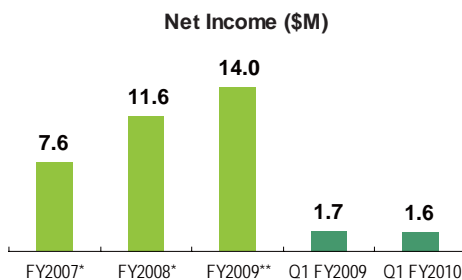
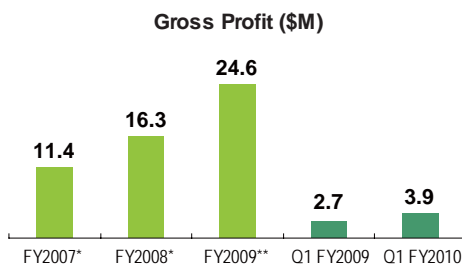
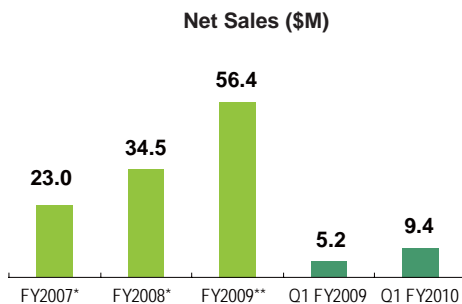


## China Nutrifruit Group Limited

Price (08/18/2009):	\$3.90
52-Week range:	\$1.00 - \$5.00
Market Capitalization (08/18/2009):	\$140.9 million
Diluted shares outstanding:	36.1 million
Net sales (ttm):	\$60.6 million
Net Income* (ttm):	\$13.9 million
Fiscal Year:	March 31 <sup>st</sup>

\* Excluding non-cash compensation expenses of \$9.5 million



\* Pro Forma consolidated statement of operations including Longheda's operations for the fiscal year ended March 31, 2007 and 2008

\*\* Non-GAAP net income for FY2009, excluding non-cash stock compensation expense of \$9.5 million

China Nutrifruit Group Limited ("China Nutrifruit" or "the Company") (OTC BB: CNGL), is a leading producer of premium specialty fruit based products in the People's Republic of China (the PRC). China Nutrifruit specializes in developing, processing, marketing and distributing a variety of food products processed primarily from premium specialty fruits grown in Northeast China, including golden berry, crab apple, blueberry and raspberry. The Company's primary product offering includes fruit concentrate, nectar, glazed fruits, beverages as well as fresh fruits. The Company has established an extensive nationwide sales and distribution network covering 19 provinces in China.

## Investment Highlights

**Strong Revenue Growth and Attractive Margins** - Revenue for the fiscal year ended March 31, 2009 was \$56.4 million, up 63.5% from pro forma net sales of \$34.5 million in fiscal year 2008. Gross profit increased 50.8% to \$24.6 million compared to pro forma gross profit of \$16.3 million a year ago. Excluding the impact of non-cash compensation expenses, non-GAAP net income increased 21.2% year-over-year to \$14.0 million, or \$0.42 per diluted share. For the first quarter of fiscal 2010, net sales and gross profit increased 81.2% and 43.8%, respectively.

**Leading Position in the Premium Specialty Fruit Market** - China Nutrifruit enjoys strong brand recognition across China due to its leading position in the premium specialty fruit based products market. The Company's premium quality products provide a high level of nutrient concentration. China Nutrifruit entered the premium specialty fruit based products market at an early stage and established a strong foothold in the industry. The Company has a strong presence across China through a well established distribution network, increasing market recognition and customer loyalty.

**Widespread Distribution Network** - China Nutrifruit's processed fruit products are sold through its extensive nationwide sales and distribution network to food producers for further processing into fruit juice and other fruit related foods. Currently, this network covers 19 provinces in China. Sales transactions are primarily cash based, resulting in healthy cash flows. The Company has a highly selective process for distributors, which helps eliminate less productive distributors while retaining or adding well qualified distributors. The majority of distributors have been in long term cooperation with the Company.

**Increased Quality Focus and Advanced Production Technology** - The Company has a strong emphasis on quality and safety measures and has implemented quality control and food safety management systems for all stages of its business, including raw materials sourcing, production, packaging, storage and transportation of products. All of the Company's processing facilities passes ISO9001 and HACCP series qualifications. In addition, China Nutrifruit utilizes an advanced proprietary production technology, distinguishing itself from the generic techniques commonly used for fruit processing.



## Setting the Stage for Rapid Expansion and Industry Leadership

**Established Raw Material Procurement Network** - China Nutrifruit's processing facilities are strategically located in close proximity to major premium specialty fruit orchards in Northeastern China, providing easy access to abundant supply of source fruits. The Company enjoys significant pricing power through cooperative agreements with local governments where the major premium specialty fruit orchards are based. The Company has also secured supply of source fruits by developing a group of effective and loyal agents who collect source fruits from individual farmers. These well organized supply arrangements provide China Nutrifruit a leading competitive advantage in terms of quality, stability and reliability of supply.

**Strong Domestic Demand** - According to a report on China's fruit processing industry issued by Beijing Business & Intelligence Consulting Co. Ltd. (BBIC), China's fruit processing industry has grown significantly in the past several years. The total output of fruit processed products in China grew from \$16.8 billion in 2005 to \$27.5 billion in 2007, representing a compound annual growth rate, or CAGR, of 27.9%. Sales value of fruit processed products in China grew from \$17.0 billion in 2005 to \$26.1 billion in 2007, representing a CAGR of 27.7%. BBIC projected that the total sales value and net income of fruit processed products in China will reach \$37.2 billion and \$2.5 billion in 2010, for CAGR's of 42.5% and 66.7%, respectively, during the four-year period from 2007 to 2010.

**Increasing Fruit Juice Consumption and Demand** - With approximately one-fourth of the world's population, China represents a key growth driver for the global fruit based products market. However, according to Beverage Marketing, the consumption of off-trade fruit/vegetable juice per capita was 6 liters in 2006 in China, much lower than 50 liters in the US and 18 liters in Japan (based on data from Euromonitor) during the same year, indicating that there is huge potential for the marketing of fruit based products in China. According to the USDA Foreign Agricultural Service's GAIN report, the United States alone exported US\$6.5 million worth of consumer-oriented fruit and vegetable juices to China in 2007, up 43 percent from 2006. The total Chinese market for both domestic made and imported juices is worth about \$7 billion, a testament to China's growing affinity for juices.

China Nutrifruit is well positioned to benefit from the projected growth opportunities of China's fruit processing industry. China's growing middle class population has developed increased consciousness of good health and quality of life, resulting in increased consumption of health-oriented foods and drinks. The growth of China's fruit based products consumption is driven by the growing acceptance and affordability of fruit based products, increasing health awareness and consumer demand. In recent years, China has experienced a dramatic increase in the per capita income, enabling more consumers to buy premium health drinks, as evidenced by the increasing demand for China Nutrifruit's products. Although the outlook for the global economy in 2009 is pessimistic, China will be among the top performers in 2009 due to policies enacted by the government that promote domestic demand, stimulate consumer spending and increase income of rural population.

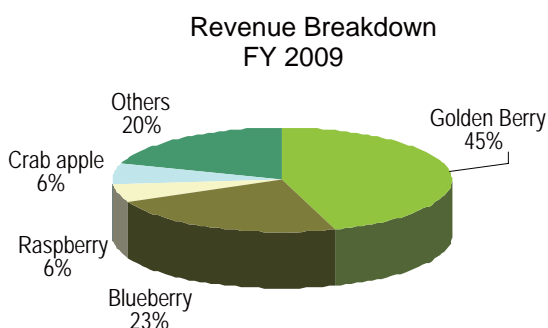
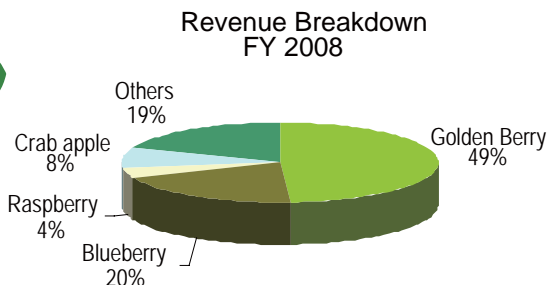
## Product Portfolio

Product Category	% of Sales (FY2009)	Gross Margin
Concentrate	51.2%	36.0%
Glazed Fruit	10.9%	64.9%
Nectar	13.2%	69.0%
Fresh Fruit	4.3%	48.4%
Beverage	8.2%	28.8%
Others (outsourced apple and pear juice)	20.0%	37.9%

**Fruit Concentrate** - Fruit concentrate contributed 51.2% of China Nutrifruit's revenue for the fiscal year 2009. The Company currently produces four types of fruit concentrate: golden berry, crab apple, blueberry and raspberry. Golden berry continues to be the most significant source fruit for the Company. During the fiscal year 2009, golden berry based products (including concentrated juice, glazed fruit, nectar and fresh fruits) represented 45% of revenue. Blue berry related products (currently only concentrate juice) contributed 23% of revenue during the fiscal 2009. Raspberry and crab apple contributed 6% and 6% of the revenue, respectively. Driven by increased demand from its distributors, China Nutrifruit commenced distribution of apple and pear concentrate products in fiscal year 2008. These concentrate products are processed by third party vendors according to the Company's technical requirements and standards and contributed 20% of the total revenue during the fiscal 2009.

**Nectar** - Nectar products accounted for 13.2% of China Nutrifruit's total revenue during the fiscal year 2009. Nectar is an unfermented and unconcentrated pulp

## Building on strength in Golden Berry to expand fruit sources



product. To produce nectar, fresh fruits are crushed and then instantaneously sterilized at high temperatures instead of the commonly used pasteurizing method to secure good taste, provide protection from damaging organic fabrics, and allow for a longer shelf life than pasteurized products. China Nutrifruit currently produces and sells nectar from golden berries and its nectar products have been certified as green food by China Green Food Development Center. The Company's nectar products are commonly used for further processing into a wide variety of products, including fruit concentrate, fruit ice cream, nectar beverages, biscuits, fruit jams and fruit yogurts.

**Glazed Fruits** - Glazed fruits accounted for 10.9% of China Nutrifruit's total revenue during the fiscal year 2009. Glazed fruit is preserved fruit with high sugar content, a traditional Chinese food that enjoys great popularity in China. The Company's low temperature sugar penetration technique used for glazed fruit processing enhances the product's taste and nutrient content without adding any preservatives. China Nutrifruit's glazed golden berries are sold as a high-end snack and are commonly used in a wide variety of foods such as baked foods. China Nutrifruit's glazed fruit products have been certified as a green food by the China Green Food Development Center.

**Fresh Fruit** - Fresh fruit accounted for 4.3% of China Nutrifruit's total revenue during the fiscal year 2009. China Nutrifruit purchases fresh golden berries from local farmers in Heilongjiang province and sorts them into different grades. The top-grade golden berries which have the best color, shape and aroma are sold as fresh fruit during the picking season. The remaining fresh golden berries are further processed into glazed fruits, nectar or concentrate.

**Beverage** - Beverages accounted for approximately 8.2% of the total revenue for the fiscal year 2009. China Nutrifruit produces and markets beverages under two brand names, "Fu", which is consumed at weddings and festival banquets as a "lucky" drink, and "The Legend of Network", which is primarily sold in internet bars.

## Growth Strategy



**Capacity Expansion** - China Nutrifruit has an increased focus on expanding its production capacity to secure a greater market share. The Company's fruit processing production lines are mainly in operation from mid July to mid November every year as during this period the source fruits are harvested and must be processed. Subject to future financing, China Nutrifruit plans to add two new production lines in the harvest season, a new concentrate pulp line and a new glazed fruit line that will expand its fruit production capacity from 15,960 tons to 23,760 tons. The concentrate pulp line will allow the Company to bring production of apple and pear juice in house, thereby enhancing margins on these high demand products. The Company intends to use the new glazed fruit production line to introduce its newly developed glazed blueberry product to the market.

**Further Strengthen Raw Material Procurement Network** - A secure supply of principal raw materials is crucial to China Nutrifruit's future success. The Company's processing facilities are strategically located in regions which provide an abundant supply of source fruits and are in close proximity to major premium specialty fruit orchards. The Company continues to work towards further strengthening its existing cooperative relationships with golden berry farm bases and is fostering new relationships. In addition, China Nutrifruit's team networks with new agents of other fresh fruits to secure adequate supply to support the Company's robust growth. The Company also plans to integrate upstream by developing its own orchards.

**Increasing Brand Awareness** - Brand building is a vital element of China Nutrifruit's growth strategy. The Company regularly participates in domestic and international trade fairs such as China National Sugar and Alcoholic Commodities Fair and International China Harbin Fair for Trade and Economic Cooperation to promote its reputation and brand recognition in the industry. Participation at these trade fairs increases China Nutrifruit's visibility amongst distributors, thus facilitating the expansion of the Company's distribution network.



**New Product Development** - The Company has an increased focus on improving its product portfolio by adding new popular and profitable products and eliminating underperforming products. During the third quarter of fiscal year 2009, China Nutrifruit developed a glazed blueberry product and two new concentrates, blackcurrant and seabuckthorn. The Company has completed testing of its glazed blueberry product and it will be introduced when the Company adds a new production line. The Company is currently conducting market research to gauge the market potential of the two new concentrate products and to get a good sense of market trends. In addition, the Company is working on developing a new product using the golden berry extracts and plans to develop new products in the by-product category as it provides attractive margins.

**Market Expansion** - Given a positive outlook for market demand, China Nutrifruit plans to add three to five new distributors annually in developed regions across China over the next few years. While focusing on expanding its network, China Nutrifruit will continue to review its existing distributor network to maintain a productive network.

## Management and Board of Directors

**Changjun Yu** is Chairman of the Board and has been the Chairman of the Company's subsidiary Longheda since its formation in 2004. Mr. Yu has over 13 years of experience in the food industry. Prior to joining Longheda, Mr. Yu served as Vice President of Sales at Harbin Shengjinlai Economic and Technology Development Co. Ltd.

**Jinglin Shi** is Chief Executive Officer and has served as the CEO of Longheda since its formation in 2004. Prior to joining Longheda, Mr. Shi served as Vice President of Sales at Daqing Yuehaitian Economic and Trade Co. Ltd.

**Colman Cheng** is Chief Financial officer, Treasurer and Secretary. Mr. Cheng has over 14 years of auditing, accounting and financial management experience. He holds a bachelor's degree in Accounting from Edith Cowan University in Australia and is an associate member of both the Hong Kong Institute of Certified Public Accountants and CPA Australia.

**Tony Chun Wai Chan** is Chairman of audit committee and governance and nominating committee. Mr. Chan has over 10 years of experience working with public companies listed in Hong Kong and Singapore, mergers and acquisitions and corporate finance. He is Certified Public Accountant in Hong Kong and Australia and has served as a director in Yeung, Chan and Associates CPA Limited since 2004.

**William Haus** is chairman of compensation committee. Mr. Haus has served as CEO and director of CS China Acquisition Corporation since 2008. Previously, he worked as analyst for The Pinnacle Fund and The Pinnacle China Fund. Mr. Haus graduated from the State University of New York College at Fredonia with a B.S. in business administration and a B.A. in economics and received a Master of Business Administration from Boston University. He is a Chartered Financial Analyst (CFA).

**Jingfu Li** is board member. Mr. Li has over 40 years of teaching experience in the subject of horticulture. Currently, he is professor and doctoral advisor at the Northeast Agricultural University in China. He was awarded with governmental allowance by the State Council and first prize in Scientific Technology Advancement.

## SELECTED FINANCIAL DATA

(in thousands)	Three Months Ended June 30,		Fiscal Year Ended March 31,	
	2009 (Unaudited)	2008 (Unaudited)	2009 Audited	2008 (Pro Forma) Unaudited
Net sales	\$9,358	\$5,164	\$56,419	\$34,510
Cost of goods sold	(5,436)	(2,436)	(31,778)	(18,168)
Gross profit	3,922	2,728	24,641	16,342
SG&A	(1,772)	(790)	(15,339)	(3,227)
Operating income	2,150	1,938	9,302	13,115
Income taxes	(585)	20	(4,128)	(1,160)
Net income	\$1,573	\$1,699	\$4,517	\$11,583
Basic/Diluted earnings per share	\$0.04	\$0.06	\$0.14	\$0.38

(in thousands)	30-Jun-09	31-Mar-09	31-Mar-08
Total Current Assets	\$20,647	\$20,367	\$11,097
Total Assets	38,446	38,578	19,464
Total Current Liabilities	2,645	4,353	9,520
Total Liabilities	10,054	11,761	9,520
Shareholders Equity	28,392	26,817	5,905

\* For comparison and informational purpose, the Company provides a pro forma statement of operations including Longheda's operations for the fiscal year ended March 31, 2008 and March 31, 2007. Please refer to the Company's latest 10K for additional information on pro forma results.

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### Business Risks and Forward-Looking Statements

Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Potential risks and uncertainties include, but are not limited to, such factors as availability of capital fluctuations in market condition, the Company's ability to maintain customer relationships, technological advancements, growth in targeted markets and other risks provided in the Company's filings with the United States Securities and Exchange Commission.

Readers are advised that this information is intended for the use of investment professionals. Anyone interested in obtaining information on the Company should contact China Nutrifruit Group Limited, (CNGL) or CCG, as set forth above, to receive the Company's most recent financial reports. This Financial Profile was developed by the Company and is intended solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy the Company's stock. This Profile is based upon information available to the public, as well as other information from sources which management believes to be reliable, but is not guaranteed by CNGL as being accurate nor does it purport to be complete. Opinions expressed herein are those of management as of the date of publication and are subject to change without notice.

### CHINA NUTRIFRUIT GROUP LIMITED AND SUBSIDIARIES Reconciliation of non-GAAP Operating Income and Net Income (in thousands except per share data)

	Fiscal Year ended March 31, 2009
<b>Net income as reported under GAAP</b>	4,517
Add: Non cash stock compensation expense (1)	9,519
Adjusted Net Income	14,036
<b>Diluted Earnings Per Share reported under GAAP</b>	\$0.14
Add: Non cash stock compensation expense per share (1)	\$0.28
Adjusted Diluted Earnings Per Share	\$0.42
Diluted weighted average number of common stock outstanding	33,452
<b>Operating Income (Loss) as reported under GAAP</b>	9,302
Add: Non cash stock compensation expense (1)	9,519
Adjusted Operating Income	18,822

(1) Non-cash stock compensation expense recorded in the fiscal year of 2009 related to the release of 2,799,799 shares from escrow to the Company's majority shareholder, Mr. Kung.