Dragon Gate Investment Partners

March 2nd, 2015

China Fruits Corp.

CHFR/OTC

China Fruits' Rapid Expansion On Track

PRICE: $ 0.11 **S&P 500: 2106.64** **DJIA: 18,196.02** **RUSSELL 2000: 1,235.33**

- The number of China Fruits franchise retail stores reached 64 in 2014, and is estimated to realize 500 stores in 2017
- Under company's development strategy, China Fruits introduced an O2O commerce model to create higher revenue
- China Fruits reached record revenue of $16 million on exporting Nanfeng tangerines, an increase of 152% compared to $6.36 million last year
- China Fruits established its own logistics system to increase distribution efficiency. 30-minute delivery service is provided for customers living within five kilometers of a retail store

Valuation	2013	2014
EPS	-0.0039	0.0229
P/E	N/A	4.793
Operating Margin	-0.2492	0.0613

Market Capitalization		Stock Data	
Equity Market Cap (MM)	5.00	52-Week Range	0.09-0.59
Enterprise Value (MM)	8.97	12-Month Stock Performance	4
Share Outstanding (MM)	49.95	Dividend Yield	N/A
Estimated Float (MM)	41.09	Book Value Per Share	0.077
3-Mo. Avg. Daily Volume	16,442	Beta	0.76

Company Information:

Location: *Beijing，China*
Food, Staples Retailing & Distribution
Description: *China Fruits Corporation (OTC:CHFR) is a U.S.-listed holding company, engaging in manufacturing, trading and distributing fresh tangerine and other fresh fruits in the People's Republic of China.*
Web Site: *www.taina.cn*

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Investment Thesis

- The number of China Fruits franchise retail stores reached 64 in 2014, and estimated to increase to 500 stores in 2017.

  By the end of 2014, the number of China Fruits franchise retail stores reached 64 nationwide, an increase of 914% compared to 7 stores in 2013. At present, there are 47 “Taina Fruits” franchise retail stores in Beijing, 3 in Hebei, 3 in Kunming, 4 in Nanchang and 7 in Hangzhou.

- Under the company’s future development strategy, China Fruit plans to introduce an O2O commerce model combining online and offline together to generate higher revenue.

  China Fruits Corporation decided to open its flagship store in Tmall, a leading third-party platform for brands and retailers under Alibaba on June 26th, 2014. Developing e-commerce with Alibaba’s platform is one of the most critical strategies for the Company, which provides a powerful access to the non-China markets.

  According to its strategic plans, the Company expanded its fruit e-commerce business to leading business-to-consumer platforms like JD.com, Yhd.com, and major group-buying websites, to establish core competencies of high quality, wide range of variety and efficient delivery. While developing and consolidating the fruit e-commerce industrial chain, China Fruits worked in conjunction with increasing fruit retail franchise stores and introduced a “online to offline” business model for its fruit e-commerce business.

- China Fruits reached record high revenue of $16 million on exporting Nanfeng tangerines, an increase of 152% compared to $6.36 million last year.

  Benefiting from the industry advantages, China Fruit Corporation still focuses on selling signature tangerines as its main strategy in the fourth quarter and the first quarter, providing consumer with safe, quality assured fruits. Meanwhile, China Fruits Corporation is vigorously developing its overseas market business, including Thailand, Dubai and Indonesia.

- China Fruits established its own logistics system to increase distribution efficiency. 30-minute delivery service is now provided for customers living within five kilometers of a retail store.

- The establishment of a logistics system can not only help China Fruits improve its distribution efficiency, but also provide more convenient services, including 30 minute delivery services to its E-business customers. As a result, China Fruits provide a brand new experience to its customers and present a more professional image to its investors.