

Consumer Capital Group, Inc.
On-line Retail
CCGN: OTC/BB

September 27, 2011

PROFILE

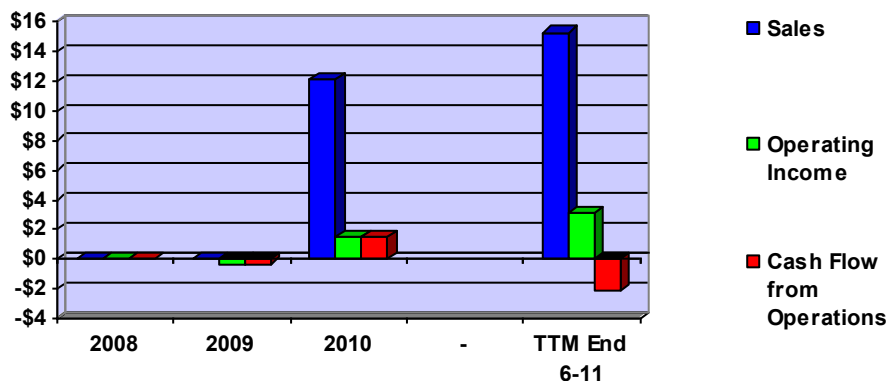
Consumer Capital Group (CCG) is an emerging business-to-consumer, (B2C) e-commerce platform provider in China. Its *China Consumer Capital Market* platform offers a unique and effective means for wholesalers in China to directly reach the retail consumer in China. Unlike other B2C platforms in China, the Company assumes no inventory or fulfillment risk. The Company earns revenue based on the value of completed sales and deliveries. Additionally, the Company operates a meat and specialty food distribution operation called Beitun Trading.

According to market researcher IDC, China currently has the largest number of Internet users in the world. IDC also estimates that the number of users could reach 575 million in the next two years and Boston Consulting Group offers an estimate of 1.5 billion Internet users by 2015. The functionality, accessibility and overall usage of the Internet have made it an increasingly popular medium for conducting commerce. Despite severe restriction place on Internet traffic by the People's Republic of China, the medium is following adoptions patterns faster than other economics in the West. B2C business models like that of the Company's platform, which refers to vendors selling goods or services directly to consumers via the Internet, represent a compelling opportunity for wholesalers to extend market reach consumers and expand sales with lower capital costs than the traditional store front approach.

We believe the Company has entered the market at a auspicious time, placing it among the first-movers in the industry in China. The Company is building a loyal customer base by creating an enjoyable online shopping experience for our customers. Sweepstakes and points programs are building shopper loyalty. A branded debit card program offered through Fujin Bank has enable electronic transactions for customers who previously only used cash for purchases.

Sales in the most recent twelve months ending June 2011 totaled \$15.3 million, representing the Company first full year of operations. Operating income in the period was \$3.1 million.

FINANCIAL PERFORMANCE



Dollars in millions; fiscal year ends December.

Source: Company Reports



CONSUMER CAPITAL GROUP

MARKET DATA

Price: \$1.90 (9/26/11)
 52 Wk Hi-Lo: \$7.00 - \$2.50
 Ave. Volume: 0.1 K
 Short Interest: NA
 Beta: NA

VALUATION

Price/Sales: 2.0 X
 Price/CFO: Neg
 Price/EPS: Neg
 Price/Book Value: 39.9 X

Based on TTM ending 6/30/11

Consensus EPS 2011: NA
 Forward PE: NA
 Consensus EPS 2012: NA
 Forward PE: NA

EQUITY SECURITIES

Common Shares Out: 18.9 M
 Insiders: 75%
 Float: 4.7 M
 Institutional: <1%
 5% Holders: -0-
 Common Dividend: Nil
 Preferred Shares: -0-
 Warrants and Options Outstanding: 3.3

As of 6/30/11

INVESTMENT HIGHLIGHTS

Positives

- ♦ Exceptionally large, fast growing market opportunity in China's e-commerce sector through rapid spread of the Internet as a medium
- ♦ Growing awareness of e-commerce as a viable distribution channel
- ♦ Building consumer buying power, growing acceptance of e-commerce and fast adoption rates for on-line purchasing
- ♦ Early mover status in the marketplace segment of the e-commerce industry with unique business-to-consumer platform
- ♦ High-margin business model in e-commerce segment which does not require assumption of inventory or order fulfillment risk
- ♦ Strong strategic partnership in Fuxin Bank for novel and timely branded debit card program
- ♦ Diversification through addition of food wholesale distribution operation acquired in November 2010
- ♦ Nominal dilution from the exercise of outstanding derivative securities
- ♦ No-debt balance sheet with adequate cash and working capital reserves

Negatives

- ♦ Low barriers to entry in the e-commerce arena leading to intensifying competition among existing competitors and potentially new entrants
- ♦ Majority ownership by insiders who can control strategic direction
- ♦ Thin leadership ranks with no independent board members, family relationships among senior management and on board of directors, and CEO and CFO positions held by one individual
- ♦ Related party transactions, including a critical contractual relationship with an entity under common ownership that holds required permits and licenses to do business in China
- ♦ Lesser-known auditor that may not command investor confidence given recent allegations of inadequate audits by small accounting firms
- ♦ Majority of business operations are conducted outside the United States and in the Chinese language, complicating efforts by U.S. investors to complete full due diligence or monitor the Company's operations
- ♦ Foreign ownership of Internet-based business is restricted under PRC laws and regulations and the PRC severely regulates Internet access
- ♦ Complex ownership structure involving contractual arrangements between subsidiaries and affiliated PRC entities

OPERATING RESULTS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>6 Mo 10</u>	<u>6 Mo 11</u>	<u>2011 Est</u>
Sales	-0-	-0-	\$12.1	-0-	\$3.3	\$18.0
Gross Profit	-0-	-0-	\$11.7	-0-	\$1.2	
Margin	na	na	96.7%	na	36.4%	
Oper. Inc.	-0-	(\$0.3)	\$ 1.5	(\$0.1)	(\$1.4)	
Net Inc.	-0-	(\$0.3)	\$ 0.8	(\$0.2)	(\$1.4)	
CFO	-0-	(\$0.3)	\$ 1.5	\$0.8	(\$2.8)	\$ -0-
EPS	-0-	(\$0.00)	\$0.00	(\$0.01)	(\$0.09)	
ROE	na	Neg	35.3%			
ROA	na	Neg	18.2%			

Dollars in millions except EPS; Fiscal year ends December. Operations commenced 2010.

Source: Company Reports and Crystal Equity Research Estimates

OUTLOOK

Report of CCG's successful June 2011 quarter appeared to go unnoticed by investors. China-based companies with stock listings in U.S. equity markets continue to experience significant volatility and price declines as allegations of fraudulent financial reporting continues to dominate headlines for the group. We believe the attitudes of investors vis-à-vis Chinese companies is an overriding factor in CCGN valuation. We also expect investors to remain highly skeptical until the current swirl of allegations are disproved or lose prominence in the financial media. In the meantime, expect CCGN valuation to remain depressed and unresponsive to fundamental developments. Investors may be able to buy shares below intrinsic value in the coming weeks. Shares of CCG remain a relatively unseasoned and continue to trade with significant spreads between bid and ask prices. Investors must consider that such wide spreads could lead to a loss for short-term holders. Accordingly, the shares remain interesting for long-term investors with a tolerance for risk.

COMPARABLES/PEERS

- ♦ **Amazon (AMZN: Nasdaq)**
- ♦ **BidGive International (BDGV: Nasdaq)**
- ♦ **Bidz.com (BIDZ: Nasdaq)**
- ♦ **DangDang (DANG: Nasdaq)**
- ♦ **DrugStore.com (DSCM: Nasdaq)**
- ♦ **eBay (EBAY: Nasdaq)**
- ♦ **Blue Nile (NILE: Nasdaq)**
- ♦ **Overstock.com (OSTK: Nsdq)**
- ♦ **RenRen.com (RENN: Nasdaq)**
- ♦ **Stamps.com (STMP: Nasdaq)**
- ♦ **ValueVision Media (VVTV: Nasdaq)**
- ♦ **Vitacost.com (VITC: Nasdaq)**

VALUATION AND MARKET DATA FOR INTERNET RETAILING PEERS

COMPANY	SYM	OPERATIONS	RECENT	TRLNG	OPER			
			PRICE	REV 000's	MARGIN	ROE		
Amazon.com, Inc.	AMZN	On-line retails sales, B2C	\$226.00	\$ 40,280.0	0.3%	15.2%		
BidGive International, Inc.	BDGV	Discount shopping, dining, travel	\$ 0.10	\$ 7.3	na	na		
BIDZ.com, Inc.	BIDZ	ON-line auction platform	\$ 0.42	\$ 95.8	-4.4%	-22.3%		
E-commerce China DangDang	DANG	B2C retail platform	\$ 5.86	\$ 437.4	-1.0%	na		
Ebay, Inc.	EBAY	B2C and C2C retail platform	\$ 33.23	\$ 10,050.0	22.1%	11.5%		
Blue Nile, Inc.	NILE	On-line retailer of jewelry	\$ 37.20	\$ 342.9	6.2%	34.5%		
Overstock.com, Inc.	OSTK	On-line retailer of outlet merchandise	\$ 10.12	\$ 1,090.0	-0.3%	16.6%		
Renren, Inc. (ADR)	RENN	Social networking Internet platform	\$ 5.80	\$ 83.1	5.4%	na		
Stamps.com, Inc.	STMP	Retail postage outlet	\$ 20.81	\$ 92.8	11.7%	18.2%		
ValueVision Media, Inc.	VVTV	B2C multi-media retailer	\$ 2.86	\$ 586.8	-0.6%	-44.1%		
Vitacost.com, Inc.	VITC	On-line retailer of health products	\$ 5.11	\$ 239.2	-8.9%	-33.1%		
Group Averages					3.1%	-0.4%		
COMPANY	SYM	OPERATIONS	MARKET	PRICE/	PRICE/	PRICE/	PRICE/	
			CAP 000s	SALES	CSH FLW	EARN	BK VAL	
Amazon.com, Inc.	AMZN	On-line retails sales, B2C	\$ 102,570.0	0.6	32.3	99.5	13.4	
BidGive International, Inc.	BDGV	Discount shopping, dining, travel	\$ 0.9	0.1	neg	1.4	neg	
BIDZ.com, Inc.	BIDZ	ON-line auction platform	\$ 8.2	0.1	neg	neg	3.0	
E-commerce China DangDang	DANG	B2C retail platform	\$ 463.0	0.1	na	530*	2.1	
Ebay, Inc.	EBAY	B2C and C2C retail platform	\$ 42,830.0	4.2	13.9	24.93	2.6	
Blue Nile, Inc.	NILE	On-line retailer of jewelry	\$ 530.9	1.5	15.9	39.18	9.9	
Overstock.com, Inc.	OSTK	On-line retailer of outlet merchandise	\$ 235.5	0.2	7.2	76.67	10.1	
Renren, Inc. (ADR)	RENN	Social networking Internet platform	\$ 2,270.0	25.3	na	neg	1.7	
Stamps.com, Inc.	STMP	Retail postage outlet	\$ 297.3	3.2	67.0	28.11	5.8	
ValueVision Media, Inc.	VVTV	B2C multi-media retailer	\$ 137.6	0.2	neg	neg	1.2	
Vitacost.com, Inc.	VITC	On-line retailer of health products	\$ 141.4	0.6	neg	neg	2.5	
Group Averages				3.3	27.3	45.0*	5.2	

*Price-to-earnings ratio average excludes DANG as an outlier.

Source: Bloomberg LP and Company Reports

Valuations of on-line retailers and providers of e-commerce platforms have declined from highs reached in 2007 and 2008. This follows the pattern of nearly all sectors during the current economic cycle. That said, the sector has been resilient in part because the adoption of Internet-based distribution channels affords vendors incremental efficiency over traditional brick and mortar channels. Excluding the exceptionally high price-to-earnings ratio current exhibited by China's most recent e-commerce initial public offering, E-commerce China DangDang, our group of selected peers and competitors is trading at 45.0 times trailing earnings. This metric appears to be in-line with growth rates in the industry if considered on a world-wide basis.

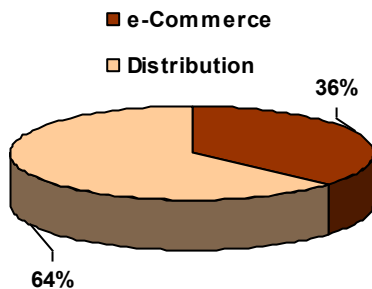
Compared to the larger group, CCGN shares appear undervalued. Even considering the relatively smaller size and shorter history of operations, the Company appears to be given short-shrift by investors. We believe the Company remains relatively unknown to investors and shallow trading volume is impacting overall valuation. The Company remains closely held by the Gao family and other significant shareholders.

PRODUCT LINES

- ◆ E-Commerce Division
 - Clothing and Shorts
 - Consumer Electronics
 - Consumer Services
 - Cosmetics and Beauty
 - Culture and Sports
 - Electronics
 - Foreign Goods
 - Home Furnishings
 - Household Appliances
 - Jewelry and Accessories
 - Maternity
 - Nutrition Health Supplements
 - Office Supplies
 - Travel Services

- ◆ Distribution Division
 - Imported Foods and Meats

2011 SEGMENTS



TARGET MARKETS

- ◆ Young Adults
- ◆ Homeowners
- ◆ Professionals
- ◆ Educated Youth and Adults

STRATEGIC RELATIONS

- ◆ **Alipay.com** - electronic payment processor
- ◆ **China UnionPay** - international credit card vendor
- ◆ **Fuxin Bank, Beijing, China** - CCMUS-branded consumer debit card partner
- ◆ **Pendga Group** - key vendor
- ◆ **Xiedao.com** - key vendor

BUSINESS DESCRIPTION



Consumer Capital Group (CCG) is an emerging business-to-consumer or B2C e-commerce company. The Company offers a proprietary platform to wholesalers to sell directly to consumers in the China market. Wholesalers can present their products for sale on the platform at a fraction of the cost of establishing an on-line connection on their own. The *Chinese Consumer Capital Market* offers thousands of products such as beauty and personal care, home and lifestyle, clothing and electronics among other high volume consumer products. The *Chinese Consumer Capital Market* can be found at www.ccmus.com.

In addition to the e-commerce segment, CCG operates in the specialty food products distribution market. The Company entered the segment through the acquisition of Beitun Trading in November 2010.

GROWTH STRATEGY—B2C PLATFORM

The Company is pursuing a multi-point strategy to strengthen the Company's brand name, increase traffic to its website at www.ccmus.com and convert visitors to on-line purchasers.

CCG's principal growth strategy is to build traffic to its e-commerce platform. Tactics include a mix of search engine placement strategies, social media placement and customer experience enhancements. SiteLatitude.com, an Internet traffic research firm, recently reported that the *CCMUS.com* platform received over 10,600 unique visitors per day and accessed over 52,000 pages or 4.9 pages per visitor. This compares to 15,000 unique visitors per day six months ago according to Hypestate.com, which provides no recent statistics on *CCMUS.com*, and a measure of 20,000 unique visitors six months ago from SiteLatitude.com. In addition to building a strong brand name, the growth strategy calls for the expansion of the wholesaler network through a direct sales approach. The Company network included over 1,000 wholesalers in June 2011. CCG is also seeking to build customer loyalty as well as gain new customers. A loyalty program allows consumers who use the site to earn bonus points for each purchase and may be eligible to receive free products or services. Bonus point systems and sweepstakes help generate consumer interest and encourage on-line purchases.

In partnership with China's Fuxin Bank CCG began a branded debit card program designed to enable card-based purchases either at local stores or on-line. Fuxin Bank has issued over 500,000 debit cards bearing the *CCMUS* brand, including approximately 200,000 cards originally issued with the Fuxin brand and converted in August 2011 to the co-branded carded. The card supports brand recognition and enables on-line transactions among customers that might otherwise use only cash.

GROWTH DRIVERS

- ◆ Growing population in China of shopping on-line
- ◆ Expansion of middle class and building consumer purchasing power in China
- ◆ China Central Government endorsement of e-commerce for job creation
- ◆ Wider availability of broadband Internet connectivity and user devices across China

INDUSTRY CALENDAR

- ◆ Oct. 4, 2011 - **Internet Retailing Conference**, Hammersmith, U.K.
- ◆ Oct. 9, 2011 - **China/Hong Kong Consumer Day**, Credit Suisse
- ◆ Oct. 29-30, 2011 - **Shopper Marketing Expo**, Chicago, IL
- ◆ Oct. 27-28, 2011 - **Adtech Digital Marketing**, Tokyo, Japan
- ◆ June 6-8, 2012 - **Internet Retailer Conference & Exhibition 2012**, Chicago, IL

BALANCES

	<u>12/31/10</u>	<u>6/30/11</u>
Cash	\$3.0	\$1.3
Current assets	\$4.1	\$2.5
PP&E, net	<0.1	<0.1
Total assets	\$4.4	\$2.8
Accts. Payable	\$0.5	\$0.6
Current portion LTD	-0-	-0-
Current Liabilities	\$2.2	\$1.9
Notes Payable	-0-	-0-
Equity	\$2.2	\$0.9
Shares Outstanding	17.8	18.9
Warrants and Options	-0-	3.3

Dollars, shares and derivatives in millions

Source: Company Reports and Crystal Equity Research Estimates

CASH FLOW AND BALANCES

Operations used an estimated \$1.7 million in cash resources in the June 2011 quarter. Total cash usage in the first six months of 2011 was \$2.8 million. Cash balances were \$1.3 million at the end of the period, less than half cash balances at the end of the last fiscal year in December 2010.

Working capital totaled \$645,036 compared to \$1.8 million three months earlier. The balance was impacted by the use of cash for operations thereby reducing total current assets. Additionally, related party payables increased to \$1.1 million at the end of June 2011 from \$256,199 six months earlier. Other current accounts remained largely unchanged, with the exception of inventories for the Distribution Segment. Inventories of meat and other products increased to \$602,497 at the end of June 2011 compared to \$334,972 six months earlier.

CCG has no long-term debt. However, the related party transactions mentioned above represent a form of financing for the Company. Both Mr. Gao, the Company's Chairman and CEO, and Ms. Guo, who heads Beitun Trading, have given the Company credit and otherwise advanced funds. The balance remaining at the end of June 2011 was \$1.1 million composed of a loan from Mr. Gao for \$204,574 and a loan from Ms. Guo valued at \$942,858. The loans bear no interest and have no specified maturity date. Accordingly, these loans are classified as current.

EARNINGS COMPARISONS**Quarter Comparison**

	<u>2Q10</u>	<u>1Q11</u>	<u>2Q11</u>
Sales	-0-	\$1.9	\$1.4
Gross Profit	-0-	\$0.6	\$0.6
Margin	na	31.6%	42.9%
Oper. Loss	-0-	(\$0.8)	(\$0.3)
Margin	na	Neg	Neg
Net Loss	(\$0.2)	(\$1.1)	(\$0.3)
CFO	\$0.8	(\$2.4)	(\$1.7)
Loss/Share	(\$0.1)	(\$0.06)	(\$0.02)

First Half 2011 Segment Comparison

	<u>E-commerce</u>	<u>Beitun*</u>	<u>Total</u>
Sales	\$1.2	\$2.105	\$3.3
Gross Profit	\$1.2	\$2.076	\$1.2
Margin	100%	0.0%	36.4%
Opr Inc (Loss)	(\$1.4)	<0.1	(\$1.4)
Margin	Neg	0.2%	Neg
Net Loss	(\$1.4)	<0.1	(\$1.4)

Dollars in millions except EPS; Year ends Dec.

*Beijing Beitun Trade Co. wholesale distribution

OPERATING PERFORMANCE

Consumer Capital Group reported a total of \$1.4 million in sales in the quarter ending June 2011, composed \$581,618 in revenue from E-commerce transactions on the Company's B2C platform and \$765,063 from the Distribution of meats and specialty foods by Beitun Trading. Revenue in the E-commerce segment is earned on each consumer purchase made and products or services delivered by a member wholesaler. Recognized revenue does not include the value of the products or service or the cost of delivery, as CCG does not assume inventory risk. Delivery responsibility remains with the wholesaler.

The Company does assume inventory risk in the Beitun Trading Distribution segment. Since Beitun Trading was acquired in the final quarter of 2010, there is no comparable sales figure for the year ago segment. Sales in the segment grew 7.7% sequentially compared to the March 2011 quarter, the first full quarter the operation contributed to total sales. The gross profit margin in the segment is slim, measuring 0.2%. Profitability was impacted by recent increases in pork prices, a significant portion of the distribution channel sale mix.

Despite a sequential decline in total sales, the Company was successful in trimming the operating loss to \$334,423 compared to a loss over \$800,000 in the previous quarter. Year-over-year comparisons for the June 2011 quarter are not meaningful given that operations began in 3Q10. Operating expenses totaled \$930,397 as the Company continued to investing sales and marketing programs aimed at increasing awareness of its brand, expanding its wholesaler network and promoting its co-branded debit card with Fuxin Bank. Expenses for professional services related to the Company's status as a public company also added to total operating expenses.

COMPETING FACTORS

- ♦ Control of product quality and service reputation of third-party merchants
- ♦ Ability to increase platform brand awareness through Internet and traditional media
- ♦ Ability to create and maintain convenient and reliable user experience through platform technology and features
- ♦ Ability to achieve 100% or near 100% shopper access to network and platform
- ♦ Success in technological innovation related to transaction processing, security and user experience
- ♦ Ability to compete with traditional retailers

COMPETITION

♦ **On-line Retailers**

Vancl.com
Ctrip.com

♦ **Marketplaces**

Consumer-to-Consumer
PaiPai.com*
Eachnet.com*

Business-to-Consumer
JingDong Mall (360buy.com)
TaoBao.com* (Alibaba)
DangDang.com*
Joyo.com (Amazon)

Social Networks
RenRen.com
Meilishuo.com
Mogujie.com
Fangdongxi.com
Duitang.com
Paopaojie.com

Business-to-Business
Alibaba.com
HC360.com
MyeKoo.com

♦ **Traditional Retailers On-line**

Gome.com
COFCO.com
Lining.com

**Recognized as direct competition by the Company*

CHINA B2C MARKET OPPORTUNITY

In recent years, China’s increasingly affluent population has shifted spending from basic daily necessities towards lifestyle products and services. As a result, China’s retail market has experienced substantial growth over the last few years. Widening availability of computers and improving access to broadband connectivity has made it possible for retailers to extend market reach through the Internet channel. There were an estimated 485 million Internet users in China at the end of 2010. Accordingly, China’s e-commerce channel has grown dramatically over the past four to five years, reaching \$8 billion in total revenue value in 2010, representing 5% of China’s retail sales. Online sales grew 77% in the year 2010 along according to FT.com. Over 185 million Chinese shoppers made on-line purchases in that year. At least five million on-line stores were operating in China at the end of August 2011. The Boston Consulting Group has projected that China’s e-commerce segment will grow four times over by 2015. This growth is expected to turn on increases in Internet usage to as many as 1.5 billion Chinese by 2015, as well as the adoption of electronic payment alternative over cash.

COMPETITIVE POSITION

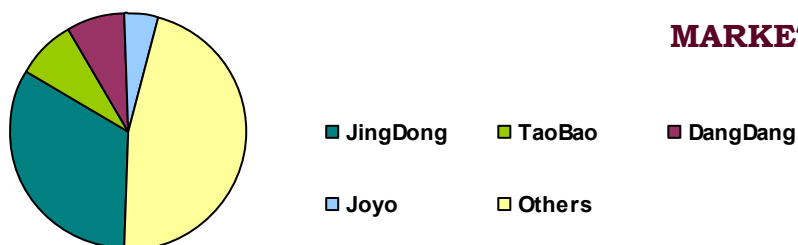
China’s Internet retail industry is at an early stage and is experiencing hyper-growth. There are few barriers to entry from a technological or capital perspective. As such it is highly attractive to new entrants. The competitive landscape is highly populated by new and established competitors with various business models, such as business-to-business (B2B) or business-to-consumer (B2C) platforms.

Accordingly, competition is intense, particularly among the largest B2C players. For example, JingDong Mall, owned by 360.buy has been rapidly gaining market share, attaining an estimated one-third of China’s on-line retail business in 2011. TaoBao (Alibaba), DangDang (E-commerce China DangDang) and Joyo (Amazon) together own 15% to 20% of the market. The balance of China’s e-commerce business is held by a large group of aspiring on-line wholesalers, retailers and platform intermediaries.

Consumer Capital Group falls within this latter group. According to Alexa.com, an e-commerce statistical tracking service, the Company’s website ranked among the top 45,000 web sites in the world by the end of June 2011. More importantly, the site has been gaining relative ranking by approximately 5% each month.

Consumer Capital Group is distinguished in the B2C arena with a diversified product and service offering. By contrast sector leader JingDong Mall has been known as a small-appliance and electronics seller. JingDong is attempting to shed the small-appliance image and expand into other product categories. Likewise DangDang’s sales are primarily books. Despite efforts to diversify, books still represent over 80% of total sales. The principal competitive factors in China’s e-commerce sector are brand recognition, product and service selection, customer service and ease of use of the e-commerce platform. Recent experience suggests there is a fair amount of price competition in some products.

MARKET SHARE



CCMUS.COM PLATFORM

用创新的商业模式创造新财富，促进人民消费资本更充足！



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CORPORATE RELATIONSHIPS

- ♦ **Anton & Chia, LP, San Diego, CA** - auditor
- ♦ **Nuwa Group, San Francisco, CA** - investor relations representative
- ♦ **Richardson Patel, New York, NY** - Legal Counsel
- ♦ **China Consumer Association** - consumer protection group

LEADERSHIP

Jianmin Gao wears three hats at Consumer Capital Group. He is Chairman, Chief Executive Officer and Chief Financial Officer. Gao founded the Company with his wife Lingling Zhang and son Fei Gao. He has extensive background in venture capital and corporate finance transactions. With his son and wife, Gao controls 67% of the Company.

Fei Gao is Chief Operating Officer and a Director of the Company. He is also the principal officer of the Company's joint venture partner, American Arki Network Service Beijing, on which the Company relies for required licenses and permits to do business in the PRC. The younger Gao has masters degree in business administration from Tsinghua University.

Dong Yao is the Company's Chief Technical Officer and a Director. He is responsible for the integrity of the consumer network architecture. Yao was previously network director for Beichen Tianjin and Tianjian Network Technology, both network technology companies.

Wei Guo is the managing director of the Beijing Beitun Trade food distribution operation acquired by the Company in 2010. Ms. Guo owns 49% of Beijing Beitun Trade, an operation acquired by CCG in December 2010.

Lingling Zhang is the Corporate Secretary and a member of the Board of Directors. She is the wife of Jianmin Gao and the mother of Fei Gao.

Hui Chen, an independent director, recently resigned from the board of directors at the end of August 2011 to pursue personal interests. A replacement has not been named.

LOCATION**CAPITALIZATION**

Recent Price:	\$1.90
Shares Out:	18.9 M
Market Capital:	\$35.9 M
+ Preferred Stock	-0-
+ Debt	-0-
- Cash	<u>\$ 1.3 M</u>
Enterprise Val:	\$34.6 M
Book Value:	\$0.9 M
Working Capital:	\$0.7 M

*Balances as of 6/30/11

Source: Company Reports and
Crystal Equity Research Estimates

OWNERSHIP

	Shares of Common Stock
Insiders:	
J. Gao, CEO, CFO	8.9
F. Gao, COO, Director	3.1
D. Yao, CTO, Director	-0-
W. Guo, Managing Dir.	-0-
L. Zhang, Sec., Dir	<u>2.2</u>
Total Insiders	14.2 M
As % of Shares Outstanding	75.1%
5% Holders	1.5 M
As % of Shares Outstanding	-0-

Shares in millions

Source: Company Reports and
Crystal Equity Research Estimates



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