	$	48,102,469	70.90%	$	42,858,853	79.80%	12
Frozen Pork		8,244,934	12.20%		4,618,716	8.60%	78
Processed Food Products		11,473,677	16.90%		6,248,027	11.60%	83
Total Sales	$	67,821,080	100%		53,725,596	100%	26

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 chan from 2008 to 20
Fresh Pork	28,322	77.86%	18,681	79.53%	51
Frozen Pork	4,196	11.54%	2,190	9.32%	91
Processed Food Products	3,858	10.61%	2,619	11.15%	47
Total Sales	36,376	100%	23,490	100%	54

In the third quarter of 2009, we raised our average per-kilogram sale price for processed food products and decreased average per-kilogram sale prices for fresh pork and frozen pork to our customers. These changes were inline with char 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 w in the third quarter of 2009 as compared with the same period in the prior year. For processed food products, our sale 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 en 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 i Price
Fresh Pork	$	1.70	$	2.29	-25.97%	$	-
Frozen Pork	$	1.96	$	2.11	-6.83%	$	-
Processed Food Products	$	2.97	$	2.39	24.66%	$	

Although we also sell our products through sales agents, our principal sales channels consist of Chuming-branded sho 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

As shown in the table above, as of September 30, 2009, as compared to September 30, 2008, we significantly increase number of participants in all three of these sales channels. We believe the sales from supermarkets and hypermarkets a likely to continue to yield higher profit margins. Their orders tend to be large and stable in quantity, and they usually h 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. Ou 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
Frozen Pork		7,093,774	12.39%		3,925,908	8.31%	80
Processed Food Products		8,508,973	14.86%		4,873,461	10.31%	74
Total Cost of Sales	$	57,246,206	100%	$	47,254,631	100%	21

The following table shows our cost of sales in the third quarter of each of 2009 and 2008 as a percentage of sales with 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	% Chang Product Group Sales
Fresh Pork	$	41,643,459	86.57%	$	38,455,262	89.73%	-3
Frozen Pork		7,093,774	86.04%		3,925,908	85.00%	1
Processed Food Products		8,508,973	74.16%		4,873,461	78.00%	-3
Total Cost of Sales	$	57,246,206	84.41%	$	47,254,631	87.96%	-3

Our cost of sales of fresh pork products increased by 8.29% and decreased by 3.15% as a percentage of sales of fresh p products, in each case as compared to the third quarter of 2008. This change resulted principally from the concession o sales price of the products to sales agents on a condition that each such sales agent assumed marketing expenses in sel our products, starting in the third quarter of 2008. Our cost of sales of frozen pork products increased by 80.69% and 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 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 w an increase in sales volume of processed food products and the higher transportation and delivery cost associated with expanded sales range of this product period over period.

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/(Descre from 2008 to 2
First Quarter	1.7652	2.2936	(0.5284)	(23.
Second Quarter	1.5032	2.2578	(0.7546)	(33.
Third Quarter	1.7477	2.2513	(0.5036)	(22.
Fourth Quarter	N/A	2.105	N/A	N

The most rapid increase in live pig prices occurred in the third and fourth quarters of 2007, for the highest grades of li pigs. However, live pig prices dropped from their highs in the second quarter of 2008 and have been stable since the t quarter of 2008. We believe that live pig prices will continue to remain stable, or perhaps trend lower, potentially thro 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 $6,470,96 the same period in 2008, representing an increase of $4,103,909, or approximately 63.42%. Management attributes th 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 same period in 2008.

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

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 Thir quarter of 2008 to Third Quarter o 2009
Fresh Pork	$	6,459,010	13.43%	$	4,403,591	10.27%	46
Frozen Pork		1,151,160	13.96%		692,808	15.00%	66
Processed Food Products		2,964,704	25.84%		1,374,566	22.00%	115
Total Gross Profit	$	10,574,874	15.59%	$	6,470,965	12.04%	63

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

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

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Other income (Expense). Our other income (expense) consists of interest income, other expenses, and interest expense 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 primaril attributable to the decrease of rental income from our frozen storage facility and the exclusion of the government subs 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 f 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 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	100.0(
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	10.1(
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 r months ended September 30, 2009, we had sales of $156,852,674 as compared to sales of $140,309,218 for the same p of 2008, an increase of approximately 11.79%. Our sales for our various product categories for the nine months perio ended September 30, 2009 are summarized as follows:

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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 increas from 2008 to 2
Fresh Pork	$ 115,951,472	73.92%	$ 114,605,135	81.68%	1
Frozen Pork	16,686,335	10.64%	9,311,039	6.64%	79
Processed Food Products	24,214,867	15.44%	16,393,044	11.68%	47
Total Sales	$ 156,852,674	100%	140,309,218	100%	11

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 chan from 2008 to 20
Fresh Pork	64,471	78.07%	48,123	80.14%	33
Frozen Pork	9,763	11.82%	4,449	7.41%	119
Processed Food Products	8,351	10.11%	7,475	12.45%	11
Total Sales	82,585	100%	60,047	100%	37

In the nine months ended September 30, 2009, we raised our average per-kilogram sale price for processed food produ and decreased our average per-kilogram sale prices for fresh pork and frozen pork to our customers. These changes w inline with changes in the market price for these products. In the nine months ended September 30, 2009, our sales vo of fresh pork, frozen pork and processed food products (by weight) increased, with the frozen pork category experienc the highest growth in sales volume both by weight and in terms of sales revenue. Our sales revenue for fresh pork slig increased due to the increase of sales volume for this product despite a reduction in the average per-kilogram price. F processed food products, our sales by weight increased by 11.72%, and because of higher per-kilogram prices, our sal revenue for this product category increased by 47.71% as compared with the same period in the prior year. Manageme attributes the increases in sales revenue in our product categories to the continuing strength in consumer demand for o 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 mon 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 i Price
Fresh Pork	$ 1.80	$ 2.38	-0.24%	$ -
Frozen Pork	$ 1.71	$ 2.09	-0.18%	$ -
Processed Food Products	$ 2.90	$ 2.19	0.32%	$

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

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 20
Fresh Pork	$ 101,328,631	75.84%	$ 100,269,410	83.33%	1
Frozen Pork	14,405,427	10.78%	7,681,210	6.38%	87
Processed Food Products	17,881,684	13.38%	12,378,863	10.29%	44
Total Cost of Sales	$ 133,615,742	100%	$ 120,329,483	100%	11

The following table shows our cost of sales in the nine months ended September 30, 2009 and 2008 as a percentage of 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	% Chang Product Group Sales
Fresh Pork	$ 101,328,631	87.73%	$ 100,269,410	87.49%	0
Frozen Pork	14,405,427	83.93%	7,681,210	82.50%	1
Processed Food Products	17,881,684	73.85%	12,378,863	75.51%	-1
Total Cost of Sales	$ 133,615,742	85.19%	$ 120,329,483	85.76%	-0

Our cost of sales of fresh pork products increased by 1.06% and increased by 0.24% as a percentage of sales of fresh p products, in each case as compared to the nine months ended September 30, 2008. This change resulted principally fro increase of the sales volume. Our cost of sales of frozen pork products increased by 87.54% and by 1.44% as a percen 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 3 2009, the cost of sales of processed food products increased by 44.45% but decreased by 1.67% as a percentage of sal processed food products, in each case as compared to the same period last year. Contributing factors to this increase w an increase in sales volume of processed food products and the higher transportation and delivery cost associated with 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 $19,979,73 the same period in 2008, representing an increase of $3,257,197, or approximately 16.30%. Management attributes th increase in gross profit to strong increases in sales revenue, driven by strong demand for our products, especially our f pork products, despite higher input costs and related price increases to our customers. Our gross profit as a percentag 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 belo 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 Ended September	% of Product Group Sales	Gross Profit Nine Months Ended September	% of Product Group Sales	% of Change from 200 to 2009

	30, 2009		30, 2008		
Fresh Pork	$ 14,222,841	12.27%	$ 14,335,725	12.51%	-0
Frozen Pork	2,680,908	16.07%	1,629,829	17.50%	64
Processed Food Products	6,333,183	26.15%	4,014,181	24.49%	57
Total Gross Profit	$ 23,236,932	14.81%	$ 19,979,735	14.24%	16

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In the nine months ended September 30, 2009, the gross profit of the fresh pork segment fell by 0.79% as compared to same period last year principally due to lower average-per-kilogram price to customers which offset sales volume incr in this segment. The gross profit of the frozen pork products increased by 64.49% as compared to the same period las primarily due to the dramatically increase of sales volume despite the lower average per-kilogram price to customers. processed food products segment continued to yield period over period a gross profit amount that was the highest amo 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 pe 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 expe in selling our fresh pork products.

General and Administrative Expenses. General and administrative expenses totaled $1,885,651 for the nine months en September 30, 2009 as compared to $1,881,138 for the same period in 2008, an increase of $4,513 or 0.24%. This cha 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 the nine months ended September 30, 2009, we had totaled other income of $35,552 and we did have income of $141, 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 subs 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 the same period in 2008, a decrease of $9,456,597 or 66.71%. This decrease in net income is attributable to a compens expense arising from the expected release of 1,448,864 of our shares from an escrow arrangement entered into as part 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	100.0
Cost of Sales	149,794,249	84.94%	104,378,909	83.6
Gross Profit	26,565,764	15.04%	20,317,127	16.3
Selling Expenses	5,147,366	2.92%	4,672,862	3.7
General & Administrative Expenses	2,675,661	1.52%	1,572,836	1.2
Total operating Expense	7,823,027	4.44%	6,245,698	5.0
Operating Income / (Loss)	18,742,737	11.32%	14,071,429	11.3
Other Income (Expense)	(11,385,383)	(6.46) %	(1,475,730)	(1.1
Earnings Before Tax	7,357,354	4.17%	12,619,687	10.1
(Income Tax Expense) / Deferred Tax Benefit	(520,089)	(0.29) %	(967,540)	(0.7
Net Income	$ 6,837,265	3.88%	$ 11,652,147	9.3
Basic and Diluted Earnings Per Share	0.32		0.67	
Weighted Average Shares Outstanding	17,272,756		17,272,756	

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Sales. Our sales include revenues from sales of our Fresh Pork, Frozen Pork, and Processed Food Products. During the 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 Po $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 o $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 million or 12.1%, from $18.2 to $20.4 million for the years then ended. In 2008, we raised our average per-kilogram prices to our customers, which coincided with an increase in the cost of live pigs and other production costs. The aver per-kilogram sales price for our Fresh Pork, Frozen Pork and Processed Foods to customers increased by 12%, 28.8% 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 channels, which is the reason why we are continuing to actively pursue this particular sales channel. In 2008, many of 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 advan 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 showca 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 a 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 prov and the sales volume was especially impacted during the fourth quarter of 2008,which management believes is due to 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 Dece 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 follo

				(In thousands of U.S. Doll		
		2008	% of Sales		2007	% of Sales
Fresh Pork	$	121,742	81.2%	$	84,622	81
Frozen Pork		11,026	7.4%		7,058	6
Processed Food Products		17,019	11.4%		12,653	12
Total Cost of Sales:	$	149,794	100%	$	104,378	

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

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 in 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, manageme estimates that we were able to recoup approximately 98% of the cost increases through increased consumer prices for products. Management also believes that productivity remained steady, with no significant changes from 2007 to 200

Gross Profit. Gross profit was $26,565,764 for the year ended December 31, 2008 as compared to $20,317,127 for the ended December 31, 2007, representing an increase of $6,248,637, or approximately 30.8%. The gross profits for Fr Pork, Frozen Pork and Processed Foods in 2008 were $20,059,628, $3,109,969 and 3,396,166, respectively. Manage attributes the increase in gross profit to strong increases in sales, driven by strong demand for our products. In 2008, increased the prices of our products in order to mitigate the impact of higher prices of live hogs in 2008. Our gross p 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 incre our customers.

Selling Expenses. Selling expenses totaled $5,147,366 for the year ended December 31, 2008, as compared to $4,672, for the year ended December 31, 2007, an increase of $474,504 or 10.2%. The increase of our selling expenses in 20 attributable to the addition of new salespersons to our sales team, increased incentives for salespersons, buy-in fees pa supermarkets for placement of our products, and expenses for market and product development, sales planning and tr etc. In 2008, our advertising and marketing expenditures decreased from $2,241,062 in 2007 to $1,764,788 in 2008. 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 incent on our products. The Company believed that advertisements can be handled more effectively at a regional and local by the sales agents, and at the same time it is also more cost effective for the Company. In 2008, the Company alloca more of our resources and increased advertising and promotional activities aimed at higher performing regions, retaile 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 sale 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 7 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. Becau 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, ou 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 Expe We had total Other Expenses of $11,385,383 for the year ended December 31, 2008 as compared to $1,451,742 for th ended December 31, 2007, an increase of $9,933,641 or 684.3%. The substantial increase in Other Expenses in 2008 primarily attributable to the accrual of the expected release of escrowed shares pursuant to a make good agreement rel 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 beneficia which include our CEO Mr. Shi Huashan and his family, were deposited into a make good escrow account. These sha are to be released back to Mr. Shi and his family if the Company meets the following earnings targets of $15.9 millio $20.9 million in after-tax net income for the years ended December 31, 2008, and 2009 respectively. In the event that

Company does not meet the aforementioned financial targets, the escrowed shares will be released, on a pro-rata basis the investors in the Financing. In accordance with Topic 5.T of the Staff Accounting Bulletins (SAB 79), the Compar expects to record a compensatory expense for the shares upon their release from escrow. Whether the shares are relea 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 futu operating periods could be in a range between $17 million to $29.2 million. The Company approximates this range ba 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 ar 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 t
year ended December 31, 2007, a decrease of $4,814,882 or 41.3%. This decrease in net income is basically attributab
the recorded expense in the amount of 10,622,294 in 2008 as above-mentioned.

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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 prese finance our operations primarily with cash flows from our operations, and we anticipate that this will continue to be o primary source of funds to finance our short-term cash needs. If we require additional capital to expand or enhance ou 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 f used in operating activities was $307,586 in the same period of 2008. This is primarily attributable to the increase in g 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 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 compa net cash used in financing activities of $964,516 in the same period of 2008. This increase resulted principally from a 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 a to pay promptly for products ordered. In 2008, we established a more comprehensive set of payment terms determine the creditworthiness and the length of time we have worked with such agents and retailers. For example, we require o 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 end of the month to pay for our products. For customers we have worked with for over 3 years and have established t 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 br of payment terms or non-payment. The payment terms for such large retailers usually range between 45 to 75 days, to negotiated with each individual retailer prior to the execution of contract. To improve our process of collecting accou receivable as compared to the prior year, we have also placed a cap on accounts receivable in proportion to the quantit ordered. The agent or retailer must pay down the balance of the accounts payable once the maximum cap is reached o 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 $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 director $1.5 million was held subject to hiring a qualified Chief Financial Officer, $250,000 was held to hire one of the agree upon investor relations firms, and $500,000 was held to hire one of the independent public accounting firms of record 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 u 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 production of prepared foods from 15,000 metric tons to 30,000 metric tons per year. We did not incur any expenses land use rights in 2008 compared to the $4.1 million we paid for land use rights in 2007. The expense for land use rig 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 finan 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-negot at the end of each term, and the parties re-execute a new revolving loan agreement every year after negotiation. Upo 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 o $9.26 million in November 2008. However, this cash inflow was offset by repayment of the above mentioned 2007 b loans that expired in October 2008 in the amount of $10.07 million. Compared to 2007, the total amount of our revol 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 Compa 2008, which offered our creditworthy customers longer and more flexible payment terms. The implementation of the 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 adjust in our accounting to correspond with such change. Many of our showcase stores and customers made cash payments 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 paym be deposited into our bank account takes approximately 4 business days. During this time, the payments are recorded Other Receivable since they are not actually received and cannot be counted as Accounts Receivable yet. After the m has been transferred into our bank account, we settle and deduct the relevant Accounts Receivable from Other Receiv 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 of business which includes the purchases of hogs and other raw materials, sale of pork and pork products, the Compan 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 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 C ("Mingxing") (4) Dalian Chuming Stockbreeding Combo Development Co., Ltd., ("Combo Development Co.") (5) D Chuming Fodder Co., Ltd. ("Fodder Co."), and (6) Dalian Chuming Biological Technology Co., Ltd., ("Biological C Dalian Huayu Seafood Food Co., Ltd. ("Huayu"). The Company and the aforementioned related parties share comm 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 orde arrive at a single balance that is either due from, or due to the Group. The Company's net receivable balance at Dece 31, 2008 was $10,919,777. Of the $10,919,777 net receivable owed by the Group to the Company, the entire amount been securitized by bank drafts issued by the bank on behalf of subsidiaries of the Group to the Company. These note 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 billing period from the original 30 to 60 days granted by our supplier who sells us supplementary materials and packa materials. The extension of payment term was to reward us for being a good customer. Another contributing factor w 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 $3.2 million in 2008. The increase of such advances was for the renovation and expansion of production facilities an 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.

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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 acti was $7.1 million in fiscal 2006. Prior to 2007, we offered flexible payment terms to agents who purchase pork produc from us for resale to retailers, but in March of 2007, we eliminated this practice and required agents to pay promptly f products ordered. In addition, we have worked with our larger customers to make improvements in the collection proc As a result we believe we have improved our process of collecting accounts receivable as compared to the prior year. 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 million in fiscal 2006. The increase in cash flow used in investing activities from 2006 to 2007 was a result of an equi financing, and a one-time payment by us for land use rights. In 2007, we completed a $17 million private placement, a 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 fi Also in 2007, we paid approximately $4.2 million to our local government for land use rights which we acquired in 20

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, $4.2 million of which was held back in an escrow account, and the repayment of a construction loan with an original princi amount of $19.3 million, in addition to other short term loans. Our private placement financing brought in approximat $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 shor business loans.

Capital Commitments

In the first quarter of 2008, as discussed above, we relaxed our credit policy for certain of our major customers, permi 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, corresponding reduction in our cash position. Management does not anticipate that this change in our credit policy wi 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 fund needed.

We believe our cash flow from operations together with our cash and cash equivalents currently on hand will be suffic 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 e financing. No assurance can be made that such financing will be available to us, and adequate funds may not be availa 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 o 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 tw loans, in the principal amounts of $4,387,504 and $2,047,503, on which we pay interest at rates of 6.1586% and 7.32 per annum respectively. As of September 30, 2009, we had outstanding $4,387,504 in borrowings from the Bank of H under one loan, on which we pay interest at a rate of 6.732% per annum. As of September 30, 2009, we had outstandi $5,850,006 in borrowings from Shanghai Pufa Development Bank under one loan, on which we pay interest at a rate o 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 rep our financial results in U.S. Dollars using the closing rate method. As a result, fluctuations in the exchange rates betw Chinese RMB and the U.S. Dollar will affect our reported financial results. The balance sheet items are translated into dollars using the exchange rates at the respective balance sheet dates. The capital and various reserves are translated a historical exchange rates prevailing at the time of the transactions while income and expenses items are translated at t average exchange rate for the period. All exchange differences are recorded within equity. The foreign currency transl adjustment for the nine months ended September 30, 2009 and 2008, which was in each instance a gain, was $1,773,4 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 2 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 incr to 6.8376 RMB to one U.S. dollar. As a result, the ongoing appreciation of RMB to U.S. dollar negatively impacted o 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 o business needs, cancellation provisions, changing interest rates, and other factors may result in actual payments differ from the estimates. We cannot provide certainty regarding the timing and amounts of payments. We have presented b summary of the most significant assumptions used in our determination of amounts presented in the tables in order to in the review of this information within the context of our consolidated financial position, results of operations, and ca flows.

The following tables summarize our contractual obligations as of September 30, 2009, and the effect these obligations 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	Year
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 where 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% eac year. The assumption of 10% reflects our expectations with regard to inflation and the rising costs of inputs in breedin livestock.

Off-balance Sheet Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations o third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareho 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 suppo such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, mark 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 an
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. Ou
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 l
the date of purchase to be cash equivalents. However, in order to manage the foreign exchange risks, we may engage i
hedging activities to manage our financial exposure related to currency exchange fluctuation. In these hedging activiti
might use fixed-price, forward, futures, financial swaps and option contracts traded in the over-the-counter markets or
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
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 1
increase or decrease in interest rates would not have a material impact on our earnings or loss, or the fair market value
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 r
values of U.S. Dollars and RMB affect our reported levels of revenues and profitability as the results are translated int
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 no
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 liabil
denominated in other currencies into RMB, the functional currency of our operating business. Our results of operation
cash flow are translated at average exchange rates during the period, and assets and liabilities are translated at the unif
exchange rate as quoted by the People's Bank of China at the end of the period. Translation adjustments resulting from
process are included in accumulated other comprehensive income in our statement of shareholders' equity. We record
foreign currency gains of $610,696, $2,064,272 and $528,277 in 2006, 2007 and 2008, respectively. We have not used
forward contracts, currency options or borrowings to hedge our exposure to foreign currency exchange risk. We canno
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.
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 re
the value of your investment in our company and the dividends we may pay in the future, if any, all of which may hav
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
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. Shi Huashan has nearly 20 years of experience in the food industry. He established Dalian Chuming Industry Develop Company in 1992, which started the Dalian Chuming Group Co., Ltd. From 1992 to present he has served as Presiden 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 cu President of the Dalian Food Association. He is Chuming's President, Chief Executive Officer, and Chairman of the B of Directors.

Ms. Wang Shu, age 34, is a graduate of Liaoning University, with a major in accounting, Ms. Wang Shu has more tha years of experience in finance. From 1996 to 2001, she worked at Dalian Huaqiao House Development Company as it chief accountant. In 2001, she joined Dalian Chuming Group Co., Ltd., and in her present role serves as Chuming's as 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 to 1993, she worked at Dalian Thermo Engineering Company as its Chief Accountant. From 1992 to 2001, Ms. Ma se 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.

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Ms. Wang Shuying, age 58, member of the Chuming Board of Directors, served from 1996-2004 as Chief of the Dalia
Planning Committee's Agriculture Economy Development Section, and now works as a consultant to the Section. Fro
1991-1996 she was Vice Chief of the Section. A graduate of Dalian Railway College, she was a staff member of the I
Machinery Bureau's Agriculture Machinery Department from 1977-1984. From 1984-1989 Ms. Wang was Chief of t
Dalian Planning Committee's Industry Section, before undertaking German language studies at the Beijing Foreign T
University. She completed a training program in Germany at Heidelberg Hiller College from 1989-1991 prior to retu
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 custom
performed by such committees are performed by its Board of Directors as a whole. We are not required to maintain s
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 regul
requiring that all or any portion of our Board of Directors include "independent" directors. Our board of directors rev
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
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 viol
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 involveme
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 app 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 curren executive officers. This compensation discussion focuses on the information contained in the following tables and rela footnotes and narrative for the last completed fiscal year. Our Board of Directors currently oversees and administers o executive compensation program.

Our current executive compensation program presently includes a base salary. Our compensation program does not in (i) discretionary annual cash performance-based incentives, (ii) termination/severance and change of control payments (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 opera 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 wh 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 thos 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;

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- the number of elements of our compensation program should be kept to a minimum, and those elements should be r
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 indepen directors a flat fee of $1,000 per month as compensation for their services on the Board. On December 9, 2008, Mess Dillon, Gounaris and Boyle resigned form the Board of Directors. As a result, following their resignations we only pa 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 princi executive officer, principal financial officer, and three most highly compensated executive officers whose salary excee 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 offic 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
Chief Executive Officer, President	2007	60,000	-	60
Wang Shu	2008	$ 40,000	-	40
Chief Financial Officer	2007	20,000	10,000	30
Wang Shuying	2008	12,000	-	12
Director	2007	-	-	
Chen Fuyan	2008	12,000	-	12
Chief Operating Officer	2007	-	-	
Ma Fengqin	2008	12,000	-	12
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 year ended December 31, 2008.

(2) In 2008, compensation paid to our officers and directors included no bonuses, stock or option awards, non-equ incentive plan awards, or non-qualified deferred compensation, and accordingly, these columns have been omi 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, optio 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-e 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 o 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 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 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 i 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 employ agreements with each of Mr. Shi Huashan (President and Chief Executive Officer), Ms. Wang Shu (acting Chief Finan Officer) and Mr. Chen Fuyuan (Chief Operating Officer). Each agreement provides for a yearly salary of USD $100,0 payable in monthly installments in accordance with our standard payroll practices for salaried employees. Each execu

officer's salary will be subject to adjustment pursuant to our employee compensation policies in effect from time to ti
Under the terms of each of the agreements, each executive officer will be entitled to the benefits that we customarily r
available to employees in comparable positions. Each officer has the right to terminate his or her employment by givi
prior notice with or without cause, and we hold an equal right. The Board of Directors or appropriate committee there
may from time to time, in its sole discretion, adjust the salaries and benefits paid to our executive officers. A copy of t
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 u 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 i equity or non-equity bonus programs to be determined by the Board of Directors. Mr. Zhang resigned on December 2 2008 for personal reasons.

Following Mr. Zhang's resignation, Ms. Wang has assumed the duties of Chief Financial Officer effective December 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 fisc 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 ann Compensa
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 direct may be indemnified by us in the event of third party actions, if the officer or director acted in good faith and in a mann that he or she reasonably believed was in or not against the company's best interests, and with respect to any criminal or proceeding, had no reason to believe that his or her actions were unlawful. Our bylaws also provide that we may pr indemnification for our officer and directors for any action by the company against such directors and officers, if the o or director acted in good faith and in a manner that he or she reasonably believed was in or not against the company's interests, except no indemnification may be made for negligence or misconduct of such director's or officer's duties to 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 3
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, t 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 Precious Sheen Investments Consulting Co., Ltd., No. 9, Xin Yi Street, Ganjingzi District, Dalian City, Liaoning Prov PRC 116039. The percentage of class beneficially owned set forth below is based on 21,136,392 shares of our commo stock outstanding on December 30, 2009.

	Common Stock Beneficially Owned		
Named executive officers and directors:	Number of shares beneficially owned		Percentage of class beneficially ow
Shi Huashan	14,688,948	(1)	6
Wang Shu	0		
Chen Fuyuan	0		
Ma Fengqin	0		
Wang Shuying	0		
All directors and executive officers as a group (5 persons)	14,688,948		6
5% Shareholders:			
Shine Gold Holdings Limited	10,690,668	(1)	
Shiny Snow Holdings Limited	1,948,890	(1)	
Smart Beat Limited	2,049,390	(1)	
Barry Kitt	2,045,455	(2)	

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(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 participa 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 beneficia shareholder of our former parent company, Dalian Chuming Group Co., Ltd. Mr. Shi devotes the majority of his time effort to his role as our Chief Executive Officer under our employment agreement with him. A description of the exec 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 s 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 the Company or its subsidiaries: (1) Dalian Chuming Group Co., Ltd., also referred to this report as the "Group", and

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 Seafo Food Co., Ltd. The Company and the aforementioned related parties share common beneficial ownership. All related 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 nature of these transactions, refer to footnote 5 in the Notes to Consolidated Financial Statements as at and for the yea ended December 31, 2008, 2007 and 2006. Paragraph 2(c) of the Statement of Financial Accounting Standards No. 5 (SFAS 57) requires us to disclose in our financial statements the dollar amounts of each of the periods presented, as w the effect of any change in the method of establishing the terms from that used in the preceding period, for our related transactions. Due to certain limitations in our historical records heading up to the end of fiscal 2007, the present capa our accounting staff, and the fact that our historical records relating to these related party transactions are manually-ba we have presented these related party transactions according to their general category and current balance, and each su 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 ste update our accounting systems and procedures in order to achieve such compliance on an ongoing basis. Specifically intend to update our systems and methods of tracking related party transactions, by adding appropriate accounting sta 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 hogs that were purchased from the Group comprised 49% and 52% of our total cost of sales for the years 2008 and 20 respectively. The remainder of our supply of hogs was purchased by us directly from breeders, whom we provide trai 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 wh we transact business with the Group, and certain terms of agreements might be favorable to us, but conversely unfavo to the Group, and vice versa. In order to effectively handle such conflict of interest scenarios, our management intend 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 Chumin Development Co., Ltd., a subsidiary of the Group. We have been granted a perpetual fully paid up license to use both 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 paren This agreement specifies that the Group should supply no less than 800,000 live hogs in 2009 and 800,000 in 2010, a 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 joint loan commitment from both China Development Bank and Shenzhen Development Bank ("Banks") via a collate loan. The Group collateralized the loan by purchasing a bond from China Export and Credit Insurance Corporation ("I Issuer"). The bond guarantees to the Banks the entire principal and accrued interest of the loan. The cost of the bond i 1,000,000 annually, or in USD: $120,668, 121,902, and 125,284 for the years 2004, 2005, and 2006, respectively, wh was paid by us. The loan carries a fixed interest of 5.76% per annum. We pledged both land use rights and buildings t

Bond Issuer. We pursued a loan from the Group as the financing solution of choice because our tangible assets, at the of origination, were insufficient to collateralize the loan. Additionally, we at that time lacked the favorable credit histo 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 We repaid the loan in order to meet the requirements of the equity financing transaction detailed in Note 18 of our fina 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 B Issuer still underlie the loan currently owed by the Group, and as such, our assets, namely the buildings and land use r 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 appraise fair market value of $5,605,611 (RMB 41,000,000). The Shanghai Pudong Development Bank loan has been guarante the Group.

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

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

The loan provided by the Bank of China is secured by the Meat Company's land use rights, which have been appraise 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 Ma 2007 resulting in total accrued "loans from stockholders" of $25,871. The total $25,871 has been paid by Jenson Serv 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 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 stock purchase agreement surrendered and cancelled 1,350,000 then-issued and outstanding shares of Energroup com 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 securi delivered 375,000 of its pre-reverse split shares (approximately 53,572 post-reverse split shares) for cancellation; Jam 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 (approximate 67,858 post-reverse split shares) for cancellation; and his sister, Alycia Anthony, which then owned 500,000 pre-rever 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 of these cancelled shares were returned to the status of authorized and unissued shares of Energroup. No consideratio given by Energroup in the cancellation of these shares. The effect of the share cancellations was to reduce the carryin 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 dec a special cash distribution of $0.1219 per share to shareholders of record as of May 17, 2007, the record date for the s 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 o record on the record date, subject to the closing of the stock purchase agreement. The special cash distribution was pa 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 agree
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, a
in effect upon the closing of the share exchange transaction. This description is only a summary. You should also refe
our articles of incorporation, bylaws and articles of amendment which have been incorporated by reference or filed wi
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, pa
value $0.001 and 10,000,000 are shares of preferred stock, par value $0.001. There are 21,136,392 shares of common
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. Holde
common stock do not have cumulative voting rights. Subject to preferences that may be applicable to any then-outstan
preferred stock, holders of common stock are entitled to share in all dividends that the board of directors, in its discret
declares from legally available funds. In the event of our liquidation, dissolution or winding up, subject to preferences
may be applicable to any then-outstanding preferred stock, each outstanding share entitles its holder to participate in a
assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference ove
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 serie
the board may determine from time to time. Each such class or series shall be distinctly designated. All shares of any o
class or series of the preferred stock shall be alike in every particular, except that there may be different dates from wh
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
any time. Our board of directors has express authority to fix (by resolutions adopted prior to the issuance of any share
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 o
preferred stock could adversely affect the voting power of the holders of common stock and issuance of preferred stoc
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 iss
to the investors in the Financing. We were obligated to have the Registration Statement of which this prospectus form
part, declared effective by the Securities and Exchange Commission (the "SEC") no later than 135 days after the closi
the Financing, or be subject to the payment of liquidated damages payable in cash of 1% of the total Financing amoun

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 dead for the appointment of the new CFO, the independent directors and the effectiveness of the Registration Statement

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Registration of these shares of common stock would result in the holders being able to trade these shares without restr
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'
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 Bul
Board under the symbol "ENHD.OB". The following table sets forth the high and low bid information for our commo
for each quarter within our last three fiscal years and subsequent interim periods, as reported by the OTC Bulletin Boa
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	$
Quarter ended September 30, 2009	$ 2.00	$
Quarter ended June 30, 2009	$ 0.51	$
Quarter ended March 31, 2009	$ 0.40	$
2008		
Quarter ended December 31, 2008	$ 0.25	$
Quarter ended September 30, 2008	$ 0.25	$
Quarter ended June 30, 2008	$ 5.00	$
Quarter ended March 31, 2008	$ 5.00	$
2007 (1)		
Quarter ended December 31, 2007	$ 53.00	$
Quarter ended September 30, 2007	$ 4.65	$
Quarter ended June 30, 2007	$ 4.65	$
Quarter ended March 31, 2007	$ 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 tra 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 Investmer L.P., a Texas limited partnership (“HFI”), pursuant to which we agreed to sell to HFI 11,200,000 pre-reverse split sha (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 ou 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) 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-rev 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 his sister, Alycia Anthony, which then owned 500,000 pre-reverse split shares (approximately 71,429 post-reverse spl 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 sta authorized and unissued shares. No consideration was given by us in the cancellation of these shares. The effect of the cancellations was to reduce the carrying par value of shares surrendered and a corresponding increase to additional pa 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 d for the special cash distribution. Neither HFI or the shares surrendered by Jenson Services or James P. Doolin or Alyc 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 givi effect to the cancellation of 1,350,000 pre-reverse split shares discussed above, which resulted in a total cash distribut 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. Si 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 c 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 rel 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 governm imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of the PRC. V may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currenc

LEGAL MATTERS

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

EXPERTS

Our consolidated financial statements for each of the fiscal years ending December 31, 2008 and 2007, have been aud by our independent auditor, Samuel H. Wong & Co., LLP, certified public accountants registered with the Public Con Accounting Oversight Board, which firm also reviewed our interim consolidated financial statements for the nine mor 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, office controlling persons pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the 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 statement annual and quarterly reports, and other reports filed by the Company can be inspected and copied at the public referen facilities maintained by the SEC at the Headquarters Office, 100 F. Street N.E., Room 1580, Washington, D.C. 20549 may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. You ca request copies of these documents upon payment of a duplicating fee by writing to the SEC. The Company's filings a available on the SEC's internet site (http://www.sec.gov).

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

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 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
Additional Paid in Capital			38,900,380		26,062
Statutory Reserve	2(M),11		2,077,488		2,077
Retained Earnings			39,995,333		35,275
Accumulated Other Comprehensive Income	2(N)		5,262,704		3,489
TOTAL STOCKHOLDERS' EQUITY			86,257,041		66,925
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$	123,930,882	$	90,683

See Accompanying Notes to the Consolidated Financial Statements
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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 2008
Sales	2(O)	$ 67,821,080	$ 53,725,596	$ 156,852,674	$ 140,309
Cost of Sales	2(P)	(57,246,206)	(47,254,631)	(133,615,742)	(120,329
Gross Profit		10,574,874	6,470,965	23,236,932	19,979
Selling Expenses	2(Q)	(706,664)	(878,893)	(2,079,027)	(3,463
General & Adm. Expenses	2(R)	(614,806)	(734,976)	(1,885,651)	(1,881
Operating Income		9,253,405	4,857,096	19,272,254	14,634
Other Income		7,204	680,344	35,552	1,420
Other Expenses		(8,270)	(413,264)	(71,978)	(514
Interest Income		13,574	-	131,139	279
Interest Expense		(206,869)	(587,118)	(509,464)	(1,194
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
Income Tax	2(V),13	(686,232)	(216,770)	(1,441,418)	(449
Net Income		$ 3,753,010	$ 4,320,288	$ 4,719,876	$ 14,176
Earnings Per Share	2(Y),16				
Basic		$ 0.22	$ 0.25	$ 0.27	$
Diluted		$ 0.18	$ 0.20	$ 0.22	$
Weighted Average Shares Outstanding					
Basic		17,272,756	17,272,756	17,272,756	17,272
Diluted		21,136,392	21,182,756	21,136,392	21,182

See Accompanying Notes to the Consolidated Financial Statements

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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 Shares Outstanding	Common Stock Amount	Additional Paid in Capital	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive Income	T
Balance, January 1, 2008	21,136,392	$ 21,137	$ 15,440,043	$ 751,444	$ 29,764,236	$ 2,960,951	$ 48
Release of Shares Placed in Escrow	-	-	10,622,294	-	-	-	10
Net Income	-	-	-	-	6,837,265	-	6
Appropriations of Retained Earnings	-	-	-	1,326,044	(1,326,044)	-	
Foreign Currency Translation Adjustment	-	-	-	-	-	528,277	
Balance, December 31, 2008	21,136,392	$ 21,137	$ 26,062,337	$ 2,077,488	$ 35,275,457	$ 3,489,228	$ 66
Balance, January 1, 2009	21,136,392	$ 21,137	$ 26,062,337	$ 2,077,488	$ 35,275,457	$ 3,489,228	$ 66
Release of Shares Placed in Escrow	-	-	12,838,043	-	-	-	12
Net Income	-	-	-	-	4,719,876	-	4
Appropriations of Retained Earnings	-	-	-	-	-	-	
Foreign Currency Translation Adjustment	-	-	-	-	-	1,773,476	1
Balance, September 30, 2009	21,136,392	$ 21,137	$ 38,900,380	$ 2,077,488	$ 39,995,333	$ 5,262,704	$ 86

	Note	12 months ended December 31, 2008	9 months ended September 30, 2009	Total
Comprehensive Income	2(M)			
Net Income		$ 6,837,265	$ 4,719,876	$ 11,557
Other Comprehensive Income				

Foreign Currency Translation Adjustment	528,277	1,773,476	2,301
Total Comprehensive Income	$ 7,365,542	$ 6,493,352	$ 13,858

See Accompanying Notes to the Consolidated Financial Statements

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Energroup Holdings Corporation
Consolidated Statements of Cash Flows
For the three and nine months ended September 30, 2009 and 2008
(Stated in US Dollars)

	3 months ended September 30, 2009	3 months ended September 30, 2008	9 months ended September 30, 2009	9 months ended September 3 2008
Cash Flow from Operating Activities				
Cash Received from customers	$ 41,789,815	$ 45,452,629	$ 135,386,459	$ 116,666
Cash Paid to Suppliers & Employees	(55,737,214)	(43,761,827)	(134,780,845)	(116,525
Interest Received	13,574	315,155	131,139	279
Interest Paid (net of amount capitalized)	(149,325)	(356,596)	105,637	(242
Taxes Paid	-	(218,362)	-	(490
Miscellaneous Receipts	9,437	337	38,940	4
Cash Sourced/(Used) in Operating Activities	(14,073,713)	1,431,337	881,330	(307
Cash Flows from Investing Activities				
Funds Released from/(Interest Earned in) Escrow Account	(548)	(3,720)	1,416	2,015
Purchases of Property, Equipment, and Construction of Plants	(117,482)	(2,042,604)	(3,642,200)	(2,689
Purchase of Land Use Rights	(15,499)	(904,031)	(326,785)	(904
Payments/(Withdraw) of Deposits	-	(227)	34,808	(60
Cash Sourced/(Used) in Investing Activities	(133,529)	(2,950,582)	(3,932,762)	(1,638
Cash Flows from Financing Activities				
Proceeds from Bank Borrowings	5,861,390	15,004,489	10,253,095	6,418
Repayment of Bank Loans	-	(14,988,890)	-	(7,383
Cash Sourced/(Used) in Financing Activities	5,861,390	15,599	10,253,095	(964
Net Increase/(Decrease) in Cash & Cash Equivalents for the Period	(8,345,852)	(1,503,647)	7,201,663	(2,910
Effect of Currency Translation	70,720	1,905,294	1,773,476	550
Cash & Cash Equivalents at Beginning of Period	22,946,069	11,270,730	5,695,798	14,031
Cash & Cash Equivalents at End of Period	$ 14,670,937	$ 11,672,377	$ 14,670,937	$ 11,672

See Accompanying Notes to the Consolidated Financial Statements

Energroup Holdings Corporation

Reconciliation of Net Income to Cash Sourced (Used) in Operations
For the three and nine months ended September 30, 2009 and 2008
(Stated in US Dollars)

	3 months ended September 30, 2009	3 months ended September 30, 2008	9 months ended September 30, 2009	9 months ended September 30 2008
Net Income	$ 3,753,010	$ 4,320,288	$ 4,719,876	$ 14,176
Adjustments to Reconcile Net Income to Net Cash Provided by Operation Activities.				
Release of Shares from Escrow	4,619,816	-	12,838,043	
Amortization	67,427	74,052	492,033	259
Depreciation	584,736	576,203	1,744,638	1,983
Provision for Bad Debt	159,028	-	117,679	
Increase in Accounts Receivable	(15,902,773)	(10,487,495)	(11,767,850)	(27,906
Increase in Other Receivable	(5,202,956)	-	(4,216,385)	
Increase in Related Party Receivable	(5,422,362)	-	(6,795,071)	
Increase in Inventory	(1,197,330)	(1,987,668)	(254,276)	(4,709
Decrease in Advance to Suppliers	397,958	-	255,321	
Decrease/(Increase) in Prepaid Expenses	(5,847)	(934,281)	26,466	
Decrease/(Increase) in Prepaid Taxes	91,419	-	59,434	(1,083
Increase in Deferred Tax Asset	(679)	-	(1,563)	
Increase/(Decrease) in Accounts Payable	618,689	8,298,021	(3,060,267)	13,576
Increase in Taxes Payable	1,398,295	-	3,315,843	
Increase in Other Payable	1,496,668	-	1,633,260	
Increase in Accrued Liabilities	133,405	394,292	720,570	547
Increase in Customer Deposits	337,784	1,177,925	1,053,579	2,848
Total of all adjustments	(17,826,722)	(2,888,951)	(3,838,546)	(14,484
	$ (14,073,713)	$ 1,431,337	$ 881,330	$ (307

See Accompanying Notes to the Consolidated Financial Statements

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Energroup Holdings Corporation

Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

1. The Company and Principal Business Activities

Energroup Holdings Corporation (the "Company") (OTCBB: ENHD) is a holding company incorporated in the Nevada in the United States of America whose primary business operations are conducted through its three ope subsidiaries: (1) Dalian Chuming Processed Foods Company Ltd., ("Food Company") (2) Dalian Chuming Slaug Packaging Pork Company Ltd. ("Meat Company"), and (3) Dalian Chuming Sales Company Ltd. ("Sales Company"), incorporated in the People's Republic of China ("PRC"). The Company is headquartered in the City of Dalian, Province of China.

The three operating subsidiaries were spun-off constituents of the former parent company, Dalian Chuming Group Co ("Group"). The Company indirectly holds the three operating subsidiary companies through its wholly owned inter subsidiaries: (A) Precious Sheen Investments Limited ("PSI"), a British Virgin Islands corporation, and (B) Dalian C Precious Sheen Investments Consulting Co., Ltd., ("Chuming"), a wholly foreign owned enterprise incorporated in th

The Company's primary business activities are the production and packing of fresh pork and also production of pro meat products for distribution and sale to clients throughout the PRC and Russia.

Corporate Reorganization

PRC law currently has limits on foreign ownership of certain companies. To enable Chuming to raise equity capita investors outside of China, it established an offshore holding company by incorporating Precious Sheen Invest Limited in the British Virgin Islands in May 2007. On September 26, 2007, Chuming entered into share transfer agree with Dalian Chuming Group Co., Ltd., under which Dalian Chuming Group Co., Ltd. agreed to transfer ownership o operating subsidiaries (collectively known as "Chuming Operating Subsidiaries") to Chuming. On October 2 Chuming completed all required registrations to complete the share transfer, and became the 100% owner of the Ch Operating Subsidiaries. On November 14, 2007 the Dalian Commerce Bureau approved the transfer of Dalian Ch Group Co., Ltd's 68% interest in Chuming to PSI, and upon this transfer, Chuming became a wholly foreign enterprise, with PSI as the 100% owner of Chuming (including its subsidiaries). On December 13, 2007, the government authorities issued Chuming a business license formally recognizing it as a wholly foreign owned enterpr which PSI is the sole shareholder.

The following is a description of the Chuming Operating Subsidiaries: -

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

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

C. Dalian Chuming Sales Company Ltd., which is responsible for Chuming's sales, marketing, and distribution operat

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

Share Exchange Transaction

On December 31, 2007, the Company acquired all of the outstanding shares of PSI in exchange for the issuar 16,850,000 restricted shares of our common stock to the shareholders of PSI, which represented approximately 97.5 the then-issued and outstanding common stock of the Company (excluding the shares issued in the Financing). As a of that transaction, PSI became our wholly owned subsidiary and we acquired the business and operations of the operation subsidiaries.

The share exchange transaction has been accounted for as a recapitalization of PSI where the Company (the legal acc is considered the accounting acquiree and PSI (the legal acquiree) is considered the accounting acquirer. As a result transaction, the Company is deemed to be a continuation of the business of PSI.

Accordingly, the financial data included in the accompanying consolidated financial statements for all periods pr December 31, 2007 is that of the accounting acquirer (PSI). The historical stockholders' equity of the accounting a prior to the share exchange has been retroactively restated as if the share exchange transaction occurred as of the beg of the first period presented.

2. Summary of Significant Accounting Policies

(A) Method of Accounting

The Company maintains its general ledger and journals with the accrual method accounting for financial rep purposes. The financial statements and notes are representations of management. Accounting policies adopted Company conform to generally accepted accounting principles in the United States of America and have been consis applied in the presentation of financial statements, which are compiled on the accrual basis of accounting.

(B) Principles of Consolidation

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

The Company owned the three operating subsidiaries since its inception. The Company also owns two interme holdings 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
	PRC	100%	RMB 5,000,000

Dalian Chuming Processed Foods Co. Ltd.			
Dalian Chuming Sales Co. Ltd.	PRC	100%	RMB 5,000,000

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

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

(C) Use of Estimates

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

(D) Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid equity or debt instruments purc with a maturity of three months or less to be cash equivalents.

(E) Accounts Receivable

The Company extends unsecured, non-interest bearing credit to its customers; accordingly, the Company carr allowance for doubtful accounts, which is an estimate, made by management. Management makes its estimate bas prior experience rates and assessment of specific outstanding customer balances. Management may extend credit t customers who have met the criteria of the Company's credit policy.

(F) Inventory Carrying Value

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

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

(G) Purchase Deposit

Purchase deposit represents the cash paid in advance for purchasing raw materials. The purchase deposit is interest fr unsecured.

(H) Property, Plant, and Equipment

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

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

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

(I) Land Use Rights

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

(J) Construction in Progress

Construction in progress represents the direct costs of design, acquisition, and construction of buildings, bu improvements, and land improvements. These costs are capitalized in the Construction-in-Progress accoun substantially all activities necessary to prepare the assets for their intended use are completed. At such poi Construction-in-Progress account is closed and the capitalized costs are transferred to their appropriate classification. No depreciation is provided until the assets are completed and ready for their intended use.

(K) Accounting for Impairment of Assets

The Company reviews the recoverability of its long-lived assets, such as property and equipment, when events or c in circumstances occur that indicate the carrying value of the asset group may not be recoverable. The assessm possible impairment is based on the Company's ability to recover the carrying value of the asset from the expecte cash flows, undiscounted and without interest charges, of the related operations. If these cash flows are less th carrying value of such assets, an impairment loss is recognized for the difference between estimated fair val carrying value. The measurement of impairment requires management to estimate future cash flows and the fair v long-lived assets.

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

(L) Customer Deposits

Customer Deposits represents money the Company has received in advance for purchases of pork and pork products
Company considers customer deposits as a liability until products have been shipped and revenue is earned.

The Company collects a damage deposit (as a deterrent) recorded in Other Payable from showcase store operato
means of enforcing proper use of the Company's trademarks. These are not fees, but deposits that are carried as
liabilities until and unless an operator violates the Company's policies (e.g. misuse of Company brand names, or
substandard or counterfeit products, or unacceptably poor customer service), or if the proprietor ceases to opera
showcase store. If no violations have been committed by the showcase store operator, the deposit is returned
operator. The Company carries the amount of these deposits as a current liability because the Company will retu
deposit immediately to the operator when the Company ceases to conduct business with the operator.

(M) Statutory Reserve

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

(N) Other Comprehensive Income

Comprehensive income is defined to include all changes in equity except those resulting from investments by owne
distributions to owners. Among other disclosures, all items that are required to be recognized under current acco
standards as components of comprehensive income are required to be reported in a financial statement that is pre
with the same prominence as other financial statements. The Company's current component of other compreh
income is the foreign currency translation adjustment.

(O) Recognition of Revenue

Revenue from the sale of pork products, etc., is recognized on the transfer of risks and rewards of ownership,
generally coincides with the time when the goods are delivered to customers and the title has passed.

The Company supplies pork products, equipment, uniforms, and technical support to the proprietors of showcase
who are granted the right to use the Company's trademarks to sell pork products. Start-up fees relating to unifo
immaterial and are charged to the showcase store operators merely to recoup setup costs. Any funds collected from
operators in conjunction with initial startup and operation is minimal and immaterial. The Company does not char
fees for providing equipment to the showcase stores. The Company provides equipment at its own cost, and the Co
owns all such equipment. Considering the foregoing, the Company takes the position that any amount it receives fr
store operators is not material in accordance with Rule 5-03.1 of Regulation S-X. In addition, since the Company d
receive any material franchise fee revenue, SFAS 45 is not applicable.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

(P) Cost of Sales

The Company's cost of sales is comprised of raw materials, factory worker salaries and related benefits, machinery su maintenance supplies, depreciation, utilities, inbound freight, purchasing and receiving costs, inspection and wareho costs

(Q) Selling Expense

Selling expenses are comprised of outbound freight, salary for the sales force, client entertainment, commis depreciation, advertising, and travel and lodging expenses.

(R) General & Administrative

General and administrative costs include executive compensation, quality control, and general overhead such as the fi department, administrative staff, and depreciation and amortization expense.

(S) Shipping and handling

All shipping and handling are expensed as incurred and are included as a component of cost of sales.

(T) Advertising Expense

Costs related to advertising and promotion expenditures are expensed as incurred during the year. Advertising co charged to selling expense.

(U) Retirement Benefits

Retirement benefits in the form of contributions under defined contribution retirement plans to the relevant authorit charged to the statement of operations as incurred.

(V) Income Taxes

The Company uses the accrual method of accounting to determine and report its taxable reduction of income taxes f year in which they are available. The Company has implemented Statement of Financial Accounting Standards (SFA 109, Accounting for Income Taxes. Income tax liabilities computed according to the United States and People's Repu China (PRC) tax laws are provided for the tax effects of transactions reported in the financial statements and cons taxes currently due plus deferred taxes related primarily to differences between the basis of fixed assets and inta assets for financial and tax reporting. The deferred tax assets and liabilities represent the future tax return consequen those differences, which will be either taxable or deductible when the assets and liabilities are recovered or s Deferred taxes also are recognized for operating losses that are available to offset future income taxes. A valu allowance is created to evaluate deferred tax assets if it is more likely than not that these items will either expire befo Company is able to realize that tax benefit, or that future realization is uncertain.

Energroup Holdings Corporation

Notes to Consolidated Financial Statements
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In respect of the Company's subsidiaries domiciled and operated in China:

- Chuming and Chuming Operating Subsidiaries are located in the PRC and PSI is located in the British Virgin Is all of these entities are subject to the relevant tax laws and regulations of the PRC and British Virgin Islands in the related entity domiciled. The maximum tax rates of the subsidiaries pursuant to the countries in whicl domicile are: -

Subsidiary	Country of Domicile	Income Tax
Chuming and Chuming Subsidiaries	PRC	25.00%
PSI	British Virgin Islands	0.00%

- Effective January 1, 2008, PRC government implements a new 25% tax rate across the board for all enter regardless of whether domestic or foreign enterprise without any tax holiday which is defined as "two-year exe followed by three-year half exemption" hitherto enjoyed by tax payers. As a result of the new tax law of a standa tax rate, tax holidays terminated as of December 31, 2007. However, PRC government has established a set of trai rules to allow enterprises already started tax holidays before January 1, 2008, to continue enjoying the tax holiday being fully utilized.

- Since Energroup Holdings Corporation is primarily a holding company without any business activities in the U States, the Company shall not be subject to income tax.

(W) Economic and Political Risks

The Company's operations are conducted in the PRC. Accordingly, the Company's business, financial condition and of operations may be influenced by the political, economic and legal environment in the PRC, and by the general s the PRC economy.

(X) Foreign Currency Translation

The Company maintains its financial statements in the functional currency. The functional currency of the Company Renminbi (RMB). Monetary assets and liabilities denominated in currencies other than the functional curren translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Transactions denom in currencies other than the functional currency are translated into the functional currency at the exchanges rates prev at the dates of the transaction. Exchange gains or losses arising from foreign currency transactions are included determination of net income for the respective periods.

Energroup Holdings Corporation

Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

For financial reporting purposes, the financial statements of the Company which are prepared using the functional cu
have been translated into United States dollars. Assets and liabilities are translated at the exchange rates at the ba
sheet dates and revenue and expenses are translated at the average exchange rates and stockholders' equity is transl
historical exchange rates. Any translation adjustments resulting are not included in determining net income b
included in foreign exchange adjustment to other comprehensive income, a component of stockholders' equity.

Exchange Rates	9/30/2009	12/31/2008	9/30/2
Period end RMB : US$ exchange rate	6.8376	6.8542	6.
Average period RMB : US$ exchange rate	6.8425	6.9623	6.

RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place th
authorized institutions. No representation is made that the RMB amounts could have been, or could be, converted int
at the rates used in translation.

(Y) Earnings Per Share

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

(Z) Recent Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165"). SFAS 165 is intended to establi
standards of accounting for and disclosure of events that occur after the balance sheet date but before financial state
are issued or are available to be issued. It requires the disclosure of the date through which an entity has eval
subsequent events and the basis for that date, that is, whether that date represents the date the financial statements
issued or were available to be issued. SFAS 165 is effective for interim or annual financial periods ending after Ju
2009.

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Energroup Holdings Corporation

Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

In June 2009, FASB issued FASB Statement No. 166, Accounting for Transfers for Financial Assets and FASB Stat
No. 167, a revision to FASB Interpretation No. 46 (Revised December 2003), Consolidation of Variable Interest Entit

Statement 166 is a revision to FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Asse
Extinguishments of Liabilities, and will require more information about transfers of financial assets, incl
securitization transactions, and where entities have continuing exposure to the risks related to transferred financial as
eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financi
and requires additional disclosures.

Statement 167 is a revision to FASB Interpretation No. 46 (Revised December 2003), Consolidation of Variable In
Entities, and changes how a reporting entity determines when an entity that is insufficiently capitalized or is not con
through voting (or similar rights) should be consolidated. The determination of whether a reporting entity is requi
consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting
ability to direct the activities of the other entity that most significantly impact the other entity's economic performanc

On July 1, 2009, FASB issued FASB Statement No. 168, The "FASB Accounting Standards Codification" and the H
of Generally Accepted Accounting Principles. The ASC has become the source of authoritative US GAAP recogni
the FASB to be applied by nongovernmental entities and provides that all such guidance carries an equal level of aut
The ASC is not intended to change or alter existing GAAP. The ASC is effective for interim and annual periods e
after September 15, 2009.

The Company is currently evaluating the potential impact, if any, of the adoption of the above recent acco
pronouncements on its consolidated results of operations and financial condition.

3. Restricted Cash

The restricted cash reflects funds received from the financing transaction described in Note 18 that is held in an e
with US Bank in the United States. These funds are restricted until the Company has fulfilled the following criteria: (
hiring of a Chief Financial Officer that meets the approval of the investors, at such point the Company will releas
million from restriction, the Company must satisfy this requirement within 90 days of the closing of the fina
transaction, (2) the Company appoints a Board of Directors that has majority of independent members, at such poi
million will be released from restriction, and (3) appoint a successor auditor, at which point $500,000 will be release
restriction. There is $250,000 in the escrow account that has already been earmarked for investor relations purposes.

At September 30, 2009, the Company has yet to fulfill requirement (3). The Company has requested bids for conside
from auditing firms that were on an approved list submitted by, Pinnacle Fund, whom was the lead investor
Company's financing transaction in December 2007, detailed in Note 18 – Financing Transaction.

Energroup Holdings Corporation

Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

4. Accounts Receivable

Accounts Receivable at September 30, 2009 and December 31, 2008 consisted of the following: -

		At September 30, 2009		At December 31 2008
Accounts Receivable – Trade	$	30,617,410	$	18,849
Less: Allowance for Doubtful Accounts		(306,174)		(188
Net Accounts Receivable	$	30,311,236	$	18,661

Allowance for Bad Debts		At June 30, 2009		At December 31 2008
Beginning Balance	$	(188,495)	$	(84
Allowance Provided		(117,679)		(103
Reverse		-		
Ending Balance	$	(306,174)	$	(188

During the second quarter of the 2008 fiscal year, management revised the Company's credit policy. Ba management's review, the Company began extending more favorable credit terms to its top tier customers. Those cus that qualified as top tier were extended approximately 45 to 60 days of credit. The Company previously extended two days of credit. As of September 30, 2009, the Company has not had any receivables that were unrecoverable.

Accounts receivable aging analysis at September 30, 2009: -

1-30 Days	$ 15,229
30-60 Days	12,465
61-90 Days	2,542
91-120 Days	73
121-365 Days	
Over 365 Days	
Total	$ 30,311

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Energroup Holdings Corporation

Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

5. Related Party Receivable

In the normal course of business which includes the purchases of hogs and other raw materials, sale of pork and products, the Company conducts transactions with the following related parties: Dalian Chuming Group Co., Ltd (" and the Group subsidiaries, that are not consolidated into Energroup Holdings or Energroup's subsidiary, Dalian Ch Precious Sheen Investments Consulting Co. Ltd. (Chuming): (1) Dalian Chuming Industrial Development Co. ("Industrial Development Co.") (2) Dalian Chuming Trading Co., Ltd, ("Trading Co.") (3) Dalian Mingxing Livesto Co. Ltd., ("Mingxing") (4) Dalian Chuming Stockbreeding Combo Development Co., Ltd., ("Combo Developmen Dalian Chuming Fodder Co., Ltd. ("Fodder Co."), and (6) Dalian Chuming Biological Technology Co., Ltd., ("Biolo and (7) Dalian Huayu Seafood Food Co., Ltd. ("Huayu"). The Company and the aforementioned related parti 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, in accordance with F setoff the balances in order to arrive at a single balance that is either due from, or due to the Group. The Compan receivable balance of $17,714,847 at September 30, 2009 is shown in the following table.

Ref.	Subsidiary Due to:	Nature of Balance	Related Party		Balance	Description of Transaction
A	Food Company	Sale of Products resulting in Trade Receivable from	Dalian Huayu Seafood Food Co., Ltd.		234,699	Food Company sold cooked food to Huayu dating back to 1/2007.
		Subtotal of Related Party Sales		$	234,699	
B	Food Company	Loan Receivable from	Dalian Huayu Seafood Co., Ltd.		2,917,918	Huayu borrowed loan from Food Company back to 11/2008
C	Food Company	Loan Receivable from	Dalian Mingxing Livestock Product Co. Ltd.,		4,376,878	Mingxing borrowed loan from Food Company back to 12/2008
D	Meat Company	Loan Receivable from	Dalian Chuming Fodder Co., Ltd.		34,714	Meat Companypaid utility fees for Fodder Co. dating back to 7/2008.
E	Meat Company	Loan Receivable from	Dalian Chuming Stockbreeding Combo Development Co., Ltd.		3,445,292	Prepayment to Group for Purchase of hogs dating back to 7/2008.
F	Meat Company	Loan Receivable from	Dalian Chuming Group Co., Ltd.		68,211	Meat Company purchased office supplies on behalf of the Group dating back to 11/2005

G	Food Company	Loan Receivable from	Dalian Chuming Group Co., Ltd.		1,458,959	Food Company paid bank loan principal and interest on behalf of Industrial Co. dating back to 1/2008
H	Sales Company	Loan Receivable from	Dalian Huayu Seafood Co., Ltd.		1,562,263	Sales Company paid Huayu to help it buy materials dating back to 9/2008.
I	Sales Company	Loan Receivable from	Dalian Chuming Group Co., Ltd.		5,212,167	Sales Company paid the Group to help it buy materials dating back to 7/2008.
J	Sales Company	Loan Receivable from	Dalian Chuming Stockbreeding Combo Development Co., Ltd.		19,568,483	Sales Company paid for Stockbreeding to buy hogs from farmer dating back 7/2008
K	Sales Company	Loan Receivable from	Dalian Chuming Fodder Co., Ltd.		2,509,410	Sales Company paid for feeding materials on behalf of Fodder dating back to 9/2008.
		Subtotal of Loans to Related Parties		$	41,154,295	
		Gross Related Party Receivable		$	41,388,994	

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Energroup Holdings Corporation

Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

	Subsidiary Due from:	Nature of Balance	Related Party	Balance	Description of Transaction
L	Meat Company	Purchase of Raw Materials resulting in Trade Payable to	Dalian Chuming Group Co., Ltd.	5,396,217	Purchase of hogs from Group dating back to 12/1/2004.
M	Meat Company	Purchase of Raw Materials resulting in Trade Payable to	Dalian Chuming Group Co., Ltd.	7,365,945	Purchase of hogs from Group dating back to 7/2008.
N	Food Company	Purchase of Raw Materials resulting in Trade Payable to	Dalian Huayu Seafood Food Co., Ltd	2,621,251	Advance from Huayu for the purchase of product dating back to 12/2007.
		Subtotal of Purchases from Related Parties		$ 15,383,413	
O	Food Company	Loan Payable to	Dalian Chuming Group Co., Ltd.	950,134	Group paid for salar and other G&A exp on behalf of Food d back to 1/2004.
P	Meat Company	Loan Payable to	Dalian Chuming Stockbreeding Combo Development Co., Ltd.	123,210	Meat Company coll bank loans for Stockbreeding Co. d back to 7/2008
Q	Meat Company	Loan Payable to	Dalian Chuming Industrial Development Co., Ltd.	6,477	Industrial Developm paid salaries on beh Meat Company dati back to 1/2005.
R	Meat Company	Loan Payable to	Dalian Mingxing Livestock Product Co. Ltd.,	393,919	Meat Company coll bank loans on behal Mingxing dating ba 8/2008
S	Meat Company	Loan Payable to	Dalian Huayu Seafood Food Co., Ltd	541,738	Huayu lent funds to Company for necess operation activities 12/2008
T	Sales Company	Loan Payable to	Dalian Mingxing Livestock Product Co. Ltd.,	986,256	Sales Company bor funds from Mingxin operations purpose back to 12/2008

U	WFOE	Loan Payable to	Dalian Chuming Group Co.	12,084,070	Group loaned funds WFOE (incl. funds transferred from Me US RTO.
		Subtotal of Loans from Related Parties		$ 15,085,804	
		Gross Related Party Payable		$ 30,469,217	
	Setoff Related Party Receivable (Receivables have been setoff against payables)			$ 10,919,777	

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Energroup Holdings Corporation

Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

A. The Food Company sold USD 235 thousand (RMB 1.6 million) cooked food to Mingxing Company on credit.

B. Food Company prepaid USD 15 thousand (RMB 104 thousand) to Fodder Company in third quarter of 2009 for th purchase of raw materials.

C. Food Company paid USD 18.8 million (RMB 129 million) bank loan principal and interest on behalf of Industrial Development Company.

D. Food Company paid USD 6.2 million (RMB 42 million) bank loan principal and interest on behalf of Chuming Gr

E. Meat Co. paid USD 37.7 million (RMB 257.8 million) bank loan principal and interest on behalf Industrial Develo Company.

F. Meat Co. paid USD 2 million (RMB 16 million) raw materials and utility fees for Fodder Company.

G. The prepayment of USD 3.1 million (RMB 21.4 million) from Meat Company to the Stockbreeding Combo Development Company was for the purchase of hogs.

H. Meat Company advanced 933 thousand (RMB 6.4 million) to Chuming Group for the purchase of raw materials.

I.Sales Company bought USD 2.6 million (RMB 17.9 million) raw materials for Huayu Seafood Company.

J. The balance of USD 9.1 million (RMB 62 million) receivable from Chuming Group to Sales Company was for the payments of hogs and operation expense.

K. Sales Company help the Combo Development Company to pay USD 20 million (RMB 140 million) to local farme the purchase of hogs.

L. Sales Company purchased USD 5.6 million (RMB 38 million) materials for Industrial Development Company.

M. The receivable of USD 1.5 million (RMB 10 million) due from Fodder Company to Sales Company is primary fo purchase of feeding materials.

N. The balance of USD 8.9 million (RMB 61 million) payment owed by the Meat Company to Chuming Stockbreedi Combo Development Company was for the purchase of hogs.

O. The Group sold hogs to Meat Co. for 47.3 million (RMB 323.6 million).

P. Chuming Group purchased USD 583 (RMB 4 thousand) materials for Food Company

Q. Stockbreeding Combo Development Company purchased USD 2 million (RMB 14 million) for Food Company.

R. Mingxing Livestock Company paid USD 1.6 thousand (RMB 10.7 thousand) daily operation expenses on behalf o Company.

S.

Food Company collected USD 2.9 million (RMB 19.9 million) customer deposits on behalf of Huayu Seafood Company.

T. Meat Company borrowed USD 12.2 million (RMB 83.8 million) operation funds from Chuming Group.

U. Meat Company borrowed USD 2.1 million (RMB 14 million) operation funds from Huayu Seafood Company.

V. Mingxing Livestock Company paid USD 611 thousand (RMB 4.1 million) general and administrative expenses fo Company.

W. Sales Company collected USD 915 thousand (RMB 6.3 million) bank loans on behalf of Mingxing Livestock Company.

X. Fodder Company bought USD 3.3 million (RMB 22.3 million) materials on behalf of Sales Company.

Y. The outstanding payable balance of USD 10.5 million (RMB 70 million) due to the Group has been transferred to books of Chuming.

The related party receivable balance detailed above, and the related transactions that comprise that balance were in and material to the Company's operations. The Company was reliant on transactions with the above related parties i to conduct its business normally. The Company acknowledges that it has the responsibility to comply with paragrap SFAS 57 which calls for the dollar amounts of transactions for each of the periods for which income statemen presented and the effects of any change in the method of establishing the terms from that used in the preceding perioc Company's accounting system in the past was manual and accordingly is not able to, from a cost benefit persp summarize and provide further detail on the related party transactions. Also, the Company's current accounting depa does not have sufficient staff in order to perform and exercise to further detail the related party payables and recei beyond what has been provided above; however the Company is taking steps to update its accounting systems and m to provide fuller detail regarding these transactions for future periods. The Company does represent that the ba disclosed above are both accurate and reliable within acceptable thresholds of materiality.

The Company's related party receivables and payables in the period presented were in the form of either short-term bearing no interest, or trade payables and receivables relating to the purchase of raw materials, supplies or produc which payment was due within a short period of time. Management believes that the net receivables from related p are fully recoverable.

Of the $17,714,847 net receivable owed by the Group to the Company, $4,387,504 has been securitized by bank issued by the bank on behalf of Chuming Stockbreeding Combo. Development Co., Ltd. of the Group Company. These notes are collateralized by deposits at the bank by Chuming Stockbreeding Combo. The drafts endorsed and discounted to the bank for cash; however the Company currently intends to hold these drafts until matur

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

6. Inventory

	At September 30, 2009	At December 31 2008
Raw Materials	$ 2,404,890	$ 867
Work in Progress	599,912	241
Finished Goods	3,300,583	4,941
	$ 6,305,385	$ 6,051

7. Property, Plant & Equipment

At September 30, 2009:	Cost	Accumulated Depreciation	Net
Buildings	$ 21,660,465	$ (4,055,819)	$ 17,604
Manufacturing Equipment	10,070,179	(4,113,899)	5,956
Office Equipment	236,429	(183,245)	53
Vehicles	938,180	(630,378)	307
Furniture & Fixture	606,546	(266,493)	340
	$ 33,511,800	$ (9,249,834)	$ 24,261

At December 31, 2008:	Cost	Accumulated Depreciation	Net
Buildings	$ 21,604,325	$ (3,607,219)	$ 17,997
Manufacturing Equipment	10,061,608	(3,132,725)	6,928
Office Equipment	195,577	(150,670)	44
Vehicles	913,816	(477,265)	436
Furniture & Fixture	524,020	(137,315)	386
	$ 33,299,346	$ (7,505,196)	$ 25,794

Depreciation expense for the nine months ended September 30, 2009 was $1,744,638.

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

8. Land Use Right

The Company had the following intangible assets outstanding at September 30, 2009 and December 31, respectively:-

		At September 30, 2009		At December 31 2008
Land Use Rights, at Cost	$	14,734,288	$	14,407
Less: Accumulated Amortization		(1,469,101)		(977
	$	13,265,187	$	13,430

Amortization expense for the nine months ended September 30, 2009 was $492,033

9. Bank Loans

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
Bank of Huaxie	6.372%	3/3/2010		4,387
Bank of China	7.326%	10/17/2009		2,047
Shanghai Pufa Development Bank	5.841%	7/16/2010		5,850
			$	16,672

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

10. Capitalization

As a result of a reverse-merger on December 31, 2007 that was consummated via a share exchange, and a concurrent financing, in the form of a private placement by issuing common stock to ten accredited investors, the Com capitalization is now reflected by the table shown below:

Name of Shareholder	Number of Shares	Common Stock Capital	Additional Paid in Capital	Equity
Operating Companies Founders	14,688,948	$ 14,689	$ 25,856,416	69
PRE-RTO Shell Shareholders	422,756	423	-	2
Advisors & Consultants	2,161,052	2,161	-	10
Private Investors	3,863,636	3,864	13,043,964	18
	21,136,392	$ 21,137	$ 38,900,380	100

11. Commitments of Statutory Reserve

In compliance with PRC laws, the Company is required to appropriate a portion of its net income to its statutory rese to a maximum of 50% of an enterprise's registered capital in the PRC. The Company had future unfunded commitm provided below.

	At September 30, 2009	At December 31 2008
PRC Registered Capital	$ 15,566,849	$ 15,566
- Statutory Reserve Ceiling based on 50% of Registered Capital	7,783,424	7,783
Less: - Retained Earnings appropriated to Statutory Reserve	(2,077,488)	(2,077
Reserve Commitment Outstanding	$ 5,705,936	$ 5,705

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

12. Advertising Costs

Advertising expenses were $163,029 and $1,546,948 for the nine months ended September 30, 2009 and respectively.

13. Income Taxes

The Company's different operating subsidiaries are subject to different income tax regulations under PRC law.

The operating subsidiary, Meat, has been given special tax-free status by the PRC government because of the Cor standing as leader in its industry in Dalian; therefore, no provision for income tax in the PRC was made for period September 30, 2009.

The Company's operating subsidiary, Food, has made provision for income taxes for the nine months ended Septem 2009 of $1,441,418.

The Company's operating subsidiary, Sales, has not made provision for income tax in 2009 as it has incurred op losses during the nine months period.

After adjusting for special tax-free status and net operating loss, the consolidated taxable earnings were determined, a results were as follows: -

i.	2008	Tax expense	(520,089)
ii.	2007	Tax expense	(967,539)
iii.	2006	Tax benefit	1,609

Beginning December 31, 2007, the Company's foreign subsidiaries became subject to U.S. income tax liability; ho the tax is deferred until foreign source income is repatriated to the Company and the Company has not currently deter when foreign source income will be repatriated. Accordingly, the company has not made any provisions for U.S. i tax liability.

On March 16, 2007, the PRC government passed new tax legislation that repealed preferential tax treatment for f investment enterprises in the PRC and enacted new tax regulations. Under such regulations, with certain exceptions domestic and foreign enterprises will be taxed at a standard enterprise income tax rate of 25%. The Company operating subsidiaries, Food, and Sales are subject to the 25% income tax rate beginning January 1, 2008. Based on c PRC legislation, Meat should be expected to continue benefiting from a tax holiday.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

14. Commitments

It is company policy to develop plant facilities based on availability of cash resources without incurring c
commitments. Therefore, the Company did not have any capital commitments existing at September 30, 2009.

On December 19, 2007, the Company entered into a hog purchase agreement whereby the Dalian Chuming Group Co
will provide at fair market price a minimum number of hogs to the Company. At September 30, 2009, the Com
expects minimum quantities of hogs detailed in the following table:-

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

The Company believes that the fair market price of the hogs will increase by 10% each year. The assumption o
reflects that Company expectations in regards to inflation, and the rising costs of inputs in breeding livestock.

15. Operating Segments

The Company individually tracks the performance of its three operating subsidiaries Meat Company, Food Compan
Sales Company. Meat Company is primarily engaged in the slaughter and processing of pork livestock for wholesa
retail distribution. Food Company is primarily engaged in the production of pork-based food products, such as sausag
cured meats, for retail distribution. Sales Company is primarily engaged in the sale and distribution of products pro
by Food Company and Meat Company.

The chief operating decision maker is the Chief Executive Officer of the Company. He evaluates each operating se
on the following measures of profit or loss: gross profit, operating income, and earnings before taxes, and net in
When he makes decisions on the strategic plans of each operating segment, he considers the foregoing measures of pr
loss and their impact on the overall performance of the Company as a whole.

Below is a presentation of the Company's results of operations and financial position for its operating subsidia
September 30, 2009 and 2008 and for the periods then ended. The Company has also provided reconciling adjustment
the Company and its intermediate holding companies Dalian Chuming Precious Sheen Investments Consultin
("Chuming WFOE") and Precious Sheen Investments Ltd (PSI).

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

Results of Operations For the period ended September 30, 2009	Meat Company	Food Company	Sales Company	WFOE, PSI, & Eliminations	Total
Sales	$ 147,991,969	$ 24,184,096	$ 25,724,571	$ (41,047,962)	$ 156,852
Cost of Sales	129,915,408	17,675,199	27,073,097	(41,047,962)	133,615
Gross Profit	18,076,560	6,508,897	(1,348,526)	-	23,236
Operating Expense	(962,072)	(627,660)	(2,105,482)	(269,463)	(3,964
Operating (Loss)/Profit	17,114,488	5,881,237	(3,454,008)	(269,463)	19,272
Other Income (Expense)	(129,147)	(115,566)	(29,779)	(12,836,469)	(13,110
Earnings before Tax	16,985,341	5,765,671	(3,483,787)	(13,105,932)	6,161
(Income Tax Expense)	-	(1,441,418)	-	-	(1,441
Net Income	$ 16,985,341	$ 4,324,253	$ (3,483,787)	$ (13,105,932)	$ 4,719

Eliminated Intercompany Sales of Products Sold

Sold From:	Sold To:	Amount
Food Company	Sales Company	$ 5,854
Meat Company	Sales Company	20,292
Meat Company	Food Company	14,901
		$ 41,047

Financial Position At September 30, 2009	Meat Company	Food Company	Sales Company	WFOE, PSI, & Eliminations	Total
Current Assets	$ 155,707,886	$ 40,871,873	$ 44,559,272	$ (161,427,196)	$ 79,711
Non Current Assets	25,153,643	18,805,949	258,786	669	44,219
Total Assets	180,861,529	59,677,822	44,818,058	(161,426,527)	123,930
Current Liabilities	108,685,613	49,435,520	51,909,253	(172,356,544)	37,673
Total Liabilities	108,685,613	49,435,520	51,909,253	(172,356,544)	37,673
Net Assets	72,175,915	10,242,303	(7,091,195)	10,930,017	86,257
Total Liabilities & Net Assets	$ 180,861,529	$ 59,677,822	$ 44,818,058	$ (161,426,527)	$ 123,930

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

Results of Operations For the period ended September 30, 2008	Meat Company	Food Company	Sales Company	WFOE, PSI, & Eliminations	Total
Sales	$ 128,208,596	$ 16,185,747	$ 62,110,427	$ (66,195,551)	$ 140,309
Cost of Sales	111,689,686	13,481,540	61,353,808	(66,195,551)	120,329
Gross Profit	16,518,909	2,704,207	756,618	-	19,979
Operating Expense	(1,943,752)	(973,602)	(2,124,161)	(303,569)	(5,345
Operating (Loss)/Profit	14,575,157	1,730,605	(1,367,543)	(303,569)	14,634
Other Income (Expense)	690,654	(505,527)	124,584	(318,751)	(9
Earnings before Tax	15,265,811	1,225,078	(1,242,959)	(622,320)	14,625
(Income Tax Expense)	(214,321)	(234,817)	-	-	(449
Net Income	$ 15,051,491	$ 990,261	$ (1,242,959)	$ (622,320)	$ 14,176

Eliminated Intercompany Sales of Products Sold

Sold From:	Sold To:	Amount
Food Company	Sales Company	$ 10,914
Meat Company	Sales Company	44,347
Meat Company	Food Company	10,933
		$ 66,195

Financial Position At December 31, 2008	Meat Company	Food Company	Sales Company	WFOE, PSI, & Eliminations	Total
Current Assets	$ 74,713,237	$ 21,126,826	$ 41,826,291	$ (89,504,485)	$ 48,161
Non Current Assets	22,624,642	19,570,329	325,480	1,088	42,521
Total Assets	97,337,879	40,697,155	42,151,771	(89,503,397)	90,683
Current Liabilities	42,293,137	34,796,536	45,747,946	(99,079,858)	23,757
Total Liabilities	42,293,137	34,796,536	45,747,946	(99,079,858)	23,757
Net Assets	55,044,742	5,900,619	(3,596,175)	9,576,462	66,925
Total Liabilities & Net Assets	$ 97,337,879	$ 40,697,155	$ 42,151,771	$ (89,503,396)	$ 90,683

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

16. Earnings Per Share

Components of basic and diluted earnings per share were as follows: -

		For nine months ended September 30, 2009		For nine months ende September 30 2008
Net Income (A)	$	4,719,876	$	14,176
Basic Weighted Average Shares Outstanding (B)		17,272,756		17,272
Dilutive Shares:				
-Addition to Common Stock from Exercise of Placement Warrants		-		46
-Addition to Common Stock from Contingent Shares Held in Escrow (Please refer to Note 18)		3,863,636		3,863
Diluted Weighted Average Shares Outstanding: (C)		21,136,392		21,182
Earnings Per Share:				
-Basic (A)/(B)	$	0.27	$	
-Diluted (A)/(C)	$	0.22	$	
Weighted Average Shares Outstanding:				
-Basic		17,272,756		17,272
-Diluted		21,136,392		21,182

17. Concentration of Risk

(A) Demand risk

The Company had concentrations of risk in demand for its products because its sales were made to a small num customers.

(B) Supply Risk

The Company is subject to concentration of supply shortage risk because it purchases its materials for resale from select vendors. The Company’s availability of supply is correlated with the few select vendors’ ability to meet the demand. In 2007, the entire industry in the PRC faced a shortage in the supply of hogs.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

18. Financing Transaction

On December 31, 2007, the Company, a Nevada corporation ("Energroup" or the "Company"), acquired Preci
Investments Ltd. ("PSI") in a reverse take-over transaction, by executing a Share Exchange Agreement ("E
Agreement") by and among Energroup, PSI, and all of the shareholders of PSI's issued and outstanding share capital
Shareholders"). PSI owned 100% of the equity in Chuming WFOE. Chuming WFOE is a holding company for the fo
three operating subsidiaries: (i) Meat Company, (ii) Food Company, and (iii) Sales Company, each of which is a l
liability company headquartered in, and organized under the laws of, China (also referred to elsewhere as the "Cl
Operating Subsidiaries").

As a result of the reverse take-over transaction, PSI's Shareholders became Energroup's controlling shareholders
became Energroup's wholly-owned subsidiary. As a result of PSI becoming Energroup's wholly-owned sub
Energroup acquired the business and operations of Chuming and the Chuming Operating Subsidiaries.

Under the Exchange Agreement, Energroup completed the acquisition of all of the issued and outstanding shares
through the issuance of 16,850,000 restricted shares of common stock of Energroup to PSI's Shareholders. Imme
prior to the Exchange Agreement transaction, the Company had 422,756 shares of common stock issued and outsta
Immediately after the issuance of the shares to PSI's Shareholders, the Company had 17,272,756 shares of commo
issued and outstanding. The 422,756 shares of PSI were cancelled and 17,272,756 shares of Energroup were iss
reflect this reverse take-over transaction.

Concurrently with the Exchange Agreement, Energroup also entered into a Securities Purchase Agreement (the "Pu
Agreement") pursuant to which Energroup agreed to issue and sell 3,863,635 shares of its common stock to ten acc
investors for an aggregate purchase price of $17,000,000 or $4.40 per share (the "Financing"). The closing of the F
coincided with the Closing of the reverse take-over transaction.

In connection with the sales of securities to accredited investors under the securities purchase agreement, Hunter
Financial Group, LLC (the "Placement Agent"), was compensated with a commission of $1,190,000 which is equal t
of the aggregate purchase price and a warrant to purchase the 386,364 shares of the Company's common stock at an e
price of $4.40 per share. At December 31, 2007, the Company had adequate authorized capital to issue common
upon the exercise of the warrant.

At September 30, 2009, the total number of shares outstanding, on a fully diluted basis, is shown in the following tabl

i.	Common shares outstanding prior to offering of securities	17,272,756
ii.	Common shares issued under securities purchase agreement	3,863,636
iii.	Common shares issuable upon exercise of placement agent warrants	386,364
		21,522,756

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of September 30, 2009 and December 31, 2008

Concurrent with the Company's financing transaction, the Company agreed to register for resale the common shar were sold under the securities purchase agreement. Pursuant to filing a Form S-1 registration statement with th Securities and Exchange Commission, the Company entered into a Registration Rights Agreement with the Investors agreement calls for liquidated damages to be paid by the Company, if in the event the registration statement is not de effective within 135 days of the closing of the financing transaction. The liquidated damages will be 1% of th financing amount in cash per month for each month after the 135 days period. The agreement states a maximum pen $1.70 million or 10% of the financing amount. At December 31, 2007, the Company accounted for the liability und registration rights agreement in accordance with FASB Staff Position No. EITF 00-19-2 Accounting for Regist Payment Arrangements. Under such accounting treatment, the liquidated damages are accounted for as a reduction proceeds. In asserting the most conservative position, the Company has accrued the maximum liability of $1.7 millio is carrying that balance in the accrued liabilities account. In the event that the registration becomes effective in a time that is earlier than February 15, 2009, the portion that is not legally owed, or in the event that investors waiv liquidating damages, the accrual will be reversed and the funds will be added back to the Company's additional capital.

In connection with a make good agreement related to the financing transaction on December 31, 2007, the Com Chairman and CEO, Mr. Shi Huashan placed in escrow 3,863,636 shares, which were beneficially owned by him. shares are to be released back to him if the Company meets the following earnings targets of $15.9 million, and million in after-tax net income for the years ended December 31, 2008, and 2009 respectively. In the event th Company does not meet the aforementioned financial targets, the escrowed shares will be released, on a pro-rata ba the investors in the financing transaction. In accordance with SFAS 128, Earnings per Share, for the sake of calculati Company's earnings per share, the Company has accounted for the 3,863,636 escrowed shares as contingently is shares as such they are not included in the weighted average basic shares outstanding but are included in the wei average diluted shares outstanding. Please refer to Note 16.

In accordance with Topic 5.T of the Staff Accounting Bulletins (SAB 79), the Company expects to record a compen expense for the shares upon their release from escrow. Whether the shares are released to the accredited invest released to Mr. Shi the Company will record an expense with a corresponding credit to the Company's contributed capital. The Company anticipates that compensatory expense to be recognized in future operating periods could b range between $17.0 million to $29.2 million. The Company approximates this range based on the per share offering of $4.40 at December 31, 2007 and a potential future stock price of $7.57 based on a $20.0 million net income (short target of $20.9 million net income) with a price-to-earnings ratio of 8.0, which is comparable to the valuation used offering at December 31, 2007.

For the year ended December 31, 2008, the Company recorded an expense for the expected release of shares depos the escrow account. The Company expects that 1,931,818 shares will be released. The amount of expense recorde $10,622,294. The impact on earnings per share, on a basic and diluted basis, was $0.61 and $0.50, respect Simultaneously, for the nine months ended September 30, 2009, the Company expects that 1,448,864 shares w released and have recorded the expense of $12,838,043. The impact on earnings per share, on a basic and diluted basi $0.75 and $0.61, respectively.

Board of Directors and Stockholders
Energroup Holdings Corporation

Report of Registered Independent Public Accounting Firm

We have audited the accompanying consolidated balance sheets of Energroup Holdings Corporation as of December 3 2008 and 2007, and the related consolidated statements of operations, changes in stockholders' equity and cash flows f the years then ended. These consolidated financial statements are the responsibility of the Company's management. O responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (Unite States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evide supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the finan position of Energroup Holdings Corporation as of December 31, 2008 and 2007, and the results of its operations and i cash flows for the years then ended in conformity with accounting principles generally accepted in the United States o America.

South San Francisco, California
January 23, 2009

Samuel H. Wong & Co., LLP
Certified Public Accountants

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Energroup Holdings Corporation
Consolidated Balance Sheets
As of December 31, 2008 and 2007
(Stated in US Dollars)

ASSETS	Notes		At December 31, 2008		At December 31, 2007
Current Assets					
Cash	2(D)	$	5,695,798	$	14,031,85
Restricted Cash	3		2,177,091		4,250,00
Accounts Receivable	2(E),4		18,661,065		622,43
Other Receivable			2,162,412		1,068,93
Related Party Receivable	5		10,919,777		3,964,35
Inventory	2(F),6		6,051,109		2,916,01
Advance to Suppliers	2(G)		1,453,861		267,80
Prepaid Expenses			62,734		46,40
Prepaid Taxes			334,413		185,31
Deferred Tax Asset	2(Q)		643,609		613,84
Total Current Assets			48,161,869		27,966,96
Non-Current Assets					
Property, Plant & Equipment, net	2(H),7		25,794,151		24,836,49
Land Use Rights, net	2(I),8		13,430,435		12,855,98
Construction in Progress	2(J)		3,262,146		927,86
Other Assets			34,807		32,61
Total Assets		$	90,683,408	$	66,619,92
LIABILITIES & STOCKHOLDERS' EQUITY					
Current Liabilities					
Bank Loans	9(A)	$	6,419,422	$	7,383,09
Accounts Payable			7,695,208		3,779,27
Taxes Payable			2,341,971		1,677,19
Other Payable			2,318,142		1,471,38
Accrued Liabilities			1,724,266		3,347,01
Customer Deposits	2(L)		3,258,752		24,16
Related Party Payable			-		
Total Current Liabilities			23,757,761		17,682,11
Long Term Liabilities					
Bank Loans	9(B)		-		
Total Liabilities		$	23,757,761	$	17,682,11

See Notes to Financial Statements and Accountant’s Report

Energroup Holdings Corporation
Consolidated Balance Sheets
As of December 31, 2008 and 2007
(Stated in US Dollars)

Stockholders' Equity	Notes	At December 31, 2008	At December 2007
Preferred Stock - $0.001 Par Value 10,000,000 Shares Authorized; 0 Shares Issued & Outstanding at December 31, 2008 and 2007, respectively.		$ -	$
Common Stock - $0.001 Par Value 21,739,130 Shares Authorized; 21,136,392 Shares Issued & Outstanding at December 31, 2008 and 2007, respectively	10	21,137	21
Additional Paid in Capital		26,062,337	15,440
Statutory Reserve	2(M),11	2,077,488	751
Retained Earnings		35,275,457	29,764
Accumulated Other Comprehensive Income	2(N)	3,489,228	2,960
Total Stockholders' Equity		66,925,647	48,937
Total Liabilities & Stockholders' Equity		$ 90,683,408	$ 66,619

See Notes to Financial Statements and Accountant's Report

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Energroup Holdings Corporation
Consolidated Statements of Operations
For the years ended December 31, 2008 and 2007
(Stated in US Dollars)

	Note		For the year ended December 31, 2008		For the year ended December 3 2007
Sales	2(O)	$	176,360,013	$	124,696
Cost of Sales	2(P)		149,794,249		104,378
Gross Profit			26,565,764		20,317
Operating Expenses					
Selling Expenses	2(Q)		5,147,366		4,672
General & Administrative Expenses	2(R)		2,675,661		1,572
Total Operating Expense			7,823,027		6,245
Operating Income/(Loss)			18,742,737		14,071
Other Income (Expenses)					
Other Income			5,780		114
Interest Income			284,774		
Other Expenses			(100,183)		(90
Interest Expense			(953,460)		(1,475
Release of Escrowed Make Good Shares			(10,622,294)		
Total Other Income (Loss) and Expense			(11,385,383)		(1,451
Earnings before Tax			7,357,354		12,619
(Income Tax Expense)/Deferred Tax Benefit	2(V),13		(520,089)		(967
Net Income		$	6,837,265	$	11,652
Earnings Per Share	2(Z),16				
- Basic		$	0.40	$	
- Diluted		$	0.32	$	
Weighted Average Shares Outstanding					
- Basic			17,272,756		13,409
- Diluted			21,182,756		17,272

Comprehensive Income		For the year ended December 31, 2008		For the year ended December 31, 2007		Accumula Totals
Net Income	$	6,837,265	$	11,652,147	$	18,489
Other Comprehensive Income:						

Foreign Currency Translation Adjustment	528,277	2,064,272	2,592
	$ 7,365,542	$ 13,716,419	$ 21,081

See Notes to Financial Statements and Accountant's Report

Energroup Holdings Corporation
Consolidated Statements of Changes in Stockholders' Equity
As of December 31, 2008 and 2007
(Stated in US Dollars)

	Common Shares Outstanding	Common Amount	Additional Paid in Capital	Statutory Reserve	Retained Earnings	Accumulated Comprehensive Other Income	To
Balance, January 1, 2007	17,272,756	$ 17,273	$ 2,396,079	$ 751,444	$ 18,112,089	$ 896,679	$ 22,1
Issuance of Common Stock & Warrants	3,863,636	3,864	13,043,964				13,0
Net Income					11,652,147		11,6
Appropriations of Retained Earnings				-	-		
Foreign Currency Translation Adjustment						2,064,272	2,0
Balance, December 31, 2007	21,136,392	$ 21,137	$ 15,440,043	$ 751,444	$ 29,764,236	$ 2,960,951	$ 48,9
Balance, January 1, 2008	21,136,392	$ 21,137	$ 15,440,043	$ 751,444	$ 29,764,236	$ 2,960,951	$ 48,9
Release of Shares Placed in Escrow			10,622,294				10,6
Net Income					6,837,265		6,8
Appropriations of Retained Earnings				1,326,044	(1,326,044)		
Foreign Currency Translation Adjustment						528,277	5
Balance, December 31, 2008	21,136,392	$ 21,137	$ 26,062,337	$ 2,077,488	$ 35,275,457	$ 3,489,228	$ 66,9

See Notes to Financial Statements and Accountant's Report

Energroup Holdings Corporation
Consolidated Statements of Cash Flows
For the years ended December 31, 2008 and 2007
(Stated in US Dollars)

	For the year ended December 31, 2008	For the year ended December 3 2007
Cash Flow from Operating Activities		
Cash Received from Customers	$ 153,507,080	$ 112,741
Cash Paid to Suppliers & Employees	(155,266,953)	(108,527
Interest Received	284,774	
Interest Paid (net of amount capitalized)	(1,763,404)	(1,247
Income Tax Paid	-	(1,007
Miscellaneous Receipts	5,780	9
Cash Sourced/(Used) in Operating Activities	(3,232,723)	1,968
Cash Flows from Investing Activities		
Escrowed Funds from Private Placement Placed in Restricted Cash	2,072,909	(4,250
Payments for Purchases of Equipment & Construction of Plant	(5,832,731)	(2,882
Payments for Purchases of Land Use Rights	-	(4,198
Payments for Deposits	-	(2
Cash Sourced/(Used) in Investing Activities	(3,759,822)	(11,333
Cash Flows from Financing Activities		
Financing Transaction - Proceeds Allocated to Accrued Liabilities for Liquidated Damages	-	1,700
Financing Transaction - Proceeds of Issuance of Common Stock & Warrants	-	13,047
Proceeds from Bank Borrowings	9,264,246	5,725
Repayment of Bank Loans	(10,700,664)	(2,217
Cash Sourced/(Used) in Financing Activities	(1,436,417)	18,255
Net Increase/(Decrease) in Cash & Cash Equivalents for the Year	(8,428,962)	8,891
Effect of Currency Translation	92,910	2,064
Cash & Cash Equivalents at Beginning of Year	14,031,851	3,075
Cash & Cash Equivalents at End of Year	$ 5,695,798	$ 14,031
Non-Cash Financing Activity:		
Extinguishment of Debt by Setoff Against Related Party Receivables	$ -	$ 21,005
Release of shares held in escrow	$ 10,622,294	$

See Notes to Financial Statements and Accountant's Report

Energroup Holdings Corporation
Reconciliation of Net Income to Cash Provided/(Used) in Operating Activities
For the years ended December 31, 2008 and 2007
(Stated in US Dollars)

	For the year ended December 31, 2008	For the year ende[d] December 3[1], 2007
Net Income	$ 6,837,265	$ 11,652
Adjustments to Reconcile Net Income to Net Cash Provided by Cash Activities:		
Non Cash Expense Recorded for the Release of Escrowed Shares	10,622,294	
Extinguishment of Debt by Setting Off Against Related Party Receivable	-	(21,005
Liquidated Damages Included in Accrued Liabilities	-	(1,700
Amortization	331,468	253
Depreciation	2,540,797	2,158
Provision for Bad Debt	103,773	5
Decrease/(Increase) in Accounts Receivable	(18,142,404)	1,170
Decrease/(Increase) in Other Receivable	(1,093,473)	(389
Decrease/(Increase) in Related Party Receivable	(6,955,420)	9,184
Decrease/(Increase) in Inventory	(3,135,093)	(530
Decrease/(Increase) in Advance to Suppliers	(1,186,054)	842
Decrease/(Increase) in Prepaid Taxes	(149,096)	(185
Decrease/(Increase) in Prepaid Expenses	(16,333)	44
Decrease/(Increase) in Deferred Tax Benefit	(29,764)	(39
Increase/(Decrease) in Accounts Payable	3,915,934	(428
Increase/(Decrease) in Taxes Payable	664,777	(582
Increase/(Decrease) in Other Payable	846,762	108
Increase/(Decrease) in Related Party Payable	-	
Increase/(Decrease) in Accrued Liabilities	(1,622,747)	2,434
Increase/(Decrease) in Customer Advances	3,234,591	(1,025
Total of all adjustments	(10,069,987)	(9,683
Net Cash Provided by/(Used in) Operating Activities	$ (3,232,723)	$ 1,968

See Notes to Financial Statements and Accountant's Report

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

1. The Company and Principal Business Activities

Energroup Holdings Corporation (the “Company”) (OTCBB: ENHD) is a holding company incorporated in the state o Nevada in the United States of America whose primary business operations are conducted through its three operating subsidiaries: (1) Dalian Chuming Processed Foods Company Ltd., (“Food Company”) (2) Dalian Chuming Slaughter Packaging Pork Company Ltd. (“Meat Company”), and (3) Dalian Chuming Sales Company Ltd. (“Sales Company”), incorporated in the People’s Republic of China (“PRC”). The Company is headquartered in the City of Dalian, Liaon Province of China.

The three operating subsidiaries were spun-off constituents of the former parent company, Dalian Chuming Group Co (“Group”). The Company indirectly holds the three operating subsidiary companies through its wholly owned interme subsidiaries: (A) Precious Sheen Investments Limited (“PSI”), a British Virgin Islands corporation, and (B) Dalian Ch Precious Sheen Investments Consulting Co., Ltd., (“Chuming”), a wholly foreign owned enterprise incorporated in th

The Company’s primary business activities are the production and packing of fresh pork and also production of proce meat products for distribution and sale to clients throughout the PRC and Russia.

Corporate Reorganization

PRC law currently has limits on foreign ownership of certain companies. To enable Chuming to raise equity capital f investors outside of China, it established an offshore holding company by incorporating Precious Sheen Investments Limited in the British Virgin Islands in May 2007. On September 26, 2007, Chuming entered into share transfer agreements with Dalian Chuming Group Co., Ltd., under which Dalian Chuming Group Co., Ltd. agreed to transfer ownership of three operating subsidiaries (collectively known as “Chuming Operating Subsidiaries”) to Chuming. On October 23, 2007, Chuming 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 tr of Dalian Chuming Group Co., Ltd’s 68% interest in Chuming to PSI, and upon this transfer, Chuming became a who foreign owned enterprise, with PSI as the 100% owner of Chuming (including its subsidiaries). On December 13, 200 PRC government authorities issued Chuming a business license formally recognizing it as a wholly foreign owned enterprise, of which PSI is the sole shareholder.

The following is a description of the Chuming Operating Subsidiaries:

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

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

C. Dalian Chuming Sales Company Ltd., which is responsible for Chuming’s sales, marketing, and distribution operat

Share Exchange Transaction

On December 31, 2007, the Company 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 the then-issued and outstanding common stock of the Company (excluding the shares issued in the Financing). As a re of that transaction, PSI became our wholly owned subsidiary and we acquired the business and operations of the three operation subsidiaries.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

The share exchange transaction has been accounted for as a recapitalization of PSI where the Company (the legal acqu is considered the accounting acquiree and PSI (the legal acquiree) is considered the accounting acquirer. As a result o transaction, the Company is deemed to be a continuation of the business of PSI.

Accordingly, the financial data included in the accompanying consolidated financial statements for all periods prior to December 31, 2007 is that of the accounting acquirer (PSI). The historical stockholders' equity of the accounting acq prior to the share exchange has been retroactively restated as if the share exchange transaction occurred as of the begi of the first period presented.

2. Summary of Significant Accounting Policies

(A) Method of Accounting

The Company maintains its 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 the Company conform to generally accepted accounting principles in the United States of America and have been consiste applied in the presentation of financial statements, which are compiled on the accrual basis of accounting.

(B) Principles of Consolidation

The consolidated financial statements, which include the Company and its subsidiaries, are compiled in accordance w 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 i or loss of those wholly-owned subsidiaries.

The Company owned the three operating subsidiaries since its inception. The Company also owns two intermediary holdings companies. As of December 31, 2008, 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 29,400,682
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 permitt
United States GAAP: ARB51 paragraph 22 and 23.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

(C) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United Stat 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 revenu and expenses during the reporting period. Management makes these estimates using the best information available at t time the estimates are made; however, actual results could differ materially from these estimates.

(D) Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid equity or debt instruments purch with a maturity of three months or less to be cash equivalents.

(E) Accounts Receivable

The Company extends unsecured, non-interest bearing credit to its customers; accordingly, the Company carries an allowance for doubtful accounts, which is an estimate, made by management. Management makes its estimate based prior experience rates and assessment of specific outstanding customer balances. Management may extend credit to n customers who have met the criteria of the Company's credit policy.

(F) 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 dow because of damage, or spoilage. Cost is computed using the weighted average method.

(G) Purchase Deposit

Purchase deposit represents the cash paid in advance for purchasing raw materials. The purchase deposit is interest fr unsecured.

(H) 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 retire 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% salva value. Their useful lives are as follows:

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

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

(I) Land Use Rights

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

(J) Construction in Progress

Construction in progress represents the direct costs of design, acquisition, and construction of buildings, building improvements, and land improvements. These costs are capitalized in the Construction-in-Progress account until substantially all activities necessary to prepare the assets for their intended use are completed. At such point, the Construction-in-Progress account is closed and the capitalized costs are transferred to their appropriate asset classification. No depreciation is provided until the assets are completed and ready for their intended use.

(K) Accounting for Impairment of Assets

The Company reviews the recoverability of its long-lived assets, such as property and equipment, when events or char in circumstances occur that indicate the carrying value of the asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset from the expected fut cash flows, undiscounted and without interest charges, of the related operations. If these cash flows are less than the carrying value of such assets, an impairment loss is recognized for the difference between estimated fair value and car value. The measurement of impairment requires management to estimate future cash flows and the fair value of long- assets.

(L) Customer Deposits

Customer Deposits represents money the Company has received in advance for purchases of pork and pork products. Company considers customer deposits as a liability until products have been shipped and revenue is earned.

The Company collects a damage deposit (as a deterrent) recorded in Other Payable from showcase store operators as a means of enforcing proper use of the Company's trademarks. These are not fees, but deposits that are carried as curre liabilities until and unless an operator violates the Company's policies (e.g. misuse of Company brand names, or sale substandard or counterfeit products, or unacceptably poor customer service), or if the proprietor ceases to operate the showcase store. If no violations have been committed by the showcase store operator, the deposit is returned to the operator. The Company carries the amount of these deposits as a current liability because the Company will return the deposit immediately to the operator when the Company ceases to conduct business with the operator.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

(M) Statutory Reserve

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

(N) Other Comprehensive Income

Comprehensive income is defined to include all changes in equity except those resulting from investments by owners distributions to owners. Among other disclosures, all items that are required to be recognized under current accountin standards as components of comprehensive income are required to be reported in a financial statement that is presente with the same prominence as other financial statements. The Company's current component of other comprehensive i is the foreign currency translation adjustment.

(O) Recognition of Revenue

Revenue from the sale of pork products, etc., is recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

The Company supplies pork products, equipment, uniforms, and technical support to the proprietors of showcase store who are granted the right to use the Company's trademarks to sell pork products. Start-up fees relating to uniforms ar immaterial and are charged to the showcase store operators merely to recoup setup costs. Any funds collected from st operators in conjunction with initial startup and operation is minimal and immaterial. The Company does not charge a fees for providing equipment to the showcase stores. The Company provides equipment at its own cost, and the Comp owns all such equipment. Considering the foregoing, the Company takes the position that any amount it receives fron store operators is not material in accordance with Rule 5-03.1 of Regulation S-X. In addition, since the Company doe receive any material franchise fee revenue, SFAS 45 is not applicable.

(P) Cost of Sales

The Company's cost of sales is comprised of raw materials, factory worker salaries and related benefits, machinery su maintenance supplies, depreciation, utilities, inbound freight, purchasing and receiving costs, inspection and warehous costs

(Q) Selling Expense

Selling expenses are comprised of outbound freight, salary for the sales force, client entertainment, commissions, depreciation, advertising, and travel and lodging expenses.

(R) General & Administrative

General and administrative costs include executive compensation, quality control, and general overhead such as the fi department, administrative staff, and depreciation and amortization expense.

(S) Shipping and handling

All shipping and handling are expensed as incurred and are included as a component of cost of sales.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

(T) Advertising Expense

Costs related to advertising and promotion expenditures are expensed as incurred during the year. Advertising costs a charged to selling expense

(U) Retirement Benefits

Retirement benefits in the form of contributions under defined contribution retirement plans to the relevant authorities charged to the statement of operations as incurred.

(V) Income Taxes

The Company uses the accrual method of accounting to determine and report its taxable reduction of income taxes for year in which they are available. The Company has implemented Statement of Financial Accounting Standards (SFAS 109, Accounting for Income Taxes. Income tax liabilities computed according to the United States and People's Repu China (PRC) tax laws are provided for the tax effects of transactions reported in the financial statements and consists taxes currently due plus deferred taxes related primarily to differences between the basis of fixed assets and intangible assets for financial and tax reporting. The deferred tax assets and liabilities represent the future tax return consequenc those differences, which will be either taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future income taxes. A valuation allowance is created to evaluate deferred tax assets if it is more likely than not that these items will either expire befor Company is able to realize that tax benefit, or that future realization is uncertain.

In respect of the Company's subsidiaries domiciled and operated in China:

- Chuming and Chuming Operating Subsidiaries are located in the PRC and PSI is located in the British Virgin Islands; all of these entities are subject to the relevant tax laws and regulations of the PRC and British Virgin Islands in which the related entity domiciled. The maximum tax rates of the subsidiaries pursuant to the countries in which they domicile are: -

Subsidiary	Country of Domicile	Income Tax Rate
Chuming and Chuming Operating Subsidiaries	PRC	25.00%
PSI	British Virgin Islands	0.00%

- Effective January 1, 2008, PRC government implements a new 25% tax rate across the board for all enterprises regardless of whether domestic or foreign enterprise without any tax holiday which is defined as "two-year exemption followed by three-year half exemption" hitherto enjoyed by tax payers. As a result of the new tax law of a standard 15% tax rate, tax holidays terminated as of December 31, 2007. However, PRC government has established a set of transition rules to allow enterprises already started tax holidays before January 1, 2008, to continue enjoying the tax holidays until being fully utilized.

- The Company is subject to United States Tax according to Internal Revenue Code Sections 951 and 957. Corporate income tax is imposed on progressive rates in the range of: -

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

	Taxable Income		
Rate	Over	But Not Over	Of Amount Over
15%	0	50,000	0
25%	50,000	75,000	50,000
34%	75,000	100,000	75,000
39%	100,000	335,000	100,000
34%	335,000	10,000,000	335,000
35%	10,000,000	15,000,000	10,000,000
38%	15,000,000	18,333,333	15,000,000
35%	18,333,333	-	-

Based on the consolidated net income for the year ended December 31, 2008, the Company shall not be subject to inc tax.

(W) Economic and Political Risks

The Company's operations are conducted in the PRC. Accordingly, the Company's business, financial condition and r of operations may be influenced by the political, economic and legal environment in the PRC, and by the general state the PRC economy.

(X) Foreign Currency Translation

The Company maintains its financial statements in the functional currency. The functional currency of the Company Renminbi (RMB). Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at rates of exchange prevailing at the balance sheet dates. Transactions denomi in currencies other than the functional currency are translated into the functional currency at the exchanges rates preva at the dates of the transaction. Exchange gains or losses arising from foreign currency transactions are included in the determination of net income for the respective periods.

For financial reporting purposes, the financial statements of the Company which are prepared using the functional cur have been translated into United States dollars. Assets and liabilities are translated at the exchange rates at the balanc sheet dates and revenue and expenses are translated at the average exchange rates and stockholders' equity is translate historical exchange rates. Any translation adjustments resulting are not included in determining net income but are included in foreign exchange adjustment to other comprehensive income, a component of stockholders' equity.

Exchange Rates	12/31/2008	12/31/2007
Period end RMB : US$ exchange rate	6.85420	7.3141
Average period RMB : US$ exchange rate	6.96225	7.6172

RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. No representation is made that the RMB amounts could have been, or could be, converted into at the rates used in translation.

(Y) Earnings Per Share

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

(Z) Recent Accounting Pronouncements

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, a amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 applies to all derivative instruments and related h items accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 1 SFAS 161 requires entities to provide greater transparency about (a) how and why an entity uses derivative instrumen (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretati and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principle in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the GAAP hierarchy). Statement 162 will become effective 60 days following the SE approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Pres Fairly in Conformity With Generally Accepted Accounting Principles."

In May 2008, the FASB issued FSP Accounting Principles Board ("APB") 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). F APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument i manner that reflects the issuer's non-convertible debt borrowing rate. FSP APB 14-1 is effective for fiscal years begin after December 15, 2008 on a retroactive basis.

The Company is currently evaluating the potential impact, if any, of the adoption of the above recent accounting pronouncements on its consolidated results of operations and financial condition.

3. Restricted Cash

The restricted cash reflects funds received from the financing transaction described in Note 18 that are held in an escr with US Bank in the United States. These funds are restricted until fulfilment of the following criteria: (1) the hiring Chief Financial Officer that meets the approval of the investors within 90 days of the closing (subsequently extended days), at such point the Company will release $1.5 million from restriction, (2) appointment of a Board of Directors th majority of independent members, at such point $2.0 million will be released from restriction, and (3) appoint a succe auditor, at which point $500,000 will be released from restriction. There is $250,000 in the escrow account that has a been earmarked for investor relations purposes.

At December 31, 2008, the Company has not fulfilled requirement (3), and did not fulfill requirement (1). The Comp has requested bids for consideration from auditing firms that were on an approved list submitted by, Pinnacle Fund, w was the lead investor in the Company's financing transaction in December 2007, detailed in Note 18 – Financing Tra

4. Accounts Receivable

Accounts Receivable at December 31, consisted of the following:

Energroup Holdings Corporation
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	At December 31, 2008	At December 31, 2007
Accounts Receivable – Trade	18,849,560	$ 707,156
Less: Allowance for Doubtful Accounts	(188,495)	(84,723)
Net Accounts Receivable	18,661,065	$ 622,433

Allowance for Bad Debts	At December 31, 2008	At December 31, 2007
Beginning Balance	$ (84,723)	$ (79,267)
Allowance Provided	$ (103,772)	(5,456)
Charged Against Allowance	-	-
Ending Balance	$ (188,495)	$ (84,723)

During the second quarter of the 2008 fiscal year, management revised the Company's credit policy. Based on management's review, the Company began extending more favorable credit terms to its top tier customers. Those cus that qualified as top tier were extended approximately 45 to 60 days of credit. The Company previously extended one two days of credit. As of December 31, 2008, the Company has not had any receivables that were unrecoverable.

Accounts Receivable Aging Analysis
At December 31, 2008

0-30 Days	31-60 Days	61-90 Days	91-120 Days	Total Outstanding
$ 10,478,579	$ 1,627,515	$ 168,045	$ 6,575,420	$ 18,849,560

5. Related Party Receivable

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 ("Gr and the Group subsidiaries, that are not consolidated into Energroup Holdings or Energroup's subsidiary, Dalian Chur 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 Livestoc Co. Ltd., ("Mingxing") (4) Dalian Chuming Stockbreeding Combo Development Co., Ltd., ("Combo Development C Dalian Chuming Fodder Co., Ltd. ("Fodder Co."), and (6) Dalian Chuming Biological Technology Co., Ltd., ("Biolog 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, in accordance with FIN 39 setoff the balances in order to arrive at a single balance that is either due from, or due to the Group. The Company's n receivable balance of $10,919,777 at December 31, 2008 is shown in the following table.

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Ref.	Subsidiary Due to:	Nature of Balance	Related Party		Balance	Description of Transaction
A	Food Company	Sale of Products resulting in Trade Receivable from	Dalian Huayu Seafood Food Co., Ltd.		234,699	Food Company sold cooked food to Huayu dating back to 1/2007.
		Subtotal of Related Party Sales		$	234,699	
B	Food Company	Loan Receivable from	Dalian Huayu Seafood Co., Ltd.		2,917,918	Huayu borrowed loan from Food Company back to 11/2008
C	Food Company	Loan Receivable from	Dalian Mingxing Livestock Product Co. Ltd.,		4,376,878	Mingxing borrowed loan from Food Company back to 12/2008
D	Meat Company	Loan Receivable from	Dalian Chuming Fodder Co., Ltd.		34,714	Meat Companypaid utility fees for Fodder Co. dating back to 7/2008.
E	Meat Company	Loan Receivable from	Dalian Chuming Stockbreeding Combo Development Co., Ltd.		3,445,292	Prepayment to Group for Purchase of hogs dating back to 7/2008.
F	Meat Company	Loan Receivable from	Dalian Chuming Group Co., Ltd.		68,211	Meat Company purchased office supplies on behalf of the Group dating back to 11/2005
G	Food Company	Loan Receivable from	Dalian Chuming Group Co., Ltd.		1,458,959	Food Company paid bank loan principal and interest on behalf of Industrial Co. dating back to 1/2008
H	Sales Company	Loan Receivable from	Dalian Huayu Seafood Co., Ltd.		1,562,263	Sales Company paid Huayu to help it buy materials dating back to 9/2008.
I	Sales Company	Loan Receivable from	Dalian Chuming Group Co., Ltd.		5,212,167	Sales Company paid the Group to help it buy materials dating back to 7/2008.

J	Sales Company	Loan Receivable from	Dalian Chuming Stockbreeding Combo Development Co., Ltd.		19,568,483	Sales Company paid for Stockbreeding to buy hogs from farmer dating back 7/2008
K	Sales Company	Loan Receivable from	Dalian Chuming Fodder Co., Ltd.		2,509,410	Sales Company paid for feeding materials on behalf of Fodder dating back to 9/2008.
		Subtotal of Loans to Related Parties		$	41,154,295	
		Gross Related Party Receivable		$	41,388,994	

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	Subsidiary Due from:	Nature of Balance	Related Party		Balance	Description of Transaction
L	Meat Company	Purchase of Raw Materials resulting in Trade Payable to	Dalian Chuming Group Co., Ltd.		5,396,217	Purchase of hogs from Group dating back to 12/1/2004.
M	Meat Company	Purchase of Raw Materials resulting in Trade Payable to	Dalian Chuming Group Co., Ltd.		7,365,945	Purchase of hogs from Group dating back to 7/2008.
N	Food Company	Purchase of Raw Materials resulting in Trade Payable to	Dalian Huayu Seafood Food Co., Ltd		2,621,251	Advance from Huayu for the purchase of product dating back to 12/2007.
		Subtotal of Purchases from Related Parties		$	15,383,413	
O	Food Company	Loan Payable to	Dalian Chuming Group Co., Ltd.		950,134	Group paid for salar and other G&A exp on behalf of Food d back to 1/2004.
P	Meat Company	Loan Payable to	Dalian Chuming Stockbreeding Combo Development Co., Ltd.		123,210	Meat Company coll bank loans for Stockbreeding Co. d back to 7/2008
Q	Meat Company	Loan Payable to	Dalian Chuming Industrial Development Co., Ltd.		6,477	Industrial Developn paid salaries on beh Meat Company dati back to 1/2005.
R	Meat Company	Loan Payable to	Dalian Mingxing Livestock Product Co. Ltd.,		393,919	Meat Company coll bank loans on behal Mingxing dating ba 8/2008
S	Meat Company	Loan Payable to	Dalian Huayu Seafood Food Co., Ltd		541,738	Huayu lent funds to Company for neces operation activities 12/2008
T	Sales Company	Loan Payable to	Dalian Mingxing Livestock Product Co.		986,256	Sales Company bor funds from Mingxir operations purpose back to 12/2008

			Ltd.,		
U	WFOE	Loan Payable to	Dalian Chuming Group Co.	12,084,070	Group loaned funds WFOE (incl. funds transferred from Me US RTO.
		Subtotal of Loans from Related Parties		$ 15,085,804	
		Gross Related Party Payable		$ 30,469,217	
	Setoff Related Party Receivable (Receivables have been setoff against payables)			$ 10,919,777	

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A. The Food Company sold USD 235 thousand (RMB 1.6 million) worth of cooked food to Huayu on credit. This transaction impacted the statement of income. After applying a 17% valued added tax, the Food Company generated USD 200 thousand (RMB 1.4 million) in sales revenue from this transaction.

B. Food Company loaned USD 2.9 million (RMB 20 million) to Huayu in November 2008.

C. Food Company loaned USD 4.4 million (RMB 30 million) to Mingxing in December 2008.

D. Meat Company paid USD 35 thousand (RMB 237 thousand) for utility fees on behalf of Fodder Co. in the 3rd quarter of 2008, which resulted in this receivable.

E. The prepayment of USD 3.5 million (RMB 23.6 million) from Meat Company to the Group for hogs was increased by USD 96 thousand (RMB 0.6 million), USD 0.15 million (RMB 1 million), and USD 4.1 million (RMB 28.3 million) in July, August, and September respectively. Simultaneously, the Group paid down its balance in the amounts of USD 1.3 million (RMB 8.9 million) and USD 230 thousand (RMB 1.54 million) to Meat Company.

F. The balance of USD 68 thousand (RMB 467 thousand) for the purchase of office supplies by Meat Company for the Group, was still outstanding as of December 31, 2008.

G. Food Company paid certain bank loan interest and principal on behalf of Industrial Co. prior to 2008. This resulted in a receivable of USD 1.5 million (RMB 10 million) owed by Industrial Co. to the Food Company. A balance of USD 1.5 million (RMB 10 million) remained outstanding as of December 31, 2008.

H. The Sales Company advanced USD 1.6 million (RMB10.7 million) to Huayu for the purchase of raw materials, resulting in this receivable.

I. The Sales Company paid for the purchase of certain materials for the Group, resulting in a balance of USD 5.2 million (RMB 35.7 million) receivable from Group to Sales Company. This balance was increased by USD 5.8 million (RMB 39.6 million) and USD 3.9 million (RMB 20.6 million) in the 3rd and 4th quarters of 2008, in connection with the purchase of additional materials by Sales Company. The Group has paid down USD 4.5 million (RMB 20.3 million) of this balance, resulting in an ending balance of USD 5.2 million (RMB 35.7 million).

J. Sales Company paid USD 19.6 million (RMB 134.1 million) to local farmers for the purchase of hogs, on behalf of the Group, which gave rise to this receivable from the Group to Sales Company.

K. Sales Company purchase feed materials, paid construction fees, and utility costs for Fodder Co., resulting in a receivable of USD 2.5 million (RMB17.2 million) due from Fodder Co. to Sales Company. In 2008, the following transactions affected the balance of this receivable: USD 0.8 million (RMB 5.4 million) was paid to buy feeding materials, USD 1.1 million (RMB 7.7 million) was paid for construction fees, and USD 0.6 million (RMB 4 million) for utilities.

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L. The Company acquired hogs from the Group, resulting in a balance payable from the Company to the Group of USD 5.4 million (RMB 36.9 million). In 2008, this balance was affected by the following transactions: increases by USD 3.9 million (RMB 27.4 million), USD 5.5 million (RMB 37.7 million), USD 5.2 million (RMB 35.1 million), and USD 480 thousand (RMB 3.3 million) in July, August, September, and December respectively. The Company paid USD 9.8 million (RMB 67.4 million) to settle this balance in September 2008. The increase in the balance as result of the purchase hogs would impact the statements of income; however, the effect of the repayment is isolated to the Company's balance sheet.

M. The Group sold hogs to Meat Company on August 12, 2008 which were not immediately paid for, which resulted in a net payable from the Meat Company to Group in the amount of USD 7.4 million (RMB 50.5 million).

N. The USD 2.6 million (RMB 18 million) deposit owed to Huayu was still outstanding at December 31, 2008.

O. The Group paid USD 954 thousand (RMB 6.5 million) in salaries and general administrative expense on behalf of Food Company, resulting in this payable.

P. The outstanding balance of USD 123 thousand (RMB 84 thousand) due from Meat Company to Combo Development Co. resulted from the fact that Meat Company collected USD 52 thousand (RMB 0.4 million) hogs sales and USD 1.5 million (RMB 10.4 million) in proceeds from a bank loan on behalf of Combo Development Co. in August and September, 2008 respectively. Simultaneously, the Meat Company repaid USD 1.5 million (RMB 10 million) to Combo Development Co.

Q. The a balance of USD 6 thousand (RMB 44 thousand) owed by Industrial Development Co. to Meat Company was still outstanding at December 31, 2008.

R. Meat Company collected bank loans on behalf of Mingxing dating back to August 2008.

S. Meat Company borrowed USD 542 thousand (RMB 3.7 million) operating funds from Huayu in December 2008.

T. Sales Company borrowed USD 986 thousand (RMB 6.7 million) from Mingxing in December 2008.

U.

The outstanding payable balance of USD 12.1 million (RMB 83.2 million) due to the Group has been transferred to the books of Chuming, i.e., WFOE owes Chuming the amount stated above. This balance was increased by USD 250 thousand (RMB 1.7 million) in the fourth quarter of 2008.

The related party receivable balance detailed above, and the related transactions that comprise that balance were integ and material to the Company's operations. The Company was reliant on transactions with the above related parties in to conduct its business normally. The Company acknowledges that it has the responsibility to comply with paragraph SFAS 57 which calls for the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period Company's accounting system in the past was manual and accordingly is not able to, from a cost benefit perspective, summarize and provide further detail on the related party transactions. Also, the Company's current accounting depar does not have sufficient staff in order to perform an exercise to further detail the related party payables and receivable beyond what has been provided above; however the Company is taking steps to update its accounting systems and me to provide fuller detail regarding these transactions for future periods. The Company does represent that the balances disclosed above are both accurate and reliable within acceptable thresholds of materiality.

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The Company's related party receivables and payables in the period presented were in the form of either short-term lo bearing no interest, or trade payables and receivables relating to the purchase of raw materials, supplies or products fo which payment was due within a short period of time. Management believes that the net receivables from related part are fully recoverable.

Of the $10,919,777 net receivable owed by the Group to the Company, the entire amount has been securitized by banl drafts issued by the bank on behalf of subsidiaries of the Group to the Company. These notes are collateralized by de at the bank by those particular subsidiaries of the Group. The drafts can be endorsed and discounted to the bank for c however the Company currently intends to hold these drafts until maturity. The following table summarizes the amou each draft.

Subsidiary of the Group	Amount
Huayu	$ 2,917,919
Mingxing	4,376,878
Combo Development	2,188,439
Group	1,436,540
	$ 10,919,777

6. Inventory

	At December 31, 2008	At December 31, 2007
Raw Materials	$ 867,549	$ 1,039,440
Work in Progress	241,738	547,889
Finished Goods	4,941,822	1,328,688
	$ 6,051,109	$ 2,916,016

7. Property, Plant & Equipment

At December 31, 2008:	Cost	Accumulated Depreciation	Net
Buildings	$ 21,604,325	$ (3,607,219)	$ 17,997
Manufacturing Equipment	10,061,608	(3,132,725)	6,928
Office Equipment	195,577	(150,670)	44
Vehicles	913,816	(477,265)	436
Furniture & Fixture	524,020	(137,317)	386
	$ 33,299,346	$ (7,505,196)	$ 25,794

At December 31, 2007:	Cost	Accumulated Depreciation	Net
Buildings	$ 19,910,391	$ (2,522,257)	$ 17,388
Manufacturing Equipment	9,066,948	(2,041,694)	7,025
Office Equipment	122,124	(60,298)	61

Vehicles	652,231	(321,138)	331
Furniture & Fixture	49,204	(19,015)	30
	$ 29,800,898	$ (4,964,402)	$ 24,836

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8. Land Use Right

The Company had the following intangible assets outstanding at December 31:

	At December 31, 2008	At December 31, 2007
Land Use Rights, at Cost	$ 14,407,503	$ 13,501,580
Less: Accumulated Amortization	(977,068)	(645,600)
	$ 13,430,435	$ 12,855,980

9. Bank Loans

(A) Short Term Bank Loans

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

Bank	Interest Rate	Due Date	Amou
Bank of China	6.1586%	10/26/2009	$ 4,376
Bank of China	7.3260%	10/17/2009	2,042
			$ 6,419

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

(B) Bank Loan through Group

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

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At December 31, 2007, the Company repaid its debt, in its entirety to the Group by setting off receivables owed by th Group to the Company. The Company repaid the loan in order to meet the requirements of the equity financing transa detailed in Note 18. The balances are now owed by the Group to the Banks, and liability for paying the bonding insur annually lies with the Group. The pledged collateral of land use rights and buildings made to the Bond Issuer still unc the loan currently owed by the Group, and as such, the Company's assets, namely the buildings and land use rights ar risk if the Group were to default on this loan.

10. Capitalization

As a result of a reverse-acquisition on December 31, 2007 that was consummated via a share exchange, and a concurr equity financing, in the form of a private placement by issuing common stock to ten accredited investors, the Compan capitalization is now reflected by the table shown below:

Name of Shareholder	Number of Shares	Common Stock Capital	Additional Paid in Capital	Equity
Operating Companies Founders	14,688,948	$ 14,689	$ 2,396,079	69
Pre-RTO Shareholders	422,756	423	-	2
Advisors & Consultants	2,161,052	2,161	-	10
Private Investors	3,863,636	3,864	13,043,964	18
	21,136,392	$ 21,137	$ 15,440,043	100

11. Commitments of Statutory Reserve

In compliance with PRC laws, the Company is required to appropriate a portion of its net income to its statutory reser to a maximum of 50% of an enterprise's registered capital in the PRC. The Company had future unfunded commitme provided below.

	At December 31, 2008	At December 31, 2007
PRC Registered Capital	15,566,849	3,642,866
- Statutory Reserve Ceiling based on 50% of Registered Capital	7,783,424	1,821,433
Less: - Retained Earnings appropriated to Statutory Reserve	(2,077,488)	(751,444)
Reserve Commitment Outstanding	$ 5,705,936	$ 1,069,989

12. Advertising Costs

Advertising expenses were $2,629,853 and $3,611,666 for the years ended December 31, 2008 and 2007.

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13. Income Taxes

The Company's different operating subsidiaries are subject to different income tax regulations under PRC law.

The operating subsidiary, Meat Company, has been given special tax-free status by the PRC government because of th Company standing as leader in its industry in Dalian; therefore, no provision for income tax in the PRC was made for 2008 and 2007.

The Company's operating subsidiary, Food Company, has provided provisions for income taxes in years 2008 and 20 $508,844 and $967,539.

The Company's operating subsidiary, Sales Company, has not provided provisions for income taxes in years 2008 and as it has incurred operating losses for those respective years. The Company has determined that deferred tax assets ar from net operating losses in prior years may not realized, accordingly, the company has recognized a tax expense to th income statement in the amount of $11,246.

After adjusting for special tax-free status and net operating loss, the consolidated taxable earnings were determined, a results were as follows: -

i.	2007 Tax expense	(520,089)
ii.	2006 Tax expense	(967,539)
iii.	2005 Tax benefit	1,609

Beginning December 31, 2007, the Company's foreign subsidiaries became subject to U.S. income tax liability; howe the tax is deferred until foreign source income is repatriated to the Company and the Company has not currently deter when foreign source income will be repatriated. Accordingly, the company has not made any provisions for U.S. inc tax liability.

On March 16, 2007, the PRC government passed new tax legislation that repealed preferential tax treatment for foreig investment enterprises in the PRC and enacted new tax regulations. Under such regulations, with certain exceptions, domestic and foreign enterprises will be taxed at a standard enterprise income tax rate of 25%. The Company's two operating subsidiaries, Food Company, and Sales Company are subject to the 25% income tax rate beginning January 2008. Based on current PRC legislation, Meat Company should be expected to continue benefiting from a tax holiday

14. Commitments

It is company policy to develop plant facilities based on availability of cash resources without incurring capital commitments. Therefore, the Company did not have any capital commitments existing at December 31, 2008.

On December 19, 2007, the Company entered into a hog purchase agreement whereby the Group will provide at fair n price a minimum number of hogs to the Company. At December 31, 2008, the Company expects minimum quantities hogs detailed in the following table:

Year	Hogs	Price Per Hog	Amount
2009	800,000	$ 187.13	$ 149,704

2010	800,000	$	205.84		164,674
				$	314,379

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The Company believes that the fair market price of the hogs will increase by 10% each year. The assumption of 10% reflects that Company expectations in regards to inflation, and the rising costs of inputs in breeding livestock.

15. Operating Segments

The Company individually tracks the performance of its three operating subsidiaries Meat Company, Food Company, Sales Company. Meat Company is primarily engaged in the slaughter and processing of pork livestock for wholesale retail distribution. Food Company is primarily engaged in the production of pork-based food products, such as sausag and cured meats, for retail distribution. Sales Company is primarily engaged in the sale and distribution of products produced by Food Company and Meat Company.

The chief operating decision maker is the Chief Executive Officer of the Company. He evaluates each operating segn on the following measures of profit or loss: gross profit, operating income, and earnings before taxes, and net income. When he makes decisions on the strategic plans of each operating segment, he considers the foregoing measu of profit or loss and their impact on the overall performance of the Company as a whole.

Below is a presentation of the Company's results of operations and financial position for its operating subsidiaries at December 31, 2008 and 2007 and for the years then ended. The Company has also provided reconciling adjustments the Company and its intermediate holding companies Dalian Chuming Precious Sheen Investments Consulting Ltd. ("Chuming WFOE") and Precious Sheen Investments Ltd (PSI).

Results of Operations For the year ended December 31, 2008	Meat Company	Food Company	Sales Company	Chuming WFOE, PSI, & Eliminations	Total
Sales	$ 165,540,800	$ 20,275,953	$ 82,629,122	$ (92,085,862)	$ 176,360
Cost of Sales	143,467,926	17,018,115	81,394,069	(92,085,862)	149,794
Gross Profit	22,072,873	3,257,837	1,235,054	-	26,565
Operating (Loss)/Profit	19,835,123	2,038,279	(2,475,995)	(654,670)	18,742
Other Income (Expense)	(684,408)	(95,144)	(6,952)	(10,598,879)	(11,385
Earnings/(Loss) before Tax	19,150,715	1,943,135	(2,482,947)	(11,253,549)	7,357
(Income Tax Expense)	-	(508,844)	(11,246)	-	(520
Net Income/(Loss)	19,150,715	1,434,292	(2,494,193)	(11,253,549)	6,837

Eliminated Intercompany Sales of Products Sold during Year ended December 31, 2008

Sold From:	Sold To:	Amount
Food Company	Sales Company	$ 15,614,380

Meat Company	Sales Company		66,171,117
Meat Company	Food Company		10,300,365
		$	92,085,862

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Energroup Holdings Corporation
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Results of Operations For the year ended December 31, 2007	Meat Company	Food Company	Sales Company	Chuming WFOE, PSI, & Eliminations	Total
Sales	$ 113,777,514	$ 18,224,294	$ 26,110,284	$ (33,416,057)	$ 124,696
Cost of Sales	99,779,158	12,672,576	25,343,231	(33,416,057)	104,378
Gross Profit	13,998,356	5,551,718	767,053	-	20,317
Operating (Loss)/Profit	10,842,549	3,624,143	(368,002)	(27,261)	14,071
Other Income (Expense)	(691,006)	(712,807)	(47,929)	-	(1,451
Earnings/(Loss) before Tax	10,151,543	2,911,336	(415,931)	(27,261)	12,619
(Income Tax Expense)/Credit	-	967,539	-	-	967
Net Income/(Loss)	$ 10,151,543	$ 1,943,797	$ (415,931)	$ (27,261)	$ 11,652

Eliminated Intercompany Sales of Products Sold during
Year ended December 31, 2007

Sold From:	Sold To:	Amount
Food Company	Sales Company	$ 4,221,813
Meat Company	Sales Company	20,435,143
Meat Company	Food Company	8,759,101
		$ 33,416,057

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Financial Position At December 31, 2008	Meat Company	Food Company	Sales Company	Chuming WFOE, PSI, & Eliminations	Total
Current Assets	74,713,237	21,126,826	41,826,291	(89,504,485)	48,161
Non Current Assets	22,624,642	19,570,329	325,480	1,088	42,521
Total Assets	$ 97,337,879	$ 40,697,155	$ 42,151,770	$ (89,503,397)	$ 90,683
Current Liabilities	42,293,137	34,796,536	45,747,946	(99,079,857)	23,757
Total Liabilities	42,293,137	34,796,536	45,747,946	(99,079,857)	23,757
Net Assets	55,044,742	5,900,619	(3,596,176)	9,576,460	66,925
Total Liabilities & Net Assets	$ 97,337,879	$ 40,697,155	$ 42,151,770	$ (89,503,397)	$ 90,683

Financial Position At December 31, 2007	Meat Company	Food Company	Sales Company	Chuming WFOE, PSI, & Eliminations	Total
Current Assets	$ 36,387,010	$ 19,361,784	$ 24,500,857	$ (52,282,684)	$ 27,966
Non Current Assets	22,256,798	16,228,202	167,961	-	38,652
Total Assets	$ 58,643,808	$ 35,589,986	$ 24,668,818	$ (52,282,684)	$ 66,619
Current Liabilities	$ 25,289,655	$ 31,425,683	$ 25,664,664	$ (64,697,884)	$ 17,682
Total Liabilities	25,289,655	31,425,683	25,664,664	(64,697,884)	17,682
Net Assets	33,354,152	4,164,303	(995,846)	12,415,200	48,937
Total Liabilities & Net Assets	$ 58,643,808	$ 35,589,986	$ 24,668,818	$ (52,282,684)	$ 66,619

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

16. Earnings Per Share

Components of basic and diluted earnings per share were as follows: -

	For the year ended December 31, 2008	For the year ended December 31, 2007
Net Income (A)	$ 6,837,265	$ 11,652,147
Basic Weighted Average Shares Outstanding (B)	17,272,756	13,409,120
Dilutive Shares:		
-Addition to Common Stock from Exercise of Placement Warrants	46,364	-
-Addition to Common Stock from Contingent Shares Held in Escrow (Please refer to Note 18)	3,863,636	3,863,636
Diluted Weighted Average Shares Outstanding: (C)	21,182,756	17,272,756
Earnings Per Share:		
-Basic (A)/(B)	$ 0.40	$ .87
-Diluted (A)/(C)	$ 0.32	$ .67
Weighted Average Shares Outstanding:		
-Basic	17,272,756	13,409,120
-Diluted	21,182,756	17,272,756

17. Concentration of Risk

(A) Demand risk

The Company had concentrations of risk in demand for its products because its sales were made to a small number of customers.

(B) Supply Risk

The Company is subject to concentration of supply shortage risk because it purchases its materials for resale from a fe select vendors. The Company's availability of supply is correlated with the few select vendors' ability to meet the mar demand. In 2007, the entire industry in the PRC faced a shortage in the supply of hogs.

18. Financing Transaction

On December 31, 2007, the Company, a Nevada corporation ("Energroup" or the "Company"), acquired Precious She Investments Ltd. ("PSI") in a reverse take-over transaction, by executing a Share Exchange Agreement ("Exchange Agreement") by and among Energroup, PSI, and all of the shareholders of PSI's

issued and outstanding share capital (the "PSI Shareholders"). PSI owned 100% of the equity in Chuming WFOE. Ch
WFOE is a holding company for the following three operating subsidiaries: (i) Meat Company, (ii) Food Company, a
(iii) Sales Company, each of which is a limited liability company headquartered in, and organized under the laws of, C
(also referred to elsewhere as the "Chuming Operating Subsidiaries").

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

As a result of the reverse take-over transaction, PSI's Shareholders became Energroup's controlling shareholders and became Energroup's wholly-owned subsidiary. As a result of PSI becoming Energroup's wholly-owned subsidiary, Energroup acquired the business and operations of Chuming and the Chuming Operating Subsidiaries.

Under the Exchange Agreement, Energroup completed the acquisition of all of the issued and outstanding shares of PS through the issuance of 16,850,000 restricted shares of common stock of Energroup to PSI's Shareholders. Immediate prior to the Exchange Agreement transaction, the Company had 422,756 shares of common stock issued and outstand Immediately after the issuance of the shares to PSI's Shareholders, the Company had 17,272,756 shares of common st issued and outstanding. The 422,756 shares of PSI were cancelled and 17,272,756 shares of Energroup were issued to reflect this reverse take-over transaction.

Concurrently with the Exchange Agreement, Energroup also entered into a Securities Purchase Agreement (the "Purcl Agreement") pursuant to which Energroup agreed to issue and sell 3,863,635 shares of its common stock to ten accrec investors for an aggregate purchase price of $17,000,000 or $4.40 per share (the "Financing"). The closing of the Fina coincided with the Closing of the reverse take-over transaction.

In connection with the sales of securities to accredited investors under the securities purchase agreement, Hunter Wise Financial Group, LLC (the "Placement Agent"), was compensated with a commission of $1,190,000 which is equal to of the aggregate purchase price and a warrant to purchase the 386,364 shares of the Company's common stock at an e price of $4.40 per share. At December 31, 2007, the Company had adequate authorized capital to issue common share upon the exercise of the warrant.

At December 31, 2008, the total number of shares outstanding, on a fully diluted basis, is shown in the following table

i.	Common shares outstanding prior to offering of securities	17,272,756
ii.	Common shares issued under securities purchase agreement	3,863,636
iii.	Common shares issuable upon exercise of placement agent warrants	386,364
		21,522,756

Concurrent with the Company's financing transaction, the Company agreed to register for resale the common shares t were sold under the securities purchase agreement. Pursuant to filing a Form S-1 registration statement with the U.S. Securities and Exchange Commission, the Company entered into a Registration Rights Agreement with the Investors. agreement calls for liquidated damages to be paid by the Company, if in the event the registration statement is not dec effective within 135 days of the closing of the financing transaction. The liquidated damages will be 1% of the total financing amount in cash per month for each month after the 135 period. The agreement states a maximum penalty of $1.70 million or 10% of the financing amount. At December 31, 2007, the Company accounted for the liability under registration rights agreement in accordance with FASB Staff Position No. EITF 00-19-2 Accounting for Registration Payment Arrangements. Under such accounting treatment, the liquidated damages are accounted for as a reduction of proceeds. In asserting the most conservative position, the Company has accrued the maximum liability of $1.7 millio is carrying that balance in the accrued liabilities account. In the event that the registration becomes effective in a time that is earlier than February 15, 2009, the portion that is not legally owed, or in the event that investors waive any liquidating damages, the accrual will be reversed and the funds will be added back to the Company's additional paid i capital.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
As of and for the years ended December 31, 2008 and 2007

In connection with a make good agreement related to the financing transaction on December 31, 2007, the Company's Chairman and CEO, Mr. Shi Huashan placed in escrow 3,863,636 shares, which were beneficially owned by him. Th shares are to be released back to him 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 the investors in the financing transaction. In accordance with SFAS 128, Earnings Per Share, for the sake of calculati Company's earnings per share, the Company has accounted for the 3,863,636 escrowed shares as contingently issuabl shares as such they are not included in the weighted average basic shares outstanding but are included in the weighted average diluted shares outstanding. Please refer to Note 16.

In accordance with Topic 5.T of the Staff Accounting Bulletins (SAB 79), the Company expects to record a compensa 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 pa capital. The Company anticipates that compensatory expense to be recognized in future operating periods could be in range between $17.0 million to $29.2 million. The Company approximates this range based on the per share offering of $4.40 at December 31, 2007 and a potential future stock price of $7.57 based on a $20.0 million net income (short target of $20.9 million net income) with a price-to-earnings ratio of 8.0, which is comparable to the valuation used in offering at December 31, 2007.

For the year ended December 31, 2008, the Company recorded an expense for the expected release of shares deposite the escrow account. The Company expects that 1,931,818 shares will be released from escrow. The amount of expen recorded was $10,622,294. The impact on earnings per share, on a basic and diluted basis, was $0.61 and $0.50, respectively.

19. Change of Chief Financial Officer

The Company filed an 8-K on December 29, 2008 in connection with the change of Chief Financial Officer where Mr Zhang Yizhao resigned his position and Ms. Wang Shu was appointed to this position that she had previously held un September 28, 2008. Mr. Zhang Yizhao's total remuneration during his term of service at the Company was approxim $71,000 (RMB 500,000).

Prospectus dated ________, 2010

ENERGROUP HOLDINGS CORPORATION

Shares

Common Stock

Until _______________ all dealers that buy, sell or trade shares of our common stock, whether or not participating in offering, may be required to deliver a prospectus.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses, payable by the registrant in connection with the sale of common
being registered. All amounts are estimates except the SEC registration fee.

Securities and Exchange Commission registration fee	$	2
Printing and engraving expenses	$	3
Blue Sky fees and expenses	$	5
Legal fees and expenses	$	45
Accounting fees and expenses	$	30
Miscellaneous	$	10
Total	$	95

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Indemnification Under Nevada Law

Nevada law generally permits us to indemnify our directors, officers and employees. Pursuant to the provisions of Ne
Revised Statutes 78.7502, a corporation may indemnify its directors, officers and employees as follows:

(a) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any action, e
an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or ag
the corporation, or is or was serving at the request of the corporation, against expenses, actually and reasonably incurr
him in connection with the action, suit or proceeding if he: (a) is not liable for breach of his fiduciary duties as a direc
officer pursuant to Nevada Revised Statutes 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

(b) A corporation may indemnify any person who was or is a party or is threatened to be made a party to any action b
in the right of the corporation to procure a judgment in its favor, by reason of the fact that he is or was a director, offic
employee or agent of the corporation, or is or was serving at the request of the corporation against expenses actually a
reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable for
breach of his fiduciary duties pursuant to Nevada Revised Statutes 78.138; or (b) acted in good faith and in a manner
he reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be ma
any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation
unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdic
determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitl
indemnity for such expenses as the court deems proper.

(c) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or other in defense of any action, suit or proceeding, or in defense of any claim, issue or matter therein, the corporation shall indemnify him against expenses, including attorneys' fees, actually and reasonably incurred by him in connection wit defense.

Charter Provisions and Other Arrangements of the Registrant

Article VII of our articles of incorporation provides for the indemnification of any and all persons who serve as our di or officer to the fullest extent permitted under Nevada law. We do not currently carry directors' and officers' liability insurance covering our directors and officers, however, we are considering obtaining such insurance coverage from a internationally recognized underwriter with terms of coverage appropriate for a company of our size and nature.

Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers, or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that, in the opinion of Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

The following is a summary of our transactions during the last three years involving sales of our securities that were n registered under the Securities Act:

On December 31, 2007, we entered into a Share Exchange Agreement (the "Exchange Agreement") with Precious Sh Investments Limited, a British Virgin Islands company ("PSI") and all of the shareholders of PSI's issued and outstan share capital (the "PSI Shareholders"). Pursuant to the Exchange Agreement, we agreed to issue 16,850,000 shares of common stock to the PSI Shareholders in exchange for 100% of the capital stock of PSI. The issuance of the common to the PSI Shareholders pursuant to the Exchange Agreement was exempt from registration under the Securities Act pursuant to Section 4(2) and Regulation D thereof. We made this determination based on the representations of the PS Shareholders which included, in pertinent part, that such shareholders were "accredited investors" within the meaning 501 of Regulation D promulgated under the Securities Act, and that such shareholders were acquiring our common st for investment purposes for their own respective accounts and not as nominees or agents, and not with a view to the re or distribution thereof, and that each member understood that the shares of our common stock may not be sold or othe disposed of without registration under the Securities Act or an applicable exemption therefrom.

On December 31, 2007, in connection with the Exchange Agreement, we entered into a Securities Purchase Agreeme "Purchase Agreement") pursuant to which we agreed to issue and sell 3,863,635 shares of our common stock to fiftee accredited investors for an aggregate purchase price of $17,000,000, or $4.40 per share (the "Financing"). The issuan common stock to the fifteen investors pursuant to the Purchase Agreement was exempt from registration under the Securities Act pursuant to Section 4(2) and Regulation D thereof. We made this determination based on the representa of the fifteen investors which included, in pertinent part, that such investors were "accredited investors" within the me of Rule 501 of Regulation D promulgated under the Securities Act, and that such investors were acquiring our comm stock, for investment purposes for their own respective accounts and not as nominees or agents, and not with a view t resale or distribution thereof, and that each member understood that the shares of our common stock may not be sold otherwise disposed of without registration under the Securities Act or an applicable exemption. We also issued a warr the placement agent for the purchase of 386,364 shares of the Company's common stock at an exercise price of $4.40 share.

On May 3, 2007, prior to the reverse take-over transaction, Energroup, along with its then-current directors and execu 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, post-reverse split shares) of unregistered, restricted common stock for $350,000 cash. This transaction closed on May 2007. The issuance of the common stock to HFI pursuant to the stock purchase agreement was exempt from registrati under the Securities Act pursuant to Section 4(2) and/or Regulation D thereof. Energroup made this determination bas the representations of the HFI in the stock purchase agreement which included, in pertinent part, that such HFI was an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act, and that shareholder was acquiring our common stock, for investment purposes for their own respective accounts and not as nominees or agents, and not with a view to the resale or distribution thereof, and that each member understood that th shares of our common stock may not be sold or otherwise disposed of without registration under the Securities Act or applicable exemption therefrom.

On or about March 12, 2007, Energroup authorized the issuance of 5,462 shares of common stock in reconciliation of transfer records. Energroup received a General Release in conjunction with the issuance. Energroup completed the iss because it believed the acquirer may be defined as a "Protected Purchaser" under Section 70A-8-303 of the Utah Code Annotated and Article 8 of the Uniform Commercial Code. These shares were issued because processing of a reverse split was inadvertently omitted for a share certificate representing 5,750 shares of common stock, which after proper adjustment, should have been reverse split to 288 shares (a difference of 5,462 shares). Bona fide purchasers bought t shares without knowledge that the shares were subject to a reverse stock split. Under Utah law (the jurisdiction in whi Company was then incorporated), "protected purchasers" are persons who acquire securities for value without notice adverse claim and who obtain control of a certificated or uncertificated security. In order to reconcile its share register Energroup treated the error as the resale of 288 shares, plus the issuance of an additional 5,462 shares to the bona fide purchasers. Energroup relied upon Section 4(2) of the Securities Act, as the reconciliation shares issued in order to co the error were issued in a transaction by the issuer not involving a public offering. The Company notes that no moneta consideration was received by the Company in connection with the issuance of these reconciliation shares.

Except as stated above, we have had no recent sales of unregistered securities within the past three fiscal years. There no underwritten offerings employed in connection with any of the transactions described above.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

See "Exhibit Index" below which follows the signature pages to this registration statement.

ITEM 17. UNDERTAKINGS

Undertaking Required by Item 512 of Regulation S-K.

(a) The undersigned registrant will:

(1) File, during any period in which it offers or sells securities, a post-effective amendment to this registration stateme

(i) include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the mo recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in t information in the registration statement; and notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospect filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee”table in effective registration statement; and

(iii) include any additional or changed material information on the plan of distribution.

(2) For determining liability under the Securities Act, treat each post-effective amendment as a new registration statem of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) File a post-effective amendment to remove from registration any of the securities that remain unsold at the end of offering.

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(b) For determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the registrant undertakes that in a primary offering of securities of the registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offere sold to such purchaser by means of any of the following communications, the registrant will be a seller to the purchas will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the registrant relating to the offering required to be filed pursuant to R 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the registrant or used or referred to the registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the registrant or its securities provided by or on behalf of the registrant; and

(iv) Any other communication that is an offer in the offering made by the registrant to the purchaser.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, off and controlling persons of the registrant pursuant to the foregoing provisions, the registrant has been advised that in th opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in t successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in conn with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(d) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to 424(b)(3) shall be deemed to be part of the registration statemen of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of provi the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in t registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date o first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effecti date of the registration statement relating to the securities in the registration statement to which that prospectus relates the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, howe that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part o registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or m any statement that was made in the registration statement or prospectus that was part of the registration statement or m in any such document immediately prior to such effective date.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 3 to the Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the Ci Dalian, People's Republic of China on the 31st day of December, 2009.

ENERGROUP HOLDINGS CORPORATION

By: /s/ Shi Huashan

Shi Huashan
President and Chief Executive Officer
(Principal Executive Officer)

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Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed b
by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Shi Huashan Shi Huashan	President, Chief Executive Officer, and Chairman of the Board (Principal Executive Officer)	December 31, 2009
/s/ Wang Shu Wang Shu	Chief Financial Officer and Director (Principal Financial Officer)	December 31, 2009
/s/ Chen Fuyuan Chen Fuyuan	Chief Operating Officer	December 31, 2009
/s/ Ma Fengqin Ma Fengqin	Vice President and Director	December 31, 2009
/s/ Wang Shuying Wang Shuying	Director	December 31, 2009

EXHIBIT INDEX

Exhibit Number	Description
2.1	Share Exchange Agreement by and among the Company, PSI and PSI Shareholders dated December 2007 (1)
2.2	Articles and Plan of Merger (change in domicile from Utah to Nevada) (2)
3.1	Articles of Incorporation of Energroup Holdings Corporation (4)
3.2	Bylaws of Energroup Holdings Corporation (4)
3.3	Articles of Amendment to Articles of Incorporation of Energroup Holdings Corporation (4)
3.4	Articles of Amendment to Articles of Incorporation of Energroup Technologies, Inc. (Reverse Split) (2)
3.5	Articles of Incorporation of Energroup Holdings Corporation (2)
3.6	Certificate of Amendment to Articles of Incorporation of Energroup Holdings Corporation (Reverse Split) (3)
4.1	Registration Rights Agreement dated December 2007 among Energroup and the investors signatory thereto (1)
4.2	Form of Common Stock Purchase Warrant issued to Placement Agent (December 2007) (1)
5.1	Opinion of Richardson & Patel LLP (4)
10.1	Lockup Agreement dated December 2007 among Energroup and the Shareholders signatory thereto (1)
10.2	Executive Employment Agreement dated December 2007 between Energroup and Mr. Shi Huashan (1)
10.3	Executive Employment Agreement dated December 2007 between Energroup and Ms. Wang Shu (1)
10.4	Executive Employment Agreement dated December 2007 between Energroup and Mr. Chen Fuyuan (1)
10.5	Executive Employment Agreement dated September 2008 between Energroup and Mr. Yizhao Zhang (5)
10.6	Long-Term Hog Procurement Agreement dated December 17,2007 between Dalian Chuming Group Co., Ltd. and Dalian Chuming Slaughter and Packaging Pork

Company, Ltd. (1)

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10.7	Trademark License Contract (Chuming) dated December 2007 (English translation) (1)
10.8	Trademark License Contract (Huayu) dated December 2007 (English translation) (1)
10.9	Securities Purchase Agreement dated December 2007 among Energroup, PSI, Chuming, and the investors signatory thereto (1)
10.10	Make Good Escrow Agreement dated December 2007 among Energroup, Make Good Pledgor, Escrow Agent and the investors signatory thereto (1)
10.11	Holdback Escrow Agreement dated December 2007 among Energroup, Escrow Agent and the investors signatory thereto (1)
10.12	Loan Agreement between Dalian Chuming Food Co. Ltd and Bank of China dated November 2008 (6)
10.13	Loan Agreement between Dalian Chuming Meat Co. Ltd. and Bank of China dated November 2008 (6)
10.14	Settlement agreement by and among Energroup, the investors signatory thereto, Shine Gold Holdings Limited and U.S. Bank National Association dated December 30, 2009*
23.1	Consent of Samuel H. Wong & Co., LLP, Certified Public Accountants*
24.1	Power of Attorney (4)

* Filed herewith.

(1) Previously filed with our Current Report on Form 8-K on January 7, 2008 and incorporated herein by reference

(2) Previously filed with our Current Report on Form 8-K on August 22, 2007 and incorporated herein by reference.

(3) Previously filed with our Current Report on Form 8-K on December 14, 2007 and incorporated herein by referenc

(4) Previously filed with our Registration Statement on Form S-1 filed on February 11, 2008, and incorporated herein reference.

(5) Previously filed with our Current Report on Form 8-K on September 23, 2008 and incorporated herein by referenc

(6) Previously filed with our Annual Report on Form 10-K for the fiscal year ended December 31, 2008

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