ENERGROUP HOLDINGS CORP
Form 10-Q
May 20, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to ______________

Commission File Number 0-28806

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

Nevada	**87-0420774**
(State of Incorporation)	(I.R.S. Employer Identification No.)
No. 9, Xin Yi Street, Ganjingzi District **Dalian City, Liaoning Province, PRC 116039**	**N/A**
(Address of principal executive offices)	(Zip Code)

+86 411 867 166 96
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer o Accelerated Filer o Non-Accelerated Filer o Smaller Reporting Company x

Indicate by check mark whether the registrant is a shell company (as determined in Rule 12b-2 of the Exchange Act).
Yes ¨ No x

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes o No o

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of March 31, 2008, the Registrant had 21,136,391 shares of Common Stock outstanding.

ENERGROUP HOLDINGS CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Note		3/31/2008		12/31/07
ASSETS					
Cash		$	7,039,089	$	14,031,851
Restricted Cash	3		2,157,831		4,250,000
Accounts Receivable	4		3,004,163		622,433
Other Receivable			1,638,132		1,068,939
Related Party Receivable	6		15,506,766		3,964,357
Inventory	5		4,466,012		2,916,016
Purchase Deposit			7,824,478		267,807
Prepaid Expenses			134,450		46,401
Prepaid Taxes			156,787		-
Deferred Tax Asset			639,360		613,844
Total current assets			42,567,071		27,781,648
Property, Plant & Equipment, net	7		25,724,989		24,836,496
Land Use Rights, net	8		13,326,162		12,855,980
Construction in Progress			994,917		927,866
Other Assets			33,975		32,619
TOTAL ASSETS		$	82,647,114	$	66,434,609
LIABILITIES					
Bank Loans & Notes	9	$	14,881,376	$	7,383,095
Accounts Payable			3,659,840		3,779,274
Accrued Liabilities			3,605,852		3,347,013
Taxes Payable			2,097,757		1,491,876
Other Payable			1,458,926		1,471,381
Customer Deposits			82,042		24,161
Total current liabilities			25,785,792		17,496,800
TOTAL LIABILITIES		$	25,785,792	$	17,496,800

See Accompanying Notes to the Financial Statements and Accountant's Report

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

	Note		3/31/2008		12/31/07
STOCKHOLDERS' EQUITY					
Preferred Stock - $0.001 par value 10,000,000 shares authorized; 0 shares issued & outstanding at March 31, 2008 and December 31, 2007, respectively.					
Common Stock $0.001 par value 21,739,130 shares authorized; 21,136,392 shares issued & outstanding at March 31, 2008 and December 31, 2007, respectively.		$	21,136	$	21,136
Additional Paid in Capital	10		15,440,043		15,440,043
Statutory Reserve			1,692,660		751,444
Retained Earnings			33,064,237		29,764,236
Accumulated Other Comprehensive Income			6,643,246		2,960,951
TOTAL STOCKHOLDERS' EQUITY			56,861,322		48,937,810
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$	82,647,114	$	66,434,610

See Accompanying Notes to the Financial Statements and Accountant’s Report

Energroup Holdings Corporation
Consolidated Statements of Operations
For the three-month period ended March 31, 2008 and 2007
(Stated in US Dollars)

	Note	3/31/2008	3/31/2007
Revenue			
Sales		$ 43,507,098	$ 23,187,994
Cost of Sales		(36,474,424)	(19,025,632)
Gross Profit		7,032,674	4,162,362
Operating Expenses			
Selling Expenses		1,825,277	229,419
General & Administrative Expenses		492,973	305,136
Total Operating Expense		2,318,250	534,555
Operating Income/(Loss)		4,714,423	3,627,807
Other Income (Expenses)			
Other Income		24,269	2,728
Interest Income		3,985	-
Other Expenses		(28,650)	(28,173)
Interest Expense		(306,465)	(592,978)
Total Other Income (Loss) and Expense		(306,861)	(618,423)
Earnings before Tax		4,407,562	3,009,384
Income Tax/Deferred Tax Benefit		(166,345)	-
Net Income		$ 4,241,217	$ 3,009,384
Earnings Per Share			
Basic		$ 0.25	$ 0.22
Diluted		0.20	0.17
Weighted Average Shares Outstanding			
Basic		17,272,756	13,409,120
Diluted		21,182,756	17,272,756

See Accompanying Notes to the Financial Statements and Accountant's Report

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

	Common Stock Shares Outstanding	Amount	Common Stock Additional Paid in Capital	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2007	17,272,756	17,273	2,396,079	751,444	18,112,089	896,679	22,173,563
Issuance of Common Stock & Warrants	3,863,636	3,863	13,043,964				13,047,828
Net Income					11,652,147		11,652,147
Appropriations of Retained Earnings				-	-		-
Foreign Currency Translation Adjustment						2,064,272	2,064,272
Balance, December 31, 2007	21,136,392	21,136	15,440,043	751,444	29,764,236	2,960,951	48,937,810
Balance, January 1, 2008	21,136,392	21,136	15,440,043	751,444	29,764,236	2,960,951	48,937,810
Issuance of Common Stock & Warrants							-
Net Income					4,241,217		4,241,217
Appropriations of Retained Earnings				941,216	(941,216)		-
Foreign Currency Translation Adjustment						3,682,295	3,682,285
Balance, March 31, 2008	21,136,392	21,136	15,440,043	1,692,660	33,064,237	6,643,246	56,861,312

Accumulated Comprehensive Income

	12/31/2007	3/31/2008	Total
Comprehensive Income			
Net Income	11,652,147	4,241,217	15,893,364
Comprehensive Other Income			
Foreign Currency Translation Adjustment	2,064,272	3,682,295	5,746,557

	13,716,419	7,923,512	21,639,921

See Accompanying Notes to the Financial Statements and Accountant's Report

Energroup Holdings Corporation
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2008 and 2007
(Stated in US Dollars)

	3/31/2008	3/31/2007
Cash Flow from Operating Activities		
Cash Received from Customers	$ 29,072,645	$ 23,498,395
Cash Paid to Suppliers & Employees	(47,912,070)	(17,639,438)
Interest Received	3,985	-
Interest Paid (net of amount capitalized)	(1,075,461)	413,282
Income Tax Paid	(191,861)	-
Miscellaneous Receipts	24,269	2,728
Cash Sourced/(Used) in Operating Activities	(20,079,493)	5,448,403
Cash Flows from Investing Activities		
Escrowed Funds from Private Placement Placed in Restricted Cash	2,092,169	-
Payments for Purchases of Plant & Equipment	(1,623,365)	(126,241)
Payments for Purchases of Land Use Rights	(261,294)	643,388
Payments for Deposits	(1,356)	-
Cash Used/(Sourced) in Investing Activities	206,155	(769,629)
Cash Flows from Financing Activities		
Proceeds Allocated to Accrued Liabilities for Liquidated Damages from Issuance of Stock & Warrants	1,700,000	-
Proceeds from Bank Borrowings	14,881,376	-
Repayment of Bank Loans	(7,383,095)	(1,286,776)
Cash Sourced/(Used) in Financing Activities	9,198,281	(1,286,776)
Net Increase/(Decrease) in Cash & Cash Equivalents for the Year	(10,675,047)	3,391,998
Effect of Currency Translation	3,682,285	43,783
Cash & Cash Equivalents at Beginning of Year	14,031,851	3,075,787
Cash & Cash Equivalents at End of Year	$ 7,039,089	$ 6,511,568

See Accompanying Notes to the Financial Statements and Accountant's Report

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

	3/31/2008	3/31/2007
Net Income	$ 4,241,217	$ 3,009,384
Adjustments to Reconcile Net Income to Net Cash Provided by Cash Activities:		
Liquidated Damages Included in Accrued Liabilities	(1,700,000)	-
Amortization	(208,889)	43,429
Depreciation	667,821	434,629
Provision for Bad Debt	3,522	-
Decrease/(Increase) in Accounts Receivable	(2,385,252)	1,307,287
Decrease/(Increase) in Other Receivable	(569,194)	(220,811)
Decrease/(Increase) in Related Party Receivable	(11,542,409)	262,229
Decrease/(Increase) in Inventory	(1,549,996)	589,689
Decrease/(Increase) in Advance to Suppliers	(7,556,671)	916,407
Decrease/(Increase) in Prepaid Taxes	28,530	-
Decrease/(Increase) in Prepaid Expenses	(88,049)	(51,843)
Decrease/(Increase) in Deferred Tax Benefit	(25,516)	-
Increase/(Decrease) in Accounts Payable	(119,434)	(709,758)
Increase/(Decrease) in Taxes Payable	420,563	509,418
Increase/(Decrease) in Other Payable	(12,455)	(294,428)
Increase/(Decrease) in Related Party Payable	-	694,075
Increase/(Decrease) in Accrued Liabilities	258,839	(1,038,304)
Increase/(Decrease) in Customer Advances	57,880	-
Total of all adjustments	(24,320,710)	2,439,019
Net Cash Provided by/(Used in) Operating Activities	**$ (20,079,493)**	**$ 5,448,403**

See Accompanying Notes to the Financial Statements and Accountant's Report

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

1. The Company and Principal Business Activities

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

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

Dalian Precious Sheen Investments Consulting Co., Ltd. ("Chuming") is an intermediary holding company established in the People's Republic of China (the "PRC" or "China") formed for the purpose of providing a group structure to enhance the viable capacity of its three PRC operating subsidiaries.

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

Corporate Reorganization

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

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

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

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

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

Share Exchange Transaction

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

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

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

2. Summary of Significant Accounting Policies

(A) Method of Accounting

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

(B) Principles of Consolidation

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

The Company has owned the three operating subsidiaries since its inception. The Company also owns two intermediary holdings companies. As of March 31, 2008, the detailed identities of the consolidating subsidiaries are as follows: -

Name of Company	Place of Incorporation	Attributable Equity Interest	Registered Capital	
Precious Sheen Investments Limited	BVI	100%	USD	10,000
Dalian Chuming Precious Sheen Investment Consulting Co., Ltd.	PRC	100%	RMB	29,400,682
Dalian Chuming Slaughtering & Pork Packaging Co. Ltd.	PRC	100%	RMB	10,000,000
Dalian Chuming Processed Foods Co. Ltd.	PRC	100%	RMB	5,000,000
Dalian Chuming Sales Co. Ltd.	PRC	100%	RMB	5,000,000

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

(C) Use of Estimates

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

(D) Cash Equivalents

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

(E) Accounts Receivable

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

(F) Inventory Carrying Value

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

(G) Advances to Suppliers

Advances to suppliers represent the cash paid in advance for purchasing raw materials. The advances to suppliers are interest free and unsecured.

(H) Property, Plant, and Equipment

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

Construction in progress represents the direct costs of design, acquisition, and construction of buildings, building improvements and land improvements. Capitalization of these costs ceases when substantially all activities necessary to prepare the assets for their intended use are completed. At such point, construction in progress is transferred to its respective asset classification. No depreciation is provided until it is completed and ready for intended use.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

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

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

(I) Land Use Rights

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

(J) Construction in Progress

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

(J) Accounting for Impairment of Assets

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

(K) Customer Deposits

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

(L) Statutory Reserve

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

(M) Other Comprehensive Income

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

(N) Recognition of Revenue

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

(O) Cost of Sales

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

(P) Selling Expense

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

(Q) General & Administrative

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

(R) Shipping and handling

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

(S) Advertising Expense

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

(T) Retirement Benefits

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

(U) Income Taxes

The Company accounts for income tax using an asset and liability approach and allows for recognition of deferred tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future realization is uncertain.

(V) Economic and Political Risks

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

(W) Foreign Currency Translation

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

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

Exchange Rates	**Quarter Ending 3/31/2008**	**Year Ending** 12/31/2007	**Quarter Ending** 3/31/2007
RMB : US$ exchange rate (at period ending)	7.0222	7.3141	7.7409
Average RMB : US$ exchange rate	7.1757	7.6172	7.8753

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

(X) Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the sum of the weighted average number of ordinary shares outstanding and dilutive potential ordinary shares during the years. During the years ended 2004, 2005, and 2006, no dilutive potential ordinary shares were issued.

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

(Y) Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board issued FASB Statement No. 141 (Revised 2007), Business Combinations ("SFAS 141R"). SFAS 141R provides additional guidance on improving the relevance, representational faithfulness, and comparability of the financial information that a reporting entity provides in its financial reports about a business combination and its effects. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company believes there will be no material impact on its financial statements upon adoption of this standard.

In December 2007, the Financial Accounting Standards Board issued FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51* ("SFAS 160"). SFAS 160 amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This Statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company believes there will be no material impact on its financial statements upon adoption of this standard.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

3. Restricted Cash

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

4. Accounts Receivable

Accounts Receivable at December 31, consisted of the following: -

	3/31/2008	12/31/2007
Accounts Receivable – Trade	$ 3,092,407	$ 707,156
Less: Allowance for Doubtful Accounts	(88,244)	(84,723)
Net Accounts Receivable	$ 3,004,163	$ 622,433

Allowance for Bad Debts	3/31/2008	12/31/2007
Beginning Balance	$ 84,723	$ 79,267
Allowance Provided	3,521	5,456
Charged Against Allowance		-
Ending Balance	$ 88,244	$ 84,723

5. Inventory

	3/31/2008	12/31/2007
Raw Materials	$ 1,591,950	$ 1,039,440
Work in Progress	839,117	547,889
Finished Goods	2,034,946	1,328,688
	$ 4,466,012	$ 2,916,016

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

6. Related Party Receivable

In the normal course of business, the Company conducts transactions with the following related parties: Dalian Chuming Group Co., Ltd ("Group) and the Group subsidiaries that are not consolidated into Energroup Holdings or Energroup's subsidiary, Dalian Chuming Precious Sheen Investments Consulting Co. Ltd. (Chuming): (1) Dalian Chuming Industrial Development Co., Ltd., (2) Dalian Chuming Trading Co., Ltd, (3) Dalian Mingxing Livestock Product Co. Ltd., (4) Dalian Chuming Stockbreeding Combo Development Co., Ltd., (5) Dalian Chuming Fodder Co., Ltd., and (6) Dalian Chuming Biological Technology Co., Ltd., and (7) Dalian Huayu Seafood Food Co., Ltd. The Company and the aforementioned related parties share common ownership. All related party transactions are consummated between Chuming and through the Group. All transactions with related parties were performed at arm's length.

In the event that the Company has both receivables from, and payables to the Group it will, in accordance with FIN 39, set off the balances in order to arrive at a single balance that is either due from, or due to the Group.

At March 31, the Company had both a balance of $61,863,588 receivable from the Group and a balance of $46,356,821 payable to the Group. Accordingly, the Comany setoff the two balances which resulted in a net balance of $15,506,766 receivable.

Related party transactions at March 31, 2008 consist of the following:

		3/31/2008
Related Party Receivable	$	61,863,588
Related Party Payable		(46,356,821)
Related Party Receivable, net	$	15,506,766

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

7. Property, Plant & Equipment

March 31, 2008		**Cost**		**Accumulated Depreciation**		**Net**
Land Improvements	$	516,717	$	93,066	$	423,651
Building Improvements		80,873		17,938		62,935
Buildings		20,352,594		2,750,551		17,602,044
Manufacturing Equipment		9,540,457		2,316,345		7,224,111
Office Equipment		128,502		68,409		60,092
Vehicles		686,293		364,338		321,955
Furniture & Fixture		51,774		21,573		30,201
	$	31,357,209	$	5,632,220	$	25,724,989

December 31, 2007		**Cost**		**Accumulated Depreciation**		**Net**
Land Improvements	$	491,071	$	82,031	$	409,040
Building Improvements		76,859		15,811		61,048
Buildings		19,342,461		2,424,415		16,918,046
Manufacturing Equipment		9,066,948		2,041,694		7,025,254
Office Equipment		122,124		60,298		61,826
Vehicles		652,231		321,138		331,093
Furniture & Fixture		49,204		19,015		30,189
	$	29,800,898	$	4,964,402	$	24,836,496

8. Land Use Right

The Company had the following intangible assets outstanding at March 31, 2008 and December 31, 2007:

		3/31/2008		12/31/2007
Land Use Rights, at Cost	$	13,762,873	$	13,501,580
less: Accumulated Amortization		(436,711)		(645,600)
	$	13,326,162	$	12,855,980

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

9. Bank Loans

(A) Short Term Bank Loans

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

Bank	Interest Rate	Due Date	Amount
Bank of China	8.217%	12/11/2008	$ 2,919,313
Bank of China	8.217%	11/27/2008	$ 4,272,165
Bank of China	8.019%	1/18/2009	$ 1,993,677
Shanghai Pudong Development Bank	7.182%	7/23/2008	$ 5,696,220
			$ 14,881,376

The loans provided by the Bank of China and the Shanghai Pudong Development Bank have been secured by the Company's land use rights and guaranteed by the Dalian Chuming Group Co., Ltd.

(B) Bank Loan through Group

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

At December 31, 2007, the debt had been repaid in its entirety to Dalian Chuming Group Co. Ltd. The Company repaid the balance by extinguishing receivables owed by the Group to the Company. The Company repaid the loan in order to meet the requirements of the equity financing transaction detailed in Note 18. The balances are now owed by Dalian Chuming Group Co. Ltd to the Banks, and liability for paying the bonding insurance annually lies with the Group. The pledged collateral of land use rights and buildings made to the Bond Issuer still underly the loan currently owed by the Group, and as such, the Company's assets, namely the buildings and land use rights, are at risk if the Group were to default on this loan.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

10. Capitalization

As a result of the reverse take-over on December 31, 2007 including an exchange of shares and issuance of common stock to private investors pursuant to the equity financing plan, the total capitalization as of March 31, 2008 is shown in the following table.

Name of Shareholder	Number of Shares		Common Stock Capital		Additional Paid in Capital	Equity %
Operating Companies Founders	14,688,948	$	14,689	$	2,396,079	69.50%
PRE-RTO Shell Shareholders	422,756		423		-	2.00%
Advisors & Consultants	2,161,052		2,161		-	10.22%
Private Investors	3,863,636		3,863		13,043,964	18.28%
	21,136,392	$	21,136	$	15,440,043	100.00%

11 Commitments of Statutory Reserve

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

		3/31/2008		12/31/2007
PRC Registered Capital	$	3,643,866	$	3,642,866
- Statutory Reserve Ceiling based on 50% of Registered Capital		1,821,433		1,821,433
Less: - Retained Earnings appropriated to Statutory Reserve		1,692,660		751,444
Reserve Commitment Outstanding	$	128,773	$	1,069,989

12. Advertising Costs

Advertising expenses were $542,233 and $50,313 for the three months ended March 31, 2008 and 2007, respectively.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

13. Income Taxes

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

Meat Company has been given special tax-free status by the PRC government because of the Company standing as leader in its industry in Dalian; therefore, no provision for income tax in the PRC was made for the three months ended March 31, 2008 and 2007.

Food Company has provided provisions for income taxes for the three months ended March 31, 2008 and 2007 of $166,344 and $0, respectively.

Sales Company has not provided provisions for income taxes for the three months ended March 31, 2008 and 2007.

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

i.	March 31, 2008	Tax expense	$	166,344
ii.	March 31, 2007	Tax expense	$	0

Beginning December 31, 2007, the Company's foreign subsidiaries became subject to U.S. income tax liability; however, the tax is deferred until foreign source income is repatriated to the Company. Accordingly, the Company has not made any provisions for U.S. income tax liability.

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

14. Commitments

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

There were no severance packages to any key management personnel that have resigned their positions. The Company has the right to terminate employment at any time.

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

Year	Hogs		Price Per Hog		Amount
2008	630,000	$	162.81	$	102,572,116
2009	800,000	$	187.13	$	149,704,306
2010	800,000	$	205.84	$	164,674,737

$	**416,951,159**

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

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Notes to Consolidated Financial Statements
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15. Operating Segments

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

Below is a presentation of the Company's Statement of Income and Balance Sheet for its operating subsidiaries at, and for the three months ended March 31, 2008. The Company has also provided reconciling adjustments with the Company and its intermediate holding companies Dalian Chuming Precious Sheen Investments Consulting Ltd. ("Chuming WFOE") and Precious Sheen Investments Ltd (PSI).

	Meat Company	Food Company	Sales Company	Chuming WOFE, PSI & Eliminations	Total
Sales	$ 41,207,696	$ 4,744,501	$ 8,259,335	($10,704,434)	$ 43,507,098
Cost of Sales	(35,775,600)	(3,311,045)	(8,092,214)	10,704,434	(36,474,424)
Gross Profit	5,432,096	1,433,456	167,121	-	7,032,674
Operating expense	(1,239,863)	(588,696)	(434,210)	(55,481)	(2,318,250)
Operating (Loss)/Profit	4,192,233	844,760	(267,089)	(55,481)	4,714,424
Other Income (Expenses)	(112,149)	(179,382)	(17,845)	2,515	(306,862)
Earnings before Tax	4,080,084	665,378	(284,934)	(52,966)	4,407,562
Tax	-	(166,345)	-	-	(166,345)
Net Income	$ 4,080,084	$ 499,033	($284,934)	($52,966)	$ 4,241,217

Eliminated Intercompany Sales of Products Sold

Sold From:	Sold To:	Amount
Food Company	Sales Company	$ 1,330,545
Meat Company	Sales Company	$ 6,663,303
Meat Company	Food Company	$ 2,710,586
		$ 10,704,434

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Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

	Meat Company	Food Company	Sales Company	Chuming WOFE, PSI, & Eliminations	Total
Current Assets	$ 44,418,357	$ 25,858,080	$ 33,619,195	$ (61,328,561)	$ 42,567,071
Non Current Assets	23,094,927	16,824,494	160,622	-	40,080,043
Total Assets	$ 67,513,284	$ 42,682,574	$ 33,779,817	$ (61,328,561)	$ 82,647,114
Current Liabilities	27,144,022	37,812,880	34,965,778	(74,136,888)	25,785,792
Total Liabilities	$ 27,144,022	$ 37,812,880	$ 34,965,778	$ (74,136,888)	$ 25,785,792
Net Assets	40,369,262	4,869,694	(1,185,961)	12,808,327	56,861,322
Total Liabilities & Net Assets	$ 67,513,284	$ 42,682,574	$ 33,779,817	$ (61,328,561)	$ 82,647,114

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

16. Earnings Per Share

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

	Three Months Ended	
	3/31/2008	**3/31/2007**
Net Income	$ 4,241,217	$ 3,009,384
Original Shares	13,409,120	13,409,120
Addition to Common Stock from Offering on December 31, 2007	3,863,636	-
Basic Weighted Average Shares Outstanding	17,272,756	13,409,120
Addition to Common Stock if Contingent Shares Held in Escrow Were Released	3,863,636	3,863,636
Addition to Common Stock if Warrants Were Exercised	46,364	-
Diluted Weighted Average Shares Outstanding	21,182,756	17,272,756
Earnings Per Share		
Basic	$ 0.25	$ 0.22
Diluted	$ 0.20	$ 0.17
Weighted Average Shares Outstanding		
Basic	17,272,756	13,409,120
Diluted	21,182,756	17,272,756

17 Concentration of Risk

(A) Demand Risk

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

(B) Supply Risk

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

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
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18. Financing Transaction

On December 31, 2007, the Company, a Nevada corporation ("Energroup" or the "Company"), acquired Precious Sheen Investments Ltd. ("PSI") in a reverse take-over transaction, by executing a Share Exchange Agreement ("Exchange Agreement") by and among Energroup, PSI, and all of the shareholders of PSI's issued and outstanding share capital (the "PSI Shareholders"). PSI owned 100% of the equity in Dalian Precious Sheen Investments Consulting Co., Ltd., a wholly foreign owned enterprise in the People's Republic of China ("Chuming WFOE"). Chuming is a holding company for the following three operating subsidiaries: (i) Dalian Chuming Slaughter and Packaging Pork Company Ltd., (ii) Dalian Chuming Processed Foods Company Ltd., and (iii) Dalian Chuming Sales Company Ltd., each of which is a limited liability company headquartered in, and organized under the laws of, China (collectively, the "Chuming Operating Subsidiaries").

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

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

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

In connection with the sales of securities to accredited investors under the securities purchase agreement, Hunter Wise Financial Group, LLC (the "Placement Agent"), was compensated with a commission of $1,190,000 which is equal to 7.00% of the aggregate purchase price and a warrant to purchase the 386,364 shares of the Company's common stock at an exercise price of $4.40 per share. At December 31, 2007, the Company had adequate authorized capital to issue common shares upon the exercise of the warrant.

Energroup Holdings Corporation
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2008 and 2007

At December 31, 2007, the total number of shares outstanding, on a fully diluted basis, is shown in the following table:

i.	Common shares outstanding prior to offering of securities	17,272,756
ii.	Common shares issued under securities purchase agreement	3,863,635
iii.	Common shares issuable upon exercise of placement agent warrants	386,364
		21,522,755

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

In connection with a make good agreement related to the financing transaction on December 31, 2007, the Company's Chairman and CEO, Mr. Shi Huashan placed in escrow 3,863,636 shares, which were beneficially owned by him,. These shares are to be released back to him if the Company meets the following earnings targets of $15.9 million, and $20.9 million in after-tax net income for the years ended December 31, 2008, and 2009 respectively. In the event that the Company does not meet the aforementioned financial targets, the escrowed shares will be released, on a pro-rata basis, to the investors in the financing transaction. In accordance with SFAS 128, *Earnings per Share*, for the sake of calculating the Company's earnings per share, the Company has accounted for the 3,863,636 escrowed shares as contingently issuable shares as such they are not included in the weighted average basic shares outstanding but are included in the weighted average diluted shares outstanding. Please refer to Note 16.

In accordance with Topic 5:T of the Staff Accounting Bulletins (SAB 79), the Company expects to record a compensatory expense for the shares upon their release from escrow. Whether the shares are released to the accredited investors or released to Mr. Shi the Company will record an expense with a corresponding credit to the Company's contributed paid in capital.

19. Purchase Deposits

The Company has paid purchase deposits to ensure adequate supply of hogs for processing and production of pork products. These deposits will be credited against purchase invoices upon delivery of inventory. The majority of the purchase deposits is attributable to payments made to Dalian Chuming Group Co., Ltd., which is the primary supplier of hogs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q and other reports filed by Registrant from time to time with the Securities and Exchange Commission (collectively the "Filings") contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, Registrant's management as well as estimates and assumptions made by Registrant's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words "anticipate", "believe", "estimate", "expect", "future", "intend", "plan", or the negative of these terms and similar expressions as they relate to Registrant or Registrant's management identify forward-looking statements. Such statements reflect the current view of Registrant with respect to future events and are subject to risks, uncertainties, assumptions, and other factors (including the risks contained in the section of this report entitled "Risk Factors") relating to Registrant's industry, Registrant's operations and results of operations, and any businesses that Registrant may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although Registrant believes that the expectations reflected in the forward-looking statements are reasonable, Registrant cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Registrant does not intend to update any of the forward-looking statements to conform these statements to actual results. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this quarterly report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations, and prospects.

In this Form 10-Q, references to "we", "our", "us", "our company", "Energroup" or the "Registrant" refer to Energroup Holdings Corporation, a Nevada corporation.

OVERVIEW

We are a meat processing company specializing in pork and pork products. We have a unique wholesale and retail distribution model and sell directly to over 7,600 retail outlets, including supermarkets and hypermarkets, across Northeast China.

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

1. Dalian Chuming Slaughter and Packaging Pork Company Ltd. (also referred to in this report as "Meat Company"), whose primary business activity is acquiring, slaughtering and packaging of pork and cattle;

2. Dalian Chuming Processed Foods Company Ltd. (also referred to in this report as "Food Company"), whose primary business activity is the processing of raw and cooked meat products; and

3. Dalian Chuming Sales Company Ltd. (also referred to in this report as "Sales Company"), which is responsible for our sales, marketing and distribution operations.

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

Recent Events in 2007 – Reverse Acquisition and Financing Transaction

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

Concurrently with the closing of the share exchange transaction, on December 31, 2007, we raised $17,000,000 in a private placement by issuing 3,863,635 shares of our common stock to fifteen accredited investors at $4.40 per share.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

Method of Accounting

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

Principles of Consolidation

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

Our three operating subsidiaries, the Meat Company, Food Company and Sales Company, were incorporated and have been in existence since December 2004. The Company also owns two intermediary holding companies. As of December 31, 2006, the detailed identities of the consolidating subsidiaries are as follows:

Name of Company	**Place of Incorporation**	**Attributable Equity Interest**	**Registered Capital**
Precious Sheen Investments Limited	BVI	100%	USD 10,000
Dalian Chuming Precious Sheen Investment Consulting Co., Ltd.	PRC	100%	RMB 29,400,682
Dalian Chuming Slaughtering & Pork Packaging Co. Ltd.	PRC	100%	RMB 10,000,000
Dalian Chuming Processed Foods Co. Ltd.	PRC	100%	RMB 5,000,000
Dalian Chuming Sales Co. Ltd.	PRC	100%	RMB 5,000,000

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

Use of Estimates

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

Accounts Receivable

We extend unsecured, non interest bearing credit to our customers; accordingly, we carry an allowance for doubtful accounts, which is an estimate, made by management. Management makes its estimate based on prior experience rates and assessment of specific outstanding customer balances. Management must approve credit extended to new customers who have met the criteria of our credit policy. It is typically the case that new customers must make payments in advance before we sell our products to them. For our premier customers such as supermarkets, we do typically extend 30-45 days of terms to them.

In order for us to minimize bad debt, we exercise control over both the length of the receivables, and the quantity of products shipped to our customers to whom we have extended credit, such as those who pay on a monthly basis. In exercising control over order quantities, on a product by product basis, we set maximum limits that will be shipped to those customers. If in the event, the customer is near their maximum and has an outstanding balance, we will request payment even if it is outside of the normal payment cycles of our customers.

Inventory Carrying Value

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

We observe and evaluate the value of inventory on a product by product basis. For our fresh meat products which are typically sold as carcasses (hogs sliced in half), we typically carry zero inventory as these products are sold immediately. We use a just in time model for fresh meat products. Our customers require fresh meat so we do not carry any excess inventory beyond the hogs that we slaughter each day. Current market conditions have also influenced our inventory across the board. For our products that we require additional processing such as hams and sausages we typically, carry two days' worth of inventory. For meat that has been separated into smaller packaged portion, we typically carry one weeks' worth of inventory. The PRC is currently facing a pork shortage, so as a result, presently we are able to sell all the fresh pork that we slaughter. Accordingly, we have not been required to write down inventory for spoilage. Also, if the hogs do not meet our requirements for quality they are disposed of, and charged off immediately to our cost of sales, and they will not enter our inventory.

Property, Plant, and Equipment

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

Construction in progress represents the direct costs of design, acquisition, and construction of buildings, building improvements and land improvements. Capitalization of these costs ceases when substantially all activities necessary to prepare the assets for their intended use are completed. At such point, construction in progress is transferred to its respective asset classification. No depreciation is provided until it is completed and ready for intended use.

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

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

Land Use Rights

We believe our estimation of useful life of our fixed assets has significant bearing on our cost of sales. The related depreciation is a factor of cost that cannot be ignored in assessing our profits. We believe we have used a conservative approach to assessing their useful lives. In our determination of useful life and depreciation methodology we coincidentally adhere to PRC GAAP standards in addition to U.S. GAAP. PRC GAAP standards provide a valuable and reasonable basis for determining useful life because the PRC government documents and records all forms of manufacturing equipment and provides guidance on what is considerable acceptable in terms of depreciation expense. We do also believe based on the quality and nature of the maintenance we regularly perform on our equipment, it is possible that our equipment could significantly outlive their stated estimated useful lives.

Customer Deposits

Customer deposits represents money we have received in advance for purchases of pork and pork products. We consider customer deposits as a liability until products have been shipped and sales revenue is earned.

Statutory Reserve

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

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the sum of the weighted average number of ordinary shares outstanding and dilutive potential ordinary shares during the years. During the years ended 2004, 2005, and 2006, no dilutive potential ordinary shares were issued.

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

In connection with our reverse acquisition completed on December 31, 2007, a total of 3,863,636 shares of our common stock held by a trust, the beneficiaries of which include our CEO Mr. Shi Huashan and his family, were deposited into a make good escrow account. See "Strategic Financing" beginning on page 4. We accounted for this deposit of escrow shares as "contingent shares," and accordingly reduced the number of shares deemed outstanding for accounting purposes from 21,136,392 to 17,272,756 . Accordingly, our "basic" weighted average shares outstanding is 17,272,756 and our "diluted" weighted average shares outstanding after giving effect for potential dilution from warrants outstanding is 21,182,756. If and when the make good escrow shares are released to their original owners or to investors, our "basic" weighted average shares outstanding will be increased accordingly. The effect of this accounting treatment of the make good escrow shares, is that our reported basic net income per share will be higher than our diluted net income per share, during the period in which the make-good shares are held in escrow.

Recent Accounting Pronouncements

In July 2006, the FASB issued FIN 48, Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109, which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that the Company recognizes in its consolidated financial statements the impact of a tax position if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective for the Company on January 1, 2007, with the cumulative effect of the change in accounting principle, if any, recorded as an adjustment to opening retained earnings.

In September 2006, the FASB issued SFAS 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements, where fair value is the relevant measurement attribute. The standard does not require any new fair value measurements. SFAS 157 is effective for financial statements issued for fiscal year beginning after November 15, 2007, and interim periods within those fiscal years.

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In September 2006, the SEC issued SAB No. 108, which provides guidance on the process of quantifying financial statement misstatements. In SAB No. 108, the SEC staff establishes an approach that requires quantification of financial statement errors, under both the iron-curtain and the roll-over methods, based on the effects of the error on each of the Company's financial statements and the related financial statement disclosures. SAB No.108 is generally effective for annual financial statements in the first fiscal year ending after November 15, 2006. The transition provisions of SAB No. 108 permits existing public companies to record the cumulative effect in the first year ending after November 15, 2006 by recording correcting adjustments to the carrying values of assets and liabilities as of the beginning of that year with the offsetting adjustment recorded to the opening balance of retained earnings.

In February 2007, the Financial Accounting Standards Board issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of SFAS 115 (SFAS No. 159), which allows for the option to measure financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. The objective of SFAS 159 is to provide opportunities to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply hedge accounting provisions. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS No. 159 on our consolidated financial statements.

In December 2007, the FASB issued SFAS 141 (revised 2007), *Business Combinations*, (''SFAS 141(R)''). SFAS 141(R) retains the fundamental requirements of the original pronouncement requiring that the purchase method be used for all business combinations, but also provides revised guidance for recognizing and measuring identifiable assets and goodwill acquired and liabilities assumed arising from contingencies, the capitalization of in-process research and development at fair value, and the expensing of acquisition-related costs as incurred. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008. In the event that the Company completes acquisitions subsequent to its adoption of SFAS 141 (R), the application of its provisions will likely have a material impact on the Company's results of operations, although the Company is not currently able to estimate that impact.

In December 2007, the FASB issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements − an amendment of ARB No. 51*. SFAS 160 requires that ownership interests in subsidiaries held by parties other than the parent (previously referred to as minority interests), and the amount of consolidated net income, be clearly identified, labeled and presented in the consolidated financial statements. It also requires once a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. Sufficient disclosures are required to clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners as components of equity. It is effective for fiscal years beginning after December 15, 2008, and requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements are applied prospectively. The Company does not expect the adoption of SFAS 160 to have a material impact on its financial condition or results of operations.

We do not anticipate that the adoption of the above standards will have a material impact on our consolidated financial statements.

RESULTS OF OPERATIONS

Comparison of Three Months Ended March 31, 2008 and March 31, 2007.

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

	Quarter Ending March 31, 2008	% of Sales	Quarter Ending March 31, 2007	% of Sales
Sales	$ 43,507,098	100.00%	$ 23,187,994	100.00%
Cost of Sales	(36,474,424)	83.84%	(19,025,632)	82.05%
Gross Profit	7,032,674	16.16%	4,162,362	17.95%
Selling Expenses	1,825,277	4.20%	229,419	0.99%
General & Administrative Expenses	492,973	1.13%	305,136	1.32%
Total Operating Expense	2,318,250	5.33%	534,555	2.31%
Operating Income / (Loss)	4,714,423	10.84%	3,627,807	15.65%
Other Income (Expense)	(306,465)	0.70%	(618,423)	2.67%
Earnings Before Tax	4,407,562	10.13%	3,009,384	12.98%
(Income Tax Expense) / Deferred Tax Benefit	(166,345)	0.38%	-	0.72%
Net Income	$ 4,241,217	9.75%	$ 3,009,384	12.98%
Earnings Per Share				
Basic	0.25		0.22	
Diluted	0.20		0.17	
Weighted Average Shares Outstanding				
Basic	17,272,756		13,409,120	
Diluted	21,182,756		17,272,756	

Sales. Our sales include revenues from sales of our fresh pork, frozen pork, and processed food products. During the quarter ended March 31, 2008, we had sales of $43,507,098 as compared to sales of $23,187,994 for the quarter ended March 31, 2007, an increase of approximately 88%. Our sales for our various product categories in the first quarter of 2008 are summarized as follows:

Sales by product category, in dollars:	First Quarter 2008 (amount)	% of Total Sales	First Quarter 2007	% of Total Sales	% of increase from 2007 to 2008
Fresh Pork	$ 36,384,986	83.63%	$ 17,653,019	76.13%	106.11%
Frozen Pork	2,358,085	5.42%	1,595,334	6.88%	47.81%
Processed Food Products	4,764,027	10.95%	3,939,640	16.99%	20.92%
Total Sales	$ 43,507,098	100%	$ 23,187,994	100%	87.63%

Sales by product category, by weight of product (metric tons):	**First Quarter 2008 (Weight in tons)**	**% of Total Sales**	**First Quarter 2007 (Weight in tons)**	**% of Total Sales**	**% of change from 2007 to 2008**
Fresh Pork	13,997	79.92%	10,306	73.75%	35.81%
Frozen Pork	1,086	6.20%	878	6.28%	23.69%
Processed Food Products	2,430	13.88%	2,791	19.97%	-12.93%
Total Sales	17,513	100%	$ 13,975	100%	25.32%

In the first quarter of 2008, we raised our average per-kilogram sale prices to our customers, as we did during 2007, which coincided with an increase in the cost of live pigs and other production costs. In addition, despite these consumer price increases, in the first quarter of 2008 our sales volume of fresh pork and frozen pork (by weight) increased, with the fresh pork category experiencing the highest growth in sales volume both by weight and in terms of sales revenue. We also increased our sales of frozen pork, both by weight and by sales revenue, in the first quarter of 2008 as compared with the same period in the prior year. For processed food products, our sales by weight decreased by 12.93%, but because of higher per-kilogram prices, our sales revenue for this product category increased by 20.92%. Management attributes the increases in sales revenue in all our product categories to the continuing strength in consumer demand for our products in the periods presented.

The following table shows the change in the average price per kilogram for our product to consumers in the quarter ending March 31, 2008, as compared to the same quarter last year:

	Average Per-Kilogram Price to Customers (in $US)			
	First Quarter of 2008	First Quarter of 2007	% change	Change in Price
Fresh Pork	$ 2.59	$ 1.68	54%	$ 0.91
Frozen Pork	$ 2.17	$ 1.82	19%	$ 0.35
Processed Food Products	$ 1.96	$ 1.41	39%	$ 0.55

In the first quarter of 2008, we raised our prices for fresh pork significantly, while we made more modest increases in the prices of our processed food products and frozen pork. We raised our prices for frozen pork by only 19% because we use grade-3 and grade-4 pigs for such products, which are lower in price than the grade-1 and grade-2 pigs, which we use to produce fresh pork products.

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

	Sales Channels		
As of March 31,	**Franchise Stores**	**Supermarkets**	**Restaurants and Canteens**
2007	436	93	2,482
2008	635	122	3,191

As shown in the table above, as of March 31, 2008, as compared to March 31, 2007, we significantly increased the number of participants in all three of these sales channels. The increase in the number of these participants has resulted in increased sales.

The following table shows the total increase in our sales, from the first quarter of 2008 as compared to the first quarter of 2007, by product category and by sales channel.

Increase in Sales from First Quarter of 2007 to First Quarter of 2008
By Product Group and Sales Channel ($)

	Franchise Operators	**Sales Agents**	**Super Markets**	**Restaurants and Canteens**	**Total Increase ($)**
Fresh Pork	5,449,458	4,791,484	7,939,765	562,512	18,743,219
Frozen Pork	n/a[1]	70,271	n/a[1]	687,895	758,166
Processed Food Products	63,020	368,571	185,508	200,619	817,718
Total Increase in Sales	5,512,478	5,230,326	8,125,273	1,451,026	20,319,103

[1] In the periods presented, we did not sell frozen pork through franchise operators and supermarkets.

In the first quarter of 2008, as compared to the same quarter in 2007, we achieved significantly higher sales revenue from the sale of fresh pork, which was a result of higher sales volume of this product category by weight, combined with increases in our per-kilogram prices to our customers. Management believes this is due to continued strong consumer demand for fresh pork.

In the first quarter of 2008, as compared to the same quarter in 2007, the majority of our increase in sales came through supermarkets, sales agent and franchise operators, respectively. The $8.1 million sales increase through supermarkets is due to the company's efforts in expanding the sales channel of supermarkets, which provides the Company with the largest profit margins, combined with increases in our per-kilogram prices of fresh pork.

Overall, management believes that our increase in sales, despite higher consumer prices, resulted from increased consumer demand, the expansion of our sales channels and sales network, and increased consumer awareness of our brand and availability of our products.

Cost of Sales. Cost of sales for the first quarter of 2008 increased by $17,448,792 or approximately 91.71%, from $19,025,632 for the three months ended March 31, 2007 to $36,474,424 for the three months ended March 31, 2008. The increase was attributable to the increase in sales for the first quarter of 2008 as compared to the same period in the prior year. Our cost of sales for our various product categories in the first quarter of 2008 is summarized as follows:

Cost of Sales:	First Quarter 2008	% of Overall Cost of Sales	First Quarter 2007	% of Overall Cost of Sales	% of increase from 2007 to 2008
Fresh Pork	$ 31,371,652	86.01%	$ 15,079,715	79.26%	108.03%
Frozen Pork	1,794,542	4.92%	1,253,789	6.59%	43.13%
Processed Food Products	3,308,230	9.07%	2,692,127	14.15%	22.89%
Total Cost of Sales	$ 36,474,424	100%	$ 19,025,632	100%	91.71%

Beginning in the second quarter of 2007, and throughout 2007 and continuing into the first quarter of 2008, we experienced a sharp increase in the cost of live pigs. Management estimates that the average cost of live pigs increased by approximately 98.7% between March 31, 2007 and March 31, 2008, which was the most significant factor causing an increase in our cost of sales. Secondly, we experienced continued modest price increases in electricity, water and coal, all of which we use in our production process. Thirdly, wages increased in the first quarter of 2008 by an estimated 40% as compared to the same period in 2007. Lastly, we experienced slight increases in transportation and delivery costs in the first quarter of 2008. Management estimates that we were able to recoup approximately 90% of these cost increases through increased consumer prices for our products. In pricing our products, management believed that attempting to offset all of the cost increases through higher prices to the consumer would not have been in the best interest of the Company. Management believes that productivity remained steady, with no significant changes in the first quarter of 2008 versus the same period in 2007.

The following table shows the estimated average per-kilogram price we paid for live pigs in 2006 and 2007:

	Average Unit Price Per Kilogram in 2007 (in $US)	Average Unit Price Per Kilogram in 2006 (in $US)	Price Increase (in $US)	% Increase
First Quarter	1.0579	0.9165	0.1414	15.43%
Second Quarter	1.3535	0.8367	0.5168	61.77%
Third Quarter	1.8104	0.8989	0.9115	101.40%
Fourth Quarter	1.8656	0.9288	0.9368	100.86%
Average for Year	1.5219	0.8952	0.6267	70.01%

The most rapid increase in live pig prices occurred in the first half of 2007, for the highest grades of live pigs. Management believes that while higher live pig prices may persist, management does not expect further rapid escalation in live pig prices of the scale seen in 2007. Management currently projects a 10% per year increase in the average price per kilogram for live pigs during the next several years.

The following table shows our cost of sales in the first quarter of 2008 as compared with the same period in 2007, and also indicates cost of sales by product group, as a percentage of sales within each product group.

Cost of Sales:	First Quarter of 2008	% of Product Group Sales	First Quarter of 2007	% of Product Group Sales
Fresh Pork	$ 31,371,652	86.22%	$ 15,079,715	85.42%
Frozen Pork	1,794,542	76.10%	1,253,789	78.59%

Processed Food Products	3,308,230	69.44%	2,692,127	68.33%
Total Sales	$ 36,474,424	83.84%	$ 19,025,632	82.05%

Our cost of sales as a percentage of sales of fresh pork increased slightly in the first quarter of 2008, as compared to the same period in 2007, primarily because of the increase in the cost of inputs, which were not completely offset by higher prices to our customers. The cost of sales as a percentage of sales of frozen pork fell slightly, however, which was due to the use of grade-3 and grade-4 pigs for such products, which are lower in price than the grade-1 and grade-2 pigs, which we use to produce fresh pork products. Most of the cost increase in live pigs occurred in the grade-1 and grade-2 categories.

Gross Profit. Gross profit was $7,032,674 for the three months ended March 31, 2008 as compared to $4,162,362 for the same period in 2007, representing an increase of $2,870,312, or approximately 69%. Management attributes the increase in gross profit to strong increases in sales, driven by strong demand for our products. In addition, we were able to achieve price increases for our products sold to our consumers in order to largely mitigate the impact of higher commodity and input prices that we had to pay in the first quarter of 2008. Our gross profit as a percentage of sales was 16.16% in the first quarter of 2008 as compared to 17.95% for the same period in 2007. The slight decrease in gross profit as a percentage of sales was attributable to these commodity and input price increases, not all of which we passed on to our customers in the form of higher product prices.

The following table presents our gross profit for the three months ended March 31, 2008 and 2007. The table below also shows the percentage of gross profit for each of our product groups, as a percentage of sales for that product group.

Gross Profit	**First Quarter of 2008**	**% of Product Group Sales**	**First Quarter of 2007**	**% of Product Group Sales**	**% of increase from First Quarter of 2007 to First Quarter of 2008**
Fresh Pork	$ 5,036,292	13.84%	$ 2,582,018	14.63%	95.05%
Frozen Pork	556,052	23.58%	339,350	21.27%	63.86%
Processed Food Products	1,440,330	30.23%	1,240,994	31.50%	16.06%
Total Sales	$ 7,032,674	16.16%	$ 4,162,362	17.95%	68.96%

As shown in the table above, the fresh pork as a product category delivered the highest increase in gross profit from the first quarter of 2008 as compared with the same period in 2007. However, in both periods, our processed food product category yielded the highest gross profit as a percentage of sales within the product category. Management attributes this to the use of grade-3 and grade-4 pigs and unsold portions of grade-1 and grade-2 pigs in producing our processed food products. Grade-3 and grade-4 pigs are generally lower in price than grade-1 and grade-2 pigs. Because of our superior processing and storage techniques and the strength of our brand-name, however, we are able to sell our processed food products at prices comparable to other processed products that use higher quality pork.

Selling Expenses. Selling expenses totaled $1,825,277 for the three months ended March 31, 2008, as compared to $229,419 for the same period in 2007, an increase of $1,595,858 or 696%. This increase is due to two major reasons. Firstl, in the first quarter of 2008, we expanded our advertising and marketing expenditures from approximately $54,000 in the first quarter of 2007 to approximately $1,410,000 for the same period of 2008 in our efforts to increase brand awareness and encourage sales. These activities included television commercials, radio, magazine and newspaper advertisements, and exhibitions. In the first quarter of 2008, we spent approximately $209,000 on newspaper advertisements; approximately $167,000 on radio advertisements; approximately $293,000 on television commercials advertisements; approximately $140,000 on mobile television commercials; approximately $223,000 on exhibitions and outdoor signs; approximately $195,000 on printing promotion materials; and approximately $167,000 on image design services and other related expenses. Secondly, in the first quarter of 2008, our vehicle-related expenses increased by approximately $46,000. This was due to the expansion of the size of our operations and recent increases in fuel prices.

General and Administrative Expenses. General and administrative expenses totaled $492,973 for the three months ended March 31, 2008 as compared to $305,136 for the same period in 2007, an increase of $187,837 or 62%. This increase is primarily attributable to the increased salary expense. We continued to hire new staff to meet the needs of our expending operations. Also, consistent with the recent escalation in the rate of inflation in China, the salaries and cost of benefits for our staff were increased overall by approximately 40% in the first quarter of 2008 as compared to the same period in 2007. These increases in salaries and benefits were made in order to maintain compensation levels that were sufficient to attract and retain qualified employees.

Other Income (Expense). Our other income (expense) consisted of interest income, other expenses, and interest expense. We had total other expenses of $306,861 for the three months ended March 31, 2008 as compared to $618,423 for the same period in 2007, a decrease of $311,562 or 50%. The decrease in other expenses in the first quarter of 2008 is primarily attributable to a decrease in interest expenses as we reduced our bank loan principal by repaying $10 million on December 25, 2007, and we did not receive the additional $18 million in new bank loans until January 26, 2008 resulting in no interest expenses from December 25, 2007 to January 25, 2008. Thus, although the interest expense we paid for the new loans were higher in the last two months of the first quarter of 2008, our total interest expense decreased.

Net Income. Our net income for the three months ended March 31, 2008 was $4,241,217 as compared to $3,009,384 for the same period in 2007, an increase of $1,231,833 or 41%. This increase in net income is attributable to the factors described above, but primarily from the increase in sales, and our efforts to manage our costs in order to achieve a gross profit margin of 16.16%, which is only slightly less than the gross profit margin achieved in the first quarter of 2007 of 17.95%. Gross profit margin decreased in the first quarter of 2008 as compared to the same period in 2007 primarily because of commodity and input price increases, not all of which we passed on to our customers in the form of higher product prices. Net income as a percentage of sales decreased from 12.98% in the first quarter of 2007 to 9.75% in the first quarter of 2008, and management attributes this to the same reasons for the decrease in gross profit margin, and also due to higher selling expenses as we increased our sales and marketing efforts in the first quarter of 2008 and had significantly more of such activities as compared to the first quarter of 2007. For instance, in our efforts to expand our market share, we increased our advertising expenditures by $1,356,000 or 2611% in the first quarter of 2008 as compared to the same period last year. In the first quarter of 2008, we increased our selling expenses by $1,595,858 as compared to the first quarter of 2007, or 696%.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Three Months Ended March 31, 2008

Net cash used in operating activities was $20,079,493 in the first quarter of 2008, while net cash flow sourced from operating activities was $5,448,403 in the same period in 2007. This is primarily attributable to several reasons as follows. First, in order to expand our sales, we began offering payment terms to accommodate our best customers - beginning in the first quarter of 2008, we offered extended payment terms to some of our quality long term clients with good credit (up to one month), where previously we required payment within 1-2 days of delivery of goods. This practice caused a decrease in, and some delay in collection of, our incoming cash. Second, in the first quarter of 2008, due to the persistent shortage of live pigs in the marketplace and in order to maintain a steady supply of live pigs, we decided to pay our suppliers, including the farmers and the Group, cash immediately upon delivery of live pigs to us. This practice caused an increase in our outgoing cash and a decrease our cash balances. Third, as an incentive to the live pig suppliers, in January 2008, we paid all remaining outstanding balances at the end of 2007 on accounts payable to our suppliers in cash. This practice increased our outgoing cash and decreased our cash balance. Because these adjustments in our approach to accounts receivable and accounts payable are “one-time” adjustments, management believes that the resulting effect on our cash position will be relatively short-lived, and it is estimated this may affect the first several quarters of 2008, but management does not expect the effect of these adjustments to recur after this adjustment period.

Net cash sourced from investing activities was $206,155 in the first quarter of 2008, compared to cash used in investing activities of $769,629 in the first quarter of 2007. This is related to our December 2007 private placement financing, pursuant to which $2,092,169 in funds from the private placement (out of the $4.25 million initially deposited into escrow) remained in escrow as restricted cash. The $1,497,124 increase in net cash used for plant and equipment purchases in the first quarter of 2008 is largely due to equipment purchases and remodeling expenses as we remodeled our slaughtering facilities in the first quarter of 2008 to meet expanding production needs.

Net cash sourced from financing activities was $9,198,281 in the first quarter of 2008 as compared to net cash used in financing activities of $1,286,776 in the first quarter of 2007. This is related to the $7.5 million in net proceeds from new bank loans that we received in the first quarter of 2008 from the Bank of China, Liaoning Branch and Shanghai Pudong Development Bank.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

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

The following tables summarize our contractual obligations as of March 31, 2008, and the effect these obligations are expected to have on our liquidity and cash flows in future periods.

	Payments Due by Period				
	Total	**Less than 1 year**	**1-3 Years**	**3-5 Years**	**5 Years +**
Contractual Obligations :					
Bank Indebtedness	$ 14,881,376	$ 14,881,376	$ -	$ -	$ -
Other Indebtedness	$ -	$ -	$ -	$ -	$ -
Capital Lease Obligations	$ -	$ -	$ -	$ -	$ -
Operating Leases	$ -	$ -	$ -	$ -	$ -
Purchase Obligations	$ 416,951,159	$ 102,572,116	$ 314,379,043	$ -	$ -
Total Contractual Obligations:	$ 431,832,535	$ 117,453,492	$ 314,379,043	$ -	-

Off-balance Sheet Arrangements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rates. Our exposure to market risk for changes in interest rates relates primarily to our short-term investments and short-term obligations; thus, fluctuations in interest rates would not have a material impact on the fair value of these securities. At March 31, 2008, we had approximately $7,039,089 in cash and cash equivalents. A hypothetical 10% increase or decrease in interest rates would not have a material impact on our earnings or loss, or the fair market value or cash flows of these instruments.

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

Our exposure to foreign exchange risk primarily relates to currency gains or losses resulting from timing differences between the signing of sales contracts and the settling of these contracts. Furthermore, we translate monetary assets and liabilities denominated in other currencies into RMB, the functional currency of our operating business. Our results of operations and cash flow are translated at average exchange rates during the period, and assets and liabilities are translated at the unified exchange rate as quoted by the People’s Bank of China at the end of the period. Translation adjustments resulting from this process are included in accumulated other comprehensive income in our statement of shareholders’ equity. We recorded net foreign currency gains of $43,783 and $3,682,295 in the first quarter of 2007 and 2008, respectively. We have not used any forward contracts, currency options or borrowings to hedge our exposure to foreign currency exchange risk. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future. As our sales denominated in foreign currencies, such as RMB, continue to grow, we may consider using arrangements to hedge our exposure to foreign currency exchange risk.

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

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of March 31, 2008, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective at the reasonable assurance level.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the quarter ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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

Risks Relating to Our Business

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

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

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

- upgrade our technology to support additional research and development.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition to our sales to wholesale customers, we sell our products through showcase stores, network stores and supermarket brand counters. All of these retail based stores exclusively sell our pork products and display the Chuming logo on our store facades. For the first half of 2007, these retail outlets accounted for approximately 43% of our total revenue. If the sales performance of our retail based stores deteriorates, this could adversely affect the financial results of the company. In addition, any sanitation, hygiene, or food quality problems that might arise from the retail based stores could adversely affect our brand image and lead to a loss of sales. Chuming does not own any of the retail based stores.

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

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

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

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

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

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

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

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

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

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

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

Unexpected business interruptions could adversely affect our business.

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

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

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal controls over financial reporting and have our independent registered public accounting firm annually attest to our evaluation, as well as issue their own opinion on our internal controls over financial reporting, beginning with our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. We plan to prepare for compliance with Section 404 by strengthening, assessing and testing our system of internal controls to provide the basis for our report. The process of strengthening our internal controls and complying with Section 404 is expensive and time consuming, and requires significant management attention, especially given that we have not yet undertaken any efforts to comply with the requirements of Section 404. We cannot be certain that the measures we will undertake will ensure that we will maintain adequate controls over our financial processes and reporting in the future. Furthermore, if we are able to rapidly grow our business, the internal controls that we will need will become more complex, and significantly more resources will be required to ensure our internal controls remain effective. Failure to implement required controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our auditors discover a material weakness in our internal controls, the disclosure of that fact, even if the weakness is quickly remedied, could diminish investors' confidence in our financial statements and harm our stock price. In addition, non-compliance with Section 404 could subject us to a variety of administrative sanctions, including the suspension of trading, ineligibility for listing on one of the Nasdaq Stock Markets or national securities exchanges, and the inability of registered broker-dealers to make a market in our common stock, which would further reduce our stock price.

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

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

We have limited business insurance coverage.

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

Risks Relating To Our Industry

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Relating To Conducting Business in the PRC

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

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

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

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

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

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

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

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

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

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

- *Rate of inflation*. According to the Consumer Price Index (CPI) compiled by the National Statistics Bureau of China, the overall rate of inflation (CPI) in August 2007 is 6.5% and the rate of inflation for food in August 2007 was 18.2%, which are substantially higher than most of the developed countries, and these factors affect the local market environment in which Chinese firms must operate.

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

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

- new laws and regulations and the interpretation of those laws and regulations;
- the introduction of measures to control inflation or stimulate growth;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; or
- any actions which limit our ability to develop, produce, import or sell our products in China, or to finance and operate our business in China.

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

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

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

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

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

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

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

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

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

We face risks related to health epidemics and other outbreaks.

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

Risks Related to Our Corporate Structure

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

As a result of the share exchange transaction disclosed elsewhere in this report, we own 100% of the equity interest in Precious Sheen Investments Limited, a British Virgin Islands company (“PSI “). PSI owns 100% of the equity in Dalian Precious Sheen Investments Consulting Co., Ltd., a wholly foreign owned enterprise in the PRC (“Chuming”). Chuming is a holding company for the following three operating subsidiaries: (i) Dalian Chuming Slaughter and Packaging

Pork Company Ltd., (ii) Dalian Chuming Processed Foods Company Ltd., and (iii) Dalian Chuming Sales Company Ltd., each of which is a limited liability company headquartered in, and organized under the laws of, China (collectively, the "Chuming Operating Subsidiaries").

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

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

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

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

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

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

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

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

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

Risk Relating to an Investment in Our Securities

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

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

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

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

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

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

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

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

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

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

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

Legislative actions, higher insurance costs and potential new accounting pronouncements may impact our future financial position and results of operations.

There have been regulatory changes, including the Sarbanes-Oxley Act of 2002, and there may potentially be new accounting pronouncements or additional regulatory rulings that will have an impact on our future financial position and results of operations. The Sarbanes-Oxley Act of 2002 and other rule changes, as well as proposed legislative initiatives following the Enron bankruptcy, are likely to increase general and administrative costs and expenses. In addition, insurers are likely to increase premiums as a result of high claims rates over the past several years, which we expect will increase our premiums for insurance policies. Further, there could be changes in certain accounting rules. These and other potential changes could materially increase the expenses we report under generally accepted accounting principles, and adversely affect our operating results.

Past activities of our company and its affiliates may lead to future liability for our company.

Prior to our acquisition of Chuming in December 2007, we engaged in businesses unrelated to our current operations. Although certain previously controlling shareholders of our company are providing certain indemnifications against any loss, liability, claim, damage or expense arising out of or based on any breach of or inaccuracy in any of their representations and warranties made regarding such acquisition, any liabilities relating to such prior business against which we are not completely indemnified may have a material adverse effect on our company.

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

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

Mergers of the type we just completed with Chuming are often heavily scrutinized by the SEC and we may encounter difficulties or delays in obtaining future regulatory approvals.

Historically, the SEC and Nasdaq have not generally favored transactions in which a privately held company merges into a largely inactive company with publicly traded stock, and there is a significant risk that we may encounter difficulties in obtaining the regulatory approvals necessary to conduct future financing or acquisition transactions, or to eventually achieve a listing of shares on one of the Nasdaq stock markets or on a national securities exchange. On June 29, 2005, the SEC adopted rules dealing with private company mergers into dormant or inactive public companies. As a result, it is likely that we will be scrutinized carefully by the SEC and possibly by the Financial Industry Regulatory Authority, which could result in difficulties or delays in achieving SEC clearance of any future registration statements or other SEC filings that we may pursue, in attracting FINRA-member broker-dealers to serve as market-makers in our common stock, or in achieving admission to one of the Nasdaq stock markets or any other national securities market. As a consequence, our financial condition and the value and liquidity of your shares of our common stock may be negatively impacted.

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

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

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

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

The market price for our stock may be volatile.

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

- actual or anticipated fluctuations in our quarterly operating results;

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

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

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

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

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are included in this report or incorporated by reference into this report:

Exhibit Number	Description
2.1	Share Exchange Agreement by and among the Energroup Holdings Corporation, PSI and PSI and Energroup Shareholders dated December 31, 2007 (1)
2.2	Articles and Plan of Merger (change in domicile from Utah to Nevada) (2)
3.1	Articles of Incorporation of Great Lakes Funding, Inc. (Utah) (1)
3.2	Bylaws of Great Lakes Funding, Inc. (1)
3.3	Articles of Amendment to Articles of Incorporation of Great Lakes Funding, Inc. (Name Change) (1)
3.4	Articles of Amendment to Articles of Incorporation of Energroup Technologies, Inc. (Reverse Split) (2)
3.5	Articles of Incorporation of Energroup Holdings Corporation (Nevada) (2)
3.6	Bylaws of Energroup Holdings Corporation (2)
3.7	Certificate of Amendment to Articles of Incorporation of Energroup Holdings Corporation (3)
4.1	Registration Rights Agreement dated December 2007 among Energroup and the investors signatory thereto (1)
4.2	Common Stock Purchase Warrant issued to Placement Agent (December 2007) (2)
10.11	Short-term Loan Agreement between Shanghai Pu Dong Development Bank Dalian Branch and Dalian Chuming Meat Co. * (English summary translation)
10.12	Short-term Loan Agreement between Bank of China Liao Ning Branch and Dalian Chuming Food Co. * (English summary translation)
10.13	Short-term Loan Agreement between Bank of China Liao Ning Branch and Dalian Chuming Meat Co. * (English summary translation)
10.14	Guarantee Agreement between Dalian Chuming Food Co. and Bank of China Liaoning Branch.* (English summary translation)
31.1	Rule 13a-14(a) / 15d-14(a)(4) Certification by the Company’s Chief Executive Officer.*
31.2	Rule 13a-14(a) / 15d-14(a)(4) Certification by the Company’s Chief Financial Officer.*
32.1	Section 1350 Certification by the Company’s Chief Executive Officer.*
32.2	Section 1350 Certification by the Company’s Chief Financial Officer.*

* Filed herewith.

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	ENERGROUP HOLDINGS CORPORATION	
Dated: May 20, 2008	By:	/s/ Shi Huashan Shi Huashan President and Chief Executive Officer (Principal Executive Officer)
Dated: May 20, 2008	By:	/s/ Wang Shu Wang Shu Chief Financial Officer (Principal Financial and Accounting Officer)