



Consulting for Strategic Growth

## CFSG1 Case Study

**China Aoxing Pharmaceutical Company,  
Inc. (OTCBB:CAXG)**



**China Aoxing  
Pharmaceutical Co., Inc.**

### **Strategic Counsel by CFSG1's CEO leads to significant business alliance and equity investment of \$18 million.**

In September 2007, China Aoxing Pharmaceutical Co., Inc. engaged Stanley Wunderlich, CEO of CFSG1, to provide personal consulting and strategic planning to increase the Company's enterprise value.

Over the next 60 days, Mr. Wunderlich prepared an action plan centered on identifying a business partnership that would open doors to capital for CAXG. This would be followed by an extensive investor awareness program throughout 2008.

Leveraging a long-time business relationship, Mr. Wunderlich introduced CAXG management to an international full service independent brokerage and investment banking firm with a diverse base of retail and institutional clients. Top executives of that firm began a 120-day road show to introduce CAXG to international sources of capital.

In mid April 2008, China Aoxing announced a strategic alliance with NYSE-listed American Oriental Bioengineering, a large company with \$160 million in annual revenues, which took an equity stake in CAXG of \$18 million.

Following the investment from AOB, CAXG closed its acquisition of Shijiazhuang Lerentang (LRT) Pharmaceutical Company Ltd., a China-based drug maker specializing in pain-management products.

CFSG1 expects to launch an extensive investor awareness program to project the company's potential to the investment community and increase its value for shareholders.

#### **Behind the Headlines**

China Aoxing sought Stan Wunderlich's guidance based on his reputation for success with other China-based companies such as Tiens Biotech Group (TBV:AMEX) and HQ Sustainable Maritime, Inc. (HQS:AMEX).

China Aoxing is a China-based pharmaceutical company specializing in research, development, manufacturing and distribution of narcotic and pain-management products. Headquartered in Shijiazhuang City, the pharmaceutical capital of China, outside of Beijing, the Company has the country's largest product pipeline and largest manufacturing facility for highly regulated narcotic medicines.

The potential of the Company is clear. The size of the narcotic and pain-management market in China is estimated to be roughly US\$300 million today. Compared to Western countries, the China market is highly underdeveloped and growing at an estimated compound annual rate of 23 per cent. The Chinese government only recently recognized the medical need for such drugs, and a large patient population, including 5 million cancer patients in China, stands to benefit.

China Aoxing is one of only a few manufacturers permitted by China's State Food & Drug Administration (SFDA) to operate in this highly regulated industry with high barriers to entry.

American Oriental Bioengineering, a leading pharmaceutical company in China's healthcare market, has strong marketing and distribution networks and \$160 million in annual revenues, and is listed on the NYSE. Alliance with AOB will give China Aoxing access to AOB's networks and provide AOB access to CAXG's strong R&D capabilities and its broad pipeline of new products.