

March 12, 2010

Chinese Reverse-Merger's Auditor Resigns, Shares Fall 18%.

Yesterday Yuhe International, Inc. (NASDAQ: YUII) announced that Grant Thornton "is resigning as the Company's independent registered public accounting firm effective immediately," according to an 8-K filed by Yuhe. Yuhe's share-price fell 18% yesterday.

Yuhe is the product of a reverse merger between a private Chinese company and a U.S. shell company completed in March 2008. Yuhe has been listed on the NASDAQ since October 30, 2009, according to a Yuhe 8-K dated October 29, 2009. Yuhe's management and promoters rang [NASDAQ's opening bell](http://www.nasdaq.com/marketsite/marketsite-events-detail.aspx?fn=200912-open12302009.txt) on December 30, 2009.

Research published by asensio.com has focused on two other Chinese reverse-mergers: [China+Sky+O](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=165&CompanyName=China+Sky+O) Sky One Medical, Inc. (NASDAQ: CSKI) and [American+Ori](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=167&CompanyName=American+Ori) Oriental Bioengineering, Inc. (NYSE: AOB). asensio.com has also published reports on regulatory deficiencies surrounding U.S. listings of questionable Chinese companies, [NASDAQ&Is](http://www.asensio.com/Reports/CompleteRecordCompany.aspx?CompanyId=169&CompanyName=NASDAQ&Is) at the NASDAQ.

On March 10th, [China+Sky+O](http://www.asensio.com/Reports/ReportView.aspx?ReportId=1036&CompanyId=165&CompanyName=China+Sky+O) published a report questioning whether CSKI's auditor, Moore Stephens, P.C., would resign as a result of a lawsuit brought against it for securities fraud related to CSKI's financial statements.

Yuhe has the same investor-relations representative as CSKI, [China+Sky+O](http://www.asensio.com/Reports/ReportView.aspx?ReportId=952&CompanyId=165&CompanyName=China+Sky+O) Coulson of CCG Investor Relations.

Grant Thornton's resignation as Yuhe's auditor surrounds "certain related party loans" that "have constituted prohibited transactions under Section 402 of the Sarbanes-Oxley Act of 2002," according to Yuhe's 8-K filed yesterday.

The 8-K states, "Grant Thornton noted during its audit procedures that the Company has been unable to eliminate the occurrence of related party loans... The Company concluded that a material weakness continues to exist with respect to the Company's compliance with Section 402 of the Sarbanes-Oxley Act of 2002."

Grant Thornton had only been appointed as Yuhe's auditor on December 8, 2009. Yuhe's previous auditor, Child, Van Wagoner & Bradshaw, PLLC of Salt Lake City, Utah and Hong Kong, has now been reappointed.