



Nutrastar International Inc.:
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MARKET DATA

Ticker: NUIN
Share Price: \$2.98*
52 Week: \$0.31—4.10
Basic S/O: 14.3M
Fully Diluted S/O: 16.4M
Market Capitalization: \$51.5M*
Management Ownership: 54%
Attorney: Pillsbury Winthrop Shaw Pittman LLP
Auditor: Crowe Horwath (HK) CPA Limited
Transfer Agent: Interwest Transfer
**Data as of 11/22/2010 Yahoo Finance*

COMPANY OVERVIEW

Nutrastar International Inc. (OTCQB: NUIN) is a China-based leading producer and supplier of premium branded Traditional Chinese Medicine ("TCM") consumer products including commercially cultivated Chinese Golden Grass ("Cordyceps Militaris") and functional health beverages. Cordyceps is one of the most highly-regarded herbal nutrients in TCM. The company believes it is the largest manufacturer of bioengineered and cultivated Golden Grass in China, ranked by volume according to China Market Monitoring Center (CMMC), accounting for an approximate 19% market share in China. The company is headquartered in Harbin, capital of Heilongjiang Province, with 302 employees, 21 in R&D, and 132 in sales and marketing. Nutrastar's products are sold via a direct distribution network that covers more than ten provinces in China.

TCM & CHINESE GOLDEN GRASS

- "Chinese Golden Grass" is developed from Cordyceps, a species of parasitic fungus that typically is found in the high mountainous regions of China. Known for its medicinal and health benefits, it is a precious ingredient in TCM as well as nutraceutical and pharmaceutical products in China.
- TCM has used Golden Grass for nearly 1,500 years. Its known for strengthening the immune system and combating the effects of fatigue and aging.
- Widely believed in Chinese culture to offer the following health and wellness benefits:
 - ◊ Improves respiratory function, known for treating asthma, cough, emphysema, bronchitis
 - ◊ Improves kidney function, boosts energy and improves brain memory
 - ◊ Improves liver function to help treat hepatitis
 - ◊ Reduces blood sugar, urine sugar higher efficacy for Diabetic patients
 - ◊ Lowers blood pressure and eases hyper tension, thrombus diseases, heart diseases, numbness in hands and feet.
 - ◊ Antibacterial, anti-inflammatory, anti-cancer, enhances overall immune function
 - ◊ Antioxidant and anti-aging
- Utilized as 1.) Raw material for pharmaceutical companies 2.) Over the counter additives for soups and other foods



Q3 2010 FINANCIALS

- Revenues were \$6.46M, an increase of 81.2% YOY
 - ◊ Golden Grass: \$6.07M (94% of Total)
 - ◊ Specialty Food: \$0.39M (6% of Total)
- Gross profit was \$5.28M, an increase of 90.6% YOY
- Gross margin was 81.8%, as compared to 77.8% for same period of 2009.
- Net income increased to \$4.07M, an increase of 100.4% YOY
- Fully diluted EPS was \$0.25
- 2010 Make Goods: Net Income of \$9M

OUR TCM CONSUMER PRODUCT PORTFOLIO

- **Chinese Golden Grass**—develop, process, market and distribute to:
 - ◊ Pharmaceutical companies as raw materials
 - ◊ Retail stores as packaged materials
- **Functional Health Drinks**—core ingredient is Golden Grass
 - ◊ Initial rollout in Q4 2010
 - ◊ Commercialization in 2011
- **Organic and Specialty Food Items**—wholesale distribution, primary product is northeast peculiar rice
 - ◊ Sales agent for third party producers



INVESTMENT HIGHLIGHTS

- **Leading market position**— estimated 19% production share in China
- **Expanding margins**—81.8% gross margin in Q3 2010
- **Operates China largest golden grass manufacturing base:** current annual capacity is 55 tons, expects to reach 72 tons by 2010 and over 100 tons by 2012
- **Owns patented proprietary technology** required to cultivate and mass produce Golden Grass and functional health drinks
- **Benefits from large gap in supply & demand**
- **High barrier to entry** prevents meaningful new competition
- **Expanding national distribution network**
- **Skilled, innovative R&D** collaborates with China Institute of Science
- **Strong management team** as well as dedicated sales personnel and distributors

GROWTH STRATEGY

- **Increase annual production** to 72 tons by end of 2010
- **Bring new products to the marketplace:** Rollout new Functional Health Drink in Q4 2010 and commercialization in 2011
- **Build brand awareness** through product placement in affluent, medium to high consumer markets
- **New technological innovations** through R&D team
- **Expand distribution network** through existing and new partnerships
- **Consider strategic acquisitions**
- **Expand into the international marketplace:** Hong Kong, Taiwan, Southeast Asia and North America

SUPPLY / DEMAND FOR GOLDEN GRASS & TCM CONSUMER PRODUCTS DRIVES GROWTH

- **Large gap between supply and demand results in high growth opportunity for producers of Golden Grass such as Nutrastar who utilize modern biotechnology based cultivation methods**
- **Global demand for Chinese Golden Grass is 5x greater than China's current production capacity!**
 - ◊ Global demand is 1,500 tons per year, with China representing 1/3 and having only 250 tons per year of aggregate production capacity among 50 producers*

• LOW SUPPLY

- ◊ **Over-harvesting**—Found in the high mountainous regions, natural grown strains of Golden Grass have been overharvested, depleting the plant population—currently harvesting is not permitted without government approval
- ◊ **High barriers to entry**— Due to the difficulty replicating the natural growing environment, producers and cultivators of Golden Grass face high barriers to entry into the market. NUIN has patent protected the cultivation process

• HIGH DEMAND

- ◊ **Increase in knowledge of health benefits**—Over the past 20 years, demand for Chinese Golden Grass has grown immensely as more people discover the health benefits of TCM consumer products
- ◊ **Rise in disposable income**—China's economic growth and consumers rising income levels has resulted in an increased demand for TCM consumer products
- ◊ **Expanding elderly population**—Aging population in China continues to grow, increasing demand for TCM consumer products
- ◊ **Growing Pharmaceutical Market**—China is slated to become the world's 5th largest pharmaceutical market by 2010 and the world's largest market by 2020⁽¹⁾. TCM consumer products represents approximately 30% of total pharmaceutical sales
- ◊ **Burgeoning Nutraceutical Industry**—China is the world's largest producer of nutraceutical ingredients, expected to surpass the US as largest consumer by 2013⁽²⁾

Sources: (1) Chinese Pharmaceutical Enterprise Management Association
(2) Freedonia: Industry Study 2009

SALES & DISTRIBUTION



- **132 dedicated sales personnel and 9 major key pharmaceutical customers & distributors covering 10 Chinese provinces**

- Large-pack products to pharmaceutical companies
- Small-pack products to customers or channel directly

- Major Golden Grass customers and distributors are located in *Shandong, Zhejiang, Guangdong, Sichuan, Shaanxi province and Beijing with access points throughout China*
- Functional Health Beverage customers and distributors are currently located in Changzhao, Jiangsu Province as of Q4 2010. Additional cities and distributors are being negotiated

- Direct sales staff participate in trade shows and offer seminars/lectures to customers or channels in local communities

RECENT DEVELOPMENTS

- **November 8, 2010**—Nutrastar signs distribution agreement for initial rollout of functional health drink in 50 supermarkets and convenience stores in Changzhao City, Jiangsu Province of China
- **October 6, 2010**—NUIN appointed three highly esteemed independent members to the board and established an audit, compensation, governance and nominating committees
- **August, 16, 2010**—The Company announced record second quarter 2010 results with revenues up 63.5% YOY and gross margin reaches 83.7%
- **August 10, 2010**—Nutrastar announced that it filed the patent application for Golden Grass wine and oral liquids. It anticipates that it will begin trial production in Q1 2011.
- **August 3, 2010**—The Company announced the significant expansion of its Golden Grass manufacturing facilities, increasing production capacity by 30.9% to 72 tons by the end of 2010
- **July 27, 2010**—Nutrastar signed 1 yr purchase agreement with Century Brighton Holdings for RMB 10 Million (US \$1.47 Million) to distribute and sell small packages of golden grass to high end, leisure establishments in Hong Kong

FUNCTIONAL HEALTH DRINK

- Patents pending for organic health drink combining Golden Grass, green beans, corn, red beans, millet and other grains to combat fatigue and increase energy
- Initial rollout in Q4 2010
- Commercialization in 2011
- Key Target Customers:
 - ◊ Affluent
 - ◊ White Collar
 - ◊ Executives
 - ◊ Outdoor sports enthusiasts
 - ◊ Elderly



STRONG MANAGEMENT TEAM

Lianyun Han, Chairperson, CEO and President—Ms. Han has extensive experience in operational management and business development. Ms. Han is the founder of our company and has been our CEO, President, and the Chairperson of our Board of Directors since the completion of the reverse acquisition of New Resources on December 23, 2008. Ms. Han has been the Chairman and Chief Executive Officer of our subsidiary Heilongjiang Shuaiyi since its formation in 2006. From 1998 to 2006, Ms. Han was the president of Heilongjiang Shuaiyi Technology Development Co., Ltd., a company that is engaged in the business of developing, manufacturing, marketing and selling high-tech agricultural products. Ms. Han holds a B.A. in Chinese Language and Literature from Harbin Normal University.

Robert Tick, CFO—Mr. Tick joined the company in July 2010 with extensive accounting and finance experience in diverse industries including consumer products, networking systems, semiconductor manufacturing, and public accounting. Most recently, he was the CFO for ANDA Networks, a telecom equipment provider with operations in U.S. and China. Mr. Tick began his career in public accounting and has worked for PricewaterhouseCoopers. He is a Certified Public Accountant and holds a B.S. Degree in Accounting and Finance and an M.B.A.