September 16, 2010

Recent Press on Chinese Reverse Mergers and Regulatory Deficiencies

Below are recent articles and reports concerning fraud in China, particularly surrounding US-listed Chinese companies, as well as recent press releases announcing class-action lawsuits or investigations against certain US-listed Chinese companies for suspected violations of securities laws. Also below is a table showing total declines in share price, from all-time peak to current, for the companies mentioned.

asensio.com's reports to regulators on its investigation of the causes of apparent cases of securities fraud among US-listed Chinese companies and related regulatory deficiencies were an important part of informing current policy debates surrounding inadequate auditing and disclosure standards among foreign companies listed in the US via reverse mergers.

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<table width="100%" border="1">

<tr valign="top">

<td width="22%"><div align="left">

<p><font size="2" face="Arial, Helvetica, sans-serif">September 15, 2010</font></p>

</div></td>

<td width="55%"><div align="left">

<p><font size="2" face="Arial, Helvetica, sans-serif"><a
href="http://www.asensio.com/china/bc091510.pdf">Travelling through China with the Universal Travel Group: fly
from Beijing to Yichang &#8211; pick up your tickets at Shenzhen airport!</a> </font></p>

</div></td>

<td width="30%"><div align="left">

<p><font size="2" face="Arial, Helvetica, sans-serif">Bronte Capital</font></p>

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<p><font size="2" face="Arial, Helvetica, sans-serif">September 14, 2010</font></p>

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<p><font size="2" face="Arial, Helvetica, sans-serif"><a
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href="http://www.asensio.com/china/street091410.pdf">Chinese Stocks: More Trouble Than They're Worth?</p>

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<td><div align="left">

<p>TheStreet.com</p>

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<td><div align="left">

<p>September 14, 2010</p>

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<p>The Law Office of Robbins Umeda LLP Announces an Investigation of China-Biotics, Inc. </p>

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<p>Business Wire</p>

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<td><div align="left">

<p>September 14, 2010</p>

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<p>China Biotics is a Fraud - Now sue Citron - We Dare You. </p>

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<p>Citron Research</p>

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<p>September 9, 2010</p>

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<td><div align="left">

<p>Fuqi International Shares Drop On SEC Investigation</p>

	Dow Jones	
September 2, 2010	[Shapiro Haber & Urmy LLP Files Class Action Lawsuit Against China Natural Gas, Inc.](http://www.asensio.com/china/bw/090210.pdf)	Business Wire
August 26, 2010	[Beware This Chinese Export](http://www.asensio.com/china/barronsCGA.pdf)	Barron's
August 6, 2010	[SEC Obtains Fraud Judgment Against Jason M. Genet, Former Stock Promoter of China Energy Savings Technology, Inc.; Judge Orders $2 Million In Disgorgement and Penalties, Five Year Penny Stock Bar](http://www.asensio.com/china/sec080610.pdf)	

Date	Title	Source
July 18, 2010	[Chinese Debate Allegations on Fraudulent Credentials](http://www.asensio.com/china/wsj071810.pdf)	The Wall Street Journal
July 16, 2010	[Orient Paper Announces Independent Third Party Investigation Into Muddy Waters Allegations](http://www.asensio.com/china/ONP.pdf)	PR Newswire
June 12, 2010	[The Rosen Law Firm Files Securities Fraud Class Action Against China North East Petroleum Holdings Limited](http://www.asensio.com/china/bw061210.pdf)	

(Preceding row, continued from prior page: ...Securities and Exchange Commission)

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<p><font size="2" face="Arial, Helvetica, sans-serif">Business Wire</font></p>
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<tr valign="top">
<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif">June 9, 2010</font></p>
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<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif"><a href="http://www.asensio.com/china/hp060910.pdf">NYSE-Traded Chinese Company CYD Settles Accounting Case With SEC</a></font></p>
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<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif">The Huffington Post
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<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif">June 7, 2010</font></p>
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<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif"><a href="http://www.asensio.com/china/sec_cyd.pdf">SEC Order Instituting Cease-and-Desist Proceeding Against China Yuchai International Limited</a></font></p>
</div></td>
<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif">U.S. Securities and Exchange Commission
</font></p>
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<p><font size="2" face="Arial, Helvetica, sans-serif">May 22, 2010</font></p>
</div></td>
<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif"><a href="http://www.asensio.com/china/barrons052210.pdf">Chinese Small-Caps Join Global Stock Swoon</a></font></p>
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<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif">Barron's</font></p>
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<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif">December 30, 2009</font></p>
</div></td>
<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif"><a href="http://www.asensio.com/china/nyt123009.pdf">China
Finds Huge Fraud by Officials</a></font></p>
</div></td>
<td><div align="left">
<p><font size="2" face="Arial, Helvetica, sans-serif">The New York Times</font></p>
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<p><strong>Stock Price Declines for Certain US-Listed Chinese Companies, From
All-Time Peak to Current (9/16/10)</strong><br>

<table width="75%" border="1">
<tr>
<td width="30%"><font size="2" face="Arial, Helvetica, sans-serif"><strong>Ticker<br>
</strong></font></td>
<td width="27%"><font size="2" face="Arial, Helvetica, sans-serif"><strong>Peak</strong></font></td>
<td width="19%"><font size="2" face="Arial, Helvetica, sans-serif"><strong>Current</strong></font></td>
<td width="24%"><font size="2" face="Arial, Helvetica, sans-serif"><strong>Decline</strong></font></td>
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<tr>
<td><font size="2" face="Arial, Helvetica, sans-serif">ADY<br>
</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">44.00</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">9.44</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">-79%</font></td>
</tr>
<tr>
<td><font size="2" face="Arial, Helvetica, sans-serif">AOB</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">14.48</font></td>
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	2.33		-84%
CBEH	12.31	6.28	-49%
CGA	18.70	8.76	-53%
CHBT	19.74	10.16	-49%
CHNG	15.62	5.81	-63%
CSKI	25.45	6.65	-74%
CYD	21.68	18.39	-15%

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<tr>
<td><font size="2" face="Arial, Helvetica, sans-serif">DEER</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">18.97</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">8.43</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">-56%</font></td>
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<tr>
<td><font size="2" face="Arial, Helvetica, sans-serif">DGW</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">41.43</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">12.35</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">-70%</font></td>
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<tr>
<td><font size="2" face="Arial, Helvetica, sans-serif">DYP</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">11.23</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">2.52</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">-78%</font></td>
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<tr>
<td><font size="2" face="Arial, Helvetica, sans-serif">FEED</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">21.31</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">2.41</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">-89%</font></td>
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<tr>
<td><font size="2" face="Arial, Helvetica, sans-serif">FUQI</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">32.68</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">7.07</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">-78%</font></td>
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<tr>
<td><font size="2" face="Arial, Helvetica, sans-serif">GFRE</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">14.94</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">7.05</font></td>
<td><font size="2" face="Arial, Helvetica, sans-serif">-53%</font></td>
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LIWA	12..69	7.95	-37%
NEP	11.59	5.17	-55%
ONP	15.15	4.17	-72%
RINO	35.15	14.13	-60%
SPU	8.10	4.38	-46%
UTA	17.20	4.05	-76%