

ENERGROUP HOLDINGS CORP
Form S-1/A
May 27, 2008

As filed with the Securities and Exchange Commission on May 23, 2008

Registration No. 333-149171

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ENERGROUP HOLDINGS CORPORATION
(Exact name of registrant as specified in its charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

2011
(Primary Standard Industrial
Classification Number)

87-0420774
(I.R.S. Employer
Identification No.)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer
 Non-Accelerated Filer Smaller Reporting Company
 (do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Per Share Offering Price	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock	8,140,487	\$ 5.00(2)	\$ 40,702,435	\$ 1,599.61(3)

- (1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.
- (2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) of the Securities Act of 1933, the price per share and aggregate offering price are based upon the last reported per share price of the common stock of the Registrant on the OTC Bulletin Board.
- (3) The amount of \$2,277.61 was previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and no offer to buy these securities is being solicited in any state where the offer or sale is not permitted.

Prospectus

ENERGROUP HOLDINGS CORPORATION

8,140,487 shares

Common Stock

This prospectus covers the resale by selling shareholders of up to 8,140,487 shares of our common stock, \$0.001 par value.

These securities will be offered for sale from time to time by the selling shareholders identified in this prospectus at prevailing market prices in accordance with the terms described in the section of this prospectus entitled "Plan of Distribution." We will not receive any of the proceeds from the sale of the common stock by the selling shareholders.

Our securities are not listed on any national securities exchange. Our common stock is currently quoted on the OTC Bulletin Board under the symbol "ENHD.OB." The last reported per share price for our common stock was \$5.00, as quoted on the OTC Bulletin Board on March 5, 2008.

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 9.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is May __, 2008

No offers to sell are made, nor are offers sought to buy these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate as of the date in the front of this prospectus only. Our business, financial condition, results of operations and prospectus may have changed since that date.

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PROSPECTUS SUMMARY

This summary contains basic information about us and this offering. You should read the entire prospectus carefully, especially the risks of investing in our common stock discussed under “Risk Factors.” Some of the statements contained in this prospectus, including statements under “Summary” and “Risk Factors” as well as those noted in the documents incorporated herein by reference, are forward-looking statements and may involve a number of risks and uncertainties. We note that our actual results and future events may differ significantly based upon a number of factors. You should not put undue reliance on the forward-looking statements in this document, which speak only as of the date on the cover of this prospectus.

References to “we,” “our,” “us,” the “Company,” or “Energroup” refer to Energroup Holdings Corporation, a Nevada corporation, and its consolidated subsidiaries.

ENERGROUP HOLDINGS CORPORATION

Energroup Holdings Corporation, through its subsidiaries, is engaged in the business of producing, packing, selling, marketing and distributing fresh pork and processed meat products to clients throughout the People’s Republic of China (“China” or the “PRC”). We sell our products to consumers in northeastern China, which has a population of approximately 108 million. In 2007, we had approximately US \$124.7 million in sales and US \$11.7 million in net income.

Our Business

We produce, pack, sell, market and distribute fresh and processed meat products to customers in the People’s Republic of China (“China” or the “PRC”). Our current corporate structure is shown below. We own three PRC operating subsidiaries (collectively, the “Chuming Operating Subsidiaries”):

1. Dalian Chuming Slaughter and Packaging Pork Company Ltd., whose primary business activity is acquiring, slaughtering and packaging of pork and cattle;
2. Dalian Chuming Processed Foods Company Ltd., whose primary business activity is the processing of raw and cooked meat products; and
3. Dalian Chuming Sales Company Ltd., which is responsible for our sales, marketing and distribution activities.

Our three operating subsidiaries are spun off constituents of a former parent company, Dalian Chuming Group Co., Ltd. (the “Group”). Our company is separate and independent from the Group, which operates a different business and has different operations from ours. We took over ownership and control of the three Chuming Operating Subsidiaries from the Group in September 2007 following our corporate reorganization (See subsection entitled “Corporate Reorganization” on page 6 of this report). We are headquartered in the City of Dalian, Liaoning Province of China. Throughout this report, Energroup Holdings Corporation, Precious Sheen Investments Limited, Dalian Chuming Precious Sheen Investments Consulting Co., Ltd. and the Chuming Operating Subsidiaries are sometimes collectively referred to as “Chuming.”

Our Current Corporate Structure

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We sell our products to consumers in northeastern China, which has a population of approximately 108 million. In particular, our current customers are concentrated in the Liaoning Province (which has a population of approximately 42 million), and we are the largest pork producer in Dalian City, which has a population of approximately 3 million, or 6 million including the greater metropolitan area. At present, all of our sales are within China, which is the largest pork-consuming nation in the world, with a total of 54 million metric tons consumed in 2006. Due to the rapid development of the Chinese economy, urbanization and strong income growth, we have observed that pork consumption patterns are changing and consumption levels are continuing to increase.

Our major products are:

- Fresh meat - pork that is processed in a controlled environmental chamber with closely monitored temperatures to ensure quality and safety standards during processing right up to the time of delivery to the consumer.
- Frozen fresh meat - butchered pigs that are processed and immediately frozen, which includes such products as smoked pork, ham and roasts.
- Frozen fresh byproducts - pork byproducts including pig's liver, stomach, intestine, head and hoof.

We are part of an established pork production cycle that culminates in sales of fresh and frozen pork. This cycle includes feedstuff production, pig breeding, slaughtering, processing, packaging and distribution. We are involved in the slaughtering, processing, packaging and distribution aspects of the pork production cycle.

We are the first pork producer in China to receive "Green Food" certification from China's Ministry of Agriculture. Green Food is an innovative certification program unique to China that is awarded to food processors who produce using environmentally sustainable methods and meet certain high technical standards of quality control, safety, and product quality, and generate low levels of pollution.

Share Exchange Transaction

In December 2007, we completed a reverse take-over transaction in the form of a share exchange, which resulted in our current corporate structure. On December 31, 2007, we acquired all of the outstanding shares of PSI in exchange for the issuance of 16,850,000 restricted shares of our common stock to the shareholders of PSI, which represented approximately 97.55% of then-issued and outstanding common stock (excluding the shares issued in the December 31, 2007 financing transaction). As a result of that transaction, PSI became our wholly owned subsidiary and we acquired the business and operations of Chuming.

Prior to the share exchange transaction, Energroup was a public reporting "shell" company with nominal assets whose sole business was to identify, evaluate and investigate various companies with the intent that, if such investigation warrants, a reverse merger transaction be negotiated and completed pursuant to which Energroup would acquire a target company with an operating business with the intent of continuing the acquired company's business as a publicly held entity.

As a result of the share exchange transaction, PSI (and its subsidiaries) became the 100% owned subsidiary of Energroup Holdings Corporation, and we acquired the business and operations of Chuming.

\$17 Million Financing

On December 3, 2007, we completed a \$17 million private placement in which we sold and issued 3,863,635 shares of our common stock to fifteen accredited investors for \$4.40 per share. After giving effect to both the share exchange

transaction and the \$17 million financing, we had a total of approximately 21,136,392 shares of our common stock issued and outstanding, and the shareholders of PSI held 16,850,000 of these shares, constituting approximately 79.7% of our issued and outstanding common stock. For additional details concerning this financing, please see the section entitled "Strategic Financing" below in this prospectus.

Financial Results

Our consolidated financial statements for the years ended December 31, 2007, 2006, and 2005 are included in this prospectus. In 2005, 2006 and 2007, we had approximately \$54.1 million, \$70.4 million and \$124.7 million in sales, respectively. In 2005, 2006 and 2007, we had approximately \$6.0 million, \$8.1 million and \$11.7 million in net income, respectively.

We have also included our unaudited consolidated financial statements for the three months ended March 31, 2008, during which time we had approximately \$43.5 million in sales and \$4.2 million in net income.

See "*Index of Financial Statements*" on page F-1.

RISKS AFFECTING OUR BUSINESS

We are subject to a number of risks, which you should be aware of before deciding to purchase the securities in this offering. These risks are discussed in the summary below and in the section titled "*Risk Factors*" beginning on page 9 of this prospectus.

SUMMARY OF RISK FACTORS

This document contains certain statements of a forward-looking nature. Such forward-looking statements, including but not limited to growth and strategies, future operating and financial results, financial expectations and current business indicators are based upon current information and expectations and are subject to change based on factors beyond our control. Forward-looking statements typically are identified by the use of terms such as “look,” “may,” “will,” “should,” “might,” “believe,” “plan,” “expect,” “anticipate,” “estimate” and similar words, although some forward-looking statements are expressed differently. The accuracy of such statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including but not limited to:

- our ability to timely and accurately complete orders for our products;
- our dependence on a limited number of major customers;
- political and economic conditions within the PRC;
- our ability to expand and grow our distribution channels;
- general economic conditions which affect consumer demand for our products;
- the effect of terrorist acts, or the threat thereof, on consumer confidence and spending;
- acceptance in the marketplace of our new products and changes in consumer preferences;
- foreign currency exchange rate fluctuations;
- our ability to identify and successfully execute cost control initiatives;
- other risks outlined above and in our other public filings.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. We undertake no obligation to update this forward-looking information.

While our management fully intends to make concerted efforts to manage these risks, we cannot assure you that we will be able to do so successfully. See “Risk Factors” beginning on page 9 of this prospectus.

STRATEGIC FINANCING

On December 31, 2007, we entered into a Securities Purchase Agreement (the “Purchase Agreement”) pursuant to which we agreed to issue and sell 3,863,635 shares of our common stock to fifteen accredited investors for an aggregate purchase price of \$17,000,000, or \$4.40 per share (the “Financing”). The closing of the Financing coincided with the closing of the share exchange transaction with PSI and its shareholders.

In connection with the Purchase Agreement, we agreed to set aside \$4.25 million of the purchase price in a holdback escrow account, \$2.0 million of which is to be released upon appointment and confirmation of a board of directors comprised of a majority of independent directors, \$1.5 million of which shall be released to us upon appointment of a new Chief Financial Officer meeting certain qualifications, \$500,000 of which is to be released upon selection of a successor independent accounting firm, and \$250,000 of which shall be applied towards certain investor relations activities. We agreed to pay partial liquidated damages to the investors equal to 0.5% per month (prorated daily) for each investor's investment amount if, among other things, we do not successfully appoint a new CFO by March 31, 2008. Prior to March 31, 2008, a majority in interest of the investors and the Company agreed to extend the deadline for appointment of a qualified CFO to April 30, 2008. As of April 30, 2008, however, the Company had not yet appointed a CFO meeting the requirements, and as a result, under our agreement with the investors, the Company is obligated to pay liquidated damages of 0.5% of the total investment amount (i.e., \$85,000) beginning on April 30, 2008. In March 2008, the investors in the financing agreed to release \$2.0 million in restricted cash from escrow in connection with the appointment of independent directors to our board of directors. As noted above, however, under the Company's Financing agreements, an additional \$500,000 is held as restricted cash in escrow until the Company appoints a new independent auditing firm, within 120 days after the closing, or April 30, 2008. As of the date of this prospectus the Company has not appointed an independent auditing firm, and thus it is required to pay liquidated damages of \$85,000 per month beginning on April 30, 2008.

Under the terms of our arrangement with Hunter Wise Securities, LLC, our placement agent for the Financing, we paid a commission equal to 7% of the aggregate gross proceeds of the Financing, plus an amount equal to 3% of such proceeds to reimburse expenses of the placement agent. We also issued a warrant to the placement agent for the purchase of 386,364 shares of the Company's common stock at an exercise price of \$4.40 per share. We also paid \$75,000 to the lead investor in the Financing as reimbursement for fees and legal expenses. After deduction of these payments and our expenses, the resulting net proceeds to us was approximately \$14.8 million.

Under the terms of the Financing, we agreed to a "make good" provision, under which certain of our founders' shares were set aside in escrow, and must be released to the investors in the event that we do not meet specified earnings targets of \$15.9 million in after-tax net income for 2008, and \$20.9 million in after-tax net income and fully-diluted earnings per share of \$0.99 for 2009. If the 2008 after-tax net income target is not met, 1,931,818 shares of common stock held by our founders (approximately 9.1% of the issued and outstanding shares) will be transferred to the investors pro rata in proportion to their investment in the Financing without any further consideration from or action by the investors. If both the 2009 after-tax net income and earnings per share targets are not met, an additional 1,931,818 shares of common stock (approximately 9.1% of the issued and outstanding shares) held by our founders will be transferred to the investors, also on a pro rata basis. If all of these "make good" shares were to be released to the investors, the investors would then hold 36.6% of our issued and outstanding stock, assuming a total of 21.2 million shares outstanding. "After-tax net income" is defined in the Purchase Agreement, and is calculated based upon our audited financial statements prepared by U.S. auditors in accordance with U.S. generally accepted accounting principles. For purposes of determining whether or not "after-tax net income" has been achieved by us, any direct or indirect tax breaks, tax holidays, tax credits or similar tax benefits, compensation, grant or any other remuneration or deduction granted by any governmental authority or body which benefits us are excluded from the calculation.

We agreed to register for resale the 3,863,635 shares of common stock acquired by the investors pursuant to a registration statement on Form S-1, of which this prospectus forms a part. We also agreed to register the 1,931,818 shares for the 2008 "make good" escrow and the 1,931,818 shares for the 2009 "make good" escrow, which forms the total number of shares registered under this prospectus of 8,140,487 shares. In the event that our registration statement is not declared effective by the Securities and Exchange Commission ("SEC") within 135 days of the closing of the Financing, we will also owe liquidated damages to the investors of 1% of the total Financing amount in cash per month after the 135 day period. The liquidated damages payable to the investors in the event of non-registration or late effectiveness is subject to a maximum limit of 10% of the total Financing amount, or \$1.7 million. The investor's registration rights and our registration obligations are set forth in a registration rights agreement which we entered into

in connection with the Financing.

Our Chairman and Chief Executive Officer, who indirectly owns shares of our common stock through family-owned entities and trusts, agreed that his family-owned entities will enter into a lockup agreement under which these shareholders may not offer or sell their securities for a period of one year following the date on which the registration statement is declared effective. This lockup agreement was entered into at the closing of the Financing.

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The investors in the Financing have a right of first refusal on any placement or offering by us of debt or equity securities for a one year period following the date on which the registration statement is declared effective. The investors' right of first refusal does not apply to options or warrants that we may issue to employees or consultants, or to non-affiliates as compensation for services, to securities issued in acquisitions or strategic investments that are not related to raising capital for the Company, or to securities issued in underwritten public offerings.

The Financing was subject to the completion of customary due diligence procedures conduc