ISSUER INFORMATION AND DISCLOSURE STATEMENT

HIRU CORPORATION.

(Formerly Phoenix Restaurant Group, Inc., until 11-2008, formerly DenAmerica Corp.
Until 7-99, note 4-96 Merger of American Family Restaurants, Inc. with Denwest Restaurant
Corp. prior to name change to DenAmerica Corp.,
formerly American Family Restaurants, Inc. until 4-96)
A Georgia Corporation

Federal ID No.:
CUSIP No.: 433570 108
CIK:

ISSUER'S EQUITY SECURITIES
As of September 30, 2009

Outstanding Shares
Common Stock
888,000,000 Common Shares authorized, par value $0.001 per share
795,925,111 Common Shares issued and outstanding

Preferred Stock
5,000,000 Preferred Shares authorized, par value $0.01 per share
100,000 Preferred Shares issued and outstanding

NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED HEREIN IN CONNECTION WITH THE COMPANY. ANY REPRESENTATIONS NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN MADE OR AUTHORIZED BY THE COMPANY.

DELIVERY OF THIS INFORMATION FILE, AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE FIRST WRI'I"I`EN ABOVE.

COPIES OF THIS INFORMATION ANDDISCLOSURE STATEMENT ARE AVAILABLE FROM THE ISSUER UPON REQUEST.

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Cautionary Note Regarding Forward-Looking Statements

Information set forth in this Initial Company Information and Disclosure Statement (the "Initial Disclosure Statement") contains forward-looking statements, which involve a number of risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Forward-looking statements can be identified by use of the words "expect," "project," "may," "might," potential," and similar terms. Hiru Corporation ("Hiru", "we" or the "Company") cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Forward-looking statements involve a number of risks, uncertainties or other factors beyond Hiru' control. These factors include, but are not limited to, our ability to implement our strategic initiatives, economic, political and market conditions and price fluctuations, government and industry regulation, U.S. and global competition and other factors. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Part A General Company Information

Item I The exact name of the issuer and its predecessor (if any)

The exact name of the Issuer is Hiru Corporation.

Item II The address of the issuer's principal executive offices.

The address of the Issuer's principal executive offices is:

375 N. Stephanie St
Suite 1411
Henderson, NV 89014
Phone: 647-426-1640
Fax: +39/02/700433956

The URL of each website maintained by or on behalf of the Issuer is:

http://www.hirucorporation.com
http://www.jxrongyuyy.com

The name, phone number, email address, and mailing address of the person responsible for the Issuer's investor relations is

Mina Mar Marketing Group
922 The East Mall
Suite # 300 Etobicoke, ONT M9B 6K1
Canada
Telephone: 647-426-1640
Website: www.minamargroup.net
Direct Inquiry: www.minamargroup.net/helpdesk/

Item III The jurisdiction(s) and date of the Issuer's incorporation or organization.

The issuer was incorporated September 25, 1999 in the State of Georgia as Phoenix Restaurant Group.

Part B Share Structure

Item IV The exact title and class of securities outstanding.

In answering this item, provide the exact title and class of each class of outstanding securities. In addition, please provide the CUSIP and trading symbol.

Issuer's Equity Securities
As of September 30, 2008
Common Stock
888,000,000 Common Shares authorized, par value $0.001 per share
674,925,111 as of Sep 30, 2009 Common Shares issued and outstanding
CUSIP No.: 433570108
Trading symbol: HIRU

5,000,000 Preferred Shares authorized, par value $0.01 per share
100,000 Preferred Shares issued and outstanding

Item V Par or stated value and description of the security.

A. Par or Stated Value. Provide the par or stated value for each class of outstanding securities.

The Common Stock has a par value of $0.0001 and the preferred stock has a par value of $0.01.

B. Common or Preferred Stock.

1. For common equity, describe any dividend, voting and preemption rights.

The common equity has non-cumulative voting and no preemptive rights. It has the right to receive dividends as provided by law.

2. For preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions.

On March 31, 2008 a certificate of designation was filed to authorize 5,000,000 shares of Series A Convertible Preferred,. $0.01 par value, with a liquidation preference of $1.00 per share. Such stock is not entitled to receive dividend and is convertible into common stock at the rate of 200 shares of common stock for each share of such preferred stock.

3. Describe any other material rights of common or preferred stockholders.

4. Describe any provision in Issuer's charter or by-laws that would delay, defer or prevent a change in control of the Issuer.

None.

Item VI The number of shares or total amount of the securities outstanding for each class of securities authorized.

In answering this item, provide the information below for each class of securities authorized. Please provide this information (i) as of the end of the Issuer's most recent fiscal quarter and (ii) as of the end of the Issuer's last two fiscal years.

Common Stock

(i) Period end date	Most recent fiscal quarter	Last fiscal year	Previous fiscal year
(ii) Number of shares authorized;	888,000,000	888,000,000	300,000,000
(iii) Number of shares outstanding;	795,925,111	674,925,111	114,925,111
(iv) Freely tradable shares (public float);	66,887,564	0	
Total number of beneficial shareholders; and	102	98	
) Total number of shareholders of record.	102	98	

Preferred Stock

In answering this item, provide the information below for each class of securities authorized. Please provide this information (i) as of the end of the Issuer's most recent fiscal quarter and (ii) as of the end of the Issuer's last two fiscal years.

(i) Period end date	Most recent fiscal qtr – September 30, 2009	Last fiscal year -- December 31, 2008	Previous fiscal year – December 31, 2007
(ii) Number of shares authorized;	5,000,000	5,000,000	5,000,000
(iii) Number of shares outstanding;	100,000	100,000	100,000
(iv) Freely tradable shares (public float);			
Total number of beneficial shareholders; and			
) Total number of shareholders of record.			

Part C Business Information

Item VII The name and address of the transfer agent.

The Issuer's Stock Transfer Agent is:

Action Stock Transfer
7069 Highland Drive
Suite 300
Salt Lake City, UT 84121

The transfer agent is registered under the Exchange Act and is regulated by the Securities and Exchange Commission.

Item VIII The nature of the Issuer's business.

In describing the Issuer's business, please provide the following information:

A. Business Development. Describe the development of the Issuer and material events during the last three years so that a potential investor can clearly understand the history and development of the business. If the Issuer has not been in business for three years, provide this information for any predecessor company. This business development description must also include:

1. the form of organization of the Issuer (e.g., corporation, partnership, limited liability company, etc.);

The form of organization of the Issuer is that the Issuer is a corporation.

2. the year that the Issuer (or any predecessor) was organized; 1989

3. the Issuer's fiscal year end date;

The Issuer's fiscal year end date is December 31.

4. whether the Issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding;

5. any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets;

The company was incorporated on September 25, 1989 as Great Southeastern Restaurants, Inc. One million shares of common stock were authorized with a par value of $0.10 per share.

On September 3, 1992 the name of the company was changed to Great American Restaurants, Inc. and the articles were restated to provide for 20,000,000 of common stock with a par value of $0.10 and 2,2240,000 shares of preferred stock with a par value of $0.10, noncumulative participating convertible preferred stock designated Series A Preferred Stock. The holders of the Series A convertible preferred stock were entitled to receive a noncumulative cash dividend of $0.10 per share and to participate in such non-cash dividends as were paid to the common shareholders. The Series A preferred stock and the common stock vote as a class with the Series A preferred holders receiving such votes as they would have if they had converted the preferred into common. The Series A preferred converts into common on a share for share basis. The Series A converts automatically into common in the event of an initial public offering of the company's common stock. The Series A has a dissolution preference of $0.10 per share and shall receive payment on liquidation as though it had been converted to common stock.

On April 20, 1994, the name of the company was changed to American Family Restaurants, Inc.

On June 9, 1994, articles of incorporation were restated to provide for a reverse stock split whereby each share of common stock $0.10 par value was to receive one-half of one share of common stock with a par value of $0.10. The company was authorized to issue 14,240,000 shares of $0.10 stock, of which no more than 10,000,000 was to be common stock and 2,240,000 is to be Series A preferred stock. Certain provisions of the articles require a 75% vote to amend.

On June 17, 1994, the company's articles were amended to authorize the issuance of 20,000,000 of common stock with a par value of $0.10 and 2,2240,000 shares of preferred stock with a par value of $0.10, noncumulative participating convertible preferred stock designated Series A Preferred Stock.

On September 27, 1995 articles of merger were filed merging the company with Great Midwestern Restaurants, Inc., a Delaware corporation, Great Restaurants of the MidSouth, Inc., a Georgia corporation, Jerry's Licensing Corporation, a Georgia corporation, AFR Acquisition Corporation, Inc. a Georgia corporation, Florida Family Restaurants, Inc., a Florida corporation, and McFadden Metz Leased Restaurants, Inc., a Florida corporation.

On March 29, 1996, the company's name was changed to Denamerica Corporation and Denwest Restaurant Corporation was merged into the company.

On July 2, 1997, the company's articles were amended to authorize 40,000,000 shares of common stock with a par value of $0.10 per share and 5,000,000 shares of preferred stock with a par value of $0.01. The board of directors was authorized to designate the terms and conditions of such preferred stock.

On June 2, 1999, the name of the company was changed to Phoenix Restaurant Group, Inc.

The company was administratively dissolved on July 25, 2005 and reinstated on March 11, 2008.

On March 31, 2008 a certificate of designation was filed to authorize 5,000,000 shares of Series A Convertible Preferred,. $0.01 par value, with a liquidation preference of $1.00 per share. Such stock is not entitled to receive dividend and is convertible into common stock at the rate of 200 shares of common stock for each share of such preferred stock.

On October 8, 2008, the name of the company was changed from Phoenix Restaurant Group to Hiru Corporation.

November 25, 2008 the number of shares of stock authorized was changed from 40,000,000 with a par value of $0.10 to 888,000,000 with a par value of $0.0001.

On December 3, 2009, the Issuer acquired JIang Xi Rongyu Pharmacutical Group, Inc. (http://www.jxrongyuyy.com/).

6. any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Issuer to make payments;

None.

7. any change of control;

As described elsewhere herein.

8. any increase of 10% or more of the same class of outstanding equity securities;

As described eleswhere herein.

9. any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization;

See above.

10. any delisting of the Issuer's securities by any securities exchange or deletion from the OTC Bulletin Board; and

Filed to de-register as of Nov 23, 2001 under the Securities and Exchange Act of 1934.

11. any current, past, pending or threatened legal proceedings or administrative actions either by or against the Issuer that could have a material effect on the Issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

. For the purpose of this section a "shell company" means an Issuer, other than a business combination related shell company, as defined by Securities Act Rule 405, or an asset-backed Issuer, as defined by Item 1101(b) of Regulation AB, that has:

(1) No or nominal operations; and

(2) Either:

(A) No or nominal assets;

(B) Assets consisting solely of cash and cash equivalents; or

(C) Assets consisting of any amount of cash and cash equivalents and nominal other assets.

B. Business of Issuer. Describe the Issuer's business so a potential investor can clearly understand it. To the extent material to an understanding of the Issuer, please also include the following:

1. the Issuer's primary and secondary SIC Codes;

The Issuer's Primary SIC Code is 7373 and the Issuer's Secondary SEC Code is 2085.

2. if the Issuer has never conducted operations, is in the development stage, or is currently conducting operations;

The Issuer is currently conducting operations.

3. whether the Issuer is or has at any time been a "shell company";

The Issuer was a shell company

Instruction to paragraph B.3 of Item VIII:

If the Issuer discloses that it is or has at any time been a shell company, it must also include the following disclosure on the front page of its disclosure statement in boldface, 12 point type:

If the Issuer was formerly a shell company:

"We previously were a shell company, therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction."

4. the names of any parent, subsidiary, or affiliate of the Issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement;

The Issuer has the following subsidiaries:

The Issuer holds its major subsidiary through a Belize-based Special Purpose Company (SPC). Jiang Xi Rongyu Pharmaceutical Group, Inc. (http://www.jxrongyuyy.com), Hiru opens its way to become a multinational player with substantial operations and revenues. Jiang Xi Rongyu Pharmaceutical Group, Inc. (http://www.jxrongyuyy.com/) is strong and strategically-balanced Pharmaceutical Co with plans to enter international trade markets, expand and deliver the expanding product lines worldwide. Company main focus is on the production of Chinese traditional naturopathic medicine facility consisting of 60 acres of production fields (approx. 25 hectares) and over 7 hectares of a neighboring mountain outside Fuzhou City, Jiangxi Province.

The main reason for this SPC company is to allow a vend in or a merger with China based entity, and to comply with China Security laws. The SPC company called 'Hiru Corporation Belize' will serves Hiru Corporation to merge with its China-based company. Restricted shares of Hiru Corporation have been issued to Hiru Corporation Belize on the closing date.

5. the effect of existing or probable governmental regulations on the business;

See description of the business, below.

6. an estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers;

In the last two fiscal years, the Issuer has not spent any material amount on research and development activities.

7. Costs and effects of compliance with environmental laws (federal, state and local); and

The Issuer has no material cost or effect of complying with environmental laws, whether federal state or local except as described below. .

8. The number of total employees and number of full-time employees.

The number of total employees and number of full-time employees of the Issuer is that the Issuer has a total of 460 full-time employees.

Item IX The nature of products or services offered.

Hiru Corporation is a parent company of China based pharmaceutical company - Jiang Xi Rongyu Pharmaceutical Group, Inc. (http://www.jxrongyuyy.com), Hiru opens its way to become a multinational player with substantial operations and revenues. Jiang Xi Rongyu Pharmaceutical Group, Inc. (http://www.jxrongyuyy.com/) is strong and strategically-balanced Pharmaceutical Co with plans to enter international trade markets, expand and deliver the expanding product lines worldwide. Company main focus is on the production of Chinese traditional naturopathic medicine facility consisting of 60 acres of production fields (approx. 25 hectares) and over 7 hectares of a neighboring mountain outside Fuzhou City, Jiangxi Province.

The production factory of over 14 000 square meters employs 460 people and a healthy and growing annual production capacity, The Company earned National 'Good Manufacturing Practice' certificate in 2006, and is the largest 'Good Agricultural Practice' plant in Jiangxi Province.

Industry

China represents one of the world's largest pharmaceutical markets. With its population of over one billion people and fast-growing economy, China presents significant potential for the pharmaceutical and retail drugstore industry. The rise in disposable income of many Chinese residents has resulted in greater demand and affordability of prescription and over-the-counter medicines and other personal care products. The increasing population of elderly people in China has resulted in a stronger demand for such medicines and other healthcare-related products, because elderly people tend to spend more money on medicine than younger people, on average. As living standards across China improve and the Chinese population continues to age, we expect the demand for healthcare-related products to continue to rise. The PRC government has also recently attempted to regulate the pharmaceutical industry by enacting a series of regulatory measures that are expected to favor non-hospital drugstores more than hospital pharmacies.

In China, consumers can purchase pharmaceutical and other related products at either hospital pharmacies or non-hospital drugstores, including independent drugstores and drugstore chains. Because hospital patients usually purchase prescription medicines at hospital pharmacies, sales by hospital pharmacies have traditionally accounted for a larger percentage of retail sales of prescription medicines than non-hospital drugstores. However, most Chinese people choose to purchase over-the-counter ("OTC"), non-prescription medicines from non-hospital, retail pharmacies. Retail pharmacies in China include pharmacy chains, individual stores, retail stores with OTC counters and other retailers and supermarkets with OTC counters.

The Chinese government owns and operates most of the hospitals throughout China. The hospitals purchase their supplies of healthcare-related products from wholesalers and distributors. A hospital's decision to purchase certain products is typically based on a number of factors, and is sometimes affected in part by corrupt practices, such as illegal kickbacks. Recently, the PRC government has stepped-up its effort to combat such anti-corruption practices, such as by amending its criminal code in 2006 to increase the penalties for corrupt business practices. We expect the increased enforcement of such anti-corruption practices will create growth opportunities for our company as we can compete for business from hospitals on fair and equal terms with other suppliers. The PRC Ministry of Health proposed regulations in March 2007 to require hospitals to permit

prescriptions to be filled at non-hospital pharmacies, which we also except to increase sales of prescription medications at retail drugstores.

Additionally, reimbursements are available for sales of certain medicines by authorized pharmacies to participants in the PRC national medical insurance program. The provincial and municipal authorities responsible for the administration of the social medical insurance funds to cover such reimbursements have gradually increased funding in recent years. We expect the funding to increase significantly in the future, which should help boost our sales of products eligible for such reimbursements.

Traditional Chinese Medicine Formula Extracts

Chinese herbal medicine has been applied as a means of both the prevention and treatment of illness and disease. We believe many modern chemical medicines contain high toxicities and present numerous side effects. Purely chemical based medicines are difficult, time consuming and expensive to develop. We believe natural Chinese traditional medicines represent an alternative approach offering advantages over a variety of chemical medicines and the process of combining herbal extraction and chemical medicines is becoming a popular alternative.

The Market

The movement away from traditional medical solutions is a tidal wave. In fact, if we look deeper into medicine, we may be surprised to discover that many of the so-called modern medical “discoveries” are in fact stolen from tradtional medicine.

There is a rising global consumer interest in the herbal alternatives to synthetic drugs, proably due to side effects, expense and other perceived disadvantages. This is where HIRU comes in.

HIRU estimates the global market for herbal remedies in all segments is currently about $83 billion, growing at the rate of between 3% and 12%. Herbal dietary supplements account for $11 billion and herbal functional foods account for $14 billion. The global herbal pharmaceutical industry (including drugs from herbal precursors and registered herbal medicine) has $44 billion in revenues. Herbal beauty products make up the remaining $14 billion.

As anyone can tell you the interest is growing in alternative herbal medicine solutions for anti-aging, weight control, joint and bone health, digestion/immunity, cardiovascular health/diabetes, cognition/memory, female/ male health and general wellness and beauty trends.

These trends are fed by and will be accelerated by the rapid aging of the population as a whole.

In China as well, there is growth in the tradtional market served by HIRU. China has a strong history of naturopathic medicine and is 10% of the global supplement market. China's sales in the nutrition industry has double-digit growth, reaching over $8 billion in sales in 2007. Estimated sales of herbal medicines as commercial products reached about $3.5 billion. Tthe major market drivers in China include the aging population and female customers. Women’s supplements, supplements for cholesterol, blood glucose, improving sleeping quality and mental clarity are in demand..

Usage of herbal supplements in the United States has grown from approximately one-third of the US population in 2001, to nearly one-half in 2007. US sales of herbals in 2008 were about $4.8 billion.

Raw material supply to the U.S. is increasingly dominated by imports from China and India. Their herbal exports are abouit 50% of global imports.

Top-selling herbs and botanicals in the U.S. include non-ephedra herb blends, growing 51% from 2003 or $958 million to $1.4 billion in 2004; followed by noni juice (4% growth to $203 million in 2004) and green tea (45% growth to $160 million in 2004). Imports include garlic, echinacea, saw palmetto, ginkgo, ginseng, soy and mangosteen juice. Other top-selling herbs and botanicals are milk thistle, black cohosh root, psyllium, St. John's Wort, horny goat weed, cranberry, valerian, aloe, maca and evening primrose.

HIRU uses edcuation to win new customers for its products and believes that much of the market has yet to be educated on the benefits of HIRU products.

Products

Among the Issuer's major products are the following herbs:

Herb	Used For
Angelica	Colds, coughs, pleurisy, wind, colic, rheumatism and diseases of the urinary organs, stimulating expectorant, useful agent for feverish conditions - acting as a diaphoretic (increasing perspiration).
Evodia	Treats symptoms of abdominal distress, including nausea, vomiting, and diarrhea, used to stimulate the appetite, painkiller, remedy for headaches, bark useful for expelling parasitic tapeworms and pinworms, believed to have contraceptive properties, various healers report anti-inflammatory, anti-tumor, anti-viral, astringent, and diuretic properties, extracts of evodia fruit interfere with blood clotting and could be of significance in treating stroke.
Yuan Hu	nvigorates blood, stops and releives pain, can be used for stomach pain, hypochondriac pain, headaches and menstrual pain, other body aches, relaxes muscle spasms, can be used for insomnia due to pain.
Eucommia	Bark has been used in traditional Chinese herbalism for over

	3,000 years. Since the tree does not grow widely outside China, this herb was not used in other cultures until recently. Bark is used in traditional Chinese medcine to treat lower back pain, aching knees, and to prevent miscarriage. Considered to be one of the 50 fundamental herbs. Has the ability to lower blood pressure. Tonic for the kidneys and liver. Analgesic, anticholesterolemic, aphrodisiac, depurative, diuretic, hepatic, hypotensive, sedative, tonic and vasodilator, reduces the absorption of cholesterol. Used to treatment of impotence, frequent urination, lumbago, weakness of the lower part of the body, aching back and knees, hypertension and threatened abortion, heel pain. Natural alternative to commonly used anti-inflammatory drugs. Eucommia bark helps to build strong bones and a flexible skeleton with strong ligaments and tendons. It is a primary herb used to heal tissues that are slow to mend after an injury or that have weakened through stress or age. It is given to treat lower back and leg pain, stiffness, arthritis, and knee problems including continual dislocation. Eucommia bark is also believed to have diuretic properties that aid in reducing swelling. Other modern uses of eucommia bark include treatment of impotence, premature ejaculation, and as a mild anti-inflammatory. It is included in tonics that boost the immune system and generally improve wellness. However, there is little rigorous scientific research to support these uses. Contains a compound that encourages the development of collagen. Collagen is an important part of connective tissues such as tendons and ligaments. In modern Japan, eucommia leaves are also believed to help with weight loss by reducing the urge to eat. For this reason, in the late 1990s eucommia leaves became an increasingly popular herb there. Eucommia bark strengthens the bones and muscles, heals injured and weakened tissues, and can treat lower back and leg pain, stiffness and arthritis.
Ginko	Traditional use in Chinese food, believed to have aphrodisiac

	qualities, memory enhancement, evidence for use as memory enhancer and for dementia, believed to improve blood flow to most tissues and organs, protect against oxidative cell damage from free radicals, some preliminary studies suggest use in multiple scelorsis.
Jujube	Jujube date is a sweet fruit that has traditionally been used for medical purposes, used for weakness, fatigue, debility, restlessness, herb contains vitamins A, B-2, C, calcium, phosphorus, iron and complex sugars, considered to nourish both the blood and the energy.
Southernwood	Antiseptic, kills intestinal worms, used for liver, spleen and stomach problems and was believed to encourage mensturation. Seldom used medicinally today, except in Germany, where poultices are placed on wounds, splinters and skin conditions and it is employed occasionally to treat frosttbite. Believed to stimulate the gallbladder and bile improving digestion and liver functions. An infusion of the leaves is said to work as a natural insect repellent when applied to the skin or if used as a hair rinse is said to combat dandruff. The Romans believed it protected men from impotence, increasing young men's virility. Popularly employed in love potions, was associated with sexual appeal and has been used by males to increase their virility.

Formulation, Manufacturing and Packaging.

We manufacture approximately 120 extracts used in traditional Chinese medicine. The production time is generally seven days. These formulas are either commonly used formulas published in the National Medicine Dictionary or industry standard formulas which may have been developed by university research scientists or internally developed by our research and development personnel. Formulas developed by our Company must first be approved by the local Bureau of Quality and Technical Supervision prior to use.

The raw materials are subjected to a combined process involving a solid/liquid extraction step, followed by a liquid/liquid-purifying step to obtain the purified extract. Once the purification process has been completed, the extract is concentrated and re-filtered at which time it is ready for packaging and shipment to our customers. The extracts are bulk packaged in 25 kilogram barrels. We utilize just in time manufacturing for our traditional

Chinese medicine extracts and generally do not maintain an inventory of finished products.

New Product Development

We engage in new product development both through our internal research facilities and in partnership with a number of research facilities in the PRC.:

Competition

All of our product groups operate in highly competitive The market in China for traditional medicine extracts is extremely competitive. We believe there are more than 500 companies engaged in herb extraction in China. Companies in many different industries, including pharmaceutical companies, chemical companies, health products companies, herb extraction companies, biological engineering companies and research and development institutions, are now engaged in herb extraction. Our major competitors include Anhui Xuancheng Baicao Plants Industry & Trade Co., Ltd., Sichuan Shifangkangyuan Medicine Materials Co., Ltd. and Lanzhou Lantai Bio-Engineering Tech Co., Ltd. Most products from these companies are exported to overseas markets. Competitive factors primarily include price and quality. We believe a key component in our ability to compete in our market segment in China is based upon the quality of our suppliers and our reputation in the market place. Globally, as demand for our types of products expand we believe we will be able to effectively compete against similar companies from other countries as a result of lower labor rates, and China's soil and growing conditions which enable us to produce high quality products.

However, because the barriers to entry in the market are relatively low and the size of the potential market, we expect continued growth of our existing competitors in each of our product groups and the entrance of new competitors in the future. Many of our current and potential competitors have significantly longer operating histories and significantly greater managerial, financial, marketing, technical and other competitive resources, as well as greater name recognition, than we do.

Intellectual Property

Our success depends in part on our ability to protect our intellectual property which includes various raw materials purification technologies used in our products.

To protect our proprietary rights, in our dealings outside the PRC we generally rely on confidentiality agreements with employees and third parties, and agreements with consultants, vendors and customers, although we have not signed such agreements in every case. We do not have any similar agreements with any of our employees or consultants in the PRC. Despite such protections, a third party could, without authorization, utilize our propriety technologies without our consent. In the past three of our traditional Chinese medicine products and four of our veterinary medicine products have been copied by our competitors. We can give no assurance that our agreements with employees, consultants and others who participate in the production of our products will not be breached, or that we will have adequate remedies for any breach, or that our proprietary technologies will not otherwise become known or independently developed by competitors.

Marketing and Sales

Our senior management is made up of industry veterans with proven track records of marketing and sales

success. Through meticulous strategic classification and differentiation for each market segment, we are prioritizing our resources on products with the greatest market leadership potentials.

We sell our prescription-based and OTC TCM and pharmaceutical products via regional distributors as well as directly to the hospitals, clinics, and pharmacies in China. We are expanding our sales force as well as our coverage with the regional distributors across China.

During fiscal year ended December 31, 2008, the majority of our sales were conducted through a limited number of regional distributors who subsequently sold our products to hospitals, clinics, and pharmacies. We are planning to expand our distributor base and believe that the number of our regional distributors will increase substantially in the next few years.

We conduct our marketing activities and increase brand awareness by attending industry trade shows, conducting educational seminars to the physicians, advertising on television and in industry publications, using Internet marketing and collaborating with the government. We recently signed with China's foremost healthcare product advertising firm to conduct nationwide TV-based marketing campaigns.

We have a staff of dedicated to marketing and sales who design our adverting campaigns and regional promotional activities. We generate business by marketing directly to hospitals, retail drugstores and medical clinics in China. Additionally, we advertise our business and products through marketing activities and print advertisements in newspapers to promote our brand, our proprietary ginseng-based products and the other products available for sale in our stores.

Sales Approach

We have established a domestic marketing network for our products covering most of the PRC mainland, and have employed sales agents in these areas. Our target customers are chain drug stores and hospitals in all cities. We use distributors to sell products in those countries and remote regions where we do not have sales agents. We have established a marketing network through independent agents to develop an international market. At present, while our primary initial growth focus remains mainland PRC, we have also established international agents to sell our products, and are expanding our overseas sales efforts.

Customers and Distribution

Currently, our products are sold primarily in the PRC and, to a lesser extent, in other locations. Most of our revenues in 2008 were from the sale of products in China and Hong Kong, with Malaysia marking our largest country of export. Over the past several years, we have continuously expanded our distribution channels for our products. As a result, we have established representative sales offices in provinces and municipalities, and deployed sales managers and representatives in each of these markets.

Our products are sold directly to retail stores, including pharmacies and drug store chains, and through independent distributors.

As a means of accelerating our distribution into other countries, we expect that we will enter into strategic marketing arrangements with firms that have distribution channels, brand name recognition, or other unique marketing strengths. Under a typical arrangement, we expect to will grant limited exclusivity to a sales agent or distributor to certain products in a specified territory, subject to the agent meeting specified minimum monthly or annual sales numbers.

We also export a number of our products to various countries and utilize agents and independent distributors for

these marketing and sales efforts.

We will continue efforts to expand our markets into other provinces and larger cities in the PRC, and to other markets worldwide.

Market Opportunities

The pharmaceutical market in China presents an attractive and rapidly growing opportunity, which is driven by a number of positive trends including e.g. strong per capita GDP growth, government-backed healthcare reimbursement systems, and the size and growth of the country's aging population, as well as the increasing spending on prescription and OTC medicines in recent years, including traditional Chinese medicine.

Increasing Healthcare Spending in Prescription and OTC Medicines

The rapid increase in the disposable income, government-backed healthcare spending and the number of elderly people in China in recent years have primarily resulted in an increasing spending on prescription and OTC medicines in China, which amounted to RMB212 billion (US$28 billion), RMB270 billion (US$36 billion), and RMB547 billion (US$72 billion) in 2002, 2003 and 2004,respectively, representing a compound annual growth rate of over 60%, according to the PRC Ministry of Labor and Social Security. Traditional Chinese medicines accounted for approximately 30% of the total medicine spending in each of those years.

National Medical Insurance Program

The National Medical Insurance Program, introduced in 1999, is the largest medical insurance program in China. As of the end of 2006, the number of participants enrolled in this program was 157.4 million, and this number is expected to grow to 300 million by 2010, according to the PRC Ministry of Labor and Social Security.

The National Medical Insurance Program is funded primarily by provincial governments and, to a lesser degree, by program participants and their employers. The program has two types of accounts: individual accounts and social pool accounts. Each participant has an individual account that holds all contributions from the participant and 30% of the contributions from his or her employer. The amounts of the employer's and the participant's contributions are determined as fixed percentages of the participant's salary. An increase in the participant's salary will increase the size of both contributions to the participant's individual account, subject to a fixed monthly cap that varies from city to city and may be adjusted from year to year. A participant may claim reimbursement from his or her individual account for prescription medicines, OTC medicines and other out-patient and in-patient medical expenses. The maximum amount available for reimbursement for an individual program participant is capped at a level equal to the balance in that individual's account. In addition to individual accounts, the National Medical Insurance Program in each province also includes a social pool account, which holds the contributions from the provincial government as well as the remaining 70% of employer contributions. The social medical expense pool is used to pay for hospitalization costs and in-patient related charges incurred by the participants, subject to certain co-payments, exclusions and limitations. Other than in the relatively more affluent eastern provinces in China, many provincial governments have not fully funded the provincial social medical expense pools, which results in delay or failure in reimbursing the hospitalization costs and other in-patient related expenses of National Medical Insurance Program participants.

The national medicine catalog of the National Medical Insurance Program provides guidance on which prescription and OTC medicines are included in the program and to what extent the purchases of these

medicines are reimbursable. The implementation of the National Medical Insurance Program is delegated to provincial governments, each of which has established its own medicine catalog. National catalog medicines are divided into Tier 1 and Tier 2 medicines. A program participant can be reimbursed for the full cost of a Tier 1 medicine and for 80-90% of the cost of a Tier 2 medicine if the tier under which a medicine falls is confirmed by the provincial medicine catalog of a province where the participant resides. A provincial government is required to include all Tier 1 medicines listed in the national medicine catalog in its provincial medicine catalog, but may use its discretion based on its own selection criteria to add other medicines to, or exclude Tier 2 medicines listed in the national medicine catalog from, its provincial medicine catalog, so long as the combined number of the medicines added and excluded does not exceed 15% of the number of the Tier 2 medicines. In addition, a provincial government may use its discretion to upgrade a nationally classified Tier 2 medicine to Tier 1 in its provincial medicine catalog, but may not downgrade a nationally classified Tier 1 medicine to Tier 2. Inclusion of a medicine in the national and provincial medicine catalogs is based on a number of factors, including price and efficacy. For purchases of provincial catalog medicines to be reimbursable under the program, these medicines must be purchased from hospitals or retail pharmacies authorized under the National Medical Insurance Program. We understand that almost all state-owned hospitals are designated as authorized hospitals under the National Medical Insurance Program. We believe that inclusion of a medicine in a provincial medicine catalog can substantially improve sales of the medicine in the respective Chinese province because the eligibility for reimbursement makes this medicine more affordable to program participants; and the inclusion enhances public perception that the medicine is safe and reliable because the inclusion process requires additional examination and testing of the medicine.

Prescription Medicines and Hospitals

Most people in China seek both in-patient and out-patient medical treatments at state-owned hospitals, where doctors may only prescribe medicines that are listed on the hospital's formulary. Hospital administrators generally decide whether to include a particular medicine on their formulary based upon a number of factors, including doctors' interest in prescribing the medicine, the cost of the medicine, the perceived efficacy of the medicine and the hospital's budget. Unlike in the United States, where patients typically fill their prescriptions at pharmacies unaffiliated with hospitals, out-patients in China typically fill their prescriptions at hospital pharmacies.

Hospitals in China are classified under the Ministry of Health-administered hospital classification system into three classes based upon a number of factors, including reputation, the number of doctors and nurses, total number of in-patient beds, equipment and expertise. The best and largest hospitals are designated as “Class 3” hospitals, and the second and third tiers as “Class 2” and “Class 1” respectively. In 2005, 946 and 5,156 out of 18,703 total Chinese hospitals were designated as “Class 3” and “Class 2” hospitals, respectively, according to the PRC Ministry of Health statistics.

Substantially all hospitals in China are owned and operated by the government. State-owned hospitals generally have effective monopolies in their respective geographic areas, enabling them to use their market power to obtain prescription medicines from pharmaceutical companies at lower prices.

OTC Medicines and Retail Pharmacies

While out-patients in China generally fill their prescriptions at hospital pharmacies, they primarily purchase OTC medicines from retail pharmacies. To the extent that a medical condition can be treated with an OTC medicine, many Chinese people choose to purchase an OTC medicine instead of seeing a doctor in a hospital for a prescription medicine.

The retail pharmacy sector in China is highly fragmented. Retail pharmacies in China include pharmacy chain

stores, individual stores, retail chain stores with OTC counters, and OTC counters in supermarkets. While they are expanding quickly, neither pharmacy chain stores nor retail chain stores with OTC counters have developed a nationwide presence in China. As a result, retail pharmacies tend to have less bargaining power than hospitals in procuring medicines from pharmaceutical companies.

A small portion of retail pharmacies in China are authorized under the National Medical Insurance Program. A program participant may be reimbursed for the cost of a medicine included in the provincial medicine catalog only if he or she purchases that medicine from an authorized retail pharmacy.

In 2004, the Chinese government authorities began to enforce the regulation prohibiting advertisement of prescription medicines through mass media. However, OTC medicine can be advertised in the mass media. Chinese consumers normally purchase OTC medicines based upon brand name recognition and price. Consumers gain familiarity with an OTC medicine through advertising, word-of-mouth and recommendations by pharmacy salespeople.

TCM as a Mainstream Medicine in China

Traditional Chinese Medicine, or TCM, has been widely used in China for thousands of years and is therefore deeply ingrained in Chinese culture. In general, TCM has long been perceived by many Chinese to be safe and efficacious, while causing fewer side effects than western medicine. A majority of Chinese consumers give equal consideration to western medicine and TCM in choosing a medicine.

The Chinese government is committed to supporting and promoting the development of modernized TCM, as evidenced by the government's formulation of an industry development plan for the modernized traditional Chinese medicine sector and adding more modernized traditional Chinese medicines to the national medicine catalog of the National Medical Insurance Program.

In 2005, 2,620 out of a total of 18,703 Chinese hospitals were designated as traditional Chinese medicine hospitals. In addition, a significant majority of hospitals in China, including western medicine hospitals, has a department dedicated to traditional Chinese medicine, and doctors with western medical training in other departments of the hospital can also prescribe traditional Chinese medicine to their patients.

In 2004, the Chinese government updated the 2000 national medicine catalog of the National Medical Insurance Program and increased the number of traditional Chinese medicines included in the catalog by 98.3%, from 415 to 823. After the update, the number of traditional Chinese medicines, as a percentage of the total medicines included in the 2004 national medicine catalog, increased to 44.4% from the previous level of 36.4% in the 2000 national medicine catalog.

Therefore, due to traditional Chinese medicine's role in Chinese culture and the government's support, traditional Chinese medicine is and will remain mainstream medicine in China.

Competition

The TCM industry in China is highly fragmented and intensely competitive. We believe that traditional Chinese medicine manufacturers primarily compete on the basis of brand name and reputation, price, perceived efficacy, side effects, marketing ability, economics of scale, customer service and customer support capabilities, customer base and customer loyalty. We face competition from domestic TCM manufacturers, as well as domestic and foreign pharmaceuticals with similar therapeutic effects.

We believe we are strongly positioned to become one of the leading companies in the TCM industry in China by leveraging our competitive strengths.

Competition in the TCM, pharmaceutical, and over-the-counter nutraceutical business is intense in China and throughout the world. We compete with various firms, many of which produce and market products similar to our products, and many of which have greater resources than us in terms of manufacturing and marketing capabilities, management expertise and breadth, and financial wherewithal. Some of these competitors are far larger, have more resources then us and have stronger sales and distribution networks.

We expect that the competition for medicinal products in the PRC and other world markets will become more intense over the next few years both from existing competitors and new market entrants. We will also face competition from foreign companies who may have established products, a strong proprietary pipeline and strong financial resources. Our management believes that we have certain competitive advantages in introducing new products to market due to key focus areas for development, our existing distribution channels, research and development capabilities and our relationship with certain universities and other research institutions. However, there can be no assurance that we will be able to compete and continue to grow in this highly competitive environment.

Quality Control

We have stringent quality control systems that are implemented by company-trained staff members to ensure quality control over our products, services and production processes.

We conduct random quality control testing of the products procured from our suppliers in our wholesale and retail operations. We replace suppliers that do not meet our quality inspections. Additionally, we monitor the services provided in our drugstores by sending inspectors to our stores to observe the quality of services provided by our drugstore pharmacists and staff.

Our processing facilities are designed and maintained with a view towards conforming to good practice standards. To comply with Good Manufacturing Practice ("GMP") operational requirements, we have implemented a quality assurance plan setting forth our quality assurance procedures. Our quality control procedures at our processing facilities are designed to maintain the quality standards throughout the production process. Quality control executes the following functions at our processing facilities:

setting internal controls and regulations for semi-finished and finished products;

implementing sampling systems and sample files;

maintaining quality of equipment and instruments;

auditing production records to ensure delivery of quality products;

evaluating the quality of raw materials, semi-finished products and finished products; and

articulating the responsibilities of the quality control staff.

Major Customers

Our major customers include government owned and operated hospitals, large clinics and other retailers. No single customer accounted for 10% or more of the Company?s net sales during the years ended December 31, 2008, 2007 and 2006. None of our directors, their associates or any significant shareholder of the Company has any interest in any of our five largest customers.

Intellectual Property

We rely on a combination of trademark and trade secret protection and other unpatented proprietary information to protect our intellectual property rights and to maintain and enhance our competitiveness.

We also rely on unpatented technologies to protect the proprietary nature of our product and manufacturing processes. We require that our management team and key employees enter into confidentiality agreements that require the employees to assign the rights to any inventions developed by them during the course of their employment with us. The confidentiality agreements include non-competition and non-solicitation provisions that remain effective during the course of employment and for periods following termination of employment, which vary depending on position and location of the employee.

We rely primarily on a combination of patent, trademark trade secrets and administrative protections, as well as employee and third-party confidentiality agreements to safeguard our intellectual property. Additionally, the new SFDA product filing and registration policy provides an infinite period of administrative protection to approved products, and also prohibits knock-offs of products already on the market. In doing so, the government encourages innovation in TCM research and development, and as a result, four of our proprietary products enjoy patent protection and an infinite period of administrative protections from the government.

Proprietary Information

Many elements of our pharmaceutical composition, formulation, delivery and manufacturing methods and processes involve proprietary technologies, processes, know-how or data that are non-patentable. We rely heavily on administrative protection, trade secret protection and confidentiality agreements rather than patent laws to protect our rights in these proprietary technologies, processes, know-how and data. We have also taken security measures to protect our rights in this regard, including having our research and development personnel enter into confidentiality, non-competition and proprietary information agreements with us.

Governmental Regulations

As a business operating in the PRC, we are subject to various regulations an permit systems by the Chinese government. These regulations cover many of our products, including herbal products, over-the-counter medicines and prescription medications.

Pharmaceutical Product Distribution

We currently only manufacture herbal supplements containing ginseng. We sell and distribute pharmaceuticals, health and beauty products, dietary and herbal supplements, and other healthcare products. Pharmaceuticals, which have certain identified medical functions and are designed to treat a specific illnesses or symptoms, can be available by prescription only or over-the-counter and require the approval of China's State Food and Drug Administration ("SFDA") before they can be sold. Our herbal products, also known as dietary supplements or nutritional supplements, are basically prophylactic or preventive in nature and are available over-the-counter,

and, in China, only require approval of the local government for their production.

We are subject to the Drug Administration Law of China, which governs the licensing, manufacturing, marketing and distribution of pharmaceutical products in China and sets penalties for violations of the law. Distributors of pharmaceutical products are required to obtain permits from the appropriate provincial or county level SFDA where the pharmaceutical distribution enterprise is located. The grant of such permits is subject to an inspection of a distributor's facilities, warehouses, hygienic environment, quality control systems, personnel and equipment. Such permits have five year terms and distributors must apply for renewal no later than six months prior to the expiration date of the permit. We have a wholesale pharmaceutical distribution permit which expires in March 2010. Each of our retail locations also has a pharmaceutical distribution permit, which expire on various dates. We do not have a permit to manufacture pharmaceutical products.

Additionally, under the Supervision and Administration Rules on Pharmaceutical Product Distribution disseminated by the SFDA on January 31, 2007, and effective May 1, 2007, a pharmaceutical product distributor is accountable for its procurement and sales activities and is liable for the actions of its employees or agents in connection with their conduct of distribution on behalf of the distributor. Retail distributors may not sell prescription pharmaceutical products, or Tier A over-the-counter pharmaceutical products, listed in the national or provincial medical insurance catalogs without certified in-store pharmacist being present.

Nutritional Supplements and Other Food Products

Distributors of nutritional supplements and other food products must obtain a food hygiene certificate from the appropriate provincial or local health regulatory authorities pursuant to the PRC Food Hygiene Law and Rules on Food Hygiene Certification. In order to obtain a certificate, a distributor's facilities, warehouses, hygienic environment, quality control systems, personnel and equipment are subject to inspection. Food hygiene certificates are valid for four years, and must be renewed within six months prior to their expiration.

The Chinese Food Sanitation Law promulgates food sanitation standards. In the PRC only products manufactured at Government Good Manufacturing Practice ("GMP") certified facilities are available for sale in China. The China Food and Drug Administration conducts the GMP inspections.

Good Supply Practice Standards

W e are required to operate in accordance with Good Supply Practice (the "GSP") standards that regulate wholesale and retail pharmaceutical product distributors. The GSP standards ensure the quality of distribution of pharmaceutical products in China. Pursuant to applicable GSP standards, we must implement strict controls on the distribution of our pharmaceutical products, including those concerning staff qualifications, distribution premises, warehouses, inspection equipment and facilities, management and quality control. Additionally, we are subject to inspections organized by the local drug regulatory department of the people's government of the province, autonomous region or municipality directly under the PRC central government. We received a GSP Certificate from the Jilin Province SFDA Bureau with a term of five years, which expired at the end of 2008. Such GSP Certificate has been renewed at the end of 2008 for another term of five years, which shall expire at the end of 2013.

Insurance Catalog

The Insurance Catalog is divided into Parts A and B. The medicines included in Part A are designated by the Chinese governmental authorities for general application. Local governmental authorities may not adjust the content of medicines in Part A. Although the medicines included in Part B are designated by Chinese governmental authorities in the first instance, provincial level authorities may make limited changes to the

medicines included in Part B, resulting in some regional variations in the medicines included in Part B from region to region.

Patients purchasing medicines included in Part A are entitled to reimbursement of the costs of such medicines from the social medical fund in accordance with relevant regulations in China. Patients purchasing medicines included in Part B are required to pay a predetermined proportion of the costs of such medicines.

The medicines included in the Insurance Catalog are selected by the Chinese government authorities based on various factors including treatment requirements, frequency of use, effectiveness and price. Medicines included in the Insurance Catalog are subject to price control by the Chinese government. The Insurance Catalog is revised every two years. In connection with each revision, the relevant provincial drug authority collects proposals from relevant enterprises before organizing a comprehensive appraisal. The SFDA then makes the final decision on any revisions based on the preliminary opinion suggested by the provincial drug administration.

Price Controls

Pursuant to the Decision of the State Council on the Establishment of the State Basic Medical Insurance System for Urban Employees and the Implementation Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceuticals for Urban Employees, the Ministry of Labor and Social Security in China established the Insurance Catalog The retail prices of certain pharmaceutical products, including many of those listed in the Insurance Catalog, are subject to price controls in the form of fixed prices or price ceilings by the Chinese government. Manufacturers and distributors are not permitted to set or change the retail price for any price-controlled product above the applicable price ceiling or deviate from the applicable fixed price imposed by the PRC government. The prices of other medicines that are not subject to price control are determined by the pharmaceutical manufacturers, subject, in certain cases, to providing notice to the provincial pricing authorities.

The Price Control Office of the NDRC, as well as provincial and regional price control authorities, set the retail prices of products that are subject to price controls. The wholesale price of the pharmaceutical products subject to the price controls are generally determined by the set retail price. The maximum prices of such medicine products are published by the state and provincial administration authorities from time to time. Only the pharmaceutical product manufacturer can apply for an increase in the retail price of the product. While all of our pharmaceutical products are subject to price controls, because our products are priced below the price control level, price controls currently do not affect our sales of these products.

PRC National Medical Insurance Program

Eligible participants in the PRC national medical insurance program, mainly consisting of urban residents, can purchase medicines in an authorized pharmacy by presenting their medical insurance cards if the medicines purchased are included in the national or provincial medical insurance catalogs Authorized pharmacies can generally either sell medicine on credit and obtain reimbursement from relevant government social security bureaus on a monthly basis, or accept payments from the participants at the of the purchase, and the participants in turn obtain reimbursement from relevant government social security bureaus.

Purchases of Tier A pharmaceutical products are generally fully reimbursable, except for certain Tier A pharmaceutical products that are only reimbursable to the extent the medicine is used the purposes stated in the insurance catalogs. Only a portion of purchases of Tier-B pharmaceutical are reimbursable; participants purchasing Tier B pharmaceutical products must a certain co-payment which is not reimbursable. Participants have varying amounts in their individual accounts, which vary based on the contributions made by the

participants and his or her employer. Different regions in China have different requirements regarding the caps of reimbursements in excess of the amounts in the individual accounts.

Pharmaceutical Product Advertisement

The Standards for Examination and Publication of Advertisements of Pharmaceutical Products and Rules for Examination of Advertisement of Pharmaceutical Products, promulgated by the PRC State Administration of Industry and Commerce and the SFDA, prevents the deceptive and misleading advertising of pharmaceutical products. These regulations prohibit the advertisement of certain pharmaceutical products and mandate that prescription pharmaceuticals only be advertised in certain authorized medical magazines upon obtaining proper approval from the provincial level of food and drug administration.

Environmental Regulations

The major environmental regulations applicable to us include the PRC Environmental Protection Law, the PRC Law on the Prevention and Control of Water Pollution and its Implementation Rules, the PRC Law on the Prevention and Control of Air Pollution and its Implementation Rules, the PRC Law on the Prevention and Control of Solid Waste Pollution, and the PRC Law on the Prevention and Control of Noise Pollution.

We constructed our manufacturing facilities with the PRC's environmental laws and requirements in mind. We have not been named as a defendant in any legal proceedings alleging violation of environmental laws and have no reasonable basis to believe that there is any threatened claim, action or legal proceedings against us that would have a material adverse effect on our business, financial condition or results of operations due to any non-compliance with environmental laws. To the knowledge of our management, we have been in full compliance with environmental protection regulations during at least the last three years.

Intellectual Property Protection in China

The PRC has domestic laws for the protection of rights in copyrights, patents, trademarks and trade secrets. The PRC is also a signatory to most of the world's major intellectual property conventions, including:

Convention establishing the World Intellectual Property Organization
(WIPO Convention) (June 4, 1980);

Paris Convention for the Protection of Industrial Property (March 19, 1985);

Patent Cooperation Treaty (January 1, 1994); and

The Agreement on Trade-Related Aspects of Intellectual Property Rights
(TRIPs) (November 11, 2001).

Patents

Patents in the PRC are governed by the China Patent Law and its Implementing Regulations, each of which went into effect in 1985. Amended versions of the China Patent Law and its Implementing Regulations came into effect in 2001 and 2003, respectively.

The PRC is signatory to the Paris Convention for the Protection of Industrial Property, in accordance with which any person who has duly filed an application for a patent in one signatory country shall enjoy, for the purposes of filing in the other countries, a right of priority during the period fixed in the convention (12 months

for inventions and utility models, and 6 months for industrial designs).

The Patent Law covers three kinds of patents, i.e., patents for inventions, utility models and designs respectively. The Chinese patent system adopts the principle of first to file. This means that, where more than one person files a patent application for the same invention, a patent can only be granted to the person who first filed the application. Consistent with international practice, the PRC only allows the patenting of inventions or utility models that possess the characteristics of novelty, inventiveness and practical applicability. For a design to be patentable, it should not be identical with or similar to any design which, before the date of filing, has been publicly disclosed in publications in the country or abroad or has been publicly used in the country, and should not be in conflict with any prior right of another.

PRC law provides that anyone wishing to exploit the patent of another must conclude a written licensing contract with the patent holder and pay the patent holder a fee. One rather broad exception to this, however, is that, where a party possesses the means to exploit a patent but cannot obtain a license from the patent holder on reasonable terms and in reasonable period of time, the PRC State Intellectual Property Office, or SIPO, is authorized to grant a compulsory license. A compulsory license can also be granted where a national emergency or any extraordinary state of affairs occurs or where the public interest so requires. SIPO, however, has not granted any compulsory license up to now. The patent holder may appeal such decision within three months from receiving notification by filing a suit in a people's court.

PRC law defines patent infringement as the exploitation of a patent without the authorization of the patent holder. A patent holder who believes his patent is being infringed may file a civil suit or file a complaint with a PRC local Intellectual Property Administrative Authority, which may order the infringer to stop the infringing acts. Preliminary injunction may be issued by the People's Court upon the patentee's or the interested parties' request before instituting any legal proceedings or during the proceedings. Evidence preservation and property preservation measures are also available both before and during the litigation. Damages in the case of patent infringement is calculated as either the loss suffered by the patent holder arising from the infringement or the benefit gained by the infringer from the infringement. If it is difficult to ascertain damages in this manner, damages may be reasonably determined in an amount ranging from one to more times of the license fee under a contractual license. The infringing party may be also fined by Administration of Patent Management in an amount of up to three times the unlawful income earned by such infringing party. If there is no unlawful income so earned, the infringing party may be fined in an amount of up to RMB500,000, or approximately $62,500.

Trademarks

Trademarks in the PRC are government by the PRC Trademark Law and the PRC Trademark Implementing Regulations. The State Administration of Industry and Commerce is responsible for the registration and administration of trademarks in China. The PRC has adopted a "first-to-file" principle with respect to trademarks.

Trademark infringement in the PRC includes using a mark that is identical or similar to a registered trademark with the same or similar products without the trademark registrant's consent, selling products that infringe upon a trademark registrant's exclusive right to use the trademark, counterfeiting or changing or altering a registered trademark and selling products with the unauthorized altered trademark.

A registered trademark owner who believes his trademark is being infringed may file a complaint with the state or local Administration for Industry and Commerce, or AIC, which can order the immediate cessation of the infringing behavior, seize and destroy infringing products and representations of the trademark, close the facilities used to produce the infringing products or impose a fine. Additionally, the trademark owner may file a civil suit against the infringing party seeking an injunction and/or monetary damages. In addition, the infringing

party may be fined by Ad ministration of Patent Management in an amount of up to three times the unlawful income earned by such infringing party, or an amount up to RMB500,000, or approximately $62,500 if there is no unlawful income earned.

Tax

Pursuant to the Provisional Regulation of China on Value Added Tax ("VAT") and their implementing rules, all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in China are generally required to pay VAT at a rate of 17.0% of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayer. Further, when exporting goods, the exporter is entitled to a portion of or all the refund of VAT that it has already paid or borne. Our imported raw materials that are used for manufacturing export products and are deposited in bonded warehouses are exempt from import VAT.

Foreign Currency Exchange

Under the PRC foreign currency exchange regulations applicable to us, the Renminbi is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loan, security investment and repatriation of investment, however, is still subject to the approval of the PRC State Administration of Foreign Exchange, or SAFE. Foreign-invested enterprises may only buy, sell and/or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, which include approvals by the Ministry of Commerce, the SAFE and the State Reform and Development Commission.

SFDA Licenses

The State Food and Drug Administration of the government of Heilongjiang Province, PRC (“SFDA”) issues the licenses and petitions for permission to manufacture and market pharmaceutical products in the PRC. Our licenses relate primarily to medical machine producing licenses which are needed mainly for topical products, ointments and external test kits. TCM products also require a permit for sales, which permits are generally granted on a non-exclusive basis for four to five years depending on the TCM.

US Regulations

FDA Regulations

The formulation, manufacturing, packaging, labeling, and advertising of Protandim and the Company’s personal care line of products are subject to regulation by the Food and Drug Administration (“FDA”). The Company is not required to obtain FDA approval to sell Protandim.

DSHEA permits statements of nutritional support to be included in labeling for dietary supplements without FDA pre-or-post-marketing approval. Such statements may describe how a particular dietary ingredient may affect the structure, function, or general well-being of the body or the mechanism of action by which dietary ingredients affect the foregoing. Such statements may not state or imply that a dietary supplement is intended to diagnose, cure, mitigate, treat, or prevent a disease unless such claim has been reviewed and approved by the

FDA, as a "health claim" or qualified health claim. A company that uses a statement of nutritional support in labeling must possess evidence substantiating that the statement is truthful and not misleading. The FDA may assert that a particular statement of nutritional support that a company is using is an illegal claim; that assertion, normally, is in the form of a Warning Letter to which company may respond.

DSHEA also permits certain scientific literature, for example a reprint of a peer-reviewed scientific publication, to be used "in connection with the sale of a dietary supplement to consumers" without the literature being subject to regulation as labeling. However, such literature must not be false or misleading, the literature may not promote a particular manufacturer, or brand of dietary supplement and it must include a balanced view of the available scientific information on the subject matter, among other requirements.

While we exercise care in our formulation, manufacturing, packaging, labeling, and advertising of Protandim, we cannot guarantee that the FDA will never inform the Company that the FDA believes some violation of law has occurred. Any allegations of our non-compliance may result in time-consuming and expensive defense of our activities. An enforcement action could include a warning letter that informs us of alleged violations. Although we would be entitled to take corrective action in response to any such warning letter, the issuance of a warning letter will be public information. That information could affect our relationships with our investors, vendors, and consumers. The FDA could also initiate other types of enforcement actions, including actions for product seizure, inspection, and/or criminal prosecution.

FTC Regulations

Advertising and marketing of our products are also subject to regulation by the Federal Trade Commission ("FTC") under the Federal Trade Commission Act ("FTC Act"). Section 5 of the FTC Act prohibits unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce. Section 12 of the FTC Act provides that disseminating any false advertisement pertaining to drugs or foods, which would include dietary supplements, is an unfair or deceptive act or practice. Under the FTC's Substantiation Doctrine, an advertiser is required to have competent and reliable scientific evidence for all express and implied health-related product claims before the claims are made. Failure to substantiate product claims may be considered deceptive or unfair. Pursuant to this FTC requirement, we are required to have adequate substantiation for all material advertising claims made for our products. The FTC routinely reviews advertising and websites to identify questionable advertising claims and practices, and competitors may inform the FTC when they believe other competitors are violating the FTC Act. The FTC may decide to initiate an investigation into a company's advertising practices, which may initially involve non-public pre-lawsuit discovery. Such an investigation may (i) be very expensive to defend, (ii) be lengthy, and (iii) result in one or more adverse rulings by a court, administrative law judge, or in a publicly disclosed consent decree.

Additionally, any telemarketing activities we may engage in must comply with the FTC's Telemarketing Sales Rule, 16 CFR Part 310, and additional telemarketing and marketing statutes and regulations of the FTC and of various states. Because these activities, in general, are in the public eye and because it may be difficult to ensure compliance with these laws and regulations by the individuals who actually make and receive such calls, there is a risk that we could be the subject of investigation and other enforcement activities that may be brought by the FTC and state agencies. We regularly train and educate telemarketing representatives to correctly and appropriately represent our product.

Marketing activities are regulated by the FTC, as well as various federal, state and local governmental agencies in the United States and foreign countries. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as "pyramid" schemes, that compensate participants for

recruiting additional participants irrespective of product sales, use high-pressure recruiting methods and/or do not involve legitimate products. The laws and regulations often:

• impose cancellation/product return, inventory buy-backs and cooling-off rights for consumers and distributors;

• require us or our distributors to register with governmental agencies;

• impose caps on the amount of commission we can pay;

• impose reporting requirements; and

• impose upon us requirements, such as requiring distributors to maintain levels of retail sales to qualify to receive commissions, to ensure that distributors are being compensated for sales of products and not for recruiting new distributors.

The laws and regulations governing direct selling are modified from time to time, and we may be subject from time to time to government investigations related to our marketing activities. This may require us to make changes to our business model.

State Regulations

In addition to U.S. federal regulation, each state has enacted its own food and drug laws. We may receive requests to supply information regarding our sales or advertising to state regulatory agencies. We remain subject to the risk that, in one or more of our present or future markets, our products, sales, and advertising could be found non-compliant with state laws and regulations. If we fail to comply with these laws and regulations, it could have a material adverse effect on our business in a particular market or in general. In addition, these laws and regulations could affect our ability to enter new markets.

The Bioterrorism Act

In June 2002, Congress enacted the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (the "Bioterrorism Act"). The Bioterrorism Act contained new requirements with regard to the sale and importation of food products in the United States:

1. Mandatory registration with the FDA of all food manufacturers.
2. Prior notice to regulators of inbound food shipments.
3. Record keeping requirements, and grant of access to the FDA of applicable records.
4. Grant of detention authority to the FDA of food products in certain circumstances.

Potential FDA and Other Regulation

We could become subject to additional laws or regulations administered by the FDA, FTC, or by other federal, state, or local regulatory authorities, to the repeal of laws or regulations that we consider favorable, such as DSHEA, or to more stringent interpretations of current laws or regulations. For example, the FDA is currently developing guidance for the industry to clarify the FDA's interpretation of the new dietary ingredient notification requirements, which may raise new and significant regulatory barriers for new dietary ingredients. Increased FDA enforcement could lead the FDA to challenge dietary ingredients already on the market as illegal under the FDCA because of the failure to file a new dietary ingredient notification.

In 2007, the FDA issued final rules, which are federal regulations for governing the manufacturing, holding, packing and distribution of dietary supplements. The cGMPs require quality control provisions that are similar to cGMPs for drugs. Our contract manufacturer, Cornerstone, is a medium sized company. Medium sized companies were granted until June 25, 2009 to comply with the new cGMP requirements.

In addition, in late 2006, the President signed the Dietary Supplement and Nonprescription Drug Consumer Protection Act, which became effective on December 22, 2007. The law amends the FFDCA with respect to adverse event reporting, labeling and record keeping for dietary supplements and non-prescription drugs. Pursuant to the requirements set forth in this Act, manufacturers, packers, or distributors whose name appears on the label of a dietary supplement or nonprescription drug must notify the FDA of all serious adverse event report associated with a product within 15 business days after the report is received. The law also requires companies to maintain records related to each report of a serious adverse event for a period of six years. Finally, the Act mandates specific labeling requirements which must be followed, including the placement of a full domestic address or telephone number where serious adverse event reports may be received; however, the FDA has indicated that is will exercise enforcement discretion on the labeling requirements until September 30, 2010.

RISK FACTORS

Risks Related To Our Business

Our growth is dependent on our ability to successfully develop, acquire or license new drugs.
We must invest substantial time, resources and capital in identifying and developing new drugs, dosage and delivery systems, either on our own or by acquiring and licensing such products from third parties. Our growth depends, in part, on our success in such process. Our planned expansion over time is founded on a simple principal of introducing new products or line extensions each year and to expand distribution into two new territories each year. This strategy has the advantage of building brands through geographic expansion and line extensions, and establishing incremental capabilities for new product introductions. If we are unable to either develop new products on our own or acquire licenses for new products from third parties, our ability to grow revenues and market share will be adversely affected. In addition, we may not be able to recover our investment in the development of new drugs, given that projects may be interrupted, unsuccessful, not as profitable as initially contemplated or we may not be able to obtain necessary financing for such development if we are unable to fund such development from our future revenues. Similarly, there is no assurance that we can successfully secure such rights from third parties on an economically feasible basis.

There can be no assurance that we can sustain or increase profitability.
Although we have recently achieved operating profits, there can be no assurance that we can sustain or increase profitability. Unanticipated problems, expenses, and delays are frequently encountered in developing and marketing products. These include, but are not limited to, competition, the need to develop customers and market expertise, market conditions, sales, marketing, increases in the cost of raw materials and governmental regulation. Our failure to meet any of these conditions would have a materially adverse effect upon us and may force us to reduce or curtail our operations. We may not achieve our business growth objectives and the failure to achieve such goals would have an adverse impact on our business and results of operations. In addition, we expect to incur additional general and administrative expenses as a public company in the United States which could also have a negative impact on our future profitability.

Our current products have certain side effects. If side effects associated with our current or future products are not identified prior to their marketing and sale, we may be required to withdraw such products from the

market, perform lengthy additional clinical trials or change the labeling of our products, any of which could hinder or adversely affect our ability to generate revenues.

Our current products have certain side effects. If significant side effects of our medicines are identified after they are marketed and sold, those medicines listed in the national and provincial medicine catalogs may be removed from the catalogs or downgraded to a lower tier; regulatory authorities may withdraw or modify their approvals of such medicines; we may be required to reformulate these medicines, change the ways in which they are marketed, conduct additional clinical trials, change the labeling of these medicines or implement changes to obtain new approvals for our manufacturing facilities; we may be less successful in tendering processes used by state-owned hospitals for medicine purchases; we may have to recall these medicines from the market and may not be able to re-launch them; we may experience a significant decline in sales of the affected products; our reputation may suffer; and we may become a target of lawsuits.

The occurrence of any of these events would harm our sales of these medicines and substantially increase the costs and expenses of marketing these medicines, which in turn could cause our revenues and net income to decline. In addition, if any severe side effects are discovered to be associated with another manufacturer's traditional Chinese medicine products used to treat medical conditions similar to those that our medicines are used to treat, the reputation and, consequently, sales of our medicines could be adversely affected.

We may be subject to product liability claims in the future.

We face an inherent business risk of exposure to product liability claims in the event that the uses of our products are alleged to have resulted in adverse side effects. Side effects or marketing or manufacturing problems pertaining to any of our products could result in product liability claims or adverse publicity. These risks will exist for those products in clinical development and with respect to those products that receive regulatory approval for commercial sale. Furthermore, although we have not historically experienced any problems associated with claims by users of our products, we do not currently maintain product liability insurance.

We may not be able to obtain manufacturing or marketing approval for our future products, and failure to obtain approvals for our future products could materially harm our business prospects.

All medicines must be approved by the China State Food and Drug Administration, or the SFDA, before they can be manufactured, marketed r sold in China. The SFDA requires a pharmaceutical manufacturer to have successfully completed clinical trials of a new medicine and demonstrated its manufacturing capability before approval to manufacture that new medicine is granted. Clinical trials are expensive and their results are uncertain. In addition, the SFDA and other regulatory authorities may apply new standards for safety, manufacturing, labeling, marketing and distribution of future products. Complying with these standards may be time-consuming and expensive. Furthermore, our future products may not be efficacious or may have undesirable or unintended side effects, toxicities or other characteristics that may preclude us from obtaining approval or may prevent or limit their commercial use. As a result, we may not be able to obtain SFDA or other governmental approvals for our future products on a timely basis or at all. Even if we do obtain approvals, such approvals may be subject to limitations on the indicated uses for which we may market a product, which may limit the size of the market for such a product.

The failure to maintain our relationships with our existing customers or the failure to obtain new customers could negatively affect our revenues and decrease our earnings or have an adverse impact on our business.

We maintain purchase orders for the sales of our products to our customers. Although we have entered into agreements to supply our customers, we cannot assure that such agreements will be renewed when the terms of such agreements expire or that our relationships with our customers will be maintained on satisfactory terms or at all. The failure to maintain our relationships with our customers or the failure to obtain new customers could

negatively affect our revenues and decrease our earnings or have an adverse impact on our business.

We rely on a limited number of suppliers and the loss of any of our suppliers, or delays or problems in the supply of materials used in our products, could materially and adversely affect our business, financial condition, results of operations and growth prospects.

We generally rely on a limited number of suppliers for most of the primary materials used in our products. Our suppliers may not be able to supply the necessary materials without interruption and we may not have adequate remedies for such failure, which could result in a shortage of our products. If one of our suppliers fails or refuses to supply us for any reason, it could take time and expense to obtain a new supplier. In addition, our failure to maintain existing relationships with our suppliers or to establish new relationships in the future could negatively affect our ability to obtain the materials used in our products in a timely manner. The search for new suppliers could potentially delay the manufacture of our products, resulting in shortages in the marketplace and may cause us to incur additional expense. Failure to comply with applicable legal requirements subjects our suppliers to possible legal or regulatory action, including shutdown, which may adversely affect their ability to supply us with the materials we need for our products. Any delay in supplying, or failure to supply, materials for our products by any of our suppliers could result in our inability to meet the commercial demand for our products, and could adversely affect our business, financial condition, results of operations and growth prospects.

We may not be able to adequately protect our intellectual property, which could cause us to be less competitive.

Our success will depend in part on our ability to protect and maintain intellectual property rights and licensing arrangements for our products. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Piracy of intellectual property is widespread in China and despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. Monitoring unauthorized use of our technology is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriations of our technology, particularly in countries where the laws may not protect our intellectual property rights as fully as in other countries such as the United States of America, or U.S. In addition, third parties may seek to challenge, invalidate, circumvent or render unenforceable any intellectual property rights owned by us. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs, diversion of our management's attention and diversion of our other resources.

Our operations are subject to government regulations and if we fail to comply with these regulations, our ability to operate in future periods could be in jeopardy.

We are subject to state and local environmental laws related to certification of water release. We are subject to registration and inspection by the State Food and Drug Administration of China (SFDA) with respect to the manufacturing and distribution of traditional Chinese medicine extracts. While we are in substantial compliance with all provisions of those registrations, inspections and licenses and have no reason to believe that they will not be renewed as required by the applicable rules of the Central Government, any non-renewal of these authorities could result in the cessation of our business activities. In addition, any change in those laws and regulations could impose costly compliance requirements on us or otherwise subject us to future liabilities.

Government regulators and regulations could adversely affect our business.

The formulation, manufacturing, packaging, labeling, advertising, distribution, and sale of our product, as well as other dietary supplements, are subject to regulation by a number of federal, state, and local agencies, including but not limited to the Food and Drug Administration ("FDA") and the Federal Trade Commission ("FTC"). See "Business-Government Regulations" for more information. These agencies have a variety of procedures and enforcement remedies available to them, including but not limited to:

- Initiating investigations;
- Issuing warning letters and cease and desist orders;
- Demanding recalls;
- Initiating adverse publicity;
- Requiring corrective labeling or advertising;
- Requiring consumer redress and/or disgorgement;
- Seeking injunctive relief or product seizures;
- Initiating judicial actions; and
- Imposing civil penalties or commencing criminal prosecution.

Federal and state agencies have in the past used these types of remedies in regulating participants in the dietary supplement industry, including the imposition by federal agencies of monetary redress in the millions of dollars. Adverse publicity related to dietary supplements may result in increased regulatory scrutiny, undermine or eliminate the acceptance of our product by consumers and lead to the initiation of private lawsuits. Product recalls could result in unexpected expense of the recall and any legal proceedings that might arise in connection with the recall.

Our failure to comply with applicable laws could also subject us to severe legal sanctions that could have a material adverse effect on our business and results of operations. Specific action taken against us could result in a material adverse effect on our business and results of operations. Furthermore, a state could interpret product claims that are presumptively valid under federal law are nonetheless illegal under that state's regulations.

Future laws or regulations may hinder or prohibit the production or sale of our existing product and any future products.

We may be subject to additional laws or regulations in the future, such as those administered by the FDA, FTC, or other federal, state, or local regulatory authorities. Laws or regulations that we consider favorable may be modified or repealed. Current laws or regulations may be amended or interpreted more stringently. The FDA has proposed extensive good manufacturing practice regulations for dietary supplements. We are unable to predict the nature of such future laws, regulations, or interpretations, nor can we predict what effect they may have on our business. Possible effects or requirements could include, but are not limited to, the following:

- The reformulation of products to meet new standards;
- Additional ingredient restrictions;
- Additional claim restrictions;
- The recall or discontinuance of products unable to be reformulated;
- Imposition of additional good manufacturing practices and/or record keeping requirements;
- Expanded documentation of the properties of products; and
- Expanded or different labeling or scientific substantiation.

Any such requirements could have material adverse effects on our business, financial condition, or results of operations.

Unfavorable publicity could materially hurt our business and the value of your investment.

We are highly dependent upon consumers' perceptions of the safety, quality, and efficacy of our products, as well as products distributed by other companies. Future scientific research or publicity may not be favorable to our industry or any particular product, or consistent with earlier research or publicity. Future reports or research that are perceived less favorably or that question such earlier research could have a material adverse effect on us. Because of our dependence upon consumer perceptions, adverse publicity associated with illness or other adverse effects resulting from the consumption of our product or any similar products distributed by other companies could have a material adverse impact on us. Such adverse publicity could arise even if the adverse effects associated with such products resulted from failure to consume such products as directed. We may be unable to counter the effects of negative publicity concerning the efficacy of our product. Adverse publicity could also increase our product liability exposure.

We are and will continue to be subject to the risk of investigatory and enforcement action by the FTC, which could have a negative impact upon the price of our stock.

We will always be subject to the risk of investigatory and enforcement action by the FTC based on our advertising claims and marketing practices. The FTC routinely reviews product advertising, including websites, to identify significant questionable advertising claims and practices. The FTC has brought many actions against dietary supplement companies based upon allegations that applicable advertising claims or practices were deceptive and/or not substantiated. If the FTC initiates an investigation, the FTC can initiate pre-complaint discovery that may be nonpublic in nature. Such an investigation: (i) may be very expensive to defend, (ii) may be lengthy, and (iii) may result in an adverse ruling by a court, administrative law judge, or in a publicly disclosed consent decree.

Our business is susceptible to product liability claims, which could adversely affect our results of operations and financial condition.

The manufacture and sale of any product for human consumption raises the risk of product liability claims if a customer alleges an adverse reaction after using the product. These claims may derive from the product itself or a contaminant found in the product from the manufacturing, packaging, sales process or even due to tampering by unauthorized third parties. Even with the product liability/completed operations insurance we have obtained, there will be a risk that insurance will not cover our potential exposure completely or would fail to cover a particular claim, in which case we may not have the financial resources to satisfy such claims. In addition, certain damages in litigation, such as punitive damages, are not covered by our insurance policy. The payment of claims would require us to use funds that are otherwise needed to conduct our business and make our products. In the event that we do not have adequate insurance or other indemnification coverage, product liability claims and litigation could have a material adverse effect on our results of operation and financial condition.

Consumers of our products may not feel readily noticeable physiological differences after taking our products.

Consumers of our products may not feel readily noticeable physiological differences after taking them. One of our marketing challenges is educating consumers about our product's benefits and encouraging continued use of the product despite the lack of readily noticeable physiological differences. Consequently, consumers may not continue to purchase our product, which would have a material adverse affect on our business, financial condition, and results of operation.

If we are unable to attract, train, retain and motivate our prescription medicine and OTC medicine salespeople, sales of our products may be materially and adversely affected.

We rely on our prescription medicine and OTC medicine salespeople, who are dispersed across China, to market our products to the regional distributors as well as hospitals and retail pharmacies. We believe that our current sales have resulted, to a significant extent, from the dedication, efforts and performance of our salespeople. We believe that our future success will depend on those same factors. If we are unable to attract, train, retain and motivate our prescription medicine and OTC medicine salespeople, sales of our products may be materially and adversely affected.

The failure to increase our current manufacturing capacity could materially and adversely affect our

business, financial condition, results of operations and growth prospects.
We currently manufacture our products at two manufacturing facilities to accommodate our production lines. Manufacturing products at two sites presents risks because a disaster, such as a fire or hurricane, may interrupt our manufacturing capability. In such an event, we will have to resort to alternative sources of manufacturing that could increase our costs as well as result in significant delays. Any increase in costs, slowdowns or shutdowns could have a material adverse affect on our business, financial condition, results of operations and growth prospects.

Our current utilization of the manufacturing facilities is virtually at full capacity and may restrict our ability to attract large customers who require certainty in the production process. We intend to expand our manufacturing operations by adding production lines, but there is no assurance that we will have the financial resources required for this planned expansion or that any such expansion will be successful or completed in a timely fashion or within budget. We may encounter difficulties and significant unexpected costs and delays in scaling up our manufacturing operations. The failure to scale-up manufacturing operations in a timely and cost-effective way may adversely affect our income. In the event the demand for our products rapidly increases or spikes in a certain period, we may not have the manufacturing ability to fulfill demand, either in our own facilities or through agreements with third parties. This lack of manufacturing capacity could have a material adverse affect on our business, financial condition, results of operations and growth prospects.

The loss of one or more members of our management team or other key employees could affect our ability to successfully grow our business.
Our success and future growth depends to a significant degree on the skills and continued services of our management team and other key employees. We do not currently have an employment agreement with our named executive officer, although we do intend to enter into one in the near future, nor do we currently maintain key person life insurance. If one or more members of our management or other key employees were to resign or no longer be able to serve as our employees, it could impair our revenue growth, business and future prospects. In addition, our ability to execute our business plan is dependent on our ability to attract and retain additional highly skilled personnel.

Risks Related To Our Industry

We face intense competition that may prevent us from maintaining or increasing market share for our existing products and gaining market acceptance of our future products. Our competitors may develop or commercialize products before or more successfully than us.

The pharmaceutical market in China is intensely competitive, rapidly evolving and highly fragmented. Our competitors may develop products that are superior to or more affordable than ours or they may more effectively market products that compete with ours. We face direct competition from manufacturers of other traditional Chinese medicines that are similar to our products. We also face competition from manufacturers of western medicines, including multinational companies, that manufacture western medicines with similar curative effects and that can be used as substitutes for our products. Many of our existing and potential competitors have substantially greater financial, technical, manufacturing and other resources than we do. Our competitors' greater size in some cases provides them with a competitive advantage with respect to manufacturing costs because of their economies of scale and their ability to purchase raw materials at lower prices. Many of our competitors also have better brand name recognition, more established distribution networks and larger customer bases. In addition, many of our competitors have extensive knowledge of our target markets. As a result, they may be able to devote greater resources to the research, development,

promotion and sale of their products or respond more quickly to evolving industry standards and changes in market conditions than we can. Our failure to adapt to changing market conditions and to compete successfully with existing or new competitors may materially and adversely affect our financial condition and results of operations.

The production of traditional Chinese medicines depends on the supply of quality medicinal raw materials.

The production of traditional Chinese medicines depends on the supply of Chinese medicinal raw materials of suitable quality. The supply and market prices of these raw materials may be adversely affected by various factors such as weather conditions and the occurrence of natural disasters or sudden increases in demand that would impact our costs of production. There is no assurance that we would be able to pass on any resulting increase in costs to our customers and therefore any substantial fluctuation in supply or the market prices of raw materials may adversely affect our results of operations and profitability.

If we do not keep pace with rapid technological change, we will be unable to capture and sustain a meaningful market position.

The pharmaceutical industry in China is characterized by rapid changes in technology, constant enhancement of industrial know-how and the frequent emergence of new products. Future technological improvements and continued product developments in the pharmaceutical market may render our existing products obsolete or affect their viability and competitiveness. Therefore, our future success will largely depend on our ability to improve our existing products, diversify our product range and develop new and competitively priced products that can meet the requirements of the changing market. Should we fail to respond to these frequent technological advances by improving our existing products or developing new products in a timely manner, or should these products not achieve a desirable level of market acceptance, this may adversely affect our business and profitability.

Pharmaceutical companies in China are required to hold a number of permits and licenses to carry on their business. Our ability to obtain and maintain these regulatory approvals is uncertain.

All pharmaceutical manufacturing companies in China are required to obtain certain permits and licenses from various PRC government authorities, including a pharmaceutical manufacturing permit and a good manufacturing practice certificate, or a GMP certificate, for each of its production facilities in China.

We have obtained permits, licenses and GMP certificates for production facilities we use in the manufacture of our pharmaceutical products. These permits and licenses held by us are subject to periodic renewal and/or reassessment by the relevant PRC government authorities, and the standards of compliance required in relation to them may change from time to time. We intend to apply for the renewal of these permits and licenses when required by applicable laws and regulations. Our failure to obtain such renewals may prevent us from continuing those portions of our business that require these permits and licenses. Furthermore, any changes in compliance standards or new laws or regulations that may be introduced in the future may prohibit or render it more restrictive for us to conduct our business or may increase our compliance costs, which may adversely affect our operations or profitability.

The ongoing anti-corruption campaign initiated by the Chinese government targeting state-owned hospitals could adversely affect our sales designated for hospitals.

The Chinese government has recently launched a nationwide campaign against corrupt practices that have been frequently engaged by state-owned hospitals in China, including their acceptance of kickbacks or other illegal

gains and benefits in connection with their providing medical services and purchasing medical equipment and medicines. In mid 2006, the PRC Ministry of Health ordered all state-owned hospitals to review, among other things, their procurement policies and procedures and rectify problems and deficiencies, if any, by the end of 2006. As a result of this campaign, many state-owned hospitals have since diverted a significant portion of their attention and resources to their internal inspection and rectification activities and are reviewing their procurement policies. If the anti-corruption campaign becomes more intensified, causing a significant change to the hospital's procurement policies and procedures or otherwise resulting in a further delay for state-owned hospitals to resume their normal procurement of our products, our sales designated for hospitals, which account for a very substantial portion of our total sales, could be adversely affected.

Risks Related To Doing Business in China

Changes in China's political or economic situation could harm us and our operational results.
Economic reforms adopted by the Chinese government have had a positive effect on the economic development of the country, but the government could change these economic reforms or any of the legal systems at any time. This could either benefit or damage our operations and profitability. Some of the things that could have this effect are:

level of government involvement in the economy;

control of foreign exchange;

methods of allocating resources;

balance of payments position;

international trade restrictions; and

international conflict.

The Chinese economy differs from the economies of most countries belonging to the Organization for Economic Cooperation and Development, or the OECD, in many ways. The economic reforms in China have been conducted under a tight grip of the Chinese government. As a result of these differences, we may not develop in the same way or at the same rate as might be expected if the Chinese economy were similar to those of the OECD member countries.

Our business is largely subject to the uncertain legal environment in China and your legal protection could be limited.

The Chinese legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which precedents set in earlier legal cases are not generally used. The overall effect of legislation enacted over the past 20 years has been to enhance the protections afforded to foreign invested enterprises in China. However, these laws, regulations and legal requirements are relatively recent and are evolving rapidly, and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to foreign shareholders, such as the right of foreign invested enterprises to hold licenses and permits such as requisite business licenses. Because most of our officers and directors, after the Share Exchange, will reside outside of the United States, it may be difficult, if not impossible, to acquire jurisdiction over those persons if a lawsuit is initiated against us and/or our officers and directors by a shareholder or group

of shareholders in the United States. Also, because our officers will likely be residing in the PRC at the time such a suit is initiated, achieving service of process against such persons would be extremely difficult. Furthermore, because the majority of our assets are located in the PRC it would also be extremely difficult to access those assets to satisfy an award entered against us in United States court. Moreover, we have been advised that the PRC does not have treaties with the United States providing for the reciprocal recognition and enforcement of judgments of courts.

Recent PRC regulations relating to the establishment of offshore companies by PRC residents may subject our PRC resident shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our subsidiaries' ability to distribute profits to us or otherwise adversely affect us.

China State Administration of Foreign Exchange, or the SAFE, issued a public circular on October 21, 2005 concerning the acquisition by an offshore company controlled by PRC residents of onshore assets in China. This circular requires that (1) a PRC resident shall register with a local branch of the SAFE before he or she establishes or controls an overseas special purpose vehicle, or SPV, for the purpose of overseas equity financing (including convertible debt financing); (2) when a PRC resident contributes the assets of or his or her equity interests in a domestic enterprise to an SPV, or engages in overseas financing after contributing assets or equity interests to an SPV, such PRC resident must register his or her interest in the SPV and any changes in such interest with a local branch of the SAFE; and (3) when the SPV undergoes a material change outside of China, such as a change in share capital or merger or acquisition, the PRC resident shall, within 30 days from the occurrence of the event that triggers the change, register such change with a local branch of the SAFE. Furthermore, PRC residents who are shareholders of SPVs established before November 1, 2005 are required to register with a local branch of the SAFE before March 31, 2006.

In addition, SAFE issued updated internal implementing rules, or the Implementing Rules in relation to Notice 75. The Implementing Rules were promulgated and became effective on May 29, 2007. Such Implementing Rules provide more detailed provisions and requirements regarding the overseas investment foreign exchange registration procedures. However, even after the promulgation of Implementing Rules there still exist uncertainties regarding the SAFE registration for PRC residents' interests in overseas companies.

As a result, we cannot predict how these regulations will affect our business operations following the Share Exchange. For example, our ability to conduct foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, may be subject to compliance with the SAFE registration requirements by such PRC residents, over whom we have no control. In addition, we cannot assure you that such PRC residents will be able to complete the necessary approval and registration procedures required by the SAFE regulations. We will require all our shareholders who are PRC residents to comply with any SAFE registration requirements, if required by Notice 75, Implementing Rules or other applicable PRC laws and regulations, although we have no control over either our shareholders or the outcome of such registration procedures. Such uncertainties may restrict our ability to implement our business combination strategy and adversely affect our business and prospects following a business combination.

The Chinese government exerts substantial influence over the manner in which we must conduct our business activities.

China only recently has permitted provincial and local economic autonomy and private economic activities and, as a result, we are dependent on our relationship with the local government in the province in which we operate our business. Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to operate in China may be harmed by changes in its laws and regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property and other matters. We believe that our operations in

China are in material compliance with all applicable legal and regulatory requirements. However, the central or local governments of these jurisdictions may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof, and could require us to divest ourselves of any interest we then hold in Chinese properties.

Future inflation in China may inhibit our activity to conduct business in China.

In recent years, the Chinese economy has experienced periods of rapid expansion and high rates of inflation. During the past ten years, the rate of inflation in China has been as high as 20.7% and as low as -2.2%. These factors have led to the adoption by Chinese government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. While inflation has been more moderate since 1995, high inflation may in the future cause Chinese government to impose controls on credit and/or prices, or to take other action, which could inhibit economic activity in China, and thereby harm the market for our products.

Government regulations regarding environmental matters in China may adversely impact our business.

Our manufacturing operations are subject to numerous laws, regulations, rules and specifications relating to human health and safety and the environment. These laws and regulations address and regulate, among other matters, wastewater discharge, air quality and the generation, handling, storage, treatment, disposal and transportation of solid and hazardous wastes and releases of hazardous substances into the environment. In addition, third parties and governmental agencies in some cases have the power under such laws and regulations to require remediation of environmental conditions and, in the case of governmental agencies, to impose fines and penalties. We make capital expenditures from time to time to stay in compliance with applicable laws and regulations.

We have obtained all permits and approvals and filed all registrations required for the conduct of our business, except where the failure to obtain any permit or approval or file any registration would not have a material adverse effect on our business, financial condition and results of operations. We are in compliance in all material respects with the numerous laws, regulations, rules, specifications and permits, approvals and registrations relating to human health and safety and the environment except where noncompliance would not have a material adverse effect on our business, financial condition and results of operations.

The PRC governmental authorities have not revealed any material environmental liability that would have a material adverse effect on us. We have not been notified by any governmental authority of any continuing noncompliance, liability or other claim in connection with any of our properties or business operations, nor are we aware of any other material environmental condition with respect to any of our properties or arising out of our business operations at any other location. However, in connection with the ownership and operation of our properties (including locations to which we may have sent waste in the past) and the conduct of our business, we potentially may be liable for damages or cleanup, investigation or remediation costs.

No assurance can be given that all potential environmental liabilities have been identified or properly quantified or that any prior owner, operator, or tenant has not created an environmental condition unknown to us. Moreover, no assurance can be given that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of the properties will not be *affected by the

condition of land or operations in the vicinity of the properties (such as the presence of underground storage tanks), or by third parties unrelated to us. State and local environmental regulatory requirements change often.

It is possible that compliance with a new regulatory requirement could impose significant compliance costs on us. Such costs could have a material adverse effect on our business, financial condition and results of operations.

Counterfeit products in China could negatively impact our revenues, brand reputation business and results of operations.

Our products are also subject to competition from counterfeit pharmaceuticals, which are pharmaceuticals manufactured without proper licenses or approvals and are fraudulently mislabeled with respect to their content and/or manufacturer. Counterfeit pharmaceuticals are generally sold at lower prices than the authentic products due to their low production costs, and in some cases are very similar in appearance to the authentic products. Counterfeit pharmaceuticals may or may not have the same chemical content as their authentic counterparts. Although the PRC government has recently been increasingly active in policing counterfeit pharmaceuticals, there is not yet an effective counterfeit pharmaceutical regulation control and enforcement system in China. The proliferation of counterfeit pharmaceuticals has grown in recent years and may continue to grow in the future. Despite our implementation of quality controls, we cannot assure you that we would not be distributing or selling counterfeit products inadvertently. Any accidental sale or distribution of counterfeit products can subject our company to fines, administrative penalties, litigation and negative publicity, which could negatively impact our revenues, brand reputation, business and results of operations.

The retail prices of some of our products are subject to price controls by the PRC government, which may affect both our revenues and net income.

The laws of the PRC permit the PRC government to fix and adjust prices of certain pharmaceutical products, including many of those listed in the Medical Insurance Catalog. Through these price controls, the government can fix retail prices and set retail price ceiling for certain of the pharmaceutical products we sell. Additionally, the PRC government may periodically adjust the retail prices of these products downward in order to make pharmaceuticals more affordable to the general Chinese population. While our sales of pharmaceutical products are not affected by the price controls because we currently sell such products are prices below the price control level, we cannot guarantee that our sales of these products will not be affected in the future, as price controls may be increased or may affect additional products. To the extent that we are subject to price controls, our revenue, gross profit, gross margin and net income will be affected because the revenue we derive from our sales will be limited and we may face no limitation on our costs. Further, if price controls affect both our revenue and costs, our ability to be profitable and the extent of our profitability will be effectively subject to determination by the applicable regulatory authorities in the PRC. Any future price controls or price reductions may reduce our revenue and profitability and have a material adverse effect on our financial condition and results of operations.

We may have difficulty establishing adequate management, legal and financial controls in the PRC.

The PRC historically has been deficient in Western style management and financial reporting concepts and practices, as well as in modern banking, computer and other control systems. We may have difficulty in hiring and retaining a sufficient number of qualified employees to work in the PRC. As a result of these factors, we may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet Western standards.

Changes in foreign exchange regulations in the PRC may affect our ability to pay dividends in foreign currency or conduct other foreign exchange business.

Renminbi, or RMB, is not a freely convertible currency currently, and the restrictions on currency exchanges may limit our ability to use revenues generated in RMB to fund our business activities outside the PRC or to make dividends or other payments in United States dollars. The PRC government strictly regulates conversion of RMB into foreign currencies. Over the years, foreign exchange regulations in the PRC have significantly reduced the government's control over routine foreign exchange transactions under current accounts. In the PRC, the State Administration for Foreign Exchange, or the SAFE, regulates the conversion of the RMB into foreign currencies. Pursuant to applicable PRC laws and regulations, foreign invested enterprises incorporated in the PRC are required to apply for Foreign Exchange Registration Certificates. Currently, conversion within the scope of the current account (e.g. remittance of foreign currencies for payment of dividends, etc.) can be effected without requiring the approval of SAFE. However, conversion of currency in the capital account (e.g. for capital items such as direct investments, loans, securities, etc.) still requires the approval of SAFE.

Risks Relating to Our Securities

Insiders have substantial control over us, and they could delay or prevent a change in our corporate control even if our other stockholders wanted it to occur.

Our executive officers, directors, and principal stockholders own, in the aggregate, most of our outstanding Common Stock. These stockholders are able to control all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This could delay or prevent an outside party from acquiring or merging with us even if our other stockholders wanted it to occur.

There may not be sufficient liquidity in the market for our securities in order for investors to sell their securities.

There is currently only a limited public market for our Common Stock, which is listed on the Over-the-Counter Bulletin Board, and there can be no assurance that a trading market will develop further or be maintained in the future.

The market price of our Common Stock may be volatile.

The market price of our Common Stock has been and will likely continue to be highly volatile, as is the stock market in general, and the market for OTC Bulletin Board quoted stocks in particular. Some of the factors that may materially affect the market price of our Common Stock are beyond our control, such as changes in financial estimates by industry and securities analysts, conditions or trends in the industry in which we operate or sales of our Common Stock. These factors may materially adversely affect the market price of our Common Stock, regardless of our performance. In addition, the public stock markets have experienced extreme price and trading volume volatility. This volatility has significantly affected the market prices of securities of many companies for reasons frequently unrelated to the operating performance of the specific companies. These broad market fluctuations may adversely affect the market price of our Common Stock.

Our Common Stock may be considered a "penny stock" and may be difficult to sell.

The SEC has adopted regulations which generally define a penny stock to be an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to specific exemptions. The market price of our Common Stock is less than $5.00 per share and, therefore, it may be

designated as a penny stock according to SEC rules. This designation requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our Common Stock and may affect the ability of investors to sell their shares.

The market for penny stocks has experienced numerous frauds and abuses which could adversely impact investors in our stock.

Pink Sheets securities are frequent targets of fraud or market manipulation, both because of their generally low prices and because reporting requirements are less stringent than those of the stock exchanges or NASDAQ.

Patterns of fraud and abuse include:

Control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;

Manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;

“Boiler room" practices involving high pressure sales tactics and unrealistic price projections by inexperienced sales persons;

Excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and

Wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the inevitable collapse of those prices with consequent investor losses.

Our management is aware of the abuses that have occurred historically in the penny stock market.

We have not paid dividends in the past and do not expect to pay dividends in the future, and any return on investment may be limited to the value of our stock.

We have never paid any cash dividends on our Common Stock and do not anticipate paying any cash dividends on our Common Stock in the foreseeable future and any return on investment may be limited to the value of our stock. We plan to retain any future earnings to finance growth.

Item X The nature and extent of the Issuer’s facilities.

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the Issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the Issuer, give the location of the principal plants and other property of the Issuer and describe the condition of the properties. If the Issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the Issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Issuer has a medicine facility consisting of 60 acres of production fields (approx. 25 hectares) and over 7 hectares of a neighboring mountain outside Fuzhou City, Jiangxi Province. The production factory has over 14,000 square meters.

Part D Management Structure and Financial Information

Item XI The name of the chief executive officer, members of the board of directors, as well as control persons.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the Issuer, as well as the identity of any significant shareholders.

Corporate officers and directors:
Rongyu Ye, CEO
Carol Robichaud, Secretary

Other officers:
Enzo Di Crescenzo, COO, Europe
Dr. Sanja Pekovic, Chief Project Scientist, Chief Strategy Officer
Professor Dr. Mirjana Stojiljkovic, Director, New Projects, Chief Scientist
Dr. Sabera Ruzdijic, Medical Director
Dr. Jasna Bankovic, Medical Director
Dr. Nikola Tanic, Medical Director
Dr. Milica Pesicand, Medical Director
Dr Ivana Gadjanski, Director, Comm.

A. Officers and Directors. In responding to this item, please provide the following information for each of the Issuer's executive officers, directors, general partners and control persons, as of the date of this information statement:

1. Full name; Rongyu Ye, CEO

2. Business address;

6th Floor, Building 2, 589 Hi-Tech Avenue,
Nanchang University of Science and Technology Park,
Nanchang Hi-Tech Development Zone

3. Employment history (which must list all previous employers for the past 5 years, positions held, responsibilities and employment dates);
Rongyu Pharmaceutical Group, Inc Since 2004

4. Board memberships and other affiliations;

5. Compensation by the Issuer; and

6. Number and class of the Issuer's securities beneficially owned by each such person.

All shares held by Hiru Belize SPC in trust for officers and directors as per China laws.

1. Full name; Carol Robichaud, Secretary

2. Business address;

3. Employment history (which must list all previous employers for the past 5 years, positions held, responsibilities and employment dates);

Carol Robichaud president of KCR Image Consulting is a certified Colour and Image Management Consultant for men & women. She is a graduate of the Fashion Academy in Costa Mesa, California and is a founding member & past president of the Association of Image Consultants International, Toronto Chapter. Carol a native of Toronto, combines more than 19 years experience as a certified image management consultant who is a speaker & trainer for diverse companies, organizations & individuals on the importance of developing strategies for self image, self discovery & personal branding. Corporate Secretary for Hard to Treat Diseases, Inc.

4. Board memberships and other affiliations;

Secretary of Hard to Treat Diseases, Inc.

5. Compensation by the Issuer; and

Based on performance.

6. Number and class of the Issuer's securities beneficially owned by each such person.

None.

A. The term "family relationship" means any relationship by blood, marriage or adoption, not more remote than first cousin.

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Disclosure of Family Relationships. Describe any family relationships among and between the Issuer's directors, officers, persons nominated or chosen by the Issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the Issuer's equity securities.

None.

D. Disclosure of Related Party Transactions. Describe any transaction during the Issuer's last two full fiscal years and the current fiscal year or any currently proposed transaction, involving the Issuer, in which (i) the amount involved exceeds the lesser of $120,000 or one percent of the average of the Issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest. Disclose the following information regarding the transaction:

1. The name of the related person and the basis on which the person is related to the Issuer;

2. The related person's interest in the transaction;

3. The approximate dollar value involved in the transaction (in the case of indebtedness, disclose the largest aggregate amount of principal outstanding during the time period for which disclosure is required, the amount thereof outstanding as of the latest practicable date, the amount of principal and interest paid during the time period for which disclosure is required, and the rate or amount of interest payable on the indebtedness);

5 "Immediate family members" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

4. The approximate dollar value of the related person's interest in the transaction; and

5. Any other information regarding the transaction or the related person in the context of the transaction that is material to investors in light of the circumstances of the particular transaction.

Instruction to paragraph D of Item XI:

1. For the purposes of paragraph D of this Item XI, the term "related person" means any director, executive officer, nominee for director, or beneficial owner of more than five percent (5%) of any class of the Issuer's equity securities, immediate family members of any such person, and any person (other than a tenant or employee) sharing the household of any such person.

2. For the purposes of paragraph D of this Item XI, a "transaction" includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships.

3. The "amount involved in the transaction" shall be computed by determining the dollar value of the amount involved in the transaction in question, which shall include:

a. In the case of any lease or other transaction providing for periodic payments or instalments, the aggregate amount of all periodic payments or instalments due on or after the beginning of the Issuer's last fiscal year, including any required or optional payments due during or at the conclusion of the lease or other transaction providing for periodic payments or instalments; and

b. In the case of indebtedness, the largest aggregate amount of all indebtedness outstanding at any time since the beginning of the Issuer's last fiscal year and all amounts of interest payable on it during the last fiscal year.

4. In the case of a transaction involving indebtedness:

a. The following items of indebtedness may be excluded from the calculation of the amount of indebtedness and need not be disclosed: amounts due from the related person for purchases of goods and services subject to usual trade terms, for ordinary business travel and expense payments and for other transactions in the ordinary course of business; and

b. Disclosure need not be provided of any indebtedness transaction for beneficial owners of more than five percent (5%) of any class of the Issuer's equity securities or such person's family members.

5. Disclosure of an employment relationship or transaction involving an executive officer and any related compensation solely resulting from that employment relationship or transaction need not be provided. Disclosure of compensation to a director also need not be provided.

6. A person who has a position or relationship with a firm, corporation, or other entity that engages in a transaction with the Issuer shall not be deemed to have an indirect material interest for purposes of paragraph D of this Item XI where:

a. The interest arises only:

i. From such person's position as a director of another corporation or organization that is a party to the transaction; or

ii. From the direct or indirect ownership by such person and all other related persons, in the aggregate, of less than a ten percent (10%) equity interest in another entity (other than a partnership) which is a party to the transaction; or

iii. From both such position and ownership; or

b. The interest arises only from such person's position as a limited partner in a partnership in which the person and all other related persons have an interest of less than ten percent (10%), and the person is not a general partner of and does not hold another position in the partnership.

7. Disclosure need not be provided pursuant to paragraph D of this Item XI if:

a. The transaction is one where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;

b. The transaction involves services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; or

c. The interest of the related person arises solely from the ownership of a class of equity securities of the Issuer and all holders of that class of equity securities of the Issuer received the same benefit on a pro rata basis.

8. Include information for any material underwriting discounts and commissions upon the sale of securities by the Issuer where any of the specified persons was or is to be a principal underwriter or is a controlling person or member of a firm that was or is to be a principal underwriter.

No such transaction.

E. Disclosure of Conflicts of Interest. Describe any conflicts of interest. Describe the circumstances, parties involved and mitigating factors for any executive officer or director with competing professional or personal interests.

No such material conflicts. The Secretary of the Issuer is corporate secretary for a corporation that is a shareholder. We do not expect material conflicts from this relationship.

Item XII Financial information for the Issuer's most recent fiscal period.

Instruction to Item XII: The Issuer shall post the financial statements required by this Item XII through the OTC Disclosure and News Service under the appropriate report name for the applicable period end. (If the financial statements relate to a fiscal year end, publish it as an "Annual Report," or if the financial statements relate to a quarter end, publish it as a "Quarterly Report" or "Interim Report") The Issuer must state in its disclosure statement that such financial statements are incorporated by reference. The Issuer must also (i) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (ii) clearly explain where the incorporated documents can be found, and (iii) provide a clear cross-reference to the specific location where the information requested by this Item can be found in the incorporated documents.

The Issuer shall provide the following financial statements for the most recent fiscal period (whether fiscal quarter or fiscal year).

1) balance sheet;

2) statement of income;

3) statement of cash flows;

4) statement of changes in stockholders' equity;

5) financial notes; and

6) audit letter, if audited

6 Foreign private Issuers that have furnished financial statements pursuant to Rule 12g3-2(b) under the Exchange Act can provide those same financial statements as an alternative to U.S. GAAP. For information regarding U.S. GAAP, see http://cpaclass.com/gaap/gaap-us-01a.htm.

The financial statements requested pursuant to this item shall be prepared in accordance with generally accepted accounting principles (GAAP) by persons with sufficient financial skills.

Information contained in annual financial statements will not be considered current more than 90 days after the end of the Issuer's fiscal year immediately following the fiscal year for which such statement are provided, or with respect to quarterly financial statements, more than 45 days after the end of the quarter immediately following the quarter for which such statements are provided.

Item XIII Similar financial information for such part of the two preceding fiscal years as the Issuer or its predecessor has been in existence.

Please provide the financial statements described in Item XII above for the Issuer's two preceding fiscal years.

Instruction to Item XIII: The Issuer shall either (i) attach the financial statements required by this Item XIII to its initial disclosure statement or (ii) post such financial statements through the OTC Disclosure and News Service as a separate report under the name of "Annual Report" for the applicable fiscal year end. The Issuer must state in its disclosure statement that such financial statements are incorporated by reference. The Issuer must also (x) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (y) clearly explain where the incorporated documents can be found, and (z) provide a clear cross-reference to the specific location where the information requested by this Item can be found in the incorporated documents.

Item XIV Beneficial Owners.

Provide a list of the name, address and shareholdings of all persons beneficially owning more than five percent (5%) of any class of the Issuer's equity securities.

To the extent not otherwise disclosed, if any of the above shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

The following table reflects the shareholders of record as of February 2, 2010. It does not include 515 million shares to be issued in connection with the recent acquisition of Jiang Xi Rongyu Pharmaceutical Group, Inc.

Name and Address	Shareholdings	Percent of Outstanding
Xi Rongyu Pharmaceutical Group, Inc. Rongyu Ye, CEO 6th Floor, Building 2, 589 Hi-Tech Avenue, Nanchang University of Science and Technology Park, Nanchang Hi-Tech Development Zone	500,000,000	57.8
Nadia Industries, SRL Via Santa Gonda Prato, Italy	100,000,000	11.6
Shareholder Advocates, LLC 28248N Tatum Blvd Ste.B -l-434 Cave Creek, AZ 85331	68,552,631	7.9
Cede & Co. PO Box 222 Bowling Green Station New York, NY 10004	66,400,318	9.3
Emry Capital Group, Inc. 720 Brazos Street Austin, TX	61,000,000	7.1
Magda Medical Inc 922 The East Mall Suite 301 Etobicoke, ON M9B 4B1 Canada	60,000,000	7.0

Hard to Treat Diseases, Inc. 2007 Shenzhen Mellow Hope Pharm Room E-F, 12/F, Jinrun Mansion No.6019 Shennan Blvd Shenzen 518040 China	40,000,000	5.6

Item XV The name, address, telephone number, and email address of each of the following outside providers that advise the Issuer on matters relating to operations, business development and disclosure:

1. Investment Banker

Minaco Tradex (Previous name merged with MINACO SWISS BANK PLC)

MINACO SWISS BANK PLC
SUITE : 10 FIRST FLOOR
CENTRAL CHAMBERS
THE BROADWAY, EALING, LONDON
UK
W5 2NR
Company No. 05956839

Att: Zoran Cvetojevic

2. Promoters

Mina Mar Marketing Group
922 The East Mall
Suite 301
Etobicoke, ON M9B 4B1
Canada

3. Counsel

Bradley E. Essman
118 E Tarpon Avenue
St. Petersburg,, FL 33705
United States

4. Accountant or Auditor - the information shall clearly (i) describe if an outside accountant provides audit or review services, (ii) state the work done by the outside accountant and (iii) describe the responsibilities of the accountant and the responsibilities of management (i.e. who audits, prepares or reviews the Issuer's financial

statements, etc.). The information shall include the accountant's phone number and email address and a description of the accountant's licensing and qualifications to perform such duties on behalf of the Issuer.

Accountant

Name: Comprehensive Accounting Services
Address: 2325 Hurontario Street, Suite 293
Mississauga, ONT L5A 4K4
Canada

Email:
Responsibilities: Prepare Financial Statements
Licensing and Qualifications to perform such duties on behalf of the Issuer:
CMA license

5. Public Relations Consultant

Mina Mar Group
Toronto, Ontario, Canada
922 The East Mall
Suite 300 Etobicoke, ONT M9B 4B1
Canada
email: www.minamargroup.com/helpdesk

6. Investor Relations Consultant

Mina Mar Marketing Group
922 The East Mall
Suite 301
Etobicoke, ON M9B 6K1
Canada
email: www.minamargroup.net/helpdesk

7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the telephone number and email address of each advisor.

None.

Item XVI Management's Discussion and Analysis or Plan of Operation.

Instructions to Item XVI

Issuers that have not had revenues from operations in each of the last two fiscal years, or the last fiscal year and any interim period in the current fiscal year for which financial statements are furnished in the disclosure statement, shall provide the information in paragraphs A and C of this item. All other Issuers shall provide the information in paragraphs B and C of this item.

The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.

Issuers are not required to supply forward-looking information. This is distinguished from presently known data that will impact upon future operating results, such as known future increases in costs of labour or materials. This latter data may be required to be disclosed.

A. Plan of Operation.

1. Describe the Issuer's plan of operation for the next twelve months. This description should include such matters as:

i. a discussion of how long the Issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months;

ii. a summary of any product research and development that the Issuer will perform for the term of the plan;

iii. any expected purchase or sale of plant and significant equipment; and

iv. any expected significant changes in the number of employees.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations.

1. Full fiscal years. Discuss the Issuer's financial condition, changes in financial condition and results of operations for each of the last two fiscal years. This discussion should address the past and future financial condition and results of operation of the Issuer, with particular emphasis on the prospects for the future. The discussion should also address those key variable and other qualitative and quantitative factors that are necessary to an understanding and evaluation of the Issuer. If material, the Issuer should disclose the following:

i. Any known trends, events or uncertainties that have or are reasonably likely to have a material impact on the Issuer's short-term or long-term liquidity;

ii. Internal and external sources of liquidity;
iii. Any material commitments for capital expenditures and the expected sources of funds for such expenditures;

iv. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations;

v. Any significant elements of income or loss that do not arise from the Issuer's continuing operations;

vi. The causes for any material changes from period to period in one or more line items of the Issuer's financial statements; and

vii. Any seasonal aspects that had a material effect on the financial condition or results of operation.

2. Interim Periods. Provide a comparable discussion that will enable the reader to assess material changes in financial condition and results of operations since the end of the last fiscal year and for the comparable interim period in the preceding year.

C. Off-Balance Sheet Arrangements.

1. In a separately-captioned section, discuss the Issuer's off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Issuer's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors. The disclosure shall include the items specified in paragraphs C(1)(i), (ii), (iii) and (iv) of this Item XVI to the extent necessary to an understanding of such arrangements and effect and shall also include such other information that the Issuer believes is necessary for such an understanding.

i. The nature and business purpose to the Issuer of such off-balance sheet arrangements;

ii. The importance to the Issuer of such off-balance sheet arrangements in respect of its liquidity, capital resources, market risk support, credit risk support or other benefits;

iii. The amounts of revenues, expenses and cash flows of the Issuer arising from such arrangements; the nature and amounts of any interests retained, securities issued and other indebtedness incurred by the Issuer in connection with such arrangements; and the nature and amounts of any other obligations or liabilities (including contingent obligations or liabilities) of the Issuer arising from such arrangements that are or are reasonably likely to become material and the triggering events or circumstances that could cause them to arise; and

iv. Any known event, demand, commitment, trend or uncertainty that will result in or is reasonably likely to result in the termination, or material reduction in availability to the Issuer, of its off-balance sheet arrangements that provide material benefits to it, and the course of action that the Issuer has taken or proposes to take in response to any such circumstances.

2. As used in paragraph C of this Item XVI, the term off-balance sheet arrangement means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the Issuer is a party, under which the Issuer has:

i. Any obligation under a guarantee contract that has any of the characteristics identified in paragraph 3 of FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (November 2002) ("FIN 45"), as may be modified or supplemented, and that is not excluded from the initial recognition and measurement provisions of FIN 45 pursuant to paragraphs 6 or 7 of that Interpretation;

ii. A retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets;

iii. Any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, except that it is both indexed to the Issuer's own stock and classified in stockholders' equity in the Issuer's statement of financial position, and therefore excluded from the scope of FASB Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (June 1998), pursuant to paragraph 11(a) of that Statement, as may be modified or supplemented; or

iv. Any obligation, including a contingent obligation, arising out of a variable interest (as referenced in FASB Interpretation No. 46, Consolidation of Variable Interest Entities (January 2003), as may be modified or supplemented) in an unconsolidated entity that is held by, and material to, the Issuer, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with, the Issuer.

Instructions to paragraph C of Item XVI

i. No obligation to make disclosure under paragraph C of this Item XVI shall arise in respect of an off-balance sheet arrangement until a definitive agreement that is unconditionally binding or subject only to customary closing conditions exists or, if there is no such agreement, when settlement of the transaction occurs.

ii. Issuers should aggregate off-balance sheet arrangements in groups or categories that provide material information in an efficient and understandable manner and should avoid repetition and disclosure of immaterial information. Effects that are common or similar with respect to a number of off-balance sheet arrangements must be analyzed in the aggregate to the extent the aggregation increases understanding. Distinctions in arrangements and their effects must be discussed to the extent the information is material, but the discussion should avoid repetition and disclosure of immaterial information.

iii. For purposes of paragraph C of this Item XVI only, contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

iv. Generally, the disclosure required by paragraph C of this Item XVI shall cover the most recent fiscal year. However, the discussion should address changes from the previous year where such discussion is necessary to an understanding of the disclosure.

In satisfying the requirements of paragraph C of this Item XVI, the discussion of off-balance sheet arrangements need not repeat information provided in the footnotes to the financial statements, provided that such discussion clearly cross-references to specific information in the relevant footnotes and integrates the substance of the footnotes into such discussion in a manner designed to inform readers of the significance of the information that is not included within the body of such discussion.

The Issuer has no such transactions.

Part E Issuance History

Item XVII List of securities offerings and shares issued for services in the past two years.

List below any events, in chronological order, that resulted in changes in total shares outstanding by the Issuer (1) within the two-year period ending on the last day of the Issuer's most recent fiscal year and (2) since the last day of the Issuer's most recent fiscal year.

The list shall include all offerings of securities, whether private or public, and shall indicate:

(i) The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

Private Placement

(ii) Any jurisdictions where the offering was registered or qualified;

N/A

(iii) The number of shares offered;

121 million

(iv)The number of shares sold;

121 million

(v) The price at which the shares were offered, and the amount actually paid to the Issuer;

$0.00661 cents per share $ 800,000.00

(vi) The trading status of the shares; and

RESTRICTED

(vii) Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

The list shall also include all shares or any other securities or options to acquire such securities issued for services in the past two fiscal years and any interim periods, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities.

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; provided, however, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than five percent (5%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

Nature of the Offering	**Jurisdiction**	**Number of Shares Offered**	**Number of Shares Sold**	**Price Offered (Amount Paid to Issuer)**	**Trading Status of Shares**	**Certificates Contain Legend** **(1) Securities Act (2) Referring to Restrictions**

Private Placement	Texas, Canada	121 million	121 million	$800,000.00	Restricted	Restricted with legend

(2) since the last day of the Issuer's most recent fiscal year.

Nature of the Offering	Jurisdiction	Number of Shares Offered	Number of Shares Sold	Price Offered (Amount Paid to Issuer)	Trading Status of Shares	Certificates Contain Legend (1) Securities Act (2) Referring to Restrictions
None	None	None	None	None	None	N/A

Part F Exhibits

The following exhibits must be either described in or attached to the disclosure statement:

Item XVIII Material Contracts.

A. Every material contract, not made in the ordinary course of business that will be performed after the disclosure statement is posted through the OTC Disclosure and News Service or was entered into not more than two years before such posting. Also include the following contracts:

1) Any contract to which directors, officers, promoters, voting trustees, security holders named in the disclosure statement, or the Designated Advisor for Disclosure are parties other than contracts involving only the purchase or sale of current assets having a determinable market price, at such market price;

2) Any contract upon which the Issuer's business is substantially dependent, including but not limited to contracts with principal customers, principal suppliers, and franchise agreements;

3) Any contract for the purchase or sale of any property, plant or equipment for consideration exceeding 15 percent of such assets of the Issuer; or

4) Any material lease under which a part of the property described in the disclosure statement is held by the Issuer.

B. Any management contract or any compensatory plan, contract or arrangement, including but not limited to plans relating to options, warrants or rights, pension, retirement or deferred compensation or bonus, incentive or profit sharing (or if not set forth in any formal document, a written description thereof) in which any director or any executive officer of the Issuer participates shall be deemed material and shall be included; and any other management contract or any other compensatory plan, contract, or arrangement in which any other executive officer of the Issuer participates shall be filed unless immaterial in amount or significance.

C. The following management contracts or compensatory plans need not be included:

1) Ordinary purchase and sales agency agreements;

2) Agreements with managers of stores in a chain organization or similar organization;

3) Contracts providing for labour or salesmen's bonuses or payments to a class of security holders, as such; and

4) Any compensatory plan that is available to employees, officers or directors generally and provides for the same method of allocation of benefits between management and non-management participants

See filings Pink Sheets Employment Agreement

Item XIX Articles of Incorporation and Bylaws.

A. A complete copy of the Issuer's articles of incorporation or in the event that the Issuer is not a corporation, the Issuer's certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed, a complete copy of the articles of incorporation or certificate of organization as amended shall be filed.

B. A complete copy of the Issuer's bylaws. Whenever amendments to the bylaws are filed, a complete copy of the bylaws as amended shall be filed.

Item XX Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

A. In the following tabular format, provide the information specified in paragraph (B) of this Item XX with respect to any purchase made by or on behalf of the Issuer or any "Affiliated Purchaser" (as defined in paragraph (C) of this Item XX) of shares or other units of any class of the Issuer's equity securities.

B. The table shall include the following information for each class or series of securities for each month included in the period covered by the report:

1. The total number of shares (or units) purchased (Column (a)). Include in this column all Issuer repurchases, including those made pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs. Briefly disclose, by footnote to the table, the number of shares purchased other than through a publicly announced plan or program and the nature of the transaction (e.g.,

whether the purchases were made in open-market transactions, tender offers, in satisfaction of the company's obligations upon exercise of outstanding put options issued by the company, or other transactions).

2. The average price paid per share (or unit) (Column (b)).

3. The total number of shares (or units) purchased as part of publicly announced repurchase plans or programs (Column (c)).

4. The maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (Column (d)). Instructions to paragraphs (B)(3) and (B)(4) of this Item XX:

a. In the table, disclose this information in the aggregate for all plans or programs publicly announced.

b. By footnote to the table, indicate:

i. The date each plan or program was announced;

ii. The dollar amount (or share or unit amount) approved;

iii. The expiration date (if any) of each plan or program;

iv. Each plan or program that has expired during the period covered by the table; and

v. Each plan or program the Issuer has determined to terminate prior to expiration, or under which the Issuer does not intend to make further purchases.

C. For purposes of this Item XX, “Affiliated Purchaser” means:

1. A person acting, directly or indirectly, in concert with the Issuer for the purpose of acquiring the Issuer's securities; or

2. An affiliate who, directly or indirectly, controls the Issuer's purchases of such securities, whose purchases are controlled by the Issuer, or whose purchases are under common control with those of the Issuer; provided, however, that “Affiliated Purchaser” shall not include a broker, dealer, or other person solely by reason of such broker, dealer, or other person effecting purchases on behalf of the Issuer or for its account, and shall not include an officer or director of the Issuer solely by reason of that officer or director's participation in the decision to authorize purchases by or on behalf of the Issuer.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	**Total Number of Shares (or Units) Purchased**	**Average Price Paid per Share (or Unit)**	**Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs**	**Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be**

			Purchased Under the Plans or Programs
Month 1 N/A (beginning and ending dates)	N/A	N/A	N/A
Total			

Item XXI Issuer's Certifications.

The Issuer shall include certifications by the chief executive officer and chief financial officer of the Issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Carol Robichaud as secretary, certify that:

1. I have reviewed this disclosure statement of Hiru Corporation;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this disclosure statement.

Date: February 6, 2010

Carol Robichaud - Secretary