UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-15544

In the Matter of

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD., DIAN MIN MA, GANG MA, and JIN TIAN,

Respondents.

DIVISION OF ENFORCEMENT'S MOTION FOR SANCTIONS AGAINST RESPONDENTS MIN MA, GANG MA, AND JIN TIAN

Pursuant to Rules 155(a) and 220(f) of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a) and 201.220(f), and the Court's Order of July 7, 2014, the Division of Enforcement (the "Division") moves the Court to impose upon individual Respondents Dian Min Ma ("Min Ma"), Gang Ma ("Gang Ma"), and Jin Tian ("Jin Tian") (collectively, "Individual Respondents") sanctions, including (1) a permanent cease-and-desist order against the Individual Respondents and (2) third-tier civil penalties against Individual Respondents in an amount to be determined by the Court.

INTRODUCTION

The Commission issued the Order Instituting Administrative Proceedings and Cease-and-Desist Proceedings and Notice of Hearing ("OIP") in this matter on September 30, 2013 pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 102(e)(1)(iii) of the Commission's Rules of Practice. In summary, the OIP alleged that

Respondents orchestrated a scheme to fraudulently obtain up to $40 million in bank financing using falsified documents.

On October 30, 2013, the Court ordered that China Ruitai International Holdings Co., Ltd. ("CRUI") had been served in accordance with Rule 141(a)(2)(ii) of the Commission's Rules of Practice. The Court then ordered that CRUI had until November 4, 2014 to file an answer with the Court and that, if CRUI did not file an answer by that date, it should show cause why proceedings should not be determined against it due to the failure to file an Answer, appear at the prehearing conference, or otherwise defend this proceeding.

On November 20, 2013, the Court found CRUI in default pursuant to Rule 155(a), but did not apply this finding to the Individual Respondents as they had not yet been served. The Court then ordered, on March 19, 2014, that the Division file a Motion for Sanctions against CRUI, which the Division submitted shortly thereafter. The Division subsequently filed with the Court a supplemental Motion for Sanctions against CRUI, pursuant to the Court's order. The Court has yet to make findings against the company.

On July 7, 2014, the Court issued an order finding that the Individual Respondents were served with the OIP by May 19, 2014. The Court ordered that Individual Respondents had until July 17, 2014 to show cause why a proceeding should not be determined against them due to their failure to file answers or otherwise defend themselves in this proceeding. Upon the failure of Individual Respondents to show cause, the Court noted that no sanctions will be imposed until after the Division files a motion requesting relief

PARTIES

1. China Ruitai International Holdings Co., Ltd., located in the People's Republic of China ("PRC"), is a manufacturer of deeply processed chemicals used primarily in the production

of PVC, cosmetics, foods, and paints. At all relevant times, CRUI's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act and is quoted on OTC Link operated by OTC Markets Group, Inc., formerly known as the Pink Sheets ("OTC Link"), under the ticker symbol "CRUI." See OIP, attached hereto as Exhibit "A," at ¶ II(A)(1).

2. Respondent Min Ma, age 46, resides in the PRC and has been a Director and Chief Executive Office ("CEO") of CRUI since 2007. Min Ma, along with Xing Fu Lu, the President of CRUI, owns 100% of the capital stock of Shandong Ruitai Chemical Co., Ltd., a related party to CRUI. Min Ma also serves as the Finance Manager for Taian Ruitai Cellulose Co., Ltd., a majority-owned (99%) subsidiary of CRUI. See Exhibit "A" at ¶ II(A)(2).

3. Respondent Gang Ma, age 40, resides in the PRC and has been Chief Financial Officer ("CFO") of CRUI since 2007. Gang Ma is also the Director of the Financial Department for Taian Ruitai Cellulose Co., Ltd. See Exhibit "A" at ¶ II(A)(3).

4. Respondent Jin Tian, age 38, resides in the PRC and has been a Director and Chief Accounting Officer ("CAO") of CRUI since 2007. Jin Tian is also an accountant for Taian Ruitai Cellulose Co., Ltd. See Exhibit "A" at ¶ II(A)(4).

RELATED PARTIES

5. Taian Ruitai Cellulose Co., Ltd. ("Taian Ruitai"), located in the PRC, is a majority-owned (99%) subsidiary of CRUI and is the operational subsidiary of CRUI.

6. Shandong Ruitai Chemical Co., Ltd. ("Shandong"), located in the PRC, is a related party to CRUI and holds 1% of the capital stock of Taian Ruitai. Shandong is 100% owned by Min Ma and Xing Fu Lu, the President of CRUI. Shandong is a dealer of hot steam, which it sells to Taian Ruitai

LEGAL ANAYLISIS

I. Individual Respondents Falsified CRUI's Quarterly Filings, Lied to CRUI's Auditors, and Refused to Take Corrective Action When Required.

Pursuant to Rule 155(a) of the Commission's Rules of Practice, the Court may deem the allegations of the OIP as true for purposes of determining sanctions against Individual Respondents. Rapoport v. SEC, 682 F.3d 98, 108 (D.C. Cir. 2012).

From approximately January to December 2011, Individual Respondents orchestrated a scheme to fraudulently obtain up to $40 million in bank financing using falsified documents. Individual Respondents, on behalf of CRUI, through CRUI's subsidiary, Taian Ruitai, falsified purchase orders to purchase steam from Shandong. Aided by the cooperation of Shandong, Taian obtained invoices from Shandong for the fake purchase orders. Taian then presented the fake invoices and purchase orders to various banks to obtain bank acceptance notes. Per the terms of the acceptance notes, CRUI deposited between 30% and 100% of the invoice amount with the bank, and the bank paid the stated invoice amount to Shandong. The amounts that CRUI placed on deposit with the banks were held in reserve until CRUI repaid the bank acceptance notes. Id. at ¶ II(C)(1).

After Shandong received funds from the banks, Shandong would either provide the funds to Taian to be used as operating capital or retain a portion of the funds for its own operational needs. In either scenario, the scheme was effectuated by the efforts of CRUI as the creditor with the banks and the originator of the purchase orders. Id. at ¶ II(C)(2).

During the time period of the scheme, CRUI filed Forms 10-Q for the periods ended March 31, 2011, June 30, 2011, and September 30, 2011, and a Form 10-Q/A for the period ended June 30, 2011. See Form 10-Q for the period ended March 31, 2011, attached hereto as Exhibit "B"; Form 10-Q for the period ended June 30, 2011, attached hereto as Exhibit "C";

Form 10-Q for the period ended September 30, 2011, attached hereto as Exhibit "D"; and Form 10-Q/A for the period ended June 30, 2011, attached hereto as Exhibit "E." In each of the Forms 10-Q and the Form 10-Q/A, CRUI failed to make the disclosures of CRUI's obligations to the banks, the scheme CRUI was utilizing to provide working capital, and the risks associated with the ongoing scheme. Id. As a result of the scheme, CRUI's related party obligations to Shandong increased over 1600% from December 31, 2010 to December 31, 2011. See Marcum February 29, 2012 Audit Findings and Issues Memo, attached hereto as Exhibit "F"; see also Exhibits "B", "C", "D", and "E". As of September 30, 2011, these obligations represented over 36% of CRUI's liabilities. The failure to disclose the obligations to the bank and the nature of the activity to obtain bank financing materially misrepresented the actual operations, obligations, solvency, and liquidity of CRUI.

The misstatements contained in the filings made it appear that CRUI was meeting its working capital requirements with cash flows generated from business activities, rather than financing from banks. In its footnotes to the financial statements, CRUI described the resulting obligations as related party notes payable that were "non-interest bearing for the purpose of financing the Company's operations due to a lack of working capital and have no fixed terms of repayment." See Exhibit "B" at p. 13; Exhibit "C" at p. 14; Exhibit "D" at p. 16. These statements were false and materially misleading because they failed to disclose the nature and terms of the obligations to the banks. Furthermore, the loans resulted in undisclosed risk to the company because the illegal nature of the loans could be exposed by the banks, regulators, or others. See Exhibit "A" at ¶ II(C)(3).

Min Ma and Gang Ma each signed CRUI's periodic reports filed with the Commission for the first three quarters of 2011. In addition, Min Ma and Gang Ma each signed certifications for the quarterly reports. Those filings incorrectly state that the reports did not "contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report." The statements and representations in CRUI's filings were materially misleading. See Exhibit "A" at ¶ II(C)(4).

Min Ma, Gang Ma, and Jin Tian facilitated CRUI's violations by perpetuating the illegal scheme and directly and indirectly filing or causing to be filed with the Commission quarterly reports on Form 10-Q and Form 10-Q/A that were inaccurate and materially misleading. Min Ma and Gang Ma signed certifications for those reports and attested to their accuracy. These were blatant misrepresentations because Min Ma, Gang Ma, and Jin Tian knew or were reckless in not knowing that the bank financing transactions were illegal and that CRUI failed to disclose its obligations to the banks. CRUI could not have continued its scheme without the substantial assistance of the officers. The officers' fraudulent conduct is imputable to CRUI. See Exhibit "A" at ¶ II(C)(5).

During fiscal year 2011, CRUI retained the independent registered public accounting firm of Marcum Bernstein & Pinchuk LLP ("Marcum"), a New York CPA firm with offices in the PRC. Marcum performed the review procedures for each of the first three quarters of 2011. In each of these quarters, CRUI provided to Marcum management representation letters, each signed by Dian Min Ma (CRUI's CEO), Gang Ma (CRUI's CFO), and Jin Tian (CRUI's CAO) as management for CRUI. See Representation Letters, attached hereto as Exhibit "G." The representation letters contained materially misleading statements, including that: (1) management had no knowledge of any fraud; (2) all related party transactions had been properly disclosed; and (3) there had been no violations of the law. Id. These statements were materially misleading because CRUI's scheme was a violation of PRC laws, and the description of the related party obligations misrepresented the true nature of the activity. CRUI's management, including Min Ma, Gang Ma, and Jin Tian were all perpetrators of the fraud, as further evidenced by their signatures on CRUI's management representation letters. Individual Respondents knew or were reckless in not knowing the true nature of the transactions and that the financing was obtained fraudulently and illegally. Individual Respondents knew or were reckless in not knowing that the material misrepresentations would be incorporated into CRUI's public filings and that the public filings materially misrepresented the true nature of the transactions. See Exhibit "A" at ¶ II(C)(6).

Marcum also performed audit procedures for fiscal year end in preparation for filing of CRUI's Form 10-K. See Exhibit "F." As part of these audit procedures, Marcum performed substantive and analytical procedures on the related party balances between Taian and Shandong. Marcum made repeated inquiries regarding the related party balances from Individual Respondents and other employees of CRUI, none of whom were cooperative. Id. Despite the lack of cooperation, Marcum identified at least $66.7 million in potentially fake purchase orders. Id. In fact, when confronted with this information, CRUI's CFO, Gang Ma, admitted that the purchase orders and corresponding invoices between Shandong and Taian were fictitious. Id.; see also Exhibit "A" at ¶ II(C)(7).

As a result of its discovery, Marcum demanded that CRUI obtain a legal opinion regarding the legality of the above-described conduct in relation to PRC law. Individual Respondents, on behalf of CRUI, obtained a legal opinion, dated April 12, 2012, which concluded that the conduct violated Article 10 of the Negotiable Instruments Law. See April 12, 2012 Legal Opinion to Tai-an Ruitai Cellulose Co. Ltd., attached hereto as Exhibit "H."

Marcum obtained a separate legal opinion, which came to the same conclusion. See April 24, 2012 Legal Opinion to Marcum Bernstein & Pinchuk LLP, attached hereto as Exhibit "I"; see also Exhibit "A" at ¶ II(C)(8).

As a result of its discovery and the legal opinions it obtained, Marcum reported the matter to CRUI's Board of Directors on May 21, 2012, pursuant to Section 10A(b)(1) of the Exchange Act, which requires the auditor to inform management that it has information indicating an illegal act has or may have occurred. See Marcum May 21, 2012 letter to CRUI, attached hereto as Exhibit "J." Individual Respondents, on behalf of CRUI, failed to take any action in response to Marcum's letter. Therefore, on July 25, 2012, Marcum issued a notice to Individual Respondents, once again informing it that illegal acts had occurred and that failure of the company to take remedial action would warrant resignation of Marcum as the independent registered public accountants of CRUI. See Marcum July 25, 2012 letter to CRUI, attached hereto as Exhibit "K." Furthermore, pursuant to Section 10A(b)(3) of the Exchange Act, the notice informed CRUI that it was required to notify the Commission no later than one business day after it received Marcum's report. Id.; see also Exhibit "A" at ¶ II(C)(10). Min Ma, Gang Ma, and Jin Tian all received the letter. Once again, Individual Respondents failed to take any remedial action in response to the letter. See Exhibit "A" at ¶ II(C)(9).

On July 25, 2012, Marcum issued a notice to CRUI, pursuant to Section 10A(b)(2) of the Exchange Act, indicating an illegal act had occurred and that failure of the company to take remedial action would warrant resignation of Marcum as the independent registered public accountants of CRUI. Furthermore, the notice informed CRUI that CRUI was required to notify the Commission no later than one business day after it received Marcum's report, pursuant to Section 10A(b)(3) of the Exchange Act. See Exhibit "A" at ¶ II(C)(10).

Individual Respondents failed to report the matter to the Commission within one business day, pursuant to Section 10A(b)(3) of the Exchange Act. Therefore, on July 27, 2012, Marcum issued a letter pursuant to Section 10A(b)(3) of the Exchange Act to both CRUI and the Commission. See Marcum July 27, 2012 letter to CRUI, attached hereto as Exhibit "L." That letter provided notice to Individual Respondents that Marcum was resigning from the audit engagement, effective immediately. Id. The July 27, 2012 notice also informed Individual Respondents that Marcum no longer wished to be associated with the Forms 10-Q for the periods ended March 31, 2011, June 30, 2011, and September 30, 2011. Id. The letter further requested that the company file a Form 8-K disclosing to the SEC and users of the quarterly reports that Marcum should no longer be associated with the quarterly reports, and that such financial statements were "not reviewed." Id.; see also Exhibit "A" at ¶ II(C)(11).

To date, Individual Respondents have not complied with their obligation to report the matter to the Commission pursuant to Section 10A(b)(3) of the Exchange Act. Individual Respondents not only failed to respond to Marcum's requests, they also cut off contact with Marcum. See Exhibit "A" at ¶ II(C)(12). In addition, Individual Respondents did not file a Form 8-K on behalf of CRUI announcing the resignation of its auditor, as required by Section 13(a) of the Exchange Act and Item 4.01 to Form 8-K. See Attestation of Barbara J. Volpe, Management and Program Analyst of the SEC's Office of Support Operations ("OSO"), attached hereto as Exhibit "M"; see also Exhibit "A" at ¶ II(C)(12).

Since Marcum resigned as CRUI's auditor, Individual Respondents have failed to file CRUI's required periodic reports. Id.; see also Exhibit "A" at ¶ II(C)(13). CRUI's last filing was a Form 10-K, filed on March 30, 2012, for the period ended December 31, 2011. Id.; see also Form 10-K for the period ended December 31, 2011, attached hereto as Exhibit "N"; see also

Exhibit "A" at ¶ II(C)(13). CRUI's last periodic report filed with the Commission was for the period ending September 30, 2011 and was filed on November 14, 2011. Id.; see also Exhibit "A" at ¶ II(C)(13). As a result, CRUI is delinquent with at least its 2011 and 2012 Forms 10-K, as well as Forms 10-Q for 2012 and 2013. See Exhibit "A" at ¶ II(C)(13); see also Exhibit "M"; Exhibit "A" at ¶ II(C)(13).

II. Dian Min Ma, Gang Ma, and Jin Tian's Violations

A. Individual Respondents Violated the Antifraud Provisions of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder.

Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit any person in connection with the purchase or sale of any security, from directly or indirectly: (a) employing any device, scheme or artifice to defraud; (b) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

i. The Individual Respondents Made or Caused Misrepresentations in CRUI's Public Filings.

Min Ma and Gang Ma willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Jin Tian willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c) thereunder and aided and abetted and caused CRUI's violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

Individual Respondents violated these sections by making or causing misrepresentations in CRUI's Forms 10-Q for the first three quarters of 2011 and in an amended Form 10-Q. Each of the reports failed to disclose the true nature of a substantial portion of CRUI's financing activities. This materially misrepresented the actual operations and liquidity of CRUI, including the source of funds obtained for working capital. Furthermore, the notes to financial statements misrepresented that the loans were non-interest bearing and had no fixed terms of repayment. CRUI also failed to disclose potential risk due to the potential fallout of the company's illegal activity, wherein it actually created false invoices and purchase orders to effect the fraud.

Min Ma (CEO) and Gang Ma (CFO) made the misleading statements and Tian (CAO) caused CRUI to "make" misleading statements. Only persons who "make" misleading statements may be held liable under Section 10(b) of the Exchange Act and Rule 10b-5(b). Janus Capital Group, Inc. v. First Derivative Traders, 131 S. Ct. 2296, 2302 (2011). CRUI is a "maker" because it is "the entity with authority over the content of the statement and whether and how to communicate it." Id. Also, because CEO Min Ma and CFO Gang Ma, as duly authorized officers of CRUI, signed reports and certifications, they are "makers" and may be held liable for violations of the antifraud statutes. See SEC v. Das, No. 8:10CV102, 2011 WL 4375787, at *6 (D. Neb. Sept. 20, 2011) (defendant CFOs were "makers" of statements in Forms 10-K and 10-Q that they signed); In re Pfizer Inc. Sec. Litig., No. 04-CV-9866, 2012 WL 983548, at *4 & n.3 (S.D.N.Y. Mar. 22, 2012) (defendant corporate officer was "maker" under Janus of statements in SEC filings that he signed); In the Matter of John P. Flannery & James D. Hopkins, AP File No. 3-14081, 2011 WL 5130058, at *42-46 (Oct. 28, 2011) (Initial Decision) (defendant was maker under Janus of statements in letter that he wrote, signed, and directed be sent to investors; he was not the maker of statements in letters that he did not sign or have final approval over, even though he reviewed and edited drafts); SEC v. Radius Capital Corp., No. 2:11-CV-116, 2012 WL 695668, at *5-6 (M.D. Fla. Mar. 1, 2012) (defendant was maker under Janus of statements in application to issue GNMA-backed securities that he signed).

Although Tian cannot likely be found to be a "maker" of the misleading statements in the Forms 10-Q and 10-Q/A because he did not sign or certify them, he caused CRUI to make the misstatements. A person is a cause of another's violation if he or she knew or should have known that his or her act or omission would contribute to such violation. See Exchange Act § 21C(a). Tian is CRUI's Chief Accounting Officer and made material misrepresentations and omissions to CRUI's auditor. Tian signed management representation letters stating that the financial statements were correct and that he knew of no fraud in the company. As CAO, Tian knew, or was reckless in not knowing, that CRUI engaged in illegal activity to obtain bank loans and then misrepresented those obligations in CRUI's financial statements. In public filings, CRUI asserts that Tian "possesses detailed and in-depth knowledge of the company's finances." Because of his experience and position, Tian knew or should have known that his false representations and improper accounting treatments would be incorporated into CRUI's financial statements and reports filed with the Commission. Therefore, Tian caused CRUI's misleading statements and violations of Rule 10b-5(b).

The fraudulent transactions orchestrated by Individual Respondents between CRUI, Shandong, and Taian misrepresented the actual operations, obligations, solvency, and liquidity of CRUI. As a result of the scheme, CRUI's related party obligations to Shandong increased over 1600% from December 31, 2010 to December 31, 2011. See Exhibit "F"; see also Exhibit "A" at ¶ II(C)(3). As of September 30, 2011, these obligations represented over 36% of CRUI's liabilities. Id.; see also Exhibit "D." Individual Respondents fraudulently recorded these transactions in CRUI's filings and misrepresented the true nature of CRUI's obligations to banks by misrepresenting that the obligations were related party transactions in its quarterly reports on

Forms 10-Q and Form 10-Q/A for the first three quarters of 2011. See Exhibits "B," "C," "D," and "E."

ii. The Individual Respondents Orchestrated a Fraudulent Scheme

Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) prohibit schemes to defraud. Rules 10b-5(a) and (c) make it unlawful for any person in connection with the purchase or sale of securities to: employ any device, scheme or artifice to defraud; or engage in any act, practice or course of business which operates as a fraud, respectively. While the cases applying scheme liability have reached a number of different results, courts generally require that the defendant either committed a deceptive or fraudulent act, or orchestrated a fraudulent scheme. See SEC v. Collins & Aikman Corporation, 524 F. Supp. 2d 477, 485-86 (S.D.N.Y. 2007). In Stoneridge, the "course of conduct included both oral and written statements" which was described as conduct involving "deceptive acts." Stoneridge Inv. Partners, LLC v. Scientific-Atlantic, Inc., 552 U.S. 148, 158 (2008).

Here, the violations by the Individual Respondents went beyond mere misrepresentations in CRUI's Commission filings. Individual Respondents engaged in a scheme to falsify purchase orders and invoices to fraudulently obtain bank financing in violation of PRC law. This was part of a scheme to misrepresent the true nature of CRUI's obligations in public filings. In order to facilitate the scheme, Individual Respondents, as CRUI's officers, conspired and engaged in a course of conduct by making both oral and written statements to CRUI's auditor to hide and misrepresent the true nature of the obligations, thereby facilitating the incorporation of material misrepresentations into CRUI's filings. Individual Respondents' actions caused CRUI to mischaracterize the transactions in question as obligations to a related party, rather than to unrelated banks. Individual Respondents' scheme to misrepresent CRUI's obligations operated as a fraud on investors because it allowed CRUI to make material misrepresentations in its public filings and misled investors to believe that a material amount of CRUI's liabilities were due to related-party transactions, rather than obligations to unrelated parties. The illegal nature of the activity, in which Chinese law was violated, could result in prosecution and due consequences, if discovered. Together, these factors constitute a device, scheme, artifice to defraud or course of business that operated as a fraud on CRUI investors in violation of Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder.

iii. Individual Respondents' Misrepresentations Were Material

To be actionable under Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, a misrepresentation or omission must be material. TSC Industries, Inc. v. Northway, Inc., 426 U.S. 438, 449 (1976); Basic, Inc. v. Levinson, 485 U.S. 224 (1988). Information is material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. Basic, 485 U.S. at 231-32. CRUI's misrepresentations were material. Individual Respondents orchestrated a fraudulent scheme in which CRUI illegally obtained $40 million in lending from financial institutions by falsifying over $60 million in invoices. By September, 30, 2011, the mischaracterized obligations represented over 36% of CRUI's liabilities, a material amount.

Individual Respondents caused CRUI to engage in illegal activity by falsifying documents to fraudulently obtain bank loans. Individual Respondents caused CRUI to hide its illegal activity and mischaracterize the resulting obligations as related party transactions only. Individual Respondents caused CRUI to fail to disclose the obligations it had to the banks as a result of the scheme, and Individual Respondents caused CRUI to misrepresent that these transactions carried no interest or fixed repayment terms. These disclosure deficiencies were material because investors would consider these factors important in making an investment decision. By not clarifying the source of financing for working capital, Individual Respondents caused CRUI to misrepresent the nature of its operations, solvency and liquidity. Additionally, disclosure of the activity would most likely have resulted in additional scrutiny by auditors, investors, and regulators and an earlier discovery of the fraudulent scheme. If the illegal activity was challenged or exposed, the company's ability to obtain additional financing and the terms of additional financing could be affected, and CRUI could be exposed to potential fines or lawsuits. These facts would be material to investors and potential investors in deciding whether to buy, sell, or maintain CRUI's securities. Thus, the misrepresentations are material.

iv. Individual Respondents Had The Requisite Scienter

Section 10(b) and Rule 10b-5 thereunder also require a showing of scienter. Aaron v. SEC, 446 U.S. 680, 701-02 (1980). Scienter is defined as a "mental state embracing intent to deceive, manipulate, or defraud." Ernst & Ernst v. Hochfelder, 425 U.S. 185, 193 n.13 (1976).

As officers of the company, Min Ma, Gang Ma, and Jin Tian were responsible for the financial reporting and accuracy of CRUI's public filings. CRUI's public filings tout the experience and expertise in finance and accounting of each of the proposed individual respondents. Min Ma and Gang Ma signed Forms 10-Q and Form 10-Q/A for the periods ended March 31, 2011, June 30, 2011, and September 30, 2011, even though they knew or were reckless in not knowing that CRUI's public filings contained material misstatements and misrepresented a material amount of its obligations. Min Ma, Gang Ma, and Jin Tian signed management representation letters to its auditor in which they attested to having no knowledge of any fraud, that all related-party transactions had been properly disclosed, and that there had been no violations of laws.

Individual Respondents knew no later than April 12, 2012 that the transactions violated PRC law because CRUI obtained a legal opinion stating such. They withheld information from the auditor to prevent it from learning of the illegal activity. Eventually, Gang Ma expressly admitted to the auditor that the transactions were fraudulent. Even if Min Ma, Gang Ma, and Jin Tian disclaimed knowledge of the fraudulent activity at the time of the filings, they were reckless in not knowing of the fraud. Due to their positions and responsibilities, the extensive nature of the fraud and the danger of misleading buyers or sellers had to be so obvious that the officers must have been aware of it.

In addition to being CEO and director of CRUI, Min Ma owns Shandong, the related party involved in the transactions. CRUI's filings tout Min Ma's twenty years of experience as a "Professional Accountant" and he serves as the Finance Manager for Taian Ruitai, the entity that presented false documents to the banks. Gang Ma was in charge of the company's finances and reporting and was highly involved in the quarterly reviews and yearly audits. He also works as the Director of the Financial Department for Taian Ruitai. Tian is not only a director and CAO of CRUI, but also an accountant for Taian Ruitai. He claims "detailed and in-depth knowledge of the Company's finances," according to Forms 10-K filed by CRUI.

Because the transactions involved such substantial amounts and involved falsified documents and improperly recorded accounting transactions and financial reporting at the three entities, the fraudulent conduct had to have been so obvious that Min Ma, Gang Ma, and Jin Tian were aware of the fraud. Even if they were to disclaim actual knowledge of the fraudulent transactions and misrepresentations, their conduct involved an extreme departure from the standards of ordinary care, as officers and directors of CRUI. Thus, they knew, or were at least reckless in not knowing, the fraudulent nature of the scheme.

B. Individual Respondents Violated or Aided and Abetted and Caused Violations of Section 13(a) of the Exchange Act and Rules Promulgated Thereunder (Reporting Violations)

Section 13(a) of the Exchange Act and Rules 13a-1, 13a-11, and 13a-13 thereunder require that issuers with securities registered under Section 12 of the Exchange Act, such as CRUI, file annual, quarterly and current reports with the Commission. These reports must be complete and accurate in all material aspects. SEC v. Savoy Indus., Inc., 587 F.2d 1149, 1165 (D.C. Cir. 1978). Rule 12b-20 of the Exchange Act requires issuer's reports to include any additional information "necessary to make the required statements, in the light of the circumstances under which they are made, not misleading." Scienter is not an element of a Section 13(a) violation. See In the Matter of St. George Metals, Inc., AP File No. 3-11971, 2005 WL 2397240, at *3-4 (Sept. 20, 2005); In re Stansbury Holdings Corp., AP File No. 3-11108, 2003 WL 21640201, at *5 (July 14, 2003); In re WSF Corp., AP File No. 3-10668, 2002 WL 917293, at *6 (May 9, 2002).

Individual Respondents caused CRUI to directly violate Section 13(a) of the Exchange Act and Rules 13a-13 and 12b-20 thereunder by filing incomplete and inaccurate Forms 10-Q and Form 10-Q/A with the Commission that materially misrepresented up to $40 million in bank financing as related party transactions. Individual Respondents caused CRUI to misrepresent the true nature of the transactions. Individual Respondents caused CRUI to CRUI to violate Exchange Act Rule 13a-1 because it failed to file a Form 10-K for the year ended December 31, 2011 after its auditor resigned. Individual Respondents caused CRUI to violate Rule 13a-11 because it did not file a Form 8-K disclosing that its auditor resigned and that the auditor had disassociated itself with the company's quarterly reports for 2011. Such disclosure is required by Section 13(a) of the Exchange Act and Item 4.01 to Form 8-K. CRUI has not filed any periodic reports since that time, which are further violations of Rules 13a-1 and 13a-13.

Individual Respondents aided and abetted and caused CRUI's violations described above. A person who "knowingly provides substantial assistance to another person" in violation of a provision of the Exchange Act or any rule or regulation thereunder, may be held liable as an aider and abettor. 15 U.S.C. § 78t(e). Individual Respondents satisfy the "substantial assistance" prong of aider and abettor liability if the defendants "associated [themselves] with the venture, participated in it as in something [they] wished to bring about, and that [they] sought by [their] action to make it succeed." SEC v. Apuzzo, No. 11-696, 2012 WL 3194303, at *8 (2d Cir. Aug. 8, 2012). A person is a cause of another's violation if he or she knew or should have known that his or her act or omission would contribute to such violation. See Exchange Act § 21C(a).

Min Ma, Gang Ma, and Jin Tian caused to be filed with the Commission quarterly reports on Form 10-Q and Form 10-Q/A that were inaccurate and misleading, as described above. The officers also failed to cause CRUI to file required Forms 10-K, Forms 10-Q, and Form 8-K. Both Min Ma and Gang Ma signed certifications for the reports filed and attested to their accuracy. Therefore, Min Ma, Gang Ma, and Jin Tian provided substantial assistance to CRUI, thereby aiding and abetting CRUI's reporting violations. As officers of a public company with extensive accounting and financial experience, all three individuals knew or should have known that their acts or omissions would contribute to CRUI's false and inaccurate public filings and its failure to file required reports. Therefore, the officers caused CRUI's violations of Section 13(a) of the Exchange Act and Rules 13a-1, 13a-11, and 13a-13 thereunder.

C. Respondents Min Ma and Gang Ma Violated Exchange Act Rule 13a-14 (False Certifications of Quarterly Reports)

Exchange Act Rule 13a-14 requires that the principal executive and principal financial officers of an issuer sign a certification that, based on their knowledge, the quarterly reports filed with the Commission do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading. Min Ma and Gang Ma signed the certifications for the Forms 10-Q for the first three quarters of 2011 in their capacities as Chief Executive Officer and Chief Financial Officer, respectively. Because Min Ma and Gang Ma had knowledge of the material misstatements and omissions contained in the quarterly reports, they violated Rule 13a-14.

D. China Ruitai Violated and Its Officers Aided and Abetted and Caused Violations of Section 13(b)(2)(A) of the Exchange Act and the Officers Violated Rules Promulgated Thereunder (Books and Records Violations)

Section 13(b)(2)(A) of the Exchange Act requires issuers registered with the Commission to "make and keep books, records, and accounts, which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer." CRUI kept books, records, and accounts that did not accurately and fairly reflect its transactions and dispositions, thereby violating Section 13(b)(2)(A).

Individual Respondents, as CRUI's officers, aided and abetted and caused CRUI's Section 13(b)(2)(A) violations. A person who "knowingly provides substantial assistance to another person" in violation of a provision of the Exchange Act or any rule or regulation thereunder, may be held liable as an aider and abettor. 15 U.S.C. § 78t(e). Individual Respondents satisfy the "substantial assistance" prong of aider and abettor liability if the defendants "associated [themselves] with the venture, participated in it as in something [they] wished to bring about, and that [they] sought by [their] action to make it succeed." SEC v. Apuzzo, No. 11-696, 2012 WL 3194303, at *8 (2d Cir. Aug. 8, 2012). A person is a cause of another's violation if he or she knew or should have known that his or her act or omission would contribute to such violation. See Exchange Act § 21C(a).

As officers and directors responsible for accounting and public filings, Min Ma, Gang Ma, and Jin Tian knowingly provided substantial assistance to CRUI in the keeping of inaccurate books and records. CRUI could not have misrepresented certain transactions in its books and records without the substantial assistance of the officers. In addition, the officers knew or should have known that their misrepresentations to the auditor and their preparation of inaccurate financial statements would be incorporated into CRUI's filings, thereby causing the financial statements to not accurately and fairly reflect CRUI's transactions and dispositions. Therefore, each of the officers caused CRUI's violations of Section 13(b)(2)(A) of the Exchange Act.

Rule 13b2-1 of the Exchange Act prohibits a person to "directly or indirectly, falsify or cause to be falsified, any book, record or account subject to Section 13(b)(2)(A). As demonstrated above, CRUI's officers falsified CRUI's books, records, and accounts that were presented to CRUI's auditor and incorporated into CRUI's public filings. This violated Exchange Act Rule 13b2-1.

Rule 13b2-2(a) of the Exchange Act prohibits an officer or director of an issuer to "make or cause to be made a materially false or misleading statement to an accountant" in connection with the preparation or filing of any document or report required to be filed with the Commission. Exchange Act Rule 13b-2 defines "officer or director to include a president, vice president, secretary, treasurer or principal financial officer, comptroller or principal accounting officer, and any person routinely performing corresponding functions with respect to any organization…" As CEO, CFO, and CAO respectively, Min Ma, Gang Ma, and Jin Tian were officers for purposes of Exchange Act Rule 13b2-2(a). Each of the proposed individual respondents made materially false or misleading statements to its auditor in connection with its Forms 10-Q and Form 10-Q/A for the first three quarters of 2011. Management representation letters signed by the three officers included misleading statements that (1) management had no knowledge of any fraud, (2) all related party transactions had been properly disclosed, and (3) there had been no violation of laws. These were direct violations of Rule 13b2-2(a).

RELIEF REQUESTED

I. The Court Should Issue A Permanent Cease-And-Desist Order

Section 21C of the Exchange Act empowers the Commission to order a respondent who has been found, after notice and hearing, to have violated or caused any violation of the Act, to cease and desist from committing or causing such violations and any future violations. The factors for considering whether a cease-and-desist order is warranted are: (1) the egregiousness of a respondent's actions; (2) the isolated or recurrent nature of the violations; (3) the degree of scienter involved; (4) the respondent's assurances against future violations, (5) the respondent's recognition of the wrongful nature of his conduct; and (6) the likelihood the respondent's occupation will present opportunities for future violations. Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979); KPMG Peat Marwick, LLP, Exchange Act Rel. No. 34-43862 (Jan. 19, 2001), aff'd sub nom KPMG v. SEC, 289 F.3d 109 (D.C. Cir. 2002). No one factor controls. SEC v. Fehn, 97 F.3d 1276, 1295-96 (9th Cir. 1996).

Here, these six factors weigh in favor of the Court imposing a cease and desist order on the Individual Respondents. First, Individual Respondents' actions were egregious. As established above, Individual Respondents willfully violated securities laws by conducting multiple fraudulent transactions, misrepresenting that the obligations were related party transactions, masking the true nature of CRUI's obligations to banks, failing to disclose the risks associated with the scheme, and giving the appearance that CRUI was meeting its working capital requirements with cash flows generated from business activities rather than financing from banks. Individual Respondents' actions were clearly egregious in that the fraudulent transactions vastly misrepresented its financials, which information would be extremely important to investors.

Additionally, Individual Respondents made blatant misrepresentations to Marcum regarding the company's filings. Individual Respondents, as officers of CRUI, signed representation letters certifying management had no knowledge of any fraud, all related party transactions had been properly disclosed, and there had been no violations of laws. See Exhibit "G." Because of Individual Respondents' representations, Marcum had no reason to believe fraudulent activity was occurring and, therefore, the false information was reported in CRUI's quarterly reports on Forms 10-Q and Form 10-Q/A for the first three quarters of 2011. This information would have been valuable to investors. Furthermore, even when Marcum identified the misrepresentations and illegal conduct, Individual Respondents blatantly disregarded Marcum's 10A(b) notices and refused either to correct the misrepresentations or file the necessary Form 8-k with the Commission. See Exhibits "J," "K," and "L"; see also Exhibit "M." Indeed, CRUI's CFO even confirmed that the transactions were fictitious. See Exhibit "F." CRUI's actions clearly qualify as egregious.

Secondly, Individual Respondents' actions were recurrent. From January 2011 through December 2011, Individual Respondents caused CRUI to file three quarterly reports with the Commission, each containing materially false information regarding CRUI's finances. In each of these quarters, CRUI provided to its auditor management representation letters. See Exhibit "G." The representation letters contained materially misleading statements, including that: (1) management had no knowledge of any fraud; (2) all related party transactions had been properly disclosed; and (3) there had been no violations of the law. Id. These statements were materially misleading because CRUI's scheme was a violation of PRC laws, and the description of the related party obligations misrepresented the true nature of the activity. Because of the management positions of Individual Respondents (Min Ma—CEO, Gang Ma—CFO, and Jin Tian—CAO), Individual Respondents knew or were reckless in not knowing the true nature of the transactions and that the financing was obtained fraudulently and illegally. Individual Respondents knew or were reckless in not knowing that the material misrepresentations would be incorporated into CRUI's public filings and that the public filings materially misrepresented the true nature of the transactions.

Third, as discussed above in Section I.2.A.iv, Individual Respondents acted with scienter. Scienter is defined as "the mental state embracing intent to deceive, manipulate or defraud." See Ernst at 185, 193 n. 12. The mental state of a corporation is established through the mental state of its officers. See SEC v. Manor Nursing Ctrs., Inc., 458 F.2d 1082, 1088 n.3 (2d Cir. 1972). Proof of Scienter need not be direct, but may be a "matter of inference from circumstantial evidence." See Herman & Maclean v. Huddleston, 459 U.S. 375, 390, n.30 (1983). In this case, CRUI acted with scienter.

The standard for scienter includes "recklessness." See Sharp v. Coopers & Lybrand, 649 F.2d 175, 193 (3d Cir. 1981) (citing McLean v. Alexander, 599 F.2d 1190, 1197 (3d Cir. 1979)). "'Reckless conduct may be defined as highly unreasonable (conduct), involving not merely simple, or even inexcusable negligence, but an extreme departure from the standards of ordinary care, and which presents a danger of misleading buyers or sellers that is either known to the defendant or is so obvious that the actor must have been aware of it.'" Sharp at 193 (quoting Sundstrand Corp. v. Sun Chemical Corp., 553 F.2d 1033, 1045 (7^{th} Cir.), cert denied, 434 U.S. 875 (1977)).

Individual Respondents each participated in the fraudulent conduct. Individual Respondents structured the illegal activity, ensured the misrepresentations were included in CRUI's quarterly filings, and refused to correct the misrepresentations once they had been identified by Marcum. They lied to CRUI's auditors and failed to disclose the illegal activity when required. Furthermore, Individual Respondents caused CRUI to fail to respond to Marcum's notice to the board, Marcum's July 25, 2012 letter, and Marcum's July 27, 2011 letter, each notifying CRUI that a fraudulent act had occurred and informing CRUI of its obligation to notify the SEC that a fraudulent act had occurred. See Exhibits "K" and "L." Individual Respondents, as officers of CRUI, took no action after CRUI's auditor resigned from the engagement and notified CRUI that it no longer wished to be associated with CRUI's filings. Id. Additionally, CRUI failed to file the required 8-K to inform the Commission and investors of the illegal activity and that its auditors had resigned. See Exhibit "M." In other words, Individual Respondents knew, or were reckless in not knowing, that they caused CRUI to include false representations in CRUI's quarterly filings.

Individual Respondents' actions in causing CRUI to include false and misleading information in its quarterly filings, Individual Respondents consistent and repeated disregard of Marcum's notices, and the admission by Gang Ma, CRUI's CFO, that the underlying transactions were fraudulent, all establish Individual Respondents' scienter.

Fourth, Individual Respondents have made no assurances whatsoever that they will refrain from committing future violations, despite the recognition of wrongdoing by Gang Ma. Individual Respondents, as officers of CRUI, have failed to take any action to comply with the securities laws. To this date, Individual Respondents, on behalf of CRUI, have failed to inform the Commission of CRUI's actions, as the securities laws require. Not only have Individual Respondents refused to make any assurances that they will refrain from future violations, they have blatantly refused to inform the Commission of CRUI's illegal activities, failed to file a Form 8-K on behalf of CRUI, and failed to take any remedial action to correct CRUI's wrongdoings.

Fifth, as has already been discussed, although Gang Ma admitted to its auditor that the underlying transactions were fictitious, Individual Respondents have taken absolutely no steps to recognize CRUI's wrongful conduct or rectify or disclose the fraudulent transactions. Individual Respondents attempts to conceal CRUI's fraudulent activities reflect a callous disregard of the seriousness of the offenses and the effects that perpetrating these falsehoods has on the lives of investors. Furthermore, Individual Respondents failure to take any remedial action, despite Marcum's notices of the requirements to do so, show that Individual Respondents are a high risk for committing additional fraudulent transactions in the future.

Sixth, because CRUI is a publicly reporting company, without the sanctions requested by the Commission, it appears inevitable that Individual Respondents will have opportunities to engage in similar violations in the future. Individual Respondents, CRUI's management, who orchestrated the scheme and acknowledged the illegality of it, remain unchanged. If not ordered to cease-and-desist, Individual Respondents undoubtedly will re-offend. Additionally, Individual

Respondents, each in their late 30s or early to mid-40s, have many working years ahead of them. Thus, they will have many more opportunities to reoffend.

For each of these reasons, Individual Respondents should be ordered to cease-and-desist from committing or causing violations of and any future violations of Sections 10(b), 13(a), and 13(b)(2)(A) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13, and 13a-14 thereunder.

II. The Court Should Order Third Tier Penalties for Each Violation

The Division seeks penalties against Individual Respondents pursuant to Section 20(d) of the Securities Act and Sections 21(d)(3)(A) and (B) of the Exchange Act, which authorize the Commission to impose penalties in administrative proceedings if the Court finds that provisions of the Exchange Act or a cease-and-desist order have been violated.

The purpose of civil penalties is to punish the individual violator as well as deter future violations. SEC v. Palmisano, 135 F.3d 860, 866 (2nd Cir. 1998); SEC v. K.W. Brown, 555 F. Supp. 2d 1275, 1314 (S.D. Fla. 2007); SEC v. Tanner, 02 Civ. 0306, 2003 WL 21523978 at *2 (S.D.N.Y. July 3, 2003); SEC v. Kenton Capital, Ltd., 69 F. Supp. 2d 1, 17 (D.D.C. 1998); SEC v. Moran, 944 F. Supp. 286, 296 (S.D.N.Y. 1996). As set forth in H.R. Report No. 616 - the Report of the Committee on Energy and Commerce of the U.S. House of Representatives on the Remedy Act,

> [T]he money penalties proposed in this legislation are needed to provide financial disincentives to securities law violations other than insider trading ... Disgorgement merely requires the return of wrongfully obtained profits; it does not result in any actual economic penalty or act as a financial disincentive to engage in securities fraud .... The Committee therefore concluded that authority to seek or impose substantial money penalties, in addition to the disgorgement of profits, is necessary for the deterrence of securities law violations that otherwise may provide great financial returns to the violator. (Citations omitted).

* * * * *

> By authorizing money penalties for violations of the securities laws other than insider trading, this legislation would greatly increase deterrence, while also providing both the Commission and the courts with the flexibility to tailor a remedy to the gravity of the violation.

1990 WL 256464 *20, 1990 U.S.C.C.A.N. 1379 *1384 (Leg. Hist.), H.R. Rep. 101-616, H.R. Rep. No. 616, 101st Cong., 2nd Sess. 1990.

Section 21(d)(3)(B) of the Exchange Act provides for three tiers of penalties based upon culpability. Under the First Tier, the Court may impose a penalty of up to (i) $5,000 for an individual or $50,000 for a corporation for each violation or (ii) the gross amount of pecuniary gain to the respondent as a result of the violation. Under the Second Tier, the Court may impose a penalty of up to (i) $50,000 for an individual or $250,000 for a corporation or (ii) the gross amount of pecuniary gain to the respondent as a result of the violation. Finally, under the Third Tier, the Court may impose a third-tier penalty of up to (i) $100,000 for an individual or $500,000 for a corporation (subsequently adjusted upward to $150,000 for an individual and $750,000 for a corporation, *see* 17 C.F.R. §§ 201.1003 and 1004 and Tables III and IV to Subpart E) or (ii) the gross amount of pecuniary gain to such defendant as a result of the violation. Third tier penalties are appropriate if "the violation ... involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; and ... such violation directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons."

The Securities Act and the Exchange Act permit the Commission to seek civil penalties for each violation of the federal securities laws. 15 U.S.C. § 77t(d); 15 U.S.C. § 78u(d)(3). When enacted, these statutes provided that the maximum amount of a third-tier civil penalty for a natural person was $100,000 per violation. 15 U.S.C. § 77t(d)(2)(C); 15 U.S.C. §

78u(d)(3)(B)(iii). However, "[a]s required by the Debt Collection Improvement Act of 1996, the maximum amounts of all civil monetary penalties under the Securities Act, the Exchange Act … are adjusted for inflation." See 17 C.F.R. §§ 201.1002, 201.1003 and 201.1004. For violations occurring beginning March 4, 2009, the maximum third-tier civil penalty for a natural person is $150,000 per violation. 17 C.F.R. § 201.1003 and Table III to Subpart E.

District courts have wide discretion when calculating the amounts of third-tier civil monetary penalties through the employment of a variety of methods. Some courts impose a civil penalty in the amount of the maximum civil penalty for one count. See SEC v. Art Intellect, Inc., et al., Civil No. 2:11-cv-00357-TC (D. Utah July 18, 2013) (Docket # 292 at CM/ECF). Other courts have multiplied the number of violations by a specific dollar amount, typically the amount of the relevant penalty. 15 U.S.C. §77t(d)(2); see, e.g., Milan Capital Group, Inc., 2001 U.S. Dist. LEXIS 11804 (S.D.N.Y. Aug. 14, 2001) (defendants jointly and severally liable for a third-tier penalty of $10 million, equal to $50,000 per investor); SEC v. Coates, 137 F. Supp. 2d 413, 430 (S.D.N.Y. 2001) ($10,000 penalty per misrepresentation); SEC v. Todt, Fed. Sec. L. Rep. (CCH) P90, 770 (C.D. Cal. 2004) ($50,000 penalty per misrepresentation for one defendant; $25,000 penalty per misrepresentation second defendant, whose involvement the court found less substantial); SEC v. Kenton Capital, Ltd., 69 F. Supp. 2d 1, 17 (D.D.C. 1998) (civil penalty of $1.2 million determined by multiplying the maximum third-tier penalty for natural persons by the number of defrauded investors); SEC v. Lazare Indus., Inc., 294 Fed. Appx. 711, 715 (3rd Cir. 2008) (for the purposes of assessing reasonableness of district court's assessment of $500,000 penalty, court considered each sale of unregistered stock as a separate violation); In the Matter of the Application of Eric J. Brown, et al., AP File No. 3-13532, 2012 WL 625874 at *18 and *27 (Feb. 27, 2012) (setting maximum statutory penalty for each of the customers three respondents defrauded). Therefore, the Court could impose a penalty of $150,000 against each Individual Respondent for *each* of the violations that occurred in this case. Individual Respondents could, and should, be ordered to pay a $150,000 penalty for each of the fraudulent transactions they conducted, which fraudulent transactions consisted of causing CRUI to file at least four quarterly reports that contained false and misleading information, together with its refusal to file the necessary Form 8-K upon being advised of its fraudulent conduct by its outside auditor. Under the circumstances, the Court should determine an appropriate penalty amount and whether a penalty should be ordered for each fraudulent transaction.

Factors considered by the Court when imposing penalties under the civil penalty provisions of the securities laws include:

> (1) The egregiousness of the violations at issue; (2) defendants' scienter; (3) the repeated nature of the violations; (4) defendants' failure to admit to their wrongdoing; (5) whether defendants' conduct created substantial losses or the risk of substantial losses to other persons; (6) defendants' lack of cooperation and honesty with authorities, if any; and (7) whether the penalty that would otherwise be appropriate should be reduced due to defendants' demonstrated current and future financial condition.

SEC v. Huff, 758 F.Supp.2d 1288, 1364 (S.D.Fla. 2010). Of these factors, the only one that appears to be in question here is whether Individual Respondents' conduct, as officers of CRUI, created substantial losses or the risk of substantial losses to other persons. On that point, the court in Huff concluded that the defendant's conduct created both substantial loss to other persons and the risk of substantial losses to other persons where victims of the fraud purchased the company's stock and were then stuck with it until the company's financial demise – the same factual scenario in this case. Id.

In another matter involving the question of whether to impose a third-tier penalty, one court emphasized that "[t]he issue under Section 21(d)(3) is not whether a counterparty actually sustained a loss, but whether the defendants' [actions] 'created a significant risk of substantial losses to others.'" SEC v. Aragon Capital Management, LLC, 672 F.Supp.2d 421, 451 (SDNY 2009). In Aragon the defendant had obtained and traded on insider information regarding what appeared to be two likely future transactions – transactions that ultimately did not take place. Had the leaked transactions actually occurred in that case, as contemplated by the defendant, it would have cost the potential victims $50,000 on one project and $70,000 on another. Id. While the court found that the potential scope of the losses was "admittedly not enormous, they certainly were substantial enough to satisfy Section 21(d)(3)." Id. at 452. Accordingly, the court found that the "substantial risk of loss" requirement had been satisfied. See also SEC v. Abellan, 674 F.Supp.2d 1213, 1222 (W.D. Wash. 2009) (Defendant's misrepresentations caused the public who bought securities at inflated prices substantial losses, justifying a third-tier penalty).

The actions of Individual Respondents "involved fraud, deceit, manipulation, or deliberate reckless disregard of a regulatory requirement." The evidence documenting Individual Respondents' fraudulent conduct is substantial and uncontested. Individual Respondents orchestrated fictitious transactions that masked the tenuous financial condition of the entity, overstating revenue by millions of dollars and understating its reliance on bank financing to meet its working capital requirements. Individual Respondents broadcast their misrepresentations by including them in not less than four of CRUI's public filings with the Commission. Individual Respondents disregarded CRUI's auditor's notices and recommendations, including the obligations to correct the misstatements in CRUI's filings, and Gang Ma, CRUI's own CFO, acknowledged the illegality of the transactions. There is no question that Individual Respondents were perpetrating a fraud in this matter.

But the consequences of Individual Respondents' fraudulent actions did not stop with the false public filings. Individual Respondents' misrepresentations on behalf of CRUI caused, and created a significant risk of, substantial losses to investors. A review of the trading activity of CRUI's stock during the relevant six-month period between May 16, 2011 (the filing date for the Form 10-Q of the period ending March 31, 2011) and November 14, 2011 (the filing date of the Form 10-Q for the period ending September 30, 2011) demonstrates a period of active trading in CRUI stock. See Summary of China Ruitai Intern'l Holdings Co., Ltd. Trading Activity, Sept. 30, 2010-Dec. 31, 2012, derived from http://finance.yahoo.com/q/hp?s=CRUI+Historical+Prices, attached hereto as Exhibit "A". During this six month period, over 395,000 shares of CRUI stock traded hands in 21 transactions. Moreover, although the stock had been declining in price for months predating this period, dropping from \$.99 as late as November 2010 to \$.17 in May 2011, it remained comparably stable at prices between \$.15 and \$.30 for the six month period during which the misinformation was on the market. In contrast, after December 2011 trading in the CRUI stock effectively ceased, with only 13 transactions occurring for all of 2012. CRUI's stock price also began dropping significantly in 2012, hitting a low of \$.03 by the end of the year. In other words, the evidence suggests that CRUI's false filings—and Individual Respondents' fraudulent activity—at least to some extent encouraged a period of active trading by investors and, during this same time period, propped up its stock price. Certainly, the market was aware of CRUI's declining prospects, as evidenced by the fall in its stock price during late 2010 and early 2011. In 2012, the true extent of CRUI's financial woes overtook the company, and its stock price – and the trading volume – reacted accordingly.

It is a well-established principle that "in an open and developed securities market, the price of a company's stock is determined by the available material information regarding the company and its business.... Misleading statements will therefore defraud purchasers of stock even if the purchasers do not directly rely on the misstatements.... The causal connection between the defendants' fraud and the [purchasers'] purchase of stock in such a case is no less significant than in a case of direct reliance on misrepresentations." Basic Inc. v. Levinson, 485 U.S. 224, 241-42 (1988), *quoting* Peil v. Speiser, 806 F.2d 1154, 1160-61 (3d Cir. 1986). CRUI's stock price is a clear manifestation of this principle.

In this case, nearly 400,000 shares of CRUI stock traded hands during the period in which CRUI's false filings were being distributed, at prices of approximately $.30 per share on the high end and $.15 per share on the low end. Individuals who purchased the shares at the tail end of this period, unfortunately for them, were stuck with the stock, as liquidity quickly evaporated and prices plummeted to $.03 per share – causing real and actual losses to the holders of those securities. Investors bought and sold CRUI stock based on information made available in its public filings, and the misrepresentations made in those filings both encouraged investment and inflated the stock price, prolonging the inevitable collapse of the company. Moreover, the misrepresentations contained in CRUI's filings put other potential, and unwitting, investors at risk of substantial losses had they chosen to purchase CRUI's stock during the relevant period. But for the misstatements in CRUI's 2011 quarterly reports, investors would have had a much better picture of the company's actual financial health (or lack thereof), and these unwary investors who purchased the stock in 2011 could have avoided the losses they subsequently incurred after the true financial condition of the company became more apparent. Like the investors in Huff, however, lack of liquidity forced them to hold the stock through the demise of CRUI's operations, giving rise to substantial losses.

As discussed above, the actions of Individual Respondents merit Third Tier penalties because they "involved fraud, deceit, manipulation, or deliberate reckless disregard of a regulatory requirement" and "such violation[s] directly or indirectly resulted in substantial losses or created significant risk of substantial losses to other persons." The evidence documenting Individual Respondents' fraudulent conduct is substantial and uncontested. Individual Respondents, as officers of CRUI, orchestrated fictitious transactions that masked the tenuous financial condition of the entity. Individual Respondents disregarded CRUI's auditor's notices and recommendations, and Gang Ma, CRUI's own CFO, acknowledged the illegality of the transactions. Moreover, investors traded on the information contained in the quarterly filings, information that was unquestionably incorrect. Due to Individual Respondents' deliberate actions in orchestrating the fraudulent scheme, and in consideration of Individual Respondents' failure to adhere to CRUI's former auditor's counsel, Third Tier penalties upon each Individual Respondent are appropriate in an amount the Court sees fit.

CONCLUSION

For the reasons set forth in this motion, the Court should impose the sanctions set forth in the Introduction.

Respectfully submitted,

Daniel J. Wadley
Salt Lake Regional Office Trial Counsel
DIVISION OF ENFORCEMENT
SECURITIES AND EXCHANGE COMMISSION
15 W. South Temple, Suite 1800
Salt Lake City, UT 84101
Phone: (801) 524-5796
Fax: (801) 524-5262

Exhibits	Description
A	OIP
B	Form 10-Q for the period ended March 31, 2011
C	Form 10-Q for the period ended June 30, 2011
D	Form 10-Q for the period ended September 30, 2011
E	Form 10-Q/A for the period ended June 30, 2011
F	Marcum 2/29/2012 Audit Findings and Issues Memo
G	representation letters
H	CRUI's April 12, 2012 Legal Opinion
I	Marcum legal opinion
J	Marcum May 21, 2012 Ltr to CRUI, et al.
K	July 25, 2012 Notice Marcum to CRUI
L	July 27, 2012 letter from Marcum
M	Attestation re no recent filings
N	Form 10-K, filed on March 30, 2012, for the period ended December 31, 2011

EXHIBIT "A"

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70579 / September 30, 2013

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3504 / September 30, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15544

In the Matter of CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD., DIAN MIN MA, GANG MA, AND JIN TIAN, Respondents.	ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS AND NOTICE OF HEARING PURSUANT TO SECTIONS 4C AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 102(E) OF THE COMMISSION'S RULES OF PRACTICE

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 4C[1] and 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 102(e)(1)(iii) of the Commission's Rules of Practice[2]

[1] Section 4C provides, in relevant part, that:

> The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others . . . (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

[2] Rule 102(e)(1)(iii) provides, in pertinent part, that:

against China Ruitai International Holdings Co., Ltd. ("China Ruitai"), Dian Min Ma, Gang Ma, Jin Tian (collectively "Respondents").

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENTS

1. Respondent China Ruitai, incorporated in Delaware in 1955 and located in the People's Republic of China ("PRC"), is a manufacturer of deeply processed chemicals used primarily in the production of PVC, cosmetics, foods, and paints. At all relevant times, China Ruitai's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act and is quoted on OTC Link operated by OTC Markets Group, Inc. and formerly known as the Pink Sheets ("OTC Link") under the ticker symbol "CRUI."

2. Respondent Dian Min Ma, age 46, resides in the PRC and has been a Director and Chief Executive Officer ("CEO") of China Ruitai since 2007. Dian Min Ma, along with Xing Fu Lu, the President of China Ruitai, owns 100% of the capital stock of Shandong Ruitai Chemical Co., Ltd., a related party to China Ruitai. Dian Min Ma also serves as the Finance Manager for Taian Ruitai Cellulose Co., Ltd., a majority-owned (99%) subsidiary of China Ruitai.

3. Respondent Gang Ma, age 40, resides in the PRC and has been Chief Financial Officer ("CFO") of China Ruitai since 2007. Gang Ma is also the Director of the Financial Department for Taian Ruitai Cellulose Co., Ltd.

4. Respondent Jin Tian, age 38, resides in the PRC and has been a Director and Chief Accounting Officer ("CAO") of China Ruitai since 2007. Jin Tian is also an accountant for Taian Ruitai Cellulose Co., Ltd.

B. RELATED ENTITIES

1. Taian Ruitai Cellulose Co., Ltd. ("Taian Ruitai"), located in the PRC, is a majority-owned (99%) subsidiary of China Ruitai and is the operational subsidiary of China Ruitai.

2. Shandong Ruitai Chemical Co., Ltd. ("Shandong Ruitai"), located in the PRC, is a related party to China Ruitai and holds 1% of the capital stock of Taian Ruitai. Shandong Ruitai is 100% owned by Dian Min Ma and Xing Fu Lu, the President of China Ruitai. Shandong Ruitai is a dealer of hot steam, which it sells to Taian Ruitai.

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found...to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

C. FRAUDULENT AND ILLEGAL ACTIVITY

1. From approximately January to December 2011, Respondents orchestrated a scheme to fraudulently obtain up to $40 million in bank financing using falsified documents. China Ruitai, through its subsidiary, Taian Ruitai, falsified purchase orders to purchase steam from Shandong Ruitai. Aided by the cooperation of Shandong Ruitai, Taian Ruitai obtained invoices from Shandong Ruitai for the fake purchase orders. Taian Ruitai then presented the fake invoices and purchase orders to various banks to obtain bank acceptance notes. Per the terms of the acceptance notes, China Ruitai deposited between 30% and 100% of the invoice amount with the bank, and the bank paid the stated invoice amount to Shandong Ruitai. The amounts that China Ruitai placed on deposit with the banks were held in reserve until China Ruitai repaid the bank acceptance notes.

2. After Shandong Ruitai received funds from the banks, Shandong Ruitai typically provided the funds to Taian Ruitai to be used as operating capital. At other times, Shandong Ruitai retained a portion of the funds for its own operational needs. In either scenario, the scheme was effectuated by the efforts of China Ruitai as the creditor with the banks and the originator of the purchase orders.

3. During the time period of the scheme, China Ruitai filed Forms 10-Q for the periods ended March 31, 2011, June 30, 2011, and September 30, 2011, and a Form 10-Q/A for the period ended June 30, 2011. In each of the Forms 10-Q and Form 10-Q/A, China Ruitai failed to make the disclosures of China Ruitai's obligations to the banks, the scheme China Ruitai was utilizing to provide working capital, and the risks associated with the ongoing scheme. As a result of the scheme, China Ruitai's related party obligations to Shandong Ruitai increased over 1600% from December 31, 2010 to December 31, 2011. As of September 30, 2011, these obligations represented over 36% of China Ruitai's liabilities. The failure to disclose the obligations to the bank and the nature of the activity to obtain bank financing materially misrepresented the actual operations, obligations, solvency, and liquidity of China Ruitai. The misstatements made it appear that China Ruitai was meeting its working capital requirements with cash flows generated from business activities, rather than financing from banks. In its footnotes to the financial statements, China Ruitai described the resulting obligations as only related party notes payable that were "non-interest bearing for the purpose of financing the Company's operations due to a lack of working capital and have no fixed terms of repayment." These statements were false and materially misleading because they failed to disclose the nature and terms of the obligations to the banks. Furthermore, the loans could result in undisclosed risk to the company, especially if the illegal nature of the loans was challenged or exposed by the banks, regulators, or others.

4. Dian Min Ma and Gang Ma each signed China Ruitai's periodic reports filed with the Commission for the first three quarters of 2011. In addition, Dian Min Ma and Gang Ma each signed certifications for the quarterly reports. Those filings incorrectly state that the reports did not "contain any untrue statement of a material fact or

omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report." The statements and representations in China Ruitai's filings were materially misleading.

5. Dian Min Ma, Gang Ma, and Jin Tian facilitated China Ruitai's violations by perpetuating the illegal scheme and directly and indirectly filing or causing to be filed with the Commission quarterly reports on Form 10-Q and Form 10-Q/A that were inaccurate and materially misleading. CEO, Dian Min Ma, and CFO, Gang Ma signed certifications for those reports and attested to their accuracy. These were blatant misrepresentations because Dian Min Ma, Gang Ma, and Jin Tian knew or were reckless in not knowing that the bank financing transactions were illegal and that China Ruitai failed to disclose its obligations to the banks. China Ruitai could not have continued its scheme without the substantial assistance of the officers. The officers' fraudulent conduct is imputable to China Ruitai.

6. During fiscal year 2011, China Ruitai retained the independent registered public accounting firm of Marcum Bernstein & Pinchuk LLP ("Marcum"), a New York CPA firm with offices in the PRC. Marcum performed the review procedures for each of the first three quarters of 2011. In each of these quarters, China Ruitai provided to Marcum management representation letters signed by Dian Min Ma, Gang Ma, and Jin Tian. The representation letters included materially misleading statements that: (1) management had no knowledge of any fraud; (2) all related party transactions had been properly disclosed; and (3) there had been no violations of laws. These statements were materially misleading because China Ruitai's scheme was a violation of PRC laws, and the description of the related party obligations misrepresented the true nature of the activity. Because of their management positions as CEO, CFO, and CAO respectively, Dian Min Ma, Gang Ma, and Jin Tian knew or were reckless in not knowing the true nature of the transactions and that the financing was obtained fraudulently and illegally. They knew or were reckless in not knowing that the material misrepresentations would be incorporated into China Ruitai's public filings and that the public filings materially misrepresented the true nature of the transactions.

7. Marcum also performed audit procedures for fiscal year end in preparation for filing of China Ruitai's Form 10-K. As part of these audit procedures, Marcum performed substantive and analytical procedures on the related party balances between Taian Ruitai and Shandong Ruitai. Marcum made repeated inquiries regarding the related party balances from employees of China Ruitai, but the employees were uncooperative. Despite the lack of cooperation, Marcum identified at least $66.7 million in potentially fake purchase orders. When confronted with this information, Gang Ma admitted that the purchase orders and corresponding invoices between Shandong Ruitai and Taian Ruitai were fictitious.

8. As a result of its discovery, Marcum demanded that China Ruitai obtain a legal opinion regarding the legality of the above-described conduct in relation to PRC law. China Ruitai obtained a legal opinion, dated April 12, 2012, which concluded

that the conduct violated Article 10 of the Negotiable Instruments Law. Marcum obtained a separate legal opinion, which came to the same conclusion.

9. As a result of its discovery and the legal opinions it obtained, Marcum reported the matter to China Ruitai's Board of Directors on May 21, 2012, pursuant to Section 10A(b)(1) of the Exchange Act, which requires the auditor to inform management that it has information indicating an illegal act has or may have occurred. Dian Min Ma, Gang Ma, and Jin Tian all received the letter. China Ruitai failed to take any remedial action in response to the letter.

10. On July 25, 2012, Marcum issued a notice to China Ruitai, pursuant to Section 10A(b)(2) of the Exchange Act, indicating an illegal act had occurred and that failure of the company to take remedial action would warrant resignation of Marcum as the independent registered public accountants of China Ruitai. Furthermore, the notice informed China Ruitai that China Ruitai was required to notify the Commission no later than one business day after it received Marcum's report, pursuant to Section 10A(b)(3) of the Exchange Act.

11. China Ruitai failed to report the matter to the Commission. Therefore, on July 27, 2012, Marcum issued a letter pursuant to Section 10A(b)(3) of the Exchange Act to both China Ruitai and the Commission. That letter provided notice to company management that Marcum was resigning from the audit engagement, effective immediately. The July 27, 2012 notice also informed China Ruitai that Marcum no longer wished to be associated with the Forms 10-Q for the periods ended March 31, 2011, June 30, 2011, and September 30, 2011. The letter further requested that the company file a Form 8-K disclosing to the SEC and users of the quarterly reports that Marcum should no longer be associated with the quarterly reports, and that such financial statements were "not reviewed."

12. To this date, China Ruitai has not complied with its obligation to report the matter to the Commission pursuant to Section 10A(b)(3) of the Exchange Act. China Ruitai failed to respond to Marcum's requests and cut off contact with Marcum. In addition, China Ruitai did not file a Form 8-K to announce the resignation of its auditor, as required by Section 13(a) of the Exchange Act and Item 4.01 to Form 8-K

13. Since Marcum resigned as China Ruitai's auditor, China Ruitai has failed to file its required periodic reports. China Ruitai's last filing was a Form NT 10-K, filed on March 30, 2012. China Ruitai's last periodic report filed with the Commission was for the period ending September 30, 2011 and was filed on November 14, 2011. As a result, China Ruitai is delinquent with at least its 2011 and 2012 Forms 10-K, as well as Forms 10-Q for 2012 and 2013.

D. VIOLATIONS

1. As a result of the conduct described above, China Ruitai and Dian Min Ma violated, and Gang Ma willfully violated, Section 10(b) of the Exchange Act and

Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

2. As a result of the conduct described above, Jin Tian willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c) thereunder and aided and abetted and caused China Ruitai's violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

3. As a result of the conduct described above, China Ruitai violated Section 10(b) of the Exchange Act and Rules 10b-5 and 12b-20 thereunder by including materially false and misleading information in filings that misrepresented the true nature of obligations to banks and by misrepresenting that the obligations were related party transactions in its quarterly reports on Forms 10-Q and Form 10-Q/A for the first three quarters of 2011.

4. As a result of the conduct described above, China Ruitai violated Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder, which require that an issuer with securities registered under Section 12 of the Exchange Act file annual, quarterly, and current reports with the Commission.

5. As a result of the conduct described above, Dian Min Ma caused, and Gang Ma and Jin Tian willfully aided and abetted and caused China Ruitai's violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

6. As a result of the conduct described above, Dian Min Ma violated, and Gang Ma willfully violated Exchange Act Rule 13a-14, which requires that the principal executive and principal financial officers of an issuer with securities registered under Section 12 of the Exchange Act sign a certification that, based on their knowledge, the annual and quarterly reports filed with the Commission do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

7. As a result of the conduct described above, China Ruitai violated Section 13(b)(2)(A) of the Exchange Act, which requires that an issuer with securities registered under Section 12 of the Exchange Act make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

8. As a result of the conduct described above, Dian Min Ma caused, and Gang Ma and Jin Tian willfully aided and abetted and caused China Ruitai's violations of Section 13(b)(2)(A) of the Exchange Act, and Dian Min Ma violated, and Gang Ma and Jin Tian willfully violated Exchange Act Rule 13b2-1, which prohibits a person from directly or indirectly, falsifying or causing to be falsified, any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act; and Exchange Act Rule 13b2-2(a),

which prohibits an officer or director of an issuer with securities registered under Section 12 of the Exchange Act to make or cause to be made a materially false or misleading statement to an accountant in connection with the preparation or filing of any document or report required to be filed with the Commission.

9. As a result of the conduct described above, China Ruitai violated Section 10A(b)(3), which requires an issuer with securities registered under Section 12 of the Exchange Act, to notify the Commission that the issuer has received from its auditor a report pursuant to Section 10A(b)(2) of the Exchange Act indicating that illegal acts have been detected within one business day of the receipt of such report.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Section 21B of the Exchange Act including, but not limited to, disgorgement, prejudgment interest, and civil penalties pursuant to Section 21B of the Exchange Act;

C. Whether, pursuant to Section 21C of the Exchange Act, Respondent China Ruitai should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 10(b), 10A(b)(3), 13(a), and 13(b)(2)(A) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13, thereunder.

D. Whether, pursuant to Section 21C of the Exchange Act, Respondent Dian Min Ma should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 10(b), 13(a), and 13(b)(2)(A) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13, 13a-14, 13b2-1, and 13b2-2(a)thereunder.

E. Whether, pursuant to Section 21C of the Exchange Act, Respondent Gang Ma should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 10(b), 13(a), and 13(b)(2)(A) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13, 13a-14, 13b2-1, and 13b2-2(a) thereunder.

G. Whether, pursuant to Section 21C of the Exchange Act, Respondent Jin Tian should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 10(b), 13(a), and 13(b)(2)(A) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13, 13b2-1, and 13b2-2(a) thereunder.

H. Whether, pursuant to Section 21C(f) of the Exchange Act, Respondents Dian Min Ma, Gang Ma, and Jin Tian should be prohibited, conditionally or unconditionally, and permanently or for such period of time as it shall determine, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

I. Whether, pursuant to Section 4C of the Exchange Act and Rule 102(e)(1)(iii) of the Commission's Rules of Practice, Respondents Gang Ma and Jin Tian should be denied, temporarily or permanently, the privilege of appearing or practicing before the Commission as an accountant.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail or in accordance with the Hague Service Convention.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary

Jill M. Peterson

By: Jill M. Peterson
Assistant Secretary

EXHIBIT "B"

UNITED STATES OF AMERICA

SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:
Attached is copy of Form 10-Q, quarterly report, for the quarter ended March 31, 2011, received in this Commission on May 16, 2011, under the name of China Ruitai International Holdings Co., Ltd., File No.000-04494, pursuant to the provisions of the Securities Exchange Act of 1934.

on file in this Commission

November 22, 2013

Date

BARBARA VOLPE

Digitally signed by BARBARA VOLPE
DN: c=US, o=U.S. Government, ou=Securities and Exchange Commission, cn=BARBARA VOLPE, 0.9.2342.19200300.100.1.1=50001002882173
Date: 2013.11.22 12:43:44 -05'00'

Barbara J. Volpe, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

Elizabeth M. Murphy

Secretary

SEC 334 (9-12)

1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 000-04494

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	[redacted] (I.R.S. Employer Identification No.)
Wenyang Town, Feicheng City, ShanDong, China (Address of principal executive offices)	**271603** (Zip Code)

(86) 538 3850 703
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Not Applicable.

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of May 12, 2011, there were outstanding 26,000,000 shares of the registrant's common stock, par value $0.001 per share.

China Ruitai International Holdings Co., Ltd.

FORM 10-Q

INDEX

PART I—FINANCIAL INFORMATION

The statements contained in this quarterly report on Form 10-Q, including under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this quarterly report, include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding our or our management's expectations, hopes, beliefs, intentions or strategies regarding the future. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements contained in this quarterly report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Unless the content otherwise requires, all references to "we," "us," the "Company" or "China Ruitai" in this Quarterly Report on Form 10-Q refers to China Ruitai International Holdings Co., Ltd.

ITEM 1. **Financial Statements**

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31,2011 (Unaudited)	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 15,764,161	$ 25,286,619
Restricted cash	15,311,791	10,254,394
Accounts receivable, net	7,835,553	4,896,665
Notes receivable	2,814,074	2,736,496
Advances to suppliers, net	2,367,966	1,171,477
Inventories	10,758,530	9,468,211
Other receivables, net	898,932	1,023,337
Total current assets	55,751,007	54,837,199
Property and equipment, net	13,813,051	14,014,923
Commercial leasing assets, net	37,092,812	37,079,584
Advance payment for equipment purchase, net	222,020	-
Land use rights, net	5,049,759	5,045,883
	$ 111,928,649	$ 110,977,589
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term bank loans	$ 42,608,179	$ 42,339,454
Accounts payable	6,742,824	7,691,017
Notes payable	11,567,556	15,124,474
Notes payable- related party	7,914,644	3,024,895
Advances from customers	974,372	687,408
Due to related party	1,288,680	2,526,474
Income tax payable	4,662,831	4,336,457
Other payables	4,026,099	3,872,549
Loan from employees	1,303,551	1,470,138
Total current liabilities	81,088,736	81,072,866
Total Liabilities	81,088,736	81,072,866
Commitments and contingencies		
Equity		
Shareholders' equity:		
Common stock ($.001 par value; 50,000,000 shares authorized shares issued and outstanding 26,000,000 as of March 31, 2011 and December 31, 2010)	26,000	26,000
Additional paid-in capital	2,908,171	2,908,171
Statutory reserve	1,369,652	1,369,652
Retained earnings	23,779,280	23,043,387
Accumulated other comprehensive income	2,453,880	2,264,049
Total China Ruitai Shareholders' Equity	30,536,983	29,611,259
Non-controlling interest	302,930	293,464
Total Equity	30,839,913	29,904,723
TOTAL LIABILITIES AND EQUITY	$ 111,928,649	$ 110,977,589

See notes to consolidated financial statements.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Income and Comprehensive Income
(Unaudited)

	Three months ended March 31, 2011	Three months ended March 31, 2010
Sales	$ 9,586,817	$ 10,238,256
Cost of sales (See note below)	6,784,133	6,929,872
Gross margin	2,802,684	3,308,384
Operating expenses:		
General and administrative expenses	721,495	284,252
Selling expenses	528,529	359,075
Total operating expenses	1,250,024	643,327
Income from operations	1,552,660	2,665,057
Other income/(expense)		
Interest income	87,441	391,180
Interest expense	(739,953)	(578,487)
Commercial leasing income	368,783	303,183
Cost of commercial leasing	(221,462)	(214,007)
Other income/(expense)	(6,166)	38,295
Total other income/(expense), net	(511,357)	(59,836)
Income before income tax expense	1,041,303	2,605,221
Income taxes expense	297,976	646,302
Net income before allocation to non-controlling interests	743,327	1,958,919
Less: Net income attributable to the non-controlling interest	7,434	19,389
Net income attributable to China Ruitai	735,893	1,939,530
Comprehensive income		
Net Income before allocation to non-controlling interest	743,327	1,958,919
Foreign Currency Translation Adjustment	191,863	67,027
Comprehensive income	935,190	2,025,946
Less: Comprehensive income attributable to non-controlling interests	9,466	19,389
Comprehensive income attributable to China Ruitai	$ 925,724	$ 2,006,557
Earnings per share-Basic and diluted	$ 0.03	$ 0.07
Weighted average number of common shares outstanding -Basic and diluted	26,000,000	26,000,000

(Note: The cost of sales includes hot steam purchased from a related party, but the precise amount could not reasonably be determined, see Note 12)

See notes to consolidated financial statements.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net income before allocation to non-controlling interests	$ 743,327	$ 1,958,919
Adjustments to reconcile net income before non-controlling interests to net cash provided by/(used in) operating activities		
Depreciation	612,956	564,625
Amortization of land use rights	28,067	27,122
Bad debt provision	134,208	(280,793)
Changes in operating assets and liabilities:		
Restricted cash	(4,977,691)	879,900
Accounts receivable	(2,917,333)	(3,477,901)
Notes receivable	(60,033)	(556,011)
Advances to suppliers	(1,212,063)	201,892
Inventories	(1,226,621)	575,753
Other receivables	104,922	(284,794)
Accounts payable	(994,087)	770,749
Notes payable	(3,642,213)	(1,613,150)
Other payables	128,592	1,191,228
Advances from customers	281,773	491,841
Income taxes payable	297,976	281,188
Net cash (use in)/provided by operating activities	(12,698,220)	730,568
Cash flows from investing activities:		
Advanced payment to purchase equipment	(285,451)	-
Purchase of property and equipment	(101,520)	(609,265)
Net cash used in investing activities	(386,971)	(609,265)
Cash flows from financing activities:		
Proceeds from bank loans	10,158,740	6,003,851
Repayment of bank loans	(10,158,740)	(7,910,301)
Proceeds from loan from a related party	4,856,285	-
Repayment in loan from a related party	(1,250,157)	(347,609)
Repayment in loan from employee	(175,403)	(118,513)
Net cash provided by/(used in) financing activities	3,430,725	(2,372,572)
Effect of foreign exchange rate fluctuation on cash and cash equivalents	132,008	29,931
Net decrease in cash and cash equivalents	(9,522,458)	(2,221,338)
Cash and cash equivalents- beginning of period	25,286,619	10,174,528
Cash and cash equivalents-end of period	$ 15,764,161	$ 7,953,190
Supplementary disclosure of cash flow information:		
Cash paid for interest expense	$ 739,953	$ 578,487
Cash paid for income tax	$ -	$ 365,239

See notes to consolidated financial statements

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

China Ruitai International Holdings Co., Ltd. ("China Ruitai" or the "Company") was initially organized under the laws of the State of Delaware on November 15, 1955 as Inland Mineral Resources Corp. The Company subsequently changed its name to Parker-Levitt Corporation, and in 1997 changed its name to Commercial Property Corporation. In 2006, the Company changed its name to Shandong Ruitai Chemical Co., Ltd. On March 12, 2007, the Company changed its name to China Ruitai International Holdings Co., Ltd. Since February 26, 2007, the Company's fiscal year end is December 31.

On August 29, 2007, the Company entered into a Share Exchange Agreement with Pacific Capital Group Co., Ltd., ("Pacific Capital Group"), a corporation incorporated under the laws of the Republic of Vanuatu, and the Shareholders of Pacific Capital Group (the "Shareholders"). Pursuant to the Share Exchange Agreement, the Shareholders agreed to transfer all of the issued and outstanding shares of common stock in Pacific Capital Group to the Company in exchange for the issuance of an aggregate of 22,645,348 shares of the Company's common stock, thereby causing Pacific Capital Group to become a wholly-owned subsidiary of the Company and TaiAn RuiTai Cellulose Co., Ltd. ("TaiAn Ruitai"), Pacific Capital Group's majority-owned operating subsidiary, a Chinese limited liability company, to become a majority owned subsidiary of the Company. The parties closed the share exchange contemplated by the Share Exchange Agreement on November 8, 2007.

Pacific Capital Group was incorporated on November 23, 2006 under the laws of the Republic of Vanuatu as a holding company, for the purposes of seeking and consummating a merger or acquisition with a business entity. On April 26, 2007, following the approval by the relevant governmental authorities in the People's Republic of China (the "PRC"), Pacific Capital Group acquired a 99% ownership interest in TaiAn Ruitai, which was formed in the PRC on November 10, 1999 with registered capital of $2,391,840. As a result of the transaction, TaiAn Ruitai became a 99% majority-owned subsidiary of Pacific Capital Group.

TaiAn Ruitai is the only one of these affiliated companies that is engaged in business operations. China RuiTai and Pacific Capital Group are holding companies, whose business is to hold an equity ownership interest in TaiAn Ruitai. TaiAn Ruitai is engaged in the production, sales, and exportation of deeply processed chemicals, with a primary focus on non-ionic cellulose ether products. TaiAn Ruitai's assets exist solely in the PRC, and its revenues are derived from its operations therein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated on consolidation.

In addition, the Company's unaudited consolidated financial statements have been prepared on a going-concern basis which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As of March 31, 2011 and December 31, 2010, the Company had significant negative working capital, which raises substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining necessary financing or achieving a consistently profitable level of operations. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The accompanying unaudited consolidated financial statements as of March 31, 2011, and for the three months ended March 31, 2011 and 2010 have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X applicable to smaller reporting companies. In the opinion of management, all adjustments necessary for a fair statement of the results for the interim periods have been made, and all adjustments are of a normal recurring nature (or a description of the nature and amount of any adjustments other than normal recurring adjustments). The unaudited consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2010 that are included in the Company's 2010 Annual Report on 10-K filed with the Securities and Exchange Commission.

Principle of consolidation

The consolidated financial statements include China Ruitai, Pacific Capital Group and TaiAn RuiTai. All inter-company transactions and balances have been eliminated in consolidation.

Non-controlling interest represents the ownership interests in the subsidiary that are held by owners other than the parent. In December 2007, the Financial Account Standards Board ("FASB") issued "Non-controlling Interests in Consolidated Financial Statements — an amendment of ARB No. 51", ASC Topic 810-10. ASC 810-10 requires that the non-controlling interest is reported in the consolidated statement of financial position within equity, separately from the parent's equity and that net income or loss and comprehensive income or loss are attributed to the parent and the non-controlling interest. If losses attributable to the parent and the non-controlling interest in a subsidiary exceed their interests in the subsidiary's equity, the excess, and any further losses attributable to the parent and the non-controlling interest, is attributed to those interests.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates. Management evaluates the estimates on an ongoing basis, including those related to accounts receivable and useful lives of property and equipment, fair values of warrant to purchase our common stock, and income taxes. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Accounts Receivable

Accounts receivable represent amounts earned and are collectible from customers. Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make the required payments and uses the specific identification method to record such allowances. Management of the Company considers the following factors when determining the collectability of accounts receivable: a customer's credit-worthiness, past collection history, and changes in a customer's payment terms. Allowance for doubtful accounts is made based on any specifically identified accounts receivable that may become uncollectible.

Inventory

Inventories are stated at the lower of cost or market value. Actual cost is used to value raw materials and supplies. Finished goods and work-in-progress are valued using the weighted-average-cost method. Elements of costs in finished good and work-in-progress include raw materials, direct labor, and manufacturing overhead. Provision for diminution in value on inventories is made using specific identification method.

Revenue Recognition

The Company recognizes revenue when the earnings process is complete. This generally occurs when products are shipped to unaffiliated customers or picked up by unaffiliated customers in the Company's warehouse, title and risk of loss have been transferred, collectability is reasonably assured and pricing is fixed or determinable. The corresponding freight-out and handling costs are included in the selling expenses.

The Company does not provide an unconditional right of return, price protection or any other concessions to its customers Sales returns and other allowances have been immaterial in our operation.

Commercial leasing income is recognized ratably over the period of the commercial leasing asset rent contract. The commercial leasing asset is Taishan Building, which is located in Beijing and is entirely rented to Beijing Shengmei Hotel Management Company.

Impairment of long-lived assets

In accordance with Impairment or Disposal of Long-Lived Assets Subsections of ASC Subtopic 360-10, Property, Plant, and Equipment - Overall, long-lived assets, such as property, plant and equipment, and purchased intangible asset subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment of long-lived assets was recognized for the three months ended March 31, 2011 and 2010.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable are recognized and carried at original sales amounts less an allowance for uncollectible accounts, as needed. Accounts receivable as of March 31, 2011 and December 31, 2010 were:

	March 31, 2011 (Unaudited)	December 31, 2010
Accounts receivable	$ 9,322,449	$ 6,356,204
Less: Allowance for doubtful accounts	(1,486,896)	(1,459,539)
	$ 7,835,553	$ 4,896,665

Allowance for doubtful accounts movement for the three months ended March 31, 2011:

	December 31, 2010	Provision	Reverse	Write-off	March 31, 2011
Allowance for doubtful accounts	$ (1,459,539)	$ (203,998)	$ 176,641	$ -	$ (1,486,896)

4. NOTES RECEIVABLE

Notes receivable of $2,814,074 as of March 31, 2011 and $2,736,496 as of December 31, 2010 represents bank acceptance notes the Company received from customers for sales of products. The notes have a maturity of 3 to 6 months, and are accepted by banks.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

5. OTHER RECEIVABLES, NET

Other receivables are recognized and carried at original amounts less an allowance for uncollectible accounts, as needed. Other receivables as of March 31, 2011 and December 31, 2010 were:

	March 31, 2011 (Unaudited)	December 31, 2010
Other receivables	$ 2,015,065	$ 2,106,923
Less: Allowance for doubtful accounts	(1,116,133)	(1,083,586)
	$ 898,932	$ 1,023,337

Most of the balances were petty cash to salesmen and outside agents for business development.

Allowance for doubtful accounts movement for the three months ended March 31, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	March 31, 2011
Allowance for doubtful accounts	$ (1,083,586)	$ (206,651)	$ 174,104	$ -	$ (1,116,133)

6. ADVANCES PAYMENT, NET

Advances payment are recognized and carried at original amounts less an allowance for uncollectible accounts, as needed. Advances payment as of March 31, 2011 and December 31, 2010 were:

(1) Short term

	March 31, 2011 (Unaudited)	December 31, 2010
Advances payment to suppliers	$ 6,016,070	$ 4,770,170
Less: Allowance for doubtful accounts	(3,648,104)	(3,598,693)
	$ 2,367,966	$ 1,171,477

Allowance for doubtful accounts movement for the three months ended March 31, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	March 31, 2011
Allowance for doubtful accounts	$ (3,598,693)	$ (237,961)	$ 188,550	$ -	$ (3,648,104)

(2) Long term

	March 31, 2011 (Unaudited)	December 31, 2010
Advances payment for equipment purchase	$ 1,372,190	$ 1,079,052
Less: Allowance for doubtful accounts	(1,150,170)	(1,079,052)
	$ 222,020	$ -

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

Allowance for doubtful accounts movement for the three months ended March 31, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	March 31, 2011
Allowance for doubtful accounts	$ (1,079,052)	$ (71,118)	$ -	$ -	$ (1,150,170)

7. INVENTORIES

Inventories as of March 31, 2011 and December 31, 2010 consisted of the following:

	March 31, 2011	December 31, 2010
	(Unaudited)	
Raw materials	$ 3,499,806	$ 3,791,070
Work in progress	1,578,437	977,302
Finished goods	5,680,287	4,699,839
	$ 10,758,530	$ 9,468,211

8. PROPERTY AND EQUIPMENT, NET

Property and equipment as of March 31, 2011 and December 31, 2010 consisted of the following:

	March 31, 2011	December 31, 2010
	(Unaudited)	
Buildings	$ 9,213,109	$ 9,109,630
Machinery and equipment	11,685,047	11,565,294
Office equipment and furniture	95,715	85,364
Motor vehicles	560,703	557,167
	21,554,574	21,317,455
Less: Accumulated depreciation	(7,744,232)	(7,305,224)
	13,810,342	14,012,231
Construction in progress	2,709	2,692
	$ 13,813,051	$ 14,014,923

The depreciation expenses were $391,493 and $350,618 for the three months ended March 31, 2011 and 2010 respectively

9. LAND USE RIGHTS, NET

Land use rights as of March 31, 2011 and December 31, 2010 consist of the following:

	March 31, 2011	December 31, 2010
	(Unaudited)	
Land use right	$ 5,629,888	$ 5,594,381
Less: Accumulated amortization	(580,129)	(548,498)
	$ 5,049,759	$ 5,045,883

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

Amortization expenses were $28,067 and $27,122 for the three months ended March 31, 2011 and 2010, respectively.

10. COMMERCIAL LEASING ASSETS, NET

On December 31, 2009, Shandong Ruitai Chemicals Co., Ltd. ("Shandong Ruitai"), a related party, and TaiAn Ruitai, entered into a Set-Off Agreement to settle the outstanding balance Shandong Ruitai owed to TaiAn Ruitai. Pursuant to the terms of the Set-Off Agreement, TaiAn Ruitai agreed to permit Shandong Ruitai to repay a total of $31,745,649 by transferring 100% of Shandong Ruitai's ownership interest in real estate property located in Beijing, China, commonly known as Taishan Building, or Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, China ("Taishan Building" or the "Property"). In conjunction with the Set-Off Agreement, the parties engaged an appraisal firm certified by the local government to perform an independent appraisal of the Property. The firm appraised the fair market value of the Property as of December 31, 2009 to be $36,710,934.

Taishan Building is a residential building with 47 apartments and is entirely rented to Beijing Shengmei Hotel Management Company, operated as a budget hotel, for a period ending March 31, 2028. The Company treats the Taishan Building as commercial leasing assets and provides depreciation over 43 years.

Commercial lease assets as of March 31, 2011 and December 31, 2010 consisted of the following:

	March 31, 2011 (Unaudited)	December 31, 2010
Buildings	$ 38,203,376	$ 37,940,688
Less: Accumulated depreciation	(1,110,564)	(861,104)
	$ 37,092,812	$ 37,079,584

The depreciation expenses were $221,463 and $214,007 for the three months ended March 31, 2011 and 2010, respectively.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

11. SHORT-TERM BANK LOANS

Short-term bank loans as of March 31, 2011 and December 31, 2010 consisted of the following:

	March 31, 2011 (unaudited)	December 31, 2010
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co Ltd. & Mr. Lu Xingfu. Matured on January 19, 2011	$ -	$ 1,155,510
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on January 19, 2011.	-	1,255,331
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on January 18, 2011	-	1,512,447
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Maturing on May 28, 2011.	-	1,058,713
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Maturing on May 1, 2011.	-	1,361,203
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Maturing on April 14, 2011.	-	1,512,447
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on March 9, 2011.	-	2,268,671
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. maturing on October 14, 2011.	1,522,047	1,512,447
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. maturing on September 18, 2011.	1,978,661	1,966,182
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 6.06%, guaranteed by Feicheng Golden Dragon Co., Ltd., Maturing on May 16, 2011.	3,044,093	3,024,895
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 6.67%, guaranteed by Feicheng Golden Dragon Co., Ltd., Maturing on October 19, 2011	1,522,047	1,512,448
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 0%, guaranteed by Feicheng Golden Dragon Co., Ltd., Maturing on December 28, 2011.	608,819	604,979
Loan from Shanghai Pudong Development Bank Jinan Branch with interest rate of 6.06%, guaranteed by Feicheng Acid Chemicals Co. Ltd., Maturing on September 2, 2011	6,088,187	6,049,790
Loan from Citic Bank Qingdao Branch with interest rate of 6.67%, guaranteed by Mr. Lu Xingfu., Maturing on September 28, 2011.	3,044,093	3,024,896
Loan from Weihai Commercial Bank with interest rate of 6.06%, guaranteed by Shandong RunYin Biological Co., Ltd., Maturing on June 8, 2011.	3,044,093	3,024,896
Loan from Shenzhen Development Bank Jinan Branch with interest rate of 6.06%, guaranteed by Shangdong Ruitai Cellulose Co., Ltd., Maturing on November 26, 2011.	4,566,141	4,537,342
Loan from Qingdao Bank Jinan Branch with interest rate of 6.67%, guaranteed by Feicheng Acid Chemicals Co. Ltd., Maturing on August 27, 2011.	4,566,141	4,537,342
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co Ltd. & Mr. Lu Xingfu. Maturing on May 17, 2011	913,228	907,468
Loan from Feicheng Rural Credit Union with interest rate of 6.67%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on June 18, 2011.	1,522,047	1,512,447
Loan from Feicheng Rural Credit Union with interest rate of 6.06%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on January 21, 2012	1,162,844	-
Loan from Feicheng Rural Credit Union with interest rate of 6.06%, guaranteed by Shandong Juyuan Mining Group Co Ltd. & Mr. Lu Xingfu. Maturing on January 21, 2012	1,263,299	-
Loan from Bank of China Taian Branch with interest rate of 6.06%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Maturing on February 15, 2012.	4,870,550	-
Loan from Bank of China Taian Branch with interest rate of 6.06%, guaranteed by Shangdong Acid Chemicals Co. Ltd.		

Maturing on February 16, 2012.	1,369,842	-
Loan from Feicheng Rural Credit Union with interest rate of 7.27%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on January 29, 2011.	1,522,047	-
	$ 42,608,179	$ 42,339,454

The interest expenses for the bank loans were $627,166 and $387,503 for the three months ended March 31, 2011 and 2010, respectively. The weighted average interest rates for bank loans were 5.97% and 5.62% for three months ended March 31, 2011 and 2010, respectively. The Company paid off all matured short-term bank loans as of March 31, 2011.

12. RELATED PARTY BALANCE TRANSACTIONS AND BALANCES

Purchase

The Company purchases hot steam from Shandong Ruitai, which is owned by Mr. Xingfu Lu, the President of the Company, and Mr. Dian Min Ma, the CEO of the Company. The Company purchased hot steam aggregating $735,484 and $1,158,975 from Shandong Ruitai for the three months ended March 31, 2011 and 2010, respectively. The cost of sales includes steam purchased from a related party but the precise amount could not reasonably be determined.

Land use right transaction

On October 25, 2006, the Company purchased the use right of a piece of land, approximately 36 acres, located in Wenyang County, Shandong Province, from Shandong Ruitai, for the original cost of $3,920,264. The local government approved the transaction and certified that the purchase price is at the fair market value. The consideration has been paid to the seller, and the title transfer is ongoing. Management believes the transaction is on terms no less favorable to the Company than those reasonably obtainable from third parties. The Company's headquarters building and a production facility are located on this piece of land.

Due to related party

As of March 31, 2011 and December 31, 2010, the Company had balance due to Shandong Ruitai of $1,288,680 and $2,526,474, respectively. The balance included the payable to purchase hot steam and the non-interest bearing loans for the purpose of financing the Company's operations due to a lack of working capital.

Notes payable to related party

For the three months ended March 31, 2011, the Company received loans of $14,002,831 from Shandong Ruitai in the form of issuing notes which are guaranteed by the Company's banks (see note 13) As of March 31, 2011, the balance of notes payable to Shandong Ruitai is $7,914,644. The loans were non-interest bearing for the purpose of financing the Company's operations due to a lack of working capital, and have no fixed terms of repayment.

13. NOTES PAYABLE

The Company issues notes to certain suppliers which are guaranteed by the Company's banks in lieu of payment of accounts payable. Terms of these notes payable vary depending on the negotiations with individual suppliers. Typical terms are six months. On the maturity dates, the note holders present these notes to the banks to draw cash based on the notes amounts. The Company is subject to a bank fee of 0.05% on the outstanding notes

The Company is required to make a restricted security deposit between 50% and 100% of the face amount of the notes in the banks until the notes are settled. Restricted cash for this purpose amounted to $15,311,791 and $10,254,394 as of March 31, 2011 and December 31, 2010, respectively.

14. OTHER PAYABLES

Other payables as of March 31, 2011 and December 31, 2010 consisted of the following:

	March 31, 2011	December 31, 2010
	(Unaudited)	
Other taxes payable	$ 1,739,921	$ 1,458,147
Payroll	161,796	149,210
Employee security deposit	26,765	28,638
Loan from third party	62,617	540,473
Sales commission payable	1,759,855	1,260,692
Accrued expenses	155,592	317,037
Others	119,553	118,352
	$ 4,026,099	$ 3,872,549

Other taxes payable include VAT payable, real estate tax payable, individual income tax payable and other tax payables. Loans from third parties were non-interest bearing loans for the purpose of working capital, payable upon Company's discretion.

15. LOAN FROM EMPLOYEES

Loan from employee represents loans from employees to finance the Company's operations due to a lack of working capital The Company paid 0.6% interest on these loans monthly for the period July 1, 2007 through March 31, 2009. Beginning from April 1, 2009, the Company pays 0.5% interest on these loans monthly Cash flows from these activities are classified as cash flows from financing activities. Loan from employee was $1,303,551 as of March 31, 2011 and $1,470,138 as of December 31, 2010. The Company paid interest of $22,931 and $22,052 for the three months ended March 31, 2011 and 2010, respectively.

16. INCOME TAXES

The tax payables balance of $4,662,831 and $4,336,457 as of March 31, 2011 and December 31, 2010 represents the income tax accrual of TaiAn Ruitai. TaiAn Ruitai is subject to PRC income tax at a rate of 25%.

Income tax expenses were $297,976 and $646,302 for the three months ended March 31, 2011 and 2010, respectively, which represents PRC current income taxes.

The Company has not recorded tax provision for U.S. and Vanuatu tax purposes as they have no assessable profits arising in or derived from the United States or Vanuatu and intends to permanently reinvest accumulated earnings in the PRC operations.

The Company has a deferred tax asset on net operating losses of approximately $184,280 as of March 31, 2011 and December 31, 2010, respectively. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those net operating losses are available. The Company considers projected future taxable income and tax planning strategies in making its assessment. At present, the Company does not have sufficient operations in the United States to conclude that it is more-likely-than-not that the Company will be able to realize all of its tax benefits in the near future and therefore a valuation allowance of $184,280 was established for the full value of the deferred tax asset.

A valuation allowance will be maintained until sufficient positive evidence exists to support the reversal of any portion or all of the valuation allowance. Should the Company start operations in the United States in future periods with a supportable trend, the valuation allowance will be reversed accordingly.

17. STATUTORY RESERVES

Under PRC law, TaiAn Ruitai is required to provide for certain statutory reserves, namely a general reserve, an enterprise expansion fund and a staff welfare and bonus fund. The entity is required to allocate at least 10% of its after tax profits on an individual company basis as determined under PRC GAAP to the general reserve and have the right to discontinue allocations to the general reserve if such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the Board of Directors of the entity. These reserves can only be used for specific purposes and are not transferable to the Company in the form of loans, advances, or cash dividends.

Both of the balances of statutory reserves as of March 31, 2011 and December 31, 2010 were $1,369,652, and for the three months ended March 31, 2011 and 2010, the Company did not make appropriation in its statutory reserves since such reserve had reached 50% of registered capital.

18. CONCENTRATIONS AND CREDIT RISKS

At March 31, 2011 and December 31, 2010, the Company had a credit risk exposure of cash in banks of $15,764,161 and $25,286,619, respectively, that is uninsured by the government authority. To limit exposure to credit risk relating to deposits, the Company primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings.

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC as well as by the general state of the PRC's economy. The business may be influenced by, among other things, changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Major Customers

During the three months ended March 31, 2011 and 2010, the Company's largest customer accounted for 18% and 10%, respectively, of the Company's net revenue. The outstanding account receivable balance for this customer was $102,627 and $191,287 as of March 31, 2011 and December 31, 2010, respectively

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

Major Suppliers

During the three months ended March 31, 2011 and 2010, the Company's four largest suppliers together accounted for 56% and 51%, respectively, of the Company's total purchases. The account payable balances for the Company's four largest suppliers were $1,527,200 and $1,787,290 as of March 31, 2011and December 31, 2010, respectively.

19. WARRANT

During March 2008, the Company engaged a consultant to conduct a program of investor relations activities, for an initial period of twelve months ended February 28, 2009, and continuing on a month-to-month basis thereafter upon mutual consent. The terms of the agreement are for the consultant to receive a cash payment per month plus a warrant to purchase 150,000 shares of the Company's restricted common stock at a exercise price of $3.05 per share The warrant has a term of four (4) years and is vested 50% on March 1, 2008 and 50% on September 30, 2008. Management valued the warrant at $1 16 per share using the Black-Scholes pricing model with assumptions summarized below, for a total of $174,000, which is being amortized over the prospective beneficial period

Grant Date Stock Price	Exercise Price	Warrant Life	Risk Free Interest Rate	Expected Volatility
$2.90	$3.05	4 years	2.00%	51%

Warrant costs charged to operations as consulting fees were $nil and $nil, for the three month ended March 31, 2011 and 2010, respectively. There were no warrants that were exercised as of March 31, 2011 and December 31,2010.

On May 19, 2008, the Company engaged a consultant as its exclusive investment banker and agent for a one-year period ended May 19, 2009, and subject to cancellation by thirty (30) days written notice by certified mail. As part of compensation to the consultant, the Company issued the consultant a warrant to purchase 200,000 shares of the Company's common stock at a price of $4 00 per share. The warrant has a term of five (5) years and was issued on May 19, 2008. Management valued the warrant at $1.84 per share using the Black-Scholes pricing model with assumptions summarized below, for a total of $368,000, which will be amortized over the prospective beneficial period.

Grant Date Stock Price	Exercise Price	Warrant Life	Risk Free Interest Rate	Expected Volatility
$4.00	$4.00	5 years	2.00%	51%

Warrant costs charged to operations as consultant fees for the three month ended March 31, 2011 and 2010 were $nil and $nil, respectively. There were no warrants that were exercised as of March 31, 2011 and December 31, 2010.

The warrant agreements contained cash settlement and down round protection clauses. Accordingly, the warrants should be accounted for as liability from its issuance date at its fair value with changes in value included in earnings each reporting period. The Company treated it as equity due to an immaterial difference

20. EARNINGS PER SHARE

	Three Months Ended March 31, 2011 (unaudited)	2010 (unaudited)
Numerator used in basic net income per share:		
Net income attributable to China Ruitai Shares	$ 735,893	$ 1,939,530
Weighted average common shares outstanding	26,000,000	26,000,000
Weighted average common shares outstanding used in computing diluted earnings per ordinary shareWeighted average common shares outstanding used in computing diluted earnings per ordinary share	26,000,000	26,000,000
Earnings per common share-basic and diluted	$ 0.03	$ 0.07

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

21. COMMITMENTS AND CONTINGENCIES

Governmental control of currency conversion

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The Company receives most of its revenues in Renminbi, which is currently not a freely convertible currency. Shortages in the availability of foreign currency may restrict the Company's ability to remit sufficient foreign currency to satisfy foreign currency dominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from the transaction, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of bank loans denominated in foreign currencies.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currency to satisfy its currency demands, the Company may not be able to pay certain of its expenses as they come due.

Guaranteed Bank Loans

The Company has guaranteed certain loans for third-party enterprises, which, in turn, have guaranteed loans for the Company. These guarantees require payment from the Company in the event of default on payment by the respective debtor and, if the debtor defaults, the Company may be required to pay amounts outstanding under the related agreements in addition to the principal amount guaranteed, including accrued interest and related fees.

The Company and these third-party enterprises have been guaranteeing loans for each other in their day-to-day operations. Both of these enterprises and the Company are considered good reputation debtors by local banks. The banks allow these companies to guarantee loans for each other instead of requiring the loans be secured by collateral. None of the enterprises for which the Company has guaranteed loans has defaulted on any loan repayments, and accordingly, the Company has not recorded any liabilities or losses on such guarantees.

Bank loans that the Company has guaranteed for third-party enterprises consist of the following as of March 31, 2011:

Bank loans:

Financial institutions		Amount	Duration	Borrower
Agriculture development bank of China Feicheng branch	$	2,435,275	May 10, 2010 to May 10, 2011	Taipeng Group
Bank of China Feicheng branch		1,430,724	October 21, 2010 to October 8,2011	Shandong Acid Chemicals Ltd., Co
Bank of China Feicheng branch		890,000	October 23, 2010 to October 23, 2011	Feicheng Acid Chemicals Ltd., Co
Bank of China Feicheng branch		2,587,480	October 13, 2010 to September 13,2011	Taipeng Household Items Ltd., Co
Bank of China Feicheng branch		1,019,771	October 13, 2010 to September 13,2011	Taipeng Nonwoven Ltd., Co

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

Financial institutions		Amount	Duration	Borrower
Bank of China Feicheng branch		456,614	October 13, 2010 to September 13,2011	Shandong Acid Chemicals Ltd., Co.
Bank of China Feicheng branch		2,748,817	October 13, 2010 to September 13,2011	Taipeng New Material Ltd., Co
Bank of China Feicheng branch		2,587,480	November 12, 2010 to November 12,2011	Feicheng Jinlong Textile Ltd., Co.
Bank of China Feicheng branch		2,283,070	January 20, 2011 to January 20,2012	Shandong Yinbao Food Ltd., Co.
Shenzhen development bank Jinan branch		1,522,047	February 2, 2011 to February 2,2012	Shandong RunYin Biological Chemicals Co., Ltd
Shenzhen development bank Jinan branch		3,805,117	May 10, 2010 to May 10, 2011	Shandong Yinbao Food Ltd., Co
Bank of Communication Taian Branch		3,805,117	May 21, 2010 to May 21, 2011	Shandong Yinbao Food Ltd., Co
Agriculture bank of China Feicheng branch		3,500,708	October 27, 2010 to October 26, 2011	Shandong Yinbao Food Ltd., Co
	$	29,072,220		

Bank acceptable notes:

Financial institutions		Amount	Duration	Borrower
Shenzhen development bank	$	4,566,141	August 24, 2010 to August 24, 2011	Taipeng Nonwoven Ltd., Co
Industrial bank		6,088,187	March 20,2011 to September 20, 2011	Feicheng Acid Chemicals Ltd., Co.
Shenzhen development bank		3,044,094	October 26, 2010 to October 26, 2011	Shandong Lulong Group Ltd., Co.
	$	13,698,422		

22. SUBSEQUENT EVENTS

Management has considered all events occurring through the date the financial statements have been issued, and has determined that there are no such events that are material to the financial statements, or all such material events have been fully disclosed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our results of operations and financial condition for the three months ended March 31, 2011. The following discussion should be read in conjunction with the Financial Statements and related Notes appearing elsewhere in this Form 10-Q.

Results of Operations for the Three Month Period Ended March 31, 2011 Compared to the Three Month Period Ended March 31, 2010

Revenue

Revenue. During the three month period ended March 31, 2011, we had revenues of $ 9,586,817 as compared to revenues of $10,238,256 during the three month period ended March 31, 2010, a decrease of approximately 6.4%. The decrease in revenue was primarily attributable to: (i) as a result of the increase in the costs of raw material and labor, management made a decision to increase the unit product's price. As major products, "HPMC" & "EC" constitute about 90% of the total sales. These two products' average unit price increased about RMB16K per ton and RMB7K per ton, respectively; and (ii) for the 2010 year, management reduced prices to sell some storage products. However, this year, as a result of the increase in the costs of raw material and labor, revenue was decreased.

Cost of Sales. During the three month period ended March 31, 2011, our cost of sales was $6,784,133 as compared to costs of sales of $6,929,872 for the three month period ended March 31, 2010, a decrease of approximately 2.1%. This decrease in cost of sales resulted primarily from a decrease in sales.

Operating Expenses

Our operating expenses are divided into selling expenses and general and administrative expenses, both of which are discussed below:

Selling Expenses. Selling expenses, which consist of sales commissions, freight charges, travel and other selling expenses, totaled $528,529 for the three month period ended March 31, 2011 as compared to $359,075 for the three month period ended March 31, 2010, an increase of approximately 47.2%. This increase results primarily from: 1) the increase of sales commissions of about $80,692, which is the bonus to a salesperson for the year 2010 and is typically awarded in the first quarter of 2011; 2) the increase of freight out expense of $91,155, which resulted from the increase in fuel prices, and we covered the freight charges as a promotion to our new pharmaceutical customers

General and Administrative Expenses. General and administrative expenses totaled $721,495 for the three month period ended March 31, 2011 as compared to $284,252 for the three month period ended March 31, 2010, an increase of approximately 153.8%. There were three primary drivers behind this increase. First, payroll increase due to the bonus awarded to employees in the first quarter of 2011. Second, in 2010, we had collected some of the accounts receivable which we previously perceived as bad debt, but no similar events happened in the first quarter of 2011, leading to a $415,001 increase in bad debt expense in the first quarter of 2011 compared with the first quarter of 2010.

Income from Operations

For the three month period ended March 31, 2011, our income from operations was $1,552,660 as compared to income from operations of $2,665,057 for the three month period ended March 31, 2010, a decrease of approximately 41.7%. This decrease was primarily attributable to a dramatic increase in selling, marketing expenses and general and administrative expenses, combined with a decrease in sales.

Commercial Leasing Income and Cost

For the three month period ended March 31, 2011, our commercial leasing income was $368,783 as compared to $303,183 for the three month period ended March 31, 2010, an increase of approximately 21.6%. The increase was due to the appreciation of RMB. Rental income was from a newly acquired commercial property in Beijing. On December 31, 2009, we entered into a Set-Off Agreement with our related party, Shandong Ruitai Chemicals Co., Ltd. ("Shandong Ruitai"). TaiAn, our subsidiary, agreed to permit Shandong Ruitai to satisfy a total of $31,745,649 in debt owed by Shandong Ruitai in exchange for Shandong Ruitai's transfer of 100% of its ownership interest in real property located in Beijing, China, commonly known as Taishan Building, or Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, China (the "Taishan Building").

Interest Income

For the three month period ended March 31, 2011, our interest income was $87,441 as compared to $391,180 for the three month period ended March 31, 2010, a decrease of approximately $303,739, or 77.7%. This decrease resulted primarily from the decrease of our average cash and restricted cash deposit in the bank.

Interest Expense

For the three month period ended March 31, 2011, we incurred interest expense in the amount of $739,953 as compared to $578,487 for the three month period ended March 31, 2010, an increase of approximately 27.9%. The increase in interest expense resulted primarily from the increase of the weighted-average interest rate for the bank loan from 5.62% at March 31, 2010 to 5.97% at March 31, 2011, as well as the increase of the interest paid for discounted notes receivable.

Income Tax Expense

Our income tax expense was $297,976 for the three month period ended March 31, 2011 as compared to $646,302 for the three month period ended March 31, 2010, a decrease of $348,326, or approximately 53.9%. This decrease is primarily attributable to a decrease in profits before income taxes decreased from $2,605,221 in the three month period ended March 31, 2010 to $1,041,303 for the three month period ended March 31, 2011, a decrease of approximately 60%.

Net Income attributable to China RuiTai

We had net income attributable to China RuiTai of $735,893 for the three month period ended March 31, 2011 as compared to $1,939,530 for the three month period ended March 31, 2010, a decrease of $1,203,637, or approximately 62.1%. This decrease is primarily attributable to a decrease in sales revenue and an increase in selling and marketing expenses and general and administrative expenses net of a decrease in income tax expense.

Liquidity and Capital Resources

The Company anticipates obtaining additional financing to meet the working capital requirements for its on-going projects and to sustain the business operations for the next twelve months. The Company is exposed to certain risks for significant negative working capital as indicated on the balance sheet, which increases the concern for management's ability to fulfill the Company's working capital requirements as well as the ability to continue as a going concern. The risk is mainly the result of a high level of short-term bank borrowings pursuant to which China RuiTai has a proven record of excellent credit history with the local bank for the past ten years. We do not believe additional debt financing from the bank to fulfill the working capital requirements will be an issue due to the track record of the Company's credit history and the solid relationship with the local bank. In the event of a default under the bank borrowings, the Company has a $37,092,812 commercial leasing asset, "Taishan Building", located at Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, which can be sold in the open market. As a result, management's view of our going concern risk is low.

Total Current Assets & Total Assets

As of March 31, 2011: (i) our total current assets were $55,751,007 as compared to total current assets of $54,837,199 at December 31, 2010, an increase of $913,808, or approximately 1.7%; and (ii) our total assets were $111,928,649 as of March 31, 2011 compared to $110,977,589 as of December 31, 2010, an increase of $951,060, or approximately 0.9% Our total assets increased due to changes that we experienced in cash and cash equivalents, restricted cash, accounts receivable and advance to suppliers, and all of which are discussed below.

Cash and Cash Equivalents. As of March 31, 2011, our cash and cash equivalents were $15,764,161 as compared to $25,286,619 at December 31, 2010, a decrease of $9,522,458, or approximately 37.7%. This decrease was primarily attributable to payment to the related party for outstanding debt, additional spending on working capital and an additional $5,057,397 cash required to be deposited as restricted in the bank to serve as collateral for increased notes payable.

Restricted Cash. As of March 31, 2011, our restricted cash was $15,311,791 as compared to $10,254,394 at December 31, 2010, an increase of $5,057,397, or approximately 49.32%. The Company is required to make restricted security deposits between 50% and 100% of the face amount of the notes with the banks until the notes are settled. This increase was primarily attributable to an overall increase in notes payable.

Accounts Receivable. As of March 31, 2011, our accounts receivable were $7,835,553 as compared to $4,896,665 at December 31, 2010, an increase of $2,938,888, or approximately 60.02%. This increase was primarily attributable to a better credit policy for our newly targeted pharmaceutical customers.

Advance to suppliers. As of March 31, 2011, we have an advance to suppliers of $2,367,966 as compared to $1,171,477 at December 31, 2010, an increase of $1,196,489, or 102.14%. This increase was primarily attributable to our prepayments to our suppliers to secure favorable raw material prices.

Inventories. As of March 31, 2011, we had inventories of $10,758,530 as compared to $9,468,211 as of December 31, 2010, an increase of $1,290,319, or approximately 13.6%. The increase in inventories from 2011 to 2010 was the result of the anticipation of an increase in demand for the second quarter sales.

Total Current Liabilities

As of March 31, 2011, our total current liabilities were $81,088,736 as compared to $81,072,866 at December 31, 2010, an increase of $15,870, or approximately 0.02%. This increase was primarily attributable to changes in accounts payable, notes payable, and due to related parties as discussed below.

Accounts Payable. As of March 31, 2011, our accounts payable was $6,742,824 as compared to $7,691,017 as of December 31, 2010, a decrease of $948,193, or approximately 12.33%. The decrease in our accounts payable was attributable to different ways of purchasing the raw material

Notes Payable. As of March 31, 2011, our notes payable were $11,567,556 as compared to $15,124,474 as of December 31, 2010, a decrease of $3,556,918, or approximately 23.52%. This decrease was attributable to the changes in the suppliers' preference of payment method

Due to related parties. As of March 31, 2011, due to related parties were $1,288,680 as compared to $2,526,474 as of December 31, 2010, a decrease of $1,237,794, or approximately 48.99%. The decreases in due to related parties were attributable to continued repayment of the money owed to the related parties to lower interest expense.

Operating Activities

Net cash of $12,698,220 was used by operating activities during the three month period ended March 31, 2011 compared to net cash provided by operating activities of $730,568 during the three month period ended March 31, 2010, representing a decrease of $13,428,788. The decrease in net cash provided by our operating activities was primarily attributable to the following five reasons: (i) a $4,977,691 increase in restricted cash for the three month period ended March 31, 2011 and a $ 879,900 decrease in restricted cash for three month period ended March 31, 2010, a net change of $5,857,591. The increase in restricted cash is in proportion to the increase in notes payable; (ii) there was a $1,226,621 increase in inventories for the three month period ended March 31, 2011 and a $575,753 decrease in inventories for the three month period ended March 31, 2010, a net change of $1,802,374. The increase of inventories is a result of an increase in the price of raw materials; (iii) there was a $1,212,063 increase in advance to suppliers for the three month period ended March 31, 2011 and a $201,892 decrease in advance to suppliers for the three month period ended March 31, 2010, a net change of $1,413,955; (iv) there was a $994,087 decrease in accounts payable for the three month period ended March 31, 2011 and a $770,749 increase in accounts payable for the three month period ended March 31, 2010, a net change of $1,764,836, and was due to our prompt payment to our supplier to secure favorable raw material prices in 2011; and (v) there was a $3,642,213 decrease in the notes payables for the three month period ended March 31, 2011 and a $1,613,150 decrease in notes payables for the three month period ended March 31, 2010, a net change of $2,029,063, which reflects the Company's flexibility in choosing the payment method to our suppliers which will be most favorable to the Company.

Investing Activities

During the three month period ended March 31, 2011, the net cash used in investing activities was $386,971 as compared to net cash used in investing activities of $609,265 for the three month period ended March 31, 2010, a decrease of $222,294. This decrease was primarily attributable to the increase in the purchase of fixed assets.

Financing Activities

During the three month period ended March 31, 2011, the net cash provided by financing activities was $3,430,725 as compared to net cash used in financing activities of $2,372,572 for the three month period ended March 31, 2010, an increase of $5,803,297. This change in financing activities was primarily attributable to the increase in loans from a related party.

Off Balance Sheet Arrangements

As of March 31, 2011, the Company has unconditionally guaranteed certain loans and notes for third-party enterprises in the aggregate amount of approximately $42,770,642. These third-party enterprises, in turn, have guaranteed loans for the Company in the aggregate amount of approximately $23,439,521 as of March 31, 2011. The unconditional guarantees made by the Company require payment from the Company in the event of default on payment by the respective debtor and, if the debtor defaults, the Company may be required to pay amounts outstanding under the related agreements in addition to the principal amount guaranteed, including accrued interest and related fees

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures

The Securities and Exchange Commission defines the term "disclosure controls and procedures" to mean the company's controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to principal executive and principal financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed to provide reasonable assurance of achieving the objectives of timely alerting them to material information required to be included in our periodic SEC reports and of ensuring that such information is recorded, processed, summarized and reported with the time periods specified. Our chief executive officer and chief financial officer also concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance of the achievement of these objectives

Changes in internal control over financial reporting

There was no change in our internal control over financial reporting that occurred during the three months ended March 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any pending legal proceedings, and no such proceedings are known to be contemplated. None of our directors, officers or affiliates, and no owner of record or beneficial owner of more than 5.0% of our securities, or any associate of any such director, officer or security holder is a party adverse to us or has a material interest adverse to us in reference to pending litigation.

ITEM 1A. RISK FACTORS

Not Applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The following exhibits are filed herewith

Exhibit Number	Description
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.

Date: May 16, 2011	By:	/s/ Dian Min Ma
		Dian Min Ma, Chief Executive Officer (Principal Executive Officer)
Date: May 16, 2011	By:	/s/ Gang Ma
		Gang Ma, Chief Financial Officer (Principal Financial Officer and Chief Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Dian Min Ma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of China Ruitai International Holdings Co., Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2011

By: /s/ Dian Min Ma
Dian Min Ma, Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gang Ma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of China Ruitai International Holdings Co., Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2011   By: /s/ Gang Ma

Gang Ma, Chief Financial Officer

Exhibit 32.1

CERTIFICATION

The undersigned officer of China Ruitai International Holdings Co., Ltd. (the "Company") hereby certifies that, to his knowledge, the Company's Quarterly Report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2011	By:	/s/ Dian Min Ma
		Dian Min Ma, Chief Executive Officer

Exhibit 32.2

CERTIFICATION

The undersigned officer of China Ruitai International Holdings Co., Ltd. (the "Company") hereby certifies that, to his knowledge, the Company's Quarterly Report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2011

By: /s/ Gang Ma
Gang Ma, Chief Financial Officer

EXHIBIT “C”

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:
Attached is copy of Form 10-Q, quarterly report, for the quarter ended June 30, 2011, received in this Commission on August 15, 2011, under the name of China Ruitai International Holdings Co., Ltd., File No.000-04494, pursuant to the provisions of the Securities Exchange Act of 1934.

on file in this Commission

November 22, 2013
Date

BARBARA VOLPE

Digitally signed by BARBARA VOLPE
DN: c=US, o=U.S. Government, ou=Securities and Exchange Commission, cn=BARBARA VOLPE, 0.9.2342.19200300.100.1.1=50001002882173
Date: 2013.11.22 12:45:50 -05'00'

Barbara J. Volpe, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

Elizabeth M. Murphy
Secretary

SEC 334 (9-12)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 000-04494

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	[redacted] (I.R.S. Employer Identification No.)
Wenyang Town, Feicheng City, ShanDong, China (Address of principal executive offices)	271603 (Zip Code)

(86) 538 3850 703
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of August 12, 2011, there were outstanding 26,000,000 shares of the registrant's common stock, par value $0.001 per share.

China Ruitai International Holdings Co., Ltd.

FORM 10-Q

INDEX

PART I—FINANCIAL INFORMATION

The statements contained in this quarterly report on Form 10-Q, including under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this quarterly report, include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding our or our management's expectations, hopes, beliefs, intentions or strategies regarding the future. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements contained in this quarterly report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Unless the content otherwise requires, all references to "we," "us," the "Company" or "China Ruitai" in this Quarterly Report on Form 10-Q refers to China Ruitai International Holdings Co., Ltd.

ITEM 1. Financial Statements

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 17,994,188	$ 25,286,619
Restricted cash	24,075,507	10,254,394
Accounts receivable, net	10,267,874	4,896,665
Notes receivable	5,953,862	2,736,496
Advances to suppliers, net	2,104,015	1,171,477
Inventories	11,454,083	9,468,211
Other receivables, net	913,352	1,023,337
Total current assets	72,762,881	54,837,199
Property and equipment, net	13,849,174	14,014,923
Commercial leasing assets, net	37,481,694	37,079,584
Advance payment for equipment purchase, net	418,842	-
Land use rights, net	5,104,824	5,045,883
	$ 129,617,415	$ 110,977,589
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term bank loans	$ 40,219,712	$ 42,339,454
Accounts payable	7,237,536	7,691,017
Notes payable	11,759,245	15,124,474
Notes payable- related party	24,292,124	3,024,895
Advances from customers	1,120,457	687,408
Due to related party	567,327	2,526,474
Income tax payable	5,274,379	4,336,457
Other payables	4,707,541	3,872,549
Loan from employees	1,698,447	1,470,138
Total current liabilities	96,876,768	81,072,866
Total Liabilities	96,876,768	81,072,866
Commitments and contingencies		
Equity		
Shareholders' equity:		
Common stock ($.001 par value; 50,000,000 shares authorized authorized shares issued and outstanding 26,000,000 as of June 30, 2011 and December 31, 2010)	26,000	26,000
Additional paid-in capital	2,908,171	2,908,171
Statutory reserve	1,369,652	1,369,652
Retained earnings	25,149,149	23,043,387
Accumulated other comprehensive income	2,965,604	2,264,049
Total China Ruitai Shareholders' Equity	32,418,576	29,611,259
Non-controlling interest	322,071	293,464
Total Equity	32,740,647	29,904,723
TOTAL LIABILIIES AND EQUITY	$ 129,617,415	$ 110,977,589

See notes to unaudited consolidated financial statements.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Income and Comprehensive Income
(Unaudited)

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Sales	$ 11,722,184	$ 11,171,175	$ 21,309,001	$ 21,409,431
Cost of sales (See note below)	8,001,818	8,222,567	14,785,951	15,152,439
Gross margin	3,720,366	2,948,608	6,523,050	6,256,992
Operating expenses:				
General and administrative expenses	660,283	215,858	1,381,778	500,110
Selling expenses	604,849	530,310	1,133,378	889,385
Total operating expense	1,265,132	746,168	2,515,156	1,389,495
Income from operations	2,455,234	2,202,440	4,007,894	4,867,497
Other income/(expense)				
Interest income	90,940	175,432	178,381	566,612
Interest expense	(796,829)	(550,610)	(1,536,782)	(1,129,097)
Commercial leasing income	373,832	311,774	742,615	614,957
Cost of commercial leasing	(224,771)	(214,123)	(446,233)	(428,130)
Other income/(expense)	17,159	(16,608)	10,993	21,687
Total other income/(expense), net	(539,669)	(294,135)	(1,051,026)	(353,971)
Income before income tax expense	1,915,565	1,908,305	2,956,868	4,513,526
Income tax expense	531,859	477,076	829,835	1,123,378
Net income before allocation to noncontrolling interests	1,383,706	1,431,229	2,127,033	3,390,148
Less: Net income attributable to noncontrolling interests	13,837	14,312	21,271	33,701
Net income attributable to China Ruitai	1,369,869	1,416,917	2,105,762	3,356,447
Comprehensive income				
Net Income before allocation to non-controlling interest	1,383,706	1,431,229	2,127,033	3,390,148
Foreign Currency Translation Adjustment	517,029	103,929	708,891	170,956
Comprehensive Income	$ 1,900,735	$ 1,535,158	$ 2,835,924	$ 3,561,104
Less: Comprehensive income attributable to noncontrolling interests	19,141	16,042	28,607	35,431
Comprehensive Income Attributable to China Ruitai	$ 1,881,594	$ 1,519,116	$ 2,807,317	$ 3,525,673
Earnings per share - Basic and diluted	$ 0.05	$ 0.05	$ 0.08	$ 0.13
Weighted average number of common shares outstanding-Basic and diluted	26,000,000	26,000,000	26,000,000	26,000,000

(Note: The cost of sales includes hot steam purchased from a related party, but the precise amount could not reasonably be determined, see note 12)

See notes to unaudited consolidated financial statements.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30, 2011	Six months ended June 30, 2010
Cash flows from operating activities:		
Net income before allocation to non-controlling interests	$ 2,127,033	$ 3,390,148
Adjustments to reconcile net income before non-controlling interests to net cash used in operation activities		
Depreciation	1,238,777	1,170,810
Amortization of land use rights	56,631	54,244
Bad debt provision	226,802	(382,323)
Loss on disposal of equipment	3,505	-
Changes in operating assets and liabilities:		
Restricted cash	(13,442,342)	(2,346,400)
Accounts receivable	(5,284,903)	(3,632,516)
Notes receivable	(3,121,232)	2,615,532
Advances to suppliers	(1,164,805)	(29,570)
Inventories	(1,749,315)	732,041
Other receivables	104,117	(3,208,529)
Accounts payable	(623,931)	1,492,701
Notes payable	(3,674,444)	(1,613,150)
Other payables	737,999	269,815
Advances from customers	412,840	727,868
Income taxes payable	829,280	227,259
Net cash used in operating activities	(23,323,988)	(532,070)
Cash flows from investing activities:		
Advanced payment to purchase equipment	(262,808)	-
Purchase of property and equipment	(312,147)	(1,369,347)
Net cash used in investing activities	(574,955)	(1,369,347)
Cash flows from financing activities:		
Proceeds from bank loans	15,760,304	22,428,651
Repayment of bank loans	(18,822,341)	(17,002,601)
Proceeds from loan from a related party	20,974,953	-
Repayment of loan from a related party	(1,996,128)	(1,630,614)
Repayment of loan from employee	192,418	20,517
Net cash provided by financing activities	16,109,206	3,815,953
Effect of foreign exchange rate fluctuation on cash and cash equivalents	497,306	80,053
Net (decrease) increase in cash and cash equivalents	(7,292,431)	1,994,589
Cash and cash equivalents- beginning of period	25,286,619	10,174,528
Cash and cash equivalents-end of period	$ 17,994,188	$ 12,169,117
Supplementary disclosure of cash flow information:		
Cash paid for interest expense	$ 1,536,782	$ 1,129,181
Cash paid for income tax	$ -	$ 896,164

See notes to unaudited consolidated financial statements

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

1. ORGANIZATION AND DISCRIPTION OF BUSINESS

China Ruitai International Holdings Co., Ltd. ("China Ruitai" or the "Company") was initially organized under the laws of the State of Delaware on November 15, 1955 as Inland Mineral Resources Corp. The Company subsequently changed its name to Parker-Levitt Corporation, and in 1997 changed its name to Commercial Property Corporation. In 2006, the Company changed its name to Shandong Ruitai Chemical Co., Ltd. On March 12, 2007, the Company changed its name to China Ruitai International Holdings Co., Ltd. Since February 26, 2007, the Company's fiscal year end is December 31.

On August 29, 2007, the Company entered into a Share Exchange Agreement with Pacific Capital Group Co., Ltd., ("Pacific Capital Group"), a corporation incorporated under the laws of the Republic of Vanuatu, and the Shareholders of Pacific Capital Group (the "Shareholders"). Pursuant to the Share Exchange Agreement, the Shareholders agreed to transfer all of the issued and outstanding shares of common stock in Pacific Capital Group to the Company in exchange for the issuance of an aggregate of 22,645,348 shares of the Company's common stock, thereby causing Pacific Capital Group to become a wholly-owned subsidiary of the Company and TaiAn RuiTai Cellulose Co., Ltd. ("TaiAn Ruitai"), Pacific Capital Group's majority-owned operating subsidiary, a Chinese limited liability company, to become a majority owned subsidiary of the Company. The parties closed the share exchange contemplated by the Share Exchange Agreement on November 8, 2007.

Pacific Capital Group was incorporated on November 23, 2006 under the laws of the Republic of Vanuatu as a holding company, for the purposes of seeking and consummating a merger or acquisition with a business entity. On April 26, 2007, following the approval by the relevant governmental authorities in the People's Republic of China (the "PRC"), Pacific Capital Group acquired a 99% ownership interest in TaiAn Ruitai, which was formed in the PRC on November 10, 1999 with registered capital of $2,391,840. As a result of the transaction, TaiAn Ruitai became a 99% majority-owned subsidiary of Pacific Capital Group.

TaiAn Ruitai is the only one of these affiliated companies that is engaged in business operations. China RuiTai and Pacific Capital Group are holding companies, whose business is to hold an equity ownership interest in TaiAn Ruitai. TaiAn Ruitai is engaged in the production, sales, and exportation of deeply processed chemicals, with a primary focus on non-ionic cellulose ether products. TaiAn Ruitai's assets exist solely in the PRC, and its revenues are derived from its operations therein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated on consolidation.

In addition, the Company's unaudited consolidated financial statements have been prepared on a going-concern basis which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As of June 30, 2011 and December 31, 2010, the Company had significant negative working capital, which raises substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining necessary financing or achieving a consistently profitable level of operations. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The accompanying unaudited consolidated financial statements as of June 30, 2011, and for the three months and six months ended June 30, 2011 and 2010 have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X applicable to smaller reporting companies. In the opinion of management, all adjustments necessary for a fair statement of the results for the interim periods have been made, and all adjustments are of a normal recurring nature (or a description of the nature and amount of any adjustments other than normal recurring adjustments). The unaudited consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2010 that are included in the Company's 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Principle of consolidation

The consolidated financial statements include China Ruitai, Pacific Capital Group and TaiAn RuiTai. All inter-company transactions and balances have been eliminated in consolidation.

Non-controlling interest represents the ownership interests in the subsidiary that are held by owners other than the parent. In December 2007, the Financial Account Standards Board ("FASB") issued "Non-controlling Interests in Consolidated Financial Statements — an amendment of ARB No. 51", ASC Topic 810-10. ASC 810-10 requires that the non-controlling interest is reported in the consolidated statement of financial position within equity, separately from the parent's equity and that net income or loss and comprehensive income or loss are attributed to the parent and the non-controlling interest. If losses attributable to the parent and the non-controlling interest in a subsidiary exceed their interests in the subsidiary's equity, the excess, and any further losses attributable to the parent and the non-controlling interest, is attributed to those interests.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates. Management evaluates the estimates on an ongoing basis, including those related to accounts receivable and useful lives of property and equipment, fair values of warrant to purchase our common stock, and income taxes. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Accounts Receivable

Accounts receivable represent amounts earned and are collectible from customers. Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make the required payments and uses the specific identification method to record such allowances. Management of the Company considers the following factors when determining the collectability of accounts receivable: a customer's credit-worthiness, past collection history, and changes in a customer's payment terms. Allowance for doubtful accounts is made based on any specifically identified accounts receivable that may become uncollectible.

Inventory

Inventories are stated at the lower of cost or market value. Actual cost is used to value raw materials and supplies. Finished goods and work-in-progress are valued using the weighted-average-cost method. Elements of costs in finished goods and work-in-progress include raw materials, direct labor, and manufacturing overhead. Provision for diminution in value on inventories is made using specific identification method.

Revenue Recognition

The Company recognizes revenue when the earnings process is complete. This generally occurs when products are shipped to unaffiliated customers or picked up by unaffiliated customers in the Company's warehouse, title and risk of loss have been transferred, collectability is reasonably assured and pricing is fixed or determinable. The corresponding freight-out and handling costs are included in the selling expenses.

The Company does not provide an unconditional right of return, price protection or any other concessions to its customers. Sales returns and other allowances have been immaterial in our operation.

Commercial leasing income is recognized ratably over the period of the commercial leasing asset rent contract. The commercial leasing asset is Taishan Building, which is located in Beijing and is entirely rented to Beijing Shengmei Hotel Management Company.

Impairment of long-lived assets

In accordance with Impairment or Disposal of Long-Lived Assets Subsections of ASC Subtopic 360-10, Property, Plant, and Equipment - Overall, long-lived assets, such as property, plant and equipment, and purchased intangible asset subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment of long-lived assets was recognized for the three months and six months ended June 30, 2011 and 2010.

Recently issued accounting pronouncements

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", which is not expected to have a material impact on the consolidated financial statements upon adoption.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income". Under the amendments in this ASU, an entity has two options for presenting its total comprehensive income: to present total comprehensive income and its components along with the components of net income in a single continuous statement, or in two separate but consecutive statements. The amendments in this ASU are required to be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The Company intends to conform to the new presentation required in this ASU beginning with its Form 10-Q for the three months ended March 31, 2012. This pronouncement is not expected to have a material impact on the consolidated financial statements upon adoption.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable are recognized and carried at original sales amounts less an allowance for uncollectible accounts, as needed. Accounts receivable as of June 30, 2011 and December 31, 2010 were:

	June 30, 2011 (Unaudited)	December 31, 2010
Accounts receivable	$ 11,843,544	$ 6,356,204
Less: Allowance for doubtful accounts	(1,575,670)	(1,459,539)
	$ 10,267,874	$ 4,896,665

Allowance for doubtful accounts movement for the six months ended June 30, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	June 30, 2011
Allowance for doubtful accounts	$ (1,459,539)	$ (280,192)	$ 164,061	$ -	$ (1,575,670)

Allowance for doubtful accounts movement for the six months ended June 30, 2010 was:

	December 31, 2009	Provision	Reverse	Write-off	June 30, 2010
Allowance for doubtful accounts	$ (1,606,569)	$ (231,601)	$ 136,547	$ -	$ (1,701,623)

4. NOTES RECEIVABLE

Notes receivables of $5,953,862 as of June 30, 2011 and $2,736,496 as of December 31, 2010 represent bank acceptance notes the Company received from customers for sales of products. The notes have a maturity duration of 3 to 6 months, and are accepted by banks.

5. OTHER RECEIVABLES, NET

Other receivables mainly represent advances to salesmen and outside supplier agents for business and are recognized and carried at original amounts less an allowance for uncollectible accounts, as needed. Other receivables as of June 30, 2011 and December 31, 2010 were:

	June 30, 2011 (Unaudited)	December 31, 2010
Other receivables	$ 2,050,209	$ 2,106,923
Less: Allowance for doubtful accounts	(1,136,857)	(1,083,586)
	$ 913,352	$ 1,023,337

Allowance for doubtful accounts movement for the six months ended June 30, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	June 30, 2011
Allowance for doubtful accounts	$ (1,083,586)	$ (122,284)	$ 69,013	$ -	$ (1,136,857)

Allowance for doubtful accounts movement for the six months ended June 30, 2010 was:

	December 31, 2009	Provision	Reverse	Write-off	June 30, 2010
Allowance for doubtful accounts	$ (1,164,413)	$ (82,878)	$ 192,829	$ -	$ (1,054,462)

6. ADVANCES PAYMENT, NET

Advances payment are recognized and carried at original amounts less an allowance for uncollectible accounts, as needed. Advances payment as of June 30, 2011 and December 31, 2010 were:

(1) Short term

	June 30, 2011 (Unaudited)	December 31, 2010
Advances payment to suppliers	$ 6,057,165	$ 4,770,170
Less: Allowance for doubtful accounts	(3,953,150)	(3,598,693)
	$ 2,104,015	$ 1,171,477

Allowance for doubtful accounts movement for the six months ended June 30, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	June 30, 2011
Allowance for doubtful accounts	$ (3,598,693)	$ (496,093)	$ 141,636	$ -	$ (3,953,150)

Allowance for doubtful accounts movement for the six months ended June 30, 2010 was:

	December 31, 2009	Provision	Reverse	Write-off	June 30, 2010
Allowance for doubtful accounts	$ (3,579,949)	$ (107,865)	$ 257,406	$ -	$ (3,430,408)

(2) Long term

	June 30, 2011 (Unaudited)	December 31, 2010
Advances payment for equipment purchase	$ 1,369,493	$ 1,079,052
Less: Allowance for doubtful accounts	(950,651)	(1,079,052)
	$ 418,842	$ -

Allowance for doubtful accounts movement for the six months ended June 30, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	June 30, 2011
Allowance for doubtful accounts	$ (1,079,052)	$ -	$ 128,401	$ -	$ (950,651)

Allowance for doubtful accounts movement for the six months ended June 30, 2010 was:

	December 31, 2009	Provision	Reverse	Write-off	June 30, 2010
Allowance for doubtful accounts	$ (1,165,915)	$ -	$ 149,989	$ -	$ (1,015,926)

7. INVENTORIES

Inventories as of June 30, 2011 and December 31, 2010 consisted of the following:

	June 30, 2011 (Unaudited)	December 31, 2010
Raw materials	$ 3,408,225	$ 3,791,070
Work in progress	2,126,437	977,302
Finished goods	5,919,421	4,699,839
	$ 11,454,083	$ 9,468,211

8. PROPERTY AND EQUIPMENT, NET

Property and equipment as of June 30, 2011 and December 31, 2010 consisted of the following:

	June 30, 2011 (Unaudited)	December 31, 2010
Buildings	$ 9,373,473	$ 9,109,630
Machinery and equipment	11,959,252	11,565,294
Office equipment and furniture	97,301	85,364
Motor vehicles	602,239	557,167
	22,032,265	21,317,455
Less: Accumulated depreciation	(8,259,037)	(7,305,224)
	13,773,228	14,012,231
Construction in progress	75,946	2,692
	$ 13,849,174	$ 14,014,923

The depreciation expenses were $401,051 and $392,062 for the three months ended June 30, 2011 and 2010, respectively; and $792,544 and $742,680 the six months ended June 30, 2011 and 2010 respectively.

9. LAND USE RIGHTS, NET

Land use rights as of June 30, 2011 and December 31, 2010 consist of the following:

	June 30, 2011 (Unaudited)	December 31, 2010
Land use right	$ 5,723,182	$ 5,594,381
Less: Accumulated amortization	(618,358)	(548,498)
	$ 5,104,824	$ 5,045,883

Amortization expenses were $28,564 and $27,122 for the three months ended June 30, 2011 and 2010, respectively; and $56,631 and $54,244 for the six months ended June 30, 2011 and 2010, respectively.

10. COMMERCIAL LEASING ASSETS, NET

On December 31, 2009, Shandong Ruitai Chemicals Co., Ltd.("Shandong Ruitai") (a related party) and TaiAn Ruitai entered into a Set-Off Agreement to settle the outstanding balance Shandong Ruitai owed to TaiAn Ruitai. Pursuant to the terms of the Set-Off Agreement, TaiAn Ruitai agreed to permit Shandong Ruitai to repay a total of $31,745,649 by transferring 100% of Shandong Ruitai's ownership interest in real estate property located in Beijing, China, commonly known as Taishan Building, or Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, China ("Taishan Building" or the "Property"). In conjunction with the Set-Off Agreement, the parties engaged an appraisal firm certified by the local government to perform an independent appraisal of the Property. The firm appraised the fair market value of the Property as of December 31, 2009 to be $36,710,934.

Taishan Building is a residential building with 47 apartments and is entirely rented to Beijing Shengmei Hotel Management Company, operated as a budget hotel, for a period ending March 31, 2028. The Company treats Taishan Building as commercial leasing assets and provides depreciation over 43 years.

Commercial lease assets as of June 30, 2011 and December 31, 2010 consisted of the following:

	June 30, 2011 (Unaudited)	December 31, 2010
Buildings	$ 38,836,454	$ 37,940,688
Less: Accumulated depreciation	(1,354,760)	(861,104)
	$ 37,481,694	$ 37,079,584

The depreciation expenses were $224,770 and $214,123 for the three months ended June 30, 2011 and 2010, respectively; and $446,233 and $428,130 for the six months ended June 30, 2011 and 2010, respectively.

11. SHORT-TERM BANK LOANS

Short-term bank loans at June 30, 2011 and December 31, 2010 consist of the following:

	June 30, 2011 (unaudited)	December 31, 2010
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on January 19, 2011	$ -	$ 1,155,510
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on January 19, 2011.	-	1,255,331
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on January 18, 2011.	-	1,512,447
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on May 28, 2011.	-	1,058,713
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on May 1, 2011.	-	1,361,203
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on April 14, 2011.	-	1,512,447

Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on March 9, 2011.	-	2,268,671
Loan from Feicheng Rural Credit Union with interest rate of 6.67%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on June 18, 2011.	-	1,512,447
Loan from Weihai Commercial Bank with interest rate of 6.06%, guaranteed by Shandong RunYin Biological Co., Ltd., Matured on June 8, 2011.	-	3,024,896
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 6.06%, guaranteed by Feicheng Golden Dragon Co., Ltd., Matured on May 16, 2011.	-	3,024,895
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Acid Chemicals Co., Ltd. & Mr. Lu Xingfu. Maturied on May 17, 2011.	-	907,468
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. maturing on October 14, 2011.	1,547,269	1,512,447
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. maturing on September 18, 2011.	2,011,450	1,966,182
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 6.67%, guaranteed by Feicheng Golden Dragon Co., Ltd., Maturing on October 19, 2011.	1,547,269	1,512,448
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 0%, guaranteed by Feicheng Golden Dragon Co., Ltd., Maturing on December 28, 2011.	618,908	604,979
Loan from Shanghai Pudong Development Bank Jinan Branch with interest rate of 6.06%, guaranteed by Feicheng Acid Chemicals Co. Ltd., Maturing on September 2, 2011.	6,189,076	6,049,790
Loan from Citic Bank Qingdao Branch with interest rate of 6.67%, guaranteed by Mr. Lu Xingfu., Maturing on September 28, 2011.	3,094,538	3,024,896

Loan from Shenzhen Development Bank Jinan Branch with interest rate of 6.06%, guaranteed by Shangdong Ruitai Cellulose Co., Ltd., Maturing on November 26,2011.	4,641,807	4,537,342
Loan from Qingdao Bank Jinan Branch with interest rate of 6.67%, guaranteed by Feicheng Acid Chemicals Co. Ltd., Maturing on August 27, 2011.	4,641,807	4,537,342
Loan from China Communication Bank Tai'an Branch with interest rate of 6.44%, guaranteed by Shandong Acid Chemicals Co., Ltd. Maturing on November 18, 2011.	1,547,269	-
Loan from Feicheng Rural Credit Union with interest rate of 6.06%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on January 21, 2012.	1,182,114	-
Loan from Feicheng Rural Credit Union with interest rate of 6.06%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on January 21, 2012.	1,284,233	-
Loan from Feicheng Rural Credit Union with interest rate of 7.27%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on January 29, 2012.	1,547,269	
Loan from Bank of China Taian Branch with interest rate of 6.06%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Maturing on February 15, 2012.	4,951,261	-
Loan from Bank of China Taian Branch with interest rate of 6.06%, guaranteed by Shangdong Acid Chemicals Co. Ltd. Maturing on February 16, 2012.	1,392,543	-
Loan from Feicheng Rural Credit Union with interest rate of 6.31%, guaranteed by Shandong Acid Chemicals Co., Ltd. & Mr. Lu Xingfu. Maturing on May 16, 2012.	928,361	-
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 7.57%, guaranteed by Shandong Acid Chemicals Co., Ltd., Maturing on May 19, 2012.	3,094,538	-
	$ 40,219,712	$ 42,339,454

The interest expenses for the bank loans were $679,589 and $461,635 for the three months ended June 30, 2011 and 2010, respectively, and$1,306,755 and $849,138 for the six months ended June 30, 2011 and 2010, respectively. The weighted average interest rates for bank loans were 6.33% and 5.61% at June 30, 2011 and 2010, respectively. The Company paid off all matured short-term bank loans before the date the financial statements have been issued.

12. RELATED PARTY BALANCE TRANSACTIONS AND BALANCES

Purchase

The Company purchases hot steam from Shandong Ruitai, which is owned by Mr. Xingfu Lu, the President, and Mr. Dian Min Ma, the CEO of the Company. The Company purchased hot steam from Shandong Ruitai aggregating $709,092 and $1,018,258 for the three months ended June 30, 2011 and 2010, and $1,444,576 and $2,177,233 for the six months ended June 30, 2011 and 2010, respectively. The cost of sales includes steam purchased from a related party but the precise amount could not reasonably be determined.

Land use right transaction

On October 25, 2006, the Company purchased the use right of a piece of land, approximately 36 acres, located in Wenyang County, Shandong Province, from Shandong Ruitai, for the original cost of $3,920,264. The local government approved the transaction and certified that the purchase price is at the fair market value. The consideration has been paid to the seller, and the title transfer is ongoing. Management believes the transaction is on terms no less favorable to the Company than those reasonably obtainable from third parties. The Company's headquarters building and a production facility are located on this piece of land.

Due to related party

As of June 30, 2011 and December 31, 2010, the Company had balance due to Shandong Ruitai of $567,327 and $2,526,474, respectively. The balance included the payable to purchase hot steam and the non-interest bearing loans for the purpose of financing the Company's operations due to a lack of working capital.

Notes payable to related party

As of June 30, 2011, the balance of notes payable to Shandong Ruitai is $24,292,124. The loans were non-interest bearing for the purpose of financing the Company's operations due to a lack of working capital, and have no fixed terms of repayment.

13. NOTES PAYABLE

The Company issues notes to certain suppliers which are guaranteed by the Company's banks in lieu of payment of accounts payable. Terms of these notes payable vary depending on the negotiations with individual suppliers. Typical terms are six months. On the maturity dates, the note holders present these notes to the banks to draw cash based on the notes amounts. The Company is subject to a bank fee of 0.05% on the outstanding notes.

The Company is required to make a restricted security deposit between 50% and 100% of the face amount of the notes in the banks until the notes are settled. Restricted cash for this purpose amounted to $24,075,507 and $10,254,394 as of June 30, 2011 and December 31, 2010, respectively.

14. OTHER PAYABLES

Other payables as of June 30, 2011 and December 31, 2010 consisted of the following:

	June 30, 2011 (Unaudited)	December 31, 2010
Other taxes payable	$ 2,465,145	$ 1,458,147
Payroll	157,062	149,210
Employee security deposit	25,584	28,638
Loan from third party	554,430	540,473
Sales commission payable	1,269,776	1,260,692
Accrued expenses	109,356	317,037
Others	126,188	118,352
	$ 4,707,541	$ 3,872,549

Other taxes payable include VAT payable, real estate tax payable, individual income tax payable and other tax payables. Loans from third parties were non-interest bearing loans for the purpose of working capital, payable upon Company's discretion.

15. LOAN FROM EMPLOYEES

Loan from employees represents loans from employees to finance the Company's operations due to a lack of working capital. The Company paid 0.6% interest on these loans monthly for the period July 1, 2007 through March 31, 2009. Beginning from April 1, 2009, the Company pays 0.5% interest on these loans monthly. Cash flows from these activities are classified as cash flows from financing activities. Loan from employees was $1,698,447 as of June 30, 2011 and $1,470,138 as of December 31, 2010. The Company paid interest of $23,842 and $20,503 for the three months ended June 30, 2011 and 2010, respectively, and $46,773 and $42,555 for six months ended June 30, 2011 and 2010, respectively.

16. INCOME TAXES

The tax payables balance of $5,274,379 and $4,336,457 as of June 30, 2011 and December 31, 2010 represents the income tax accrual of TaiAn Ruitai. TaiAn Ruitai is subject to PRC income tax at a rate of 25%.

Income tax expenses were $531,859 and $477,076 for the three months ended June 30, 2011 and 2010, respectively, which represents PRC current income taxes. Income tax expenses were $829,835 and $1,123,378 for the six months ended June 30, 2011 and 2010, respectively, which represents PRC current income taxes.

The Company has not recorded tax provision for U.S. and Vanuatu tax purposes as they have no assessable profits arising in or derived from the United States or Vanuatu and intends to permanently reinvest accumulated earnings in the PRC operations.

The Company has a deferred tax asset on net operating losses of $184,280 as of June 30, 2011 and December 31, 2010, respectively. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those net operating losses are available. The Company considers projected future taxable income and tax planning strategies in making its assessment. At present, the Company does not have sufficient operations in the United States to conclude that it is more-likely-than-not that the Company will be able to realize all of its tax benefits in the near future and therefore a valuation allowance of $184,280 was established for the full value of the deferred tax asset.

A valuation allowance will be maintained until sufficient positive evidence exists to support the reversal of any portion or all of the valuation allowance. Should the Company start operations in the United States in future periods with a supportable trend, the valuation allowance will be reversed accordingly.

17. STATUTORY RESERVES

Under PRC law, TaiAn Ruitai is required to provide for certain statutory reserves, namely a general reserve, an enterprise expansion fund and a staff welfare and bonus fund. The entity is required to allocate at least 10% of its after tax profits on an individual company basis as determined under PRC GAAP to the general reserve and have the right to discontinue allocations to the general reserve if such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the Board of Directors of the entity. These reserves can only be used for specific purposes and are not transferable to the Company in the form of loans, advances, or cash dividends.

Both of the balances of statutory reserves as of June 30, 2011 and December 31, 2010 were $1,369,652, and for the six months ended June 30, 2011 and 2010, the Company did not make appropriation in its statutory reserves since such reserve had reached 50% of registered capital.

18. CONCENTRATIONS AND CREDIT RISKS

At June 30, 2011 and December 31, 2010, the Company had a credit risk exposure of cash in banks of $17,994,188 and $25,286,619, respectively, that is uninsured by the government authority. To limit exposure to credit risk relating to deposits, the Company primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings.

The Company's operations are carried out in the PRC Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC as well as by the general state of the PRC's economy. The business may be influenced by, among other things, changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Major Customers

During the three months and six months ended June 30, 2011, the Company's largest customer accounted 15% and 16%, respectively, of the Company's net revenue. The outstanding account receivable balance for this customer was $480,749 as of June 30, 2011.No single customer accounted for 10% or more of the Company's net revenue for the three months and six months ended June, 30, 2010.

Major Suppliers

During the three months ended June 30, 2011, three major suppliers accounted for 37% of the Company's total purchases. The account payable balances for the three largest suppliers were $1,338,194 as of June 30, 2011. During the three months ended June 30, 2010, two major suppliers accounted for 23% of the Company's total purchases. The account payable balances for the two largest suppliers were $27, 932 as of June 30, 2010. During the six months ended June 30, 2011, one major supplier accounted for 13% of the Company's total purchases. The account payable balances for the one largest supplier was $853,337 as of June 30, 2011. During the six months ended June 30, 2010, two major suppliers accounted for 20% of the Company's total purchases. The account payable balances for the two largest suppliers were $165,181 as of June 30, 2011.

19. WARRANT

During March 2008, the Company engaged a consultant to conduct a program of investor relations activities, for an initial period of twelve months ended February 28, 2009, and continuing on a month-to-month basis thereafter upon mutual consent. The terms of the agreement are for the consultant to receive a cash payment per month plus a warrant to purchase 150,000 shares of the Company's restricted common stock at an exercise price of $3.05 per share. The warrant has a term of four (4) years and is vested 50% on March 1, 2008 and 50% on September 30, 2008. Management valued the warrant at $1.16 per share using the Black-Scholes pricing model with assumptions summarized below, for a total of $174,000, which is being amortized over the prospective beneficial period.

Grant Date Stock Price	Exercise Price	Warrant Life	Risk Free Interest Rate	Expected Volatility
$ 2.90	$ 3.05	4 years	2.00%	51%

As all the warrants were vested in 2008, there was no warrant cost charged during the periods presented. There were no warrants exercised as of June 30, 2011 and December 31, 2010.

On May 19, 2008, the Company engaged a consultant as its exclusive investment banker and agent for a one-year period ended May 19, 2009, and subject to cancellation by thirty (30) days written notice by certified mail. As part of compensation to the consultant, the Company issued the consultant a warrant to purchase 200,000 shares of the Company's common stock at a price of $4.00 per share. The warrant has a term of five (5) years and was issued on May 19, 2008. Management valued the warrant at $1.84 per share using the Black-Scholes pricing model with assumptions summarized below, for a total of $368,000, which will be amortized over the prospective beneficial period.

Grant Date Stock Price	Exercise Price	Warrant Life	Risk Free Interest Rate	Expected Volatility
$ 4.00	$ 4.00	5 years	2.00%	51%

As all the warrants were vested in 2009, there was no warrant cost charged during the periods presented. There were no warrants exercised as of June 30, 2011 and December 31, 2010..

The warrant agreements contained cash settlement and down round protection clauses. Accordingly, the warrants should be accounted for as liability from its issuance date at its fair value with changes in value included in earnings each reporting period. The Company treated it as equity due to an immaterial difference.

20. EARNINGS PER SHARE

	Three Months Ended June 30,	
	2011	2010
	(unaudited)	(unaudited)
Numerator used in basic net income per share:		
Net income attributable to China Ruitai Shares	$ 1,369,869	$ 1,416,917
Weighted average common shares outstanding	26,000,000	26,000,000
Weighted average common shares outstanding used in computing diluted earnings per ordinary share	26,000,000	26,000,000
Earnings per common share-basic and diluted	$ 0.05	$ 0.05

	Six Months Ended June 30,	
	2011	2010
	(unaudited)	(unaudited)
Numerator used in basic net income per share:		
Net income attributable to China Ruitai Shares	$ 2,105,762	$ 3,356,447
Weighted average common shares outstanding	26,000,000	26,000,000
Weighted average common shares outstanding used in computing diluted earnings per ordinary share	26,000,000	26,000,000
Earnings per common share-basic and diluted	$ 0.08	$ 0.13

As of June 30, 2011 and 2010, the Company had 350,000 outstanding warrants that could potentially dilute basic income per share in the future, but which were excluded in the computation of diluted income per share in the periods presented, as their effect would have been anti-dilutive since the exercise price of these warrants was higher than the average market price during the period presented.

21. COMMITMENTS AND CONTINGENCIES

Governmental control of currency conversion

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The Company receives most of its revenues in Renminbi, which is currently not a freely convertible currency. Shortages in the availability of foreign currency may restrict the Company's ability to remit sufficient foreign currency to satisfy foreign currency dominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from the transaction, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of bank loans denominated in foreign currencies.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currency to satisfy its currency demands, the Company may not be able to pay certain of its expenses as they come due.

Guaranteed Bank Loans

The Company has guaranteed certain loans for third-party enterprises, which, in turn, have guaranteed loans for the Company. These guarantees require payment from the Company in the event of default on payment by the respective debtor and, if the debtor defaults, the Company may be required to pay amounts outstanding under the related agreements in addition to the principal amount guaranteed, including accrued interest and related fees.

The Company and these third-party enterprises have been guaranteeing loans for each other in their day-to-day operations. Both of these enterprises and the Company are considered good reputation debtors by local banks. The banks allow these companies to guarantee loans for each other instead of requiring the loans be secured by collateral. None of the enterprises for which the Company has guaranteed loans has defaulted on any loan repayments, and accordingly, the Company has not recorded any liabilities or losses on such guarantees.

Bank loans that the Company has guaranteed for third-party enterprises consist of the following as of June 30, 2011:

Bank loans:

Financial institutions		Amount	Duration	Borrower
Agriculture development bank of China Feicheng branch	$	4,022,900	May 11, 2010 to May 10, 2012	Taipeng Group
Bank of China Feicheng branch		1,454,433	October 21, 2010 to October 8,2011	Shandong Acid Chemicals Ltd., Co.
Bank of China Feicheng branch		890,000	October 23, 2010 to October 23, 2011	Feicheng Acid Chemicals Ltd., Co.
Bank of China Feicheng branch		2,630,357	October 13, 2010 to September 13,2011	Taipeng Household Items Ltd., Co.
Bank of China Feicheng branch		1,036,670	October 13, 2010 to September 13,2011	Taipeng Nonwoven Ltd., Co.
Bank of China Feicheng branch		464,181	October 13, 2010 to September 13,2011	Taipeng new material Ltd., Co.
Bank of China Feicheng branch		2,794,368	October 13, 2010 to September 13,2011	Feicheng Jinlong Textile Ltd., Co.
Bank of China Feicheng branch		2,630,357	November 12, 2010 to November 12,2011	Shandong Yinbao Food Ltd., Co.
Bank of China Feicheng branch		2,320,904	January 20, 2011 to January 20,2012	Shandong Yinbao Food Ltd., Co.
Shenzhen development bank Jinan branch		1,547,269	June 2, 2011 to June 2,2012	Shandong RunYin Biological Chemicals Co., Ltd.

Financial institutions	Amount	Duration	Borrower
Shenzhen development bank Jinan branch	3,868,173	May 10, 2010 to May 10, 2011	Shandong Yinbao Food Ltd., Co.
Bank of Communication Taian Branch	3,868,173	May 21, 2011 to May 21, 2012	Shandong Yinbao Food Ltd., Co.
Agriculture bank of China Feicheng branch	3,558,719	October 27, 2010 to October 26, 2011	Shandong Yinbao Food Ltd., Co.
	$ 31,086,504		

Bank acceptable notes:

Financial institutions	Amount	Duration	Borrower
Shenzhen development bank	$ 4,641,807	August 24, 2010 to August 24, 2011	Taipeng Nonwoven Ltd., Co.
Industrial bank	6,189,076	March 20,2011 to September 20, 2011	Feicheng Acid Chemicals Ltd., Co.
Shenzhen development bank	3,094,538	October 26, 2010 to October 26, 2011	Shandong Lulong Group Ltd., Co.
	$ 13,925,421		

22. SUBSEQUENT EVENT

Management has considered all events occurring through the date the financial statements have been issued, and has determined that there are no such events except as disclosed below that are material to the financial statements, or all such material events have been fully disclosed.

On July 1, 2011, the Company issued warrants to purchase 30,000 shares of common stock to one of its consultants, Lamnia International, and 90,000 shares to another consultant, Matthew Hayden, at an exercise price of $1.15 per share. The warrants vested and became exercisable on July 1, 2011 and expire on July 1, 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our results of operations and financial condition for the six months ended June 30, 2011. The following discussion should be read in conjunction with the Financial Statements and related Notes appearing elsewhere in this Form 10-Q.

Results of Operations for the Six Month Period Ended June 30, 2011 Compared to the Six Month Period Ended June 30, 2010

Revenue

Revenue. During the six month period ended June 30, 2011, we had revenues of $ 21,309,001 as compared to revenues of $21,409,431 during the six month period ended June 30, 2010, a slight decrease of 0.47%. The decrease in revenue was primarily attributable to the sales strategy change. Our sales are now focusing on high-end pharmaceutical products and the Polyvinyl chloride ("PVC") products sector. Additionally, due to the fluctuation in the cost of materials, sales in the construction industry slightly declined.

Cost of Sales. During the six month period ended June 30, 2011, our cost of sales was $14,785,951 as compared to costs of sales of $15,152,439 for the six month period ended June 30, 2010, a decrease of 2.42%. This decrease in cost of sales resulted primarily from a decrease in sales and the improvement in our energy saving system.

Operating Expenses

Our operating expenses are divided into selling expenses and general and administrative expenses, both of which are discussed below:

Selling Expenses. Selling expenses, which consist of sales commissions, freight charges, travel and other selling expenses, totaled $1,133,378 for the six month period ended June 30, 2011 as compared to $889,385 for the six month period ended June 30, 2010, an increase of 27.43%. This increase results primarily from: (i) an increase of in sales commissions compared to the same period of last year; and (ii) an increase of freight out expense in pharmaceutical and PVC products.

General and Administrative Expenses. General and administrative expenses totaled $1,381,778 for the six month period ended June 30, 2011 as compared to $500,110 for the six month period ended June 30, 2010, an increase of 176.29%. There were two primary drivers behind this increase. First, employees' payroll increased due to China's inflation rate and the second was an $838,594 increase in bad debt expense in the first six months of 2011.

Income from Operations

For the six month period ended June 30, 2011, our income from operations was $4,007,894 as compared to income from operations of $4,867,497 for the six month period ended June 30, 2010, a decrease of 17.66%. This decrease was primarily attributable to a dramatic increase in selling, marketing expenses and general and administrative expenses, combined with a decrease in sales.

Commercial Leasing Income and Cost

For the six month period ended June 30, 2011, our commercial leasing income was $742,615 as compared to $614,957 for the six month period ended June 30, 2010, an increase of 20.76%. The increase was due to annual rental increase as agreed in the contract, as well as the appreciation of RMB. Rental income was from an acquired commercial property in Beijing. On December 31, 2009, we entered into a Set-Off Agreement with our related party, Shandong Ruitai Chemicals Co., Ltd. ("Shandong Ruitai"). TaiAn, our subsidiary, agreed to permit Shandong Ruitai to satisfy a total of $31,745,649 in debt owed by Shandong Ruitai in exchange for Shandong Ruitai's transfer of 100% of its ownership interest in real property located in Beijing, China, commonly known as Taishan Building, or Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, China (the "Taishan Building").

Interest Income

For the six month period ended June 30, 2011, our interest income was $178,381 as compared to $566,612 for the six month period ended June 30, 2010, a decrease of $388,231, or 68.52%. This decrease resulted primarily from the decrease of our average cash and restricted cash deposit in the bank.

Interest Expense

For the six month period ended June 30, 2011, we incurred interest expense in the amount of $1,536,782 as compared to $1,129,097 for the six month period ended June 30, 2010, an increase of 36.11%. The increase in interest expense resulted primarily from an increase of the weighted-average interest rate for bank loan in China, as well as the large increase of the interest paid for discounted notes receivable.

Income Tax Expense

Our income tax expense was $829,835 for the six month period ended June 30, 2011 as compared to $1,123,378 for the six month period ended June 30, 2010, a decrease of $293,543, or 26.13%. This decrease is primarily attributable to a decrease in profits before income taxes decreased from $4,513,526 in the six month period ended June 30, 2011 to $2,956,868 for the six month period ended June 30, 2010, a decrease of 34%.

Net Income attributable to China RuiTai

We had net income attributable to China RuiTai of $2,105,762 for the six month period ended June 30, 2011 as compared to $3,356,447 for the six month period ended June 30, 2010, a decrease of $1,250,685, or 37.26%.This decrease is primarily attributable to an increase in selling, general and administration expenses.

Liquidity and Capital Resources

The Company anticipates obtaining additional financing to meet the working capital requirements for its on-going projects and to sustain the business operations for the next twelve months. The Company is exposed to certain risks for significant negative working capital as indicated on the balance sheet, which increases the concern for management's ability to fulfill the Company's working capital requirements as well as the ability to continue as a going concern. The risk is mainly the result of a high level of short-term bank borrowings pursuant to which China RuiTai has a proven record of excellent credit history with the local bank for the past ten years. We do not believe additional debt financing from the bank to fulfill the working capital requirements will be an issue due to the track record of the Company's credit history and the solid relationship with the local bank. In the event of a default under the bank borrowings, the Company has a $37,481,694 commercial leasing asset, "Taishan Building", located at Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, which can be sold in the open market.

Results of Operations for the Three Month Period Ended June 30, 2011 Compared to the Three Month Period Ended June 30, 2010

Revenue

Revenue. During the three month period ended June 30, 2010, we had revenues of $11,722,184 compared to revenues of $11,171,175 during the three month period ended June 30, 2010, an increase of 4.93%. The increase in revenue was primarily attributable to: (i) the increase in the product prices; and (ii) the change in our sales strategy. In April 2011, we started to merge into high-end pharmaceutical products and the PVC sector, focusing on the Hydroxyethyl Cellulose ("HEC") market.

Cost of Sales. During the three month period ended June 30, 2011, our cost of sales was $8,001,818 compared to costs of sales of $8,222,567 for the three month period ended June 30, 2010, a decrease of 2.68%. This decrease in cost of sales resulted in an improvement in energy savings.

Operating Expenses

Our operating expenses are divided into selling expenses and general and administrative expenses, both of which are discussed below:

Selling Expenses. Selling expenses, which consist of sales commissions, freight charges, travel and other selling expenses, totaled $604,849 for the three month period ended June 30, 2011, compared to the selling expenses of $530,310 for the three month period ended June 30, 2010, an increase of 14.06%. This increase results primarily from an increase of freight charge.

General and Administrative Expenses. General and administrative expenses totaled $660,283 for the three month period ended June 30, 2011 compared to $215,858 for the three month period ended June 30, 2010, an increase of 205.89%. The main reason for the increase can be attributed to (i) employees payroll increase according to China's inflation rate; and (ii) a $422,988 increase in bad debt expense in the three month period ended June 30, 2011.

Income From Operations

For the three month period ended June 30, 2011, our income from operations was $2,455,234 compared to income from operations of $2,202,440 for the three month period ended June 30, 2010, an increase of 11.48%. This increase was primarily attributable to higher sales and lower cost of sales net of increases in operating activities.

Commercial Leasing Income and cost

For the three month period ended June 30, 2011, our commercial leasing income was $373,832 as compared to $311,774 for the three month period ended June 30, 2010, an increase of 19.90%. The increase was due to annual rental increase as agreed in the contract, as well as the appreciation of RMB. Rental income was from an acquired commercial property in Beijing. On December 31, 2009, we entered into a Set-Off Agreement with our related party, Shandong Ruitai. TaiAn, our subsidiary, agreed to allow Shandong Ruitai to satisfy a total of $31,745,649 in debt owed by Shandong Ruitai in return for Shandong Ruitai's transfer of 100% of its ownership interest in real property located in Beijing, China, commonly known as Taishan Building. As a result, starting in the first quarter of 2010, the Taishan Building has generated rental income of $373,832 for the three month period ended June 30, 2011.

Interest Income

For the three month period ended June 30, 2011, our interest income was $90,940 compared to interest income of $175,432 for the three month period ended June 30, 2010, a decrease of $84,492, or 48.16%. The decrease of interest income is because of a decrease of our average cash and restricted cash deposit in the bank.

Interest Expense

For the three month period ended June 30, 2011, we incurred interest expense in the amount of $796,829 compared to interest expense of $550,610 for the three month period ended June 30, 2010, an increase of 44.72%. The increase in interest expense resulted primarily from an increase of the weighted-average interest rate for the bank loan in China, as well as the large increase of the interest paid for discounted notes receivable.

Income Tax Expense

Our income tax expense was $531,859 for the three month period ended June 30, 2011 compared to $477,076 for the three month period ended June 30, 2010, an increase of $54,783, or 11.48%. This increase can be primarily attributed to an increase in profits before income taxes and an increase of minority interest from $1,908,305 in the three month period ended June 30, 2010 to $1,915,565 for the three month period ended June 30, 2011, an overall increase of 0.38%.

Net Income attributable to China RuiTai

We had net income of $1,369,869 for the three month period ended June 30, 2011 compared to $1,416,917 for the three month period ended June 30, 2010, a decrease of $47,048, or 3.32%. This decrease is primarily attributable to an increase in operating expenses.

Total Current Assets and Total Assets

As of June 30, 2011: (i) our total current assets were $72,762,881 as compared to total current assets of $54,837,199 at December 31, 2010, an increase of $17,925,682, or 32.69%; and (ii) our total assets were $129,617,415 as of June 30, 2011 compared to $110,977,589 as of December 31, 2010, an increase of $18,639,826, or 16.80%. Our total assets increased due to changes that we experienced in cash and cash equivalents, restricted cash, accounts receivable, and notes receivable, all of which are discussed below.

Cash and Cash Equivalents. As of June 30, 2011, our cash and cash equivalents were $17,994,188 as compared to $25,286,619 at December 31, 2010, a decrease of $7,292,431, or 28.84%. This decrease was primarily attributable to the additional cash required to be deposited as restricted in the bank to serve as collateral for increased notes payable.

Restricted Cash. As of June 30, 2011, our restricted cash was $24,075,507 as compared to $10,254,394 at December 31, 2010, an increase of $13,821,113, or 134.78%. The Company is required to make restricted security deposits between 50% and 100% of the face amount of the notes with the banks until the notes are settled. This increase was primarily attributable to an overall increase in notes payable.

Accounts Receivable. As of June 30, 2011, our accounts receivable were $10,267,874 as compared to $4,896,665 at December 31, 2010, an increase of $5,371,209, or 109.69%. This increase was primarily attributable to the effort in developing our marketing strategy to strengthen our sales by extending the accounts receivables payback period to attract our customers.

Advance to suppliers. As of June 30, 2011, we have an advance to suppliers of $2,104,015 as compared to $1,171,477 at December 31, 2010, an increase of $932,538, or 79.6%. This increase was primarily attributable to the corresponding increase attributable to our prepayments to our suppliers to secure favorable raw material prices.

Inventories. As of June 30, 2011, we had inventories of $11,454,083 as compared to $9,468,211 as of December 31, 2010, an increase of $1,985,872, or 20.97%. The increase in inventories from 2011 to 2010 was the result of the decrease in construction products sale.

Total Current Liabilities

As of June 30, 2011, our total current liabilities were $96,876,768 as compared to $81,072,866 at December 31, 2010, an increase of $15,803,902, or 19.49%. This increase was primarily attributable to changes in notes payable, and due to related parties as discussed below.

Notes Payable. As of June 30, 2011, our notes payable were $11,759,245 as compared to $15,124,474 as of December 31, 2010, a decrease of $3,365,229, or 22.25%. This decrease was attributable to the changes in the suppliers' preference of payment method.

Due to related parties. As of June 30, 2011, due to related parties were $567,327 as compared to $2,526,474 as of December 31, 2010, a decrease of $1,959,147, or 77.54%. The decrease in due to related parties was attributable to continued repayment of the money owed to the related parties to lower interest expense.

Operating Activities

Net cash of $23,323,988 was used in operating activities during the six month period ended June 30, 2011 compared to net cash used in operating activities of $532,070 during the six month period ended June 30, 2010, representing a difference of $22,791,918. The increase in net cash used by our operating activities was primarily attributable to the following five reasons: (i) a $13,442,342 increase in restricted cash for the six month period ended June 30, 2011 and a $2,346,400 increase in restricted cash for the six month period ended June 30, 2010, a net change of $11,095,942. The increase in restricted cash is in proportion to the increase in notes payable; (ii) there was a $1,749,315 increase in inventories for the six month period ended June 30, 2011 and a $732,041 decrease in inventories for the six month period ended June 30, 2010, a net change of $2,481,356. The increase of inventories is a result of an increase in the price of raw materials; (iii) there was a $1,164,805 increase in advance to suppliers for the six month period ended June 30, 2011 and a $29,570 increase in advance to suppliers for the six month period ended June 30, 2010, a net change of $1,135,235; (iv) there was a $623,931 decrease in accounts payable for the six month period ended June 30, 2011 and a $1,492,701 increase in accounts payable for the six month period ended June 30, 2010, a net change of $2,116,632, which was due to our prompt payment to our supplier to secure favorable raw material prices in 2011; and (v) there was a $3,674,444 decrease in the notes payables for the six month period ended June 30, 2011 and a $1,613,150 decrease in notes payables for the six month period ended June 30, 2010, a net change of $2,061,294, which reflects the Company's flexibility in choosing the payment method to our suppliers which will be most favorable to the Company.

Investing Activities

During the six month period ended June 30, 2011, the net cash provided in investing activities was $574,955 as compared to net cash used in investing activities of $1,369,347 for the six month period ended June 30, 2010, a decrease of $794,392. This decrease was primarily attributable to the decrease in the purchase of the equipment.

Financing Activities

During the six month period ended June 30, 2011, the net cash provided by financing activities was $16,109,206 as compared to net cash used in financing activities of $3,815,953 for the six month period ended June 30, 2010, an increase of $12,293,253. This change in financing activities was primarily attributable to increasing approximately $20.9 million of loans by utilizing a note payable from the related party and decrease of net loan of $8.5 million, as a result of increased net cash for financing activities.

Off Balance Sheet Arrangements

As of June 30, 2011, the Company has unconditionally guaranteed certain loans and notes for third-party enterprises in the aggregate amount of $45,011,925. These third-party enterprises, in turn, have guaranteed loans for the Company in the aggregate amount of $23,209,036 as of June 30, 2011. The unconditional guarantees made by the Company require payment from the Company in the event of default on payment by the respective debtor and, if the debtor defaults, the Company may be required to pay amounts outstanding under the related agreements in addition to the principal amount guaranteed, including accrued interest and related fees.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures

The Securities and Exchange Commission defines the term "disclosure controls and procedures" to mean the company's controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to principal executive and principal financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed to provide reasonable assurance of achieving the objectives of timely alerting them to material information required to be included in our periodic SEC reports and of ensuring that such information is recorded, processed, summarized and reported with the time periods specified. Our chief executive officer and chief financial officer also concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance of the achievement of these objectives.

Changes in internal control over financial reporting

There was no change in our internal control over financial reporting that occurred during the three months ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any pending legal proceedings, and no such proceedings are known to be contemplated. None of our directors, officers or affiliates, and no owner of record or beneficial owner of more than 5.0% of our securities, or any associate of any such director, officer or security holder is a party adverse to us or has a material interest adverse to us in reference to pending litigation.

ITEM 1A. RISK FACTORS

Not Applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The following exhibits are filed herewith:

Exhibit Number	Description
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.

Date: August 15, 2011

By: /s/ Dian Min Ma

Dian Min Ma, Chief Executive Officer
(Principal Executive Officer)

Date: August 15, 2011

By: /s/ Gang Ma

Gang Ma, Chief Financial Officer
(Principal Financial Officer and Chief Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Dian Min Ma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of China Ruitai International Holdings Co., Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2011

By: /s/ Dian Min Ma
Dian Min Ma, Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gang Ma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of China Ruitai International Holdings Co., Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2011

By: /s/ Gang Ma
Gang Ma, Chief Financial Officer

I

Exhibit 32.1

CERTIFICATION

The undersigned officer of China Ruitai International Holdings Co., Ltd. (the "Company") hereby certifies that, to his knowledge, the Company's Quarterly Report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 15, 2011

By: /s/ Dian Min Ma
Dian Min Ma, Chief Executive Officer

Exhibit 32.2

CERTIFICATION

The undersigned officer of China Ruitai International Holdings Co., Ltd. (the "Company") hereby certifies that, to his knowledge, the Company's Quarterly Report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 15, 2011

By: /s/ Gang Ma

Gang Ma, Chief Financial Officer

EXHIBIT "D"

UNITED STATES OF AMERICA

SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:
Attached is copy of Form 10-Q, quarterly report, for the quarter ended September 30, 2011, received in this Commission on November 14, 2011, under the name of China Ruitai International Holdings Co., Ltd., File No.000-04494, pursuant to the provisions of the Securities Exchange Act of 1934.

on file in this Commission

November 22, 2013
Date

BARBARA VOLPE

Digitally signed by BARBARA VOLPE
DN: c=US, o=U.S. Government, ou=Securities and Exchange Commission, cn=BARBARA VOLPE, 0.9.2342.19200300.100.1.1=50001002882173
Date: 2013.11.22 12:50:29 -05'00'

Barbara J. Volpe, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

Elizabeth M. Murphy
Secretary

SEC 334 (9-12)

China Ruitai International Holdings Co., Ltd.

FORM 10-Q

INDEX

PART I—FINANCIAL INFORMATION

The statements contained in this quarterly report on Form 10-Q, including under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this quarterly report, include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding our or our management's expectations, hopes, beliefs, intentions or strategies regarding the future. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements contained in this quarterly report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Unless the content otherwise requires, all references to "we," "us," the "Company" or "China Ruitai" in this Quarterly Report on Form 10-Q refers to China Ruitai International Holdings Co., Ltd.

ITEM 1. Financial Statements

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets

	September 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 6,816,329	$ 25,286,619
Restricted cash	25,274,142	10,254,394
Accounts receivable, net	9,699,960	4,896,665
Notes receivable	3,084,732	2,736,496
Advances to suppliers, net	2,270,509	1,171,477
Inventories	11,337,856	9,468,211
Other receivables, net	5,210,959	1,023,337
Due from related party	9,600,829	-
Total current assets	73,295,316	54,837,199
Property and equipment, net	14,287,803	14,014,923
Commercial leasing assets, net	37,612,060	37,079,584
Advance payment for equipment purchase	54,049	-
Land use rights, net	5,126,356	5,045,883
TOTAL ASSETS	$ 130,375,584	$ 110,977,589
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term bank loans	$ 37,480,084	$ 42,339,454
Long-term loan, current portion	1,171,546	-
Accounts payable	7,167,471	7,691,017
Notes payable	4,373,770	15,124,474
Notes payable- related party	34,677,747	3,024,895
Advances from customers	1,134,199	687,408
Due to related party	-	2,526,474
Income tax payable	1,258,466	4,336,457
Other payables	3,360,023	3,872,549
Loan from employees	2,025,823	1,470,138
Total current liabilities	92,649,129	81,072,866
Long-term loan	3,514,636	-
Total Liabilities	96,163,765	81,072,866
Commitments and contingencies		
Equity		
Shareholders' equity:		
Common stock ($.001 par value; 50,000,000 shares authorized authorized shares issued and outstanding 26,000,000 as of September 30, 2011 and December 31, 2010)	26,000	26,000
Additional paid-in capital	2,945,195	2,908,171
Statutory reserve	1,369,652	1,369,652
Retained earnings	26,255,116	23,043,387
Accumulated other comprehensive income	3,278,887	2,264,049
Total China Ruitai Shareholders' Equity	33,874,850	29,611,259
Non-controlling interest	336,969	293,464
Total Equity	34,211,819	29,904,723
TOTAL LIABILITIES AND EQUITY	$ 130,375,584	$ 110,977,589

See notes to unaudited consolidated financial statements.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Income and Comprehensive Income
(Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Sales	$ 10,955,475	$ 11,180,701	$ 32,264,476	$ 32,590,132
Cost of sales (See note below)	8,693,366	7,590,381	23,479,317	22,742,820
Gross margin	2,262,109	3,590,320	8,785,159	9,847,312
Operating expenses:				
General and administrative expenses	648,200	436,218	2,029,978	936,328
Selling expenses	515,979	432,914	1,649,357	1,322,299
Total operating expense	1,164,179	869,132	3,679,335	2,258,627
Income from operations	1,097,930	2,721,188	5,105,824	7,588,685
Other income/(expense)				
Interest income	1,027,060	267,465	1,205,441	834,077
Interest expense	(752,579)	(536,097)	(2,289,361)	(1,665,194)
Commercial leasing income	377,871	305,767	1,120,486	920,724
Cost of commercial leasing	(227,200)	(215,831)	(673,433)	(643,961)
Other income/(expense)	(3,754)	(9,812)	7,239	11,875
Total other income/(expense), net	421,398	(188,508)	(629,628)	(542,479)
Income before income tax expense	1,519,328	2,532,680	4,476,196	7,046,206
Income tax expense	401,816	633,170	1,231,651	1,756,548
Net income before allocation to non-controlling interests	1,117,512	1,899,510	3,244,545	5,289,658
Less: Net income attributable to non-controlling interests	11,545	18,995	32,816	52,696
Net income attributable to China Ruitai	1,105,967	1,880,515	3,211,729	5,236,962
Comprehensive income				
Net Income before allocation to non-controlling interest	1,117,512	1,899,510	3,244,545	5,289,658
Foreign Currency Translation Adjustment	316,636	440,007	1,025,527	610,963
Comprehensive Income	$ 1,434,148	$ 2,339,517	$ 4,270,072	$ 5,900,621
Less: Comprehensive income attributable to non-controlling interests	14,898	23,395	43,505	58,826
Comprehensive Income Attributable to China Ruitai	$ 1,419,250	$ 2,316,122	$ 4,226,567	$ 5,841,795
Earnings per share - Basic and diluted	$ 0.04	$ 0.07	$ 0.12	$ 0.20
Weighted average number of common shares outstanding-Basic and diluted	26,000,000	26,000,000	26,000,000	26,000,000

(Note: The cost of sales includes hot steam purchased from a related party, but the precise amount could not reasonably be determined, see note 13)

See notes to unaudited consolidated financial statements.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Cash flows from operating activities:		
Net income before allocation to non-controlling interests	$ 3,244,545	$ 5,289,658
Adjustments to reconcile net income before non-controlling interests to net cash used in operation activities		
Depreciation	1,872,051	1,777,706
Amortization of land use rights	83,686	84,395
Bad debt provision	1,316,363	(239,125)
Loss on disposal of equipment	3,518	-
Stock based compensation	37,024	-
Changes in operating assets and liabilities:		
Restricted cash	(14,448,202)	16,769,400
Accounts receivable	(4,712,792)	(3,659,692)
Notes receivable	(254,330)	5,696,019
Advances to suppliers	(2,250,276)	461,144
Inventories	(1,534,086)	757,691
Other receivables	(4,197,290)	(1,127,529)
Accounts payable	(763,410)	1,081,040
Notes payable	(11,066,708)	(25,007,000)
Other payables	(629,316)	1,212,374
Advances from customers	417,447	1,198,451
Income taxes payable	(3,168,666)	953,241
Net cash (used in)/provided by operating activities	(36,050,442)	5,247,773
Cash flows from investing activities:		
Advanced payment to purchase equipment	(1,018,803)	(1,593,008)
Purchase of property and equipment	91,364	-
Net cash used in investing activities	(927,439)	(1,593,008)
Cash flows from financing activities:		
Proceeds from bank loans	33,190,901	37,648,774
Repayment of bank loans	(34,727,943)	(25,880,774)
Proceeds from loan from a related party	31,048,263	-
Repayment of loan from a related party	(12,014,621)	(4,046,323)
Repayment of loan from employee	499,331	28,215
Net cash provided by financing activities	17,995,931	7,749,892
Effect of foreign exchange rate fluctuation on cash and cash equivalents	511,660	439,890
Net (decrease) increase in cash and cash equivalents	(18,470,290)	11,404,657
Cash and cash equivalents- beginning of period	25,286,619	10,174,528
Cash and cash equivalents-end of period	$ 6,816,329	$ 22,019,075
Supplementary disclosure of cash flow information:		
Cash paid for interest expense	$ 2,289,361	$ 1,665,194
Cash paid for income tax	$ 4,397,898	$ 803,069

See notes to unaudited consolidated financial statements

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

China Ruitai International Holdings Co., Ltd. ("China Ruitai" or the "Company") was initially organized under the laws of the State of Delaware on November 15, 1955 as Inland Mineral Resources Corp. The Company subsequently changed its name to Parker-Levitt Corporation, and in 1997 changed its name to Commercial Property Corporation. In 2006, the Company changed its name to Shandong Ruitai Chemical Co., Ltd. On March 12, 2007, the Company changed its name to China Ruitai International Holdings Co., Ltd. Since February 26, 2007, the Company's fiscal year end is December 31.

On August 29, 2007, the Company entered into a Share Exchange Agreement with Pacific Capital Group Co., Ltd., ("Pacific Capital Group"), a corporation incorporated under the laws of the Republic of Vanuatu, and the Shareholders of Pacific Capital Group (the "Shareholders"). Pursuant to the Share Exchange Agreement, the Shareholders agreed to transfer all of the issued and outstanding shares of common stock in Pacific Capital Group to the Company in exchange for the issuance of an aggregate of 22,645,348 shares of the Company's common stock, thereby causing Pacific Capital Group to become a wholly-owned subsidiary of the Company and TaiAn RuiTai Cellulose Co., Ltd. ("TaiAn Ruitai"), Pacific Capital Group's majority-owned operating subsidiary, a Chinese limited liability company, to become a majority owned subsidiary of the Company. The parties closed the share exchange contemplated by the Share Exchange Agreement on November 8, 2007.

Pacific Capital Group was incorporated on November 23, 2006 under the laws of the Republic of Vanuatu as a holding company, for the purposes of seeking and consummating a merger or acquisition with a business entity. On April 26, 2007, following the approval by the relevant governmental authorities in the People's Republic of China (the "PRC"), Pacific Capital Group acquired a 99% ownership interest in TaiAn Ruitai, which was formed in the PRC on November 10, 1999 with registered capital of $2,391,840. As a result of the transaction, TaiAn Ruitai became a 99% majority-owned subsidiary of Pacific Capital Group.

TaiAn Ruitai is the only one of these affiliated companies that is engaged in business operations. China RuiTai and Pacific Capital Group are holding companies, whose business is to hold an equity ownership interest in TaiAn Ruitai. TaiAn Ruitai is engaged in the production, sales, and exportation of deeply processed chemicals, with a primary focus on non-ionic cellulose ether products. TaiAn Ruitai's assets exist solely in the PRC, and its revenues are derived from its operations therein.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the financial statements of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated on consolidation.

In addition, the Company's unaudited consolidated financial statements have been prepared on a going-concern basis which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As of September 30, 2011 and December 31, 2010, the Company had significant negative working capital $19,353,813 and $26,235,667, respectively, which raises substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining necessary financing or achieving a consistently profitable level of operations. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The accompanying unaudited consolidated financial statements as of September 30, 2011, and for the three months and nine months ended September 30, 2011 and 2010 have been prepared in accordance with United States GAAP for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X applicable to smaller reporting companies. In the opinion of management, all adjustments necessary for a fair statement of the results for the interim periods have been made, and all adjustments are of a normal recurring nature (or a description of the nature and amount of any adjustments other than normal recurring adjustments). The unaudited consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2010 that are included in the Company's 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission and the interim financial statements are not indicative of the results for the year.

Principle of consolidation

The consolidated financial statements include China Ruitai, Pacific Capital Group and TaiAn RuiTai. All inter-company transactions and balances have been eliminated in consolidation.

Non-controlling interest represents the ownership interests in the subsidiary that are held by owners other than the parent. In December 2007, the Financial Account Standards Board ("FASB") issued "Non-controlling Interests in Consolidated Financial Statements — an amendment of ARB No. 51", ASC Topic 810-10. ASC 810-10 requires that the non-controlling interest is reported in the consolidated statement of financial position within equity, separately from the parent's equity and that net income or loss and comprehensive income or loss are attributed to the parent and the non-controlling interest. If losses attributable to the parent and the non-controlling interest in a subsidiary exceed their interests in the subsidiary's equity, the excess, and any further losses attributable to the parent and the non-controlling interest, is attributed to those interests.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates. Management evaluates the estimates on an ongoing basis, including those related to accounts receivable and useful lives of property and equipment, fair values of warrant to purchase our common stock, and income taxes. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Accounts Receivable

Accounts receivable represent amounts earned and are collectible from customers. Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make the required payments and uses the specific identification method to record such allowances. Management of the Company considers the following factors when determining the collectability of accounts receivable: a customer's credit-worthiness, past collection history, and changes in a customer's payment terms. Allowance for doubtful accounts is made based on any specifically identified accounts receivable that may become uncollectible.

Inventory

Inventories are stated at the lower of cost or market value. Actual cost is used to value raw materials and supplies. Finished goods and work-in-progress are valued using the weighted-average-cost method. Elements of costs in finished goods and work-in-progress include raw materials, direct labor, and manufacturing overhead. Provision for diminution in value on inventories is made using specific identification method.

Revenue Recognition

The Company recognizes revenue when the earnings process is complete. This generally occurs when products are shipped to unaffiliated customers or picked up by unaffiliated customers in the Company's warehouse, title and risk of loss have been transferred, collectability is reasonably assured and pricing is fixed or determinable. The corresponding freight-out and handling costs are included in the selling expenses.

The Company does not provide an unconditional right of return, price protection or any other concessions to its customers. Sales returns and other allowances have been immaterial in our operation.

Commercial leasing income is recognized ratably over the period of the commercial leasing asset rent contract. The commercial leasing asset is Taishan Building, which is located in Beijing and is entirely rented to Beijing Shengmei Hotel Management Company.

Impairment of long-lived assets

In accordance with Impairment or Disposal of Long-Lived Assets Subsections of ASC Subtopic 360-10, Property, Plant, and Equipment - Overall, long-lived assets, such as property, plant and equipment, and purchased intangible asset subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment of long-lived assets was recognized for the three months and nine months ended September 30, 2011 and 2010.

Recently issued accounting pronouncements

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", which is not expected to have a material impact on the consolidated financial statements upon adoption.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income". Under the amendments in this ASU, an entity has two options for presenting its total comprehensive income: to present total comprehensive income and its components along with the components of net income in a single continuous statement, or in two separate but consecutive statements. The amendments in this ASU are required to be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The Company intends to conform to the new presentation required in this ASU beginning with its Form 10-Q for the three months ended March 31, 2012. This pronouncement is not expected to have a material impact on the consolidated financial statements upon adoption.

3. ACCOUNTS RECEIVABLE, NET

Accounts receivable are recognized and carried at original sales amounts less an allowance for uncollectible accounts, as needed. Accounts receivable as of September 30, 2011 and December 31, 2010 were:

	September 30, 2011 (Unaudited)	December 31, 2010
Accounts receivable	$ 11,354,209	$ 6,356,204
Less: Allowance for doubtful accounts	(1,654,249)	(1,459,539)
	$ 9,699,960	$ 4,896,665

Allowance for doubtful accounts movement for the nine months ended September 30, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	September 30, 2011
Allowance for doubtful accounts	$ (1,459,539)	$ (343,794)	$ 149,084	$ -	$ (1,654,249)

Allowance for doubtful accounts movement for the nine months ended September 30, 2010 was:

	December 31, 2009	Provision	Reverse	Write-off	September 30, 2010
Allowance for doubtful accounts	$ (1,606,569)	$ (143,458)	$ 139,709	$ -	$ (1,610,318)

4. NOTES RECEIVABLE

Notes receivables of $3,084,732 as of September 30, 2011 and $2,736,496 as of December 31, 2010 represents bank acceptance notes the Company received from customers for sales of products. The notes are with maturity duration of 3 to 6 months, and are accepted by banks.

5. OTHER RECEIVABLES, NET

Other receivables mainly represent advances to salesman and outside supplier agents for business and are recognized and carried at original amounts less an allowance for uncollectible accounts, as needed. Other receivables as of September 30, 2011 and December 31, 2010 were:

	September 30, 2011 (Unaudited)	December 31, 2010
Other receivables	$ 6,431,899	$ 2,106,923
Less: Allowance for doubtful accounts	(1,220,940)	(1,083,586)
	$ 5,210,959	$ 1,023,337

Allowance for doubtful accounts movement for the nine months ended September 30, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	September 30, 2011
Allowance for doubtful accounts	$ (1,083,586)	$ (201,752)	$ 64,398	$ -	$ (1,220,940)

Allowance for doubtful accounts movement for the nine months ended September 30, 2010 was:

	December 31, 2009	Provision	Reverse	Write-off	September 30, 2010
Allowance for doubtful accounts	$ (1,164,413)	$ (83,206)	$ 162,191	$ -	$ (1,085,428)

6. ADVANCES PAYMENT, NET

Advances payment are recognized and carried at original amounts less an allowance for uncollectible accounts, as needed. Advances payment as of September 30, 2011 and December 31, 2010 were:

(1) Short term

	September 30, 2011 (Unaudited)	December 31, 2010
Advances payment to suppliers	$ 6,291,031	$ 4,770,170
Less: Allowance for doubtful accounts	(4,020,522)	(3,598,693)
	$ 2,270,509	$ 1,171,477

Allowance for doubtful accounts movement for the nine months ended September 30, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	September 30, 2011
Allowance for doubtful accounts	$ (3,598,693)	$ (510,631)	$ 88,802	$ -	$ (4,020,522)

Allowance for doubtful accounts movement for the nine months ended September 30, 2010 was:

	December 31, 2009	Provision	Reverse	Write-off	September 30, 2010
Allowance for doubtful accounts	$ (3,579,949)	$ (243,506)	$ 257,406	$ -	$ (3,566,049)

(2) Long term

	September 30, 2011 (Unaudited)	December 31, 2010
Advances payment for equipment purchase	$ 1,021,598	$ 1,079,052
Less: Allowance for doubtful accounts	(967,549)	(1,079,052)
	$ 54,049	$ -

Allowance for doubtful accounts movement for the nine months ended September 30, 2011 was:

	December 31, 2010	Provision	Reverse	Write-off	September 30, 2011
Allowance for doubtful accounts	$ (1,079,052)	$ -	$ 111,503	$ -	$ (967,549)

Allowance for doubtful accounts movement for the nine months ended September 30, 2010 was:

	December 31, 2009	Provision	Reverse	Write-off	September 30, 2010
Allowance for doubtful accounts	$ (1,165,915)	$ -	$ 149,989	$ -	$ (1,015,926)

7. INVENTORIES

Inventories as of September 30, 2011 and December 31, 2010 consisted of the following:

	September 30, 2011	December 31, 2010
	(Unaudited)	
Raw materials	$ 3,436,184	$ 3,791,070
Work in progress	1,526,049	977,302
Finished goods	6,375,623	4,699,839
	$ 11,337,856	$ 9,468,211

8. PROPERTY AND EQUIPMENT, NET

Property and equipment as of September 30, 2011 and December 31, 2010 consisted of the following:

	September 30, 2011	December 31, 2010
	(Unaudited)	
Buildings	$ 9,494,323	$ 9,109,630
Machinery and equipment	12,539,411	11,565,294
Office equipment and furniture	181,194	85,364
Motor vehicles	607,996	557,167
	22,822,924	21,317,455
Less: Accumulated depreciation	(8,748,668)	(7,305,224)
	14,074,256	14,012,231
Construction in progress	213,547	2,692
	$ 14,287,803	$ 14,014,923

The depreciation expenses were $406,074 and $391,065 for the three months ended September 30, 2011 and 2010, respectively; and $1,198,618 and $1,133,745 the nine months ended September 30, 2011 and 2010, respectively.

9. LAND USE RIGHTS, NET

Land use rights as of September 30, 2011 and December 31, 2010 consist of the following:

	September 30, 2011	December 31, 2010
	(Unaudited)	
Land use right	$ 5,777,895	$ 5,594,381
Less: Accumulated amortization	(651,539)	(548,498)
	$ 5,126,356	$ 5,045,883

Amortization expenses were $27,055 and $30,151 for the three months ended September 30, 2011 and 2010, respectively; and $83,686 and $84,395 for the nine months ended September 30, 2011 and 2010, respectively.

10. COMMERCIAL LEASING ASSETS, NET

On December 31, 2009, Shandong Ruitai Chemicals Co., Ltd. ("Shandong Ruitai") (a related party) and TaiAn Ruitai entered into a Set-Off Agreement to settle the outstanding balance Shandong Ruitai owed to TaiAn Ruitai. Pursuant to the terms of the Set-Off Agreement, TaiAn Ruitai agreed to permit Shandong Ruitai to repay a total of $31,745,649 by transferring 100% of Shandong Ruitai's ownership interest in real estate property located in Beijing, China, commonly known as Taishan Building, or Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, China ("Taishan Building" or the "Property"). In conjunction with the Set-Off Agreement, the parties engaged an appraisal firm certified by local government to perform an independent appraisal of the Property. The firm appraised the fair market value of the Property as of December 31, 2009 to be $36,710,934.

Taishan Building is a residential building with 47 apartments and is entirely rented to Beijing Shengmei Hotel Management Company, operated as a budget hotel, for a period ending March 31, 2028. The Company treats Taishan Building as commercial leasing assets and provides depreciation over 43 years. The lease may be terminated at any time by any party.

Commercial lease assets as of September 30, 2011 and December 31, 2010 consisted of the following:

	September 30, 2011 (Unaudited)	December 31, 2010
Buildings	$ 39,207,723	$ 37,940,688
Less: Accumulated depreciation	(1,595,663)	(861,104)
	$ 37,612,060	$ 37,079,584

The depreciation expenses were $227,200 and $215,831 for the three months ended September 30, 2011 and 2010, respectively; and $673,433 and $643,961 for the nine months ended September 30, 2011 and 2010, respectively.

11. SHORT-TERM BANK LOANS

Short-term bank loans at September 30, 2011 and December 31, 2010 consist of the following:

	September 30, 2011 (unaudited)	December 31, 2010
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on January 19, 2011	$ -	$ 1,155,510
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on January 19, 2011.	-	1,255,331
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on January 18, 2011.	-	1,512,447
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on May 28, 2011.	-	1,058,713
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on May 1, 2011.	-	1,361,203
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on April 14, 2011.	-	1,512,447

Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on March 9, 2011.	-	2,268,671
Loan from Feicheng Rural Credit Union with interest rate of 6.67%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Matured on June 18, 2011.	-	1,512,447
Loan from Weihai Commercial Bank with interest rate of 6.06%, guaranteed by Shandong RunYin Biological Co., Ltd., Matured on June 8, 2011.	-	3,024,896
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 6.06%, guaranteed by Feicheng Golden Dragon Co., Ltd., Matured on May 16, 2011.	-	3,024,895
Loan from Feicheng Rural Credit Union with interest rate of 5.31%, guaranteed by Shandong Acid Chemicals Co., Ltd. & Mr. Lu Xingfu. Maturied on May 17, 2011.	-	907,468
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. maturing on October 14, 2011.	1,562,061	1,512,447
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Matured on September 18, 2011.	-	1,966,182
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 6.67%, guaranteed by Feicheng Golden Dragon Co., Ltd., Maturing on October 19, 2011.	1,562,061	1,512,448
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 0%, guaranteed by Feicheng Golden Dragon Co., Ltd., Maturing on December 28, 2011.	624,824	604,979
Loan from Shanghai Pudong Development Bank Jinan Branch with interest rate of 6.06%, guaranteed by Feicheng Acid Chemicals Co. Ltd., Matured on September 2, 2011.	-	6,049,790
Loan from Citic Bank Qingdao Branch with interest rate of 6.67%, guaranteed by Mr. Lu Xingfu., Matured on September 28, 2011.	-	3,024,896
Loan from Shenzhen Development Bank Jinan Branch with interest rate of 6.06%, guaranteed by Shangdong Ruitai Cellulose Co., Ltd., Maturing on November 26,2011.	4,686,182	4,537,342

Loan from Qingdao Bank Jinan Branch with interest rate of 6.67%, guaranteed by Feicheng Acid Chemicals Co. Ltd., Matured on August 27, 2011.	-	4,537,342
Loan from China Communication Bank Tai'an Branch with interest rate of 6.44%, guaranteed by Shandong Acid Chemicals Co., Ltd. Maturing on November 18, 2011.	1,562,061	-
Loan from Feicheng Rural Credit Union with interest rate of 6.06%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on January 21, 2012.	1,193,414	-
Loan from Feicheng Rural Credit Union with interest rate of 6.06%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on January 21, 2012.	1,296,510	-
Loan from Feicheng Rural Credit Union with interest rate of 7.27%, guaranteed by Shandong Juyuan Mining Group Co. Ltd. & Mr. Lu Xingfu. Maturing on January 29, 2012.	1,562,061	-
Loan from Bank of China Taian Branch with interest rate of 6.06%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Maturing on February 15, 2012.	4,998,594	-
Loan from Bank of China Taian Branch with interest rate of 6.06%, guaranteed by Shangdong Acid Chemicals Co. Ltd. Maturing on February 16, 2012.	1,405,855	-
Loan from Feicheng Rural Credit Union with interest rate of 6.31%, guaranteed by Shandong Acid Chemicals Co., Ltd. & Mr. Lu Xingfu. Maturing on May 16, 2012.	937,236	-
Loan from Agricultural Bank of China Wenyang Branch with interest rate of 7.57%, guaranteed by Shandong Acid Chemicals Co., Ltd., Maturing on May 19, 2012.	3,124,121	-
Loan from Bank of China Taian Branch with interest rate of 5.31%, guaranteed by Feicheng Acid Chemicals Co. Ltd. Maturing on September 15, 2012.	2,030,679	-
Loan from Qingdao Bank Jinan Branch with interest rate of 7.54%, guaranteed by Feicheng Acid Chemicals Co. Ltd., Maturing on August 30, 2012.	4,686,182	-
Loan from Shanghai Pudong Development Bank Jinan Branch with interest rate of 7.22%, guaranteed by Feicheng Acid Chemicals Co. Ltd., Maturing on September 2, 2012.	6,248,243	-
	$ 37,480,084	$ 42,339,454

The interest expenses for the bank loans were $717,607 and $536,097 for the three months ended September 30, 2011 and 2010, respectively, and $2,024,362 and $1,665,194 for the nine months ended September 30, 2011 and 2010, respectively. The weighted average interest rates for bank loans were 6.44% and 5.38% at September 30, 2011 and 2010, respectively. The Company paid off all matured short-term bank loans before the date the financial statements have been issued.

12. LONG-TERM LOANS

In July 2011, the Company borrowed $4,686,182 from The Bank of China Feicheng Branch, with an interest rate equal to the floating rate, guaranteed by Shandong Yinbao Food Co. Ltd. The interest rate shall be adjusted every 3 months, the first payment term executive interest rate is based on the 1-3 year bank loan interest rate (6.65%) with 20% up stream floating. As of September 30, 2011, $1,171,546 was due within one year.

13. RELATED PARTY BALANCE TRANSACTIONS AND BALANCES

Purchase

The Company purchases hot steam from Shandong Ruitai, which is owned by Mr. Xingfu Lu, the President, and Mr. Dian Min Ma, the CEO of the Company. The Company purchased hot steam from Shandong Ruitai aggregating $693,954 and $886,860 for the three months ended September 30, 2011 and 2010, and $2,138,530 and $3,064,093 for the nine months ended September 30, 2011 and 2010, respectively. The cost of sales includes steam purchased from a related party but the precise amount could not reasonably be determined.

Land use right transaction

On October 25, 2006, the Company purchased the use right of a piece of land, approximately 36 acres, located in Wenyang County, Shandong Province, from Shandong Ruitai, for the original cost of $3,920,264. The local government approved the transaction and certified that the purchase price is at the fair market value. The consideration has been paid to the seller, and the title transfer is ongoing. Management believes the transaction is on terms no less favorable to the Company than those reasonably obtainable from third parties. The Company's headquarters building and a production facility are located on this piece of land.

Due from related party

As of September 30, 2011, the Company had a balance due from Shandongs Ruitai of $9,600,829 which was non-interest bearing and due upon the Company's demand for Shandong Ruitai's business development needs. As of December 31, 2010, the Company had a balance due to Shandong Ruitai of $2,526,474 which included the payable to purchase hot steam.

Notes payable to related party

As of September 30, 2011, the balance of notes payable to Shandong Ruitai was $34,677,747. The loans were non-interest bearing for the purpose of financing the Company's operations due to a lack of working capital, and have no fixed terms of repayment.

14. NOTES PAYABLE

The Company issues notes to certain suppliers which are guaranteed by the Company's banks in lieu of payment of accounts payable. Terms of these notes payable vary depending on the negotiations with individual suppliers. Typical terms are six months. On the maturity dates, the note holders present these notes to the banks to draw cash based on the notes amounts. The Company is subject to a bank fee of 0.05% on the outstanding notes.

The Company is required to make a restricted security deposit between 50% and 100% of the face amount of the notes in the banks until the notes are settled. Restricted cash for this purpose amounted to $25,274,142 and $10,254,394 as of September 30, 2011 and December 31, 2010, respectively.

15. OTHER PAYABLES

Other payables as of September 30, 2011 and December 31, 2010 consisted of the following:

	September 30, 2011 (Unaudited)	December 31, 2010
Other taxes payable	$ 1,106,163	$ 1,458,147
Payroll	186,021	149,210
Employee security deposit	24,579	28,638
Loan from third party	523,549	540,473
Sales commission payable	1,305,517	1,260,692
Accrued expenses	91,960	317,037
Others	122,234	118,352
	$ 3,360,023	$ 3,872,549

Other taxes payable include VAT payable, real estate tax payable, individual income tax payable and other tax payables. Loans from third parties were non-interest bearing loans for the purpose of working capital, payable upon the Company's discretion.

16. LOAN FROM EMPLOYEES

Loan from employee represents loans from employees to finance the Company's operations due to a lack of working capital. The Company paid 0.6% interest on these loans monthly for the period July 1, 2007 through March 31, 2009. Beginning from April 1, 2009, the Company pays 0.5% interest on these loans monthly. Cash flows from these activities are classified as cash flows from financing activities. Loan from employee was $2,025,823 as of September 30, 2011 and $1,470,138 as of December 31, 2010. The Company paid interest of $34,972 and $18,895 for the three months ended September 30, 2011 and 2010, respectively, and $81,745 and $61,450 for nine months ended September 30, 2011 and 2010, respectively.

17. INCOME TAXES

The tax payables balance of $1,258,466 and $4,336,457 as of September 30, 2011 and December 31, 2010 represents the income tax accrual of TaiAn Ruitai. TaiAn Ruitai is subject to PRC income tax at a rate of 25%.

Income tax expenses were $401,816 and $633,170 for the three months ended September 30, 2011 and 2010, respectively, which represents PRC current income taxes. Income tax expenses were $1,231,651 and $1,756,548 for the nine months ended September 30, 2011 and 2010, respectively, which represents PRC current income taxes.

The Company has not recorded tax provision for U.S. and Vanuatu tax purposes as it has no assessable profits arising in or derived from the United States or Vanuatu and intends to permanently reinvest accumulated earnings in the PRC operations.

The Company has a deferred tax asset on net operating losses of $221,304 and $184,280 as of September 30, 2011 and December 31, 2010, respectively. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those net operating losses are available. The Company considers projected future taxable income and tax planning strategies in making its assessment. At present, the Company does not have sufficient operations in the United States to conclude that it is more-likely-than-not that the Company will be able to realize all of its tax benefits in the near future and therefore a valuation allowance of $221,304 was established for the full value of the deferred tax asset.

A valuation allowance will be maintained until sufficient positive evidence exists to support the reversal of any portion or all of the valuation allowance. Should the Company start operations in the United States in future periods with a supportable trend, the valuation allowance will be reversed accordingly.

18. STATUTORY RESERVES

Under PRC law, TaiAn Ruitai is required to provide for certain statutory reserves, namely a general reserve, an enterprise expansion fund and a staff welfare and bonus fund. The entity is required to allocate at least 10% of its after tax profits on an individual company basis as determined under PRC GAAP to the general reserve and have the right to discontinue allocations to the general reserve if such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the Board of Directors of the entity. These reserves can only be used for specific purposes and are not transferable to the Company in the form of loans, advances, or cash dividends.

Both of the balances of statutory reserves as of September 30, 2011 and December 31, 2010 were $1,369,652, and for the nine months ended September 30, 2011 and 2010, the Company did not make appropriation in its statutory reserves since such reserve had reached 50% of registered capital.

19. CONCENTRATIONS AND CREDIT RISKS

At September 30, 2011 and December 31, 2010, the Company had a credit risk exposure of cash in banks of $6,816,329 and $25,286,619, respectively, that is uninsured by the government authority. To limit exposure to credit risk relating to deposits, the Company primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings.

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC as well as by the general state of the PRC's economy. The business may be influenced by, among other things, changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Major Customers

During the three months ended September 30, 2011, no single customer accounted for 10% or more of the company's net revenue. During the three months ended September 30, 2010, the Company's largest customer accounted for 14% of the Company's net revenue.

During the nine months ended September 30, 2011, the Company's largest customer accounted 13% of the Company's net revenue. The outstanding account receivable balance for this customer was $91,518 as of September 30, 2011. No single customer accounted for 10% or more of the Company's net revenue for the nine months ended September, 30, 2010.

Major Suppliers

During the three months ended September 30, 2011, two major suppliers accounted for 41% of the Company's total purchase. The account payable balances for the two largest suppliers were $1,416,789 as of September 30, 2011. During the three months ended September 30, 2010, three major suppliers accounted for 39% of the Company's total purchase. The account payable balances for the four largest suppliers were $627,306 as of September 30, 2010. During the nine months ended September 30, 2011, no single supplier accounted for 10% or more of the Company's total purchase. During the nine months ended September 30, 2010, two major suppliers accounted for 25% of the Company's total purchase.

20. WARRANT

During March 2008, the Company engaged a consultant to conduct a program of investor relations activities, for an initial period of twelve months ended February 28, 2009, and continuing on a month-to-month basis thereafter upon mutual consent. The terms of the agreement are for the consultant to receive a cash payment per month plus a warrant to purchase 150,000 shares of the Company's restricted common stock at a exercise price of $3.05 per share. The warrant has a term of four (4) years and is vested 50% on March 1, 2008 and 50% on September 30, 2008. Management valued the warrant at $1.16 per share using the Black-Scholes pricing model with assumptions summarized below, for a total of $174,000, which is being amortized over the prospective beneficial period.

Grant Date Stock Price		Exercise Price		Warrant Life	Risk Free Interest Rate	Expected Volatility
$	2.90	$	3.05	4 years	2.00%	51%

As all the warrants were vested in 2008, there was no warrant cost charged during the periods presented. There were no warrants exercised as of September 30, 2011 and December 31, 2010.

On May 19, 2008, the Company engaged a consultant as its exclusive investment banker and agent for a one-year period ended May 19, 2009, and subject to cancellation by thirty (30) days written notice. As part of compensation to the consultant, the Company issued the consultant a warrant to purchase 200,000 shares of the Company's common stock at a price of $4.00 per share. The warrant has a term of five (5) years and was issued on May 19, 2008. Management valued the warrant at $1.84 per share using the Black-Scholes pricing model with assumptions summarized below, for a total of $368,000, which will be amortized over the prospective beneficial period.

Grant Date Stock Price		Exercise Price		Warrant Life	Risk Free Interest Rate	Expected Volatility
$	4.00	$	4.00	5 years	2.00%	51%

As all the warrants were vested in 2009, there was no warrant cost charged during the periods presented.. There were no warrants exercised as of September 30, 2011 and December 31,2010.

The warrant agreements contained cash settlement and down round protection clauses. Accordingly, the warrants should be accounted for as liability from its issuance date at its fair value with changes in value included in earnings each reporting period. The Company treated it as equity due to an immaterial difference.

On July 1, 2011, the Company granted warrants to purchase 30,000 shares to its consultant, Lamnia International, and 90,000 shares to another consultant, Matthew Hayden, at an exercise price of $1.15 per share. The warrants vest and become exercisable on July 1, 2011 and expire on July 1, 2015. Management valued the warrant at $0.03 per share using the Binomial model with assumptions summarized below, for a total of $37,024, which will be amortized over the prospective beneficial period.

Grant Date Stock Price		Exercise Price		Warrant Life	Risk Free Interest Rate	Expected Volatility
$	0.25	$	1.15	4 years	2.22%	60%

As all the warrants were vested in the nine months ended September 30, 2011, there is $37,024 warrant cost charged as of September 30, 2011.

21. EARNINGS PER SHARE

	Three Months Ended September 30, 2011 (unaudited)	Three Months Ended September 30, 2010 (unaudited)
Numerator used in basic net income per share:		
Net income attributable to China Ruitai Shares	$ 1,105,967	$ 1,880,515
Weighted average common shares outstanding	26,000,000	26,000,000
Weighted average common shares outstanding used in computing diluted earnings per ordinary share	26,000,000	26,000,000
Earnings per common share-basic and diluted	$ 0.04	$ 0.07

	Nine Months Ended September 30,	
	2011	2010
	(unaudited)	(unaudited)
Numerator used in basic net income per share:		
Net income attributable to China Ruitai Shares	$ 3,211,729	$ 5,236,962
Weighted average common shares outstanding	26,000,000	26,000,000
Weighted average common shares outstanding used in computing diluted earnings per ordinary share	26,000,000	26,000,000
Earnings per common share-basic and diluted	$ 0.12	$ 0.20

As of September 30, 2011 and 2010, the Company had 470,000 outstanding warrants that could potentially dilute basic income per share in the future, but which were excluded in the computation of diluted income per share in the periods presented, as their effect would have been anti-dilutive since the exercise price of these warrants was higher than the average market price during the period presented.

22. COMMITMENTS AND CONTINGENCIES

Governmental control of currency conversion

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The Company receives most of its revenues in Renminbi, which is currently not a freely convertible currency. Shortages in the availability of foreign currency may restrict the Company's ability to remit sufficient foreign currency to satisfy foreign currency dominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from the transaction, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of bank loans denominated in foreign currencies.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currency to satisfy its currency demands, the Company may not be able to pay certain of its expenses as they come due.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currency to satisfy its currency demands, the Company may not be able to pay certain of its expenses as they come due.

Guaranteed Bank Loans

The Company has guaranteed certain loans for third-party enterprises, which, in turn, have guaranteed loans for the Company. These guarantees require payment from the Company in the event of default on payment by the respective debtor and, if the debtor defaults, the Company may be required to pay amounts outstanding under the related agreements in addition to the principal amount guaranteed, including accrued interest and related fees.

The Company and these third-party enterprises have been guaranteeing loans for each other in their day-to-day operations. Both of these enterprises and the Company are considered good reputation debtors by local banks. The banks allow these companies to guarantee loans for each other instead of requiring the loans be secured by collateral. None of the enterprises for which the Company has guaranteed loans has defaulted on any loan repayments, and accordingly, the Company has not recorded any liabilities or losses on such guarantees.

Bank loans that the Company has guaranteed for third-party enterprises consist of the following as of September 30, 2011:

Bank loans:

Financial institutions	Amount	Duration	Borrower
Agriculture development bank of China Feicheng branch	$ 4,061,358	May 11, 2010 to May 10, 2012	Taipeng Group
Bank of China Feicheng branch	1,468,337	October 21, 2010 to October 8,2011	Shandong Acid Chemicals Ltd., Co.
Bank of China Feicheng branch	890,000	October 23, 2010 to October 23, 2011	Feicheng Acid Chemicals Ltd., Co.
Bank of China Feicheng branch	2,655,503	October 13, 2011 to September 13,2012	Taipeng Household Items Ltd., Co.
Bank of China Feicheng branch	1,046,581	October 13, 2011 to September 13,2012	Taipeng Nonwoven Ltd., Co.
Bank of China Feicheng branch	468,618	October 13, 2011 to September 13,2012	Taipeng new material Ltd., Co.
Bank of China Feicheng branch	2,821,082	October 13, 2011 to September 13,2012	Feicheng Jinlong Textile Ltd., Co.
Bank of China Feicheng branch	2,655,503	November 12, 2010 to November 12,2011	Shandong Yinbao Food Ltd., Co.
Bank of China Feicheng branch	2,343,091	January 20, 2011 to January 20,2012	Shandong Yinbao Food Ltd., Co.
Shenzhen development bank Jinan branch	1,562,060	June 2, 2011 to June 2,2012	Shandong RunYin Biological Chemicals Co., Ltd.
Shenzhen development bank Jinan branch	3,905,151	May 20, 2011 to May 20, 2012	Shandong Yinbao Food Ltd., Co.
Bank of Communication Taian Branch	4,061,358	September 15, 2011 to September 15, 2012	Shandong Yinbao Food Ltd., Co.
Agriculture bank of China Feicheng branch	3,592,739	October 27, 2010 to October 26, 2011	Shandong Yinbao Food Ltd., Co.
Bank of Communication Taian Branch	3,748,946	September 15, 2011 to September 15, 2012	Feicheng Jinlong Textile Ltd., Co..
	$ 35,280,327		

Bank acceptable notes:

Financial institutions		Amount	Duration	Borrower
Shenzhen development bank	$	4,686,182	September 14, 2011 to September 14, 2012	Taipeng Nonwoven Ltd., Co.
Industry bank		6,248,243	March 20,2011 to September 20, 2011	Feicheng Acid Chemicals Ltd., Co.
Shenzhen development bank		3,124,121	October 26, 2010 to October 26, 2011	Shandong Lulong Group Ltd., Co.
	$	14,058,546		

23. SUBSEQUENT EVENT

Management has considered all events occurring through the date the financial statements have been issued, and has determined that there are no such events that are material to the financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our results of operations and financial condition for the nine months ended September 30, 2011. The following discussion should be read in conjunction with the Financial Statements and related Notes appearing elsewhere in this Form 10-Q.

Results of Operations for the Nine Month Period Ended September 30, 2011 Compared to the Nine Month Period Ended September 30, 2010

Revenue

Revenue. During the nine month period ended September 30, 2011, we had revenues of $32,264,476 as compared to revenues of $32,590,132 during the nine month period ended September 30, 2010, a slight decrease of 1%. The decrease in revenue was primarily attributable to the sales strategy change since the last quarter. Our sales are now focusing more on high-end pharmaceutical products and the Polyvinyl chloride ("PVC") products sector.

Cost of Sales. During the nine month period ended September 30, 2011, our cost of sales was $23,479,317 as compared to costs of sales of $22,742,820 for the nine month period ended September 30, 2010, an increase of 3.24%. This increase in cost of sales resulted primarily from an increase in the price of raw materials and energy usage.

Operating Expenses

Our operating expenses are divided into selling expenses and general and administrative expenses, both of which are discussed below:

Selling Expenses. Selling expenses, which consist of sales commissions, freight charges, travel and other selling expenses, totaled $1,649,357 for the nine month period ended September 30, 2011 as compared to $1,322,299 for the nine month period ended September 30, 2010, an increase of 24.73%. This increase results primarily from: (i) an increase in the freight charge for pharmaceutical and PVC products; and (ii) an increase of products packaging.

General and Administrative Expenses. General and administrative expenses totaled $2,029,978 for the nine month period ended September 30, 2011 as compared to $936,328 for the nine month period ended September 30, 2010, an increase of 116.80%. This increase was due to an increase in the bad debt expense.

Income from Operations

For the nine month period ended September 30, 2011, our income from operations was $5,105,824 as compared to income from operations of $7,588,685 for the nine month period ended September 30, 2010, a decrease of 32.72%. This decrease was primarily attributable to a dramatic increase in selling, marketing expenses and general and administrative expenses.

Commercial Leasing Income and Cost

For the nine month period ended September 30, 2011, our commercial leasing income was $1,120,486 as compared to $920,724 for the nine month period ended September 30, 2010, an increase of 21.70%. The increase was due to an annual rental increase as agreed in the contract, as well as the appreciation of RMB. Rental income was from an acquired commercial property in Beijing. On December 31, 2009, we entered into a Set-Off Agreement with our related party, Shandong Ruitai Chemicals Co., Ltd. ("Shandong Ruitai"). TaiAn, our subsidiary, agreed to permit Shandong Ruitai to satisfy a total of $31,745,649 in debt owed by Shandong Ruitai in exchange for Shandong Ruitai's transfer of 100% of its ownership interest in real property located in Beijing, China, commonly known as Taishan Building, or Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, China (the "Taishan Building").

Interest Income

For the nine month period ended September 30, 2011, our interest income was $1,205,441 as compared to $834,077 for the nine month period ended September 30, 2010, an increase of $371,364, or 44.52%. The increase of interest income resulted primarily from an increase of the restricted cash deposited for notes payables.

Interest Expense

For the nine month period ended September 30, 2011, we incurred interest expense in the amount of $2,289,361 as compared to $1,665,194 for the nine month period ended September 30, 2010, an increase of 37.48%. The increase in interest expense resulted primarily from an increase of the weighted-average interest rate for our bank loans in China, as well as the large increase in the amount of the interest paid for discounted notes receivable.

Income Tax Expense

Our income tax expense was $1,231,651 for the nine month period ended September 30, 2011 as compared to $1,756,548 for the nine month period ended September 30, 2010, a decrease of $524,897, or 29.88%. This decrease is primarily attributable to a decrease in profits before income taxes.

Net Income attributable to China RuiTai

We had net income attributable to China RuiTai of $3,211,729 for the nine month period ended September 30, 2011 as compared to $5,236,962 for the nine month period ended September 30, 2010, a decrease of $2,025,233, or 38.67%. This decrease is primarily attributable to an increase in cost of goods sold and general administrative expenses.

Liquidity and Capital Resources

The Company anticipates obtaining additional financing to meet the working capital requirements for its on-going projects and to sustain the business operations for the next twelve months. The Company is exposed to certain risks for significant negative working capital as indicated on the balance sheet, which increases the concern for management's ability to fulfill the Company's working capital requirements as well as the ability to continue as a going concern. The risk is mainly the result of a high level of short-term bank borrowings pursuant to which China RuiTai has a proven record of excellent credit history with the local bank for the past ten years. We do not believe additional debt financing from the bank to fulfill the working capital requirements will be an issue due to the track record of the Company's credit history and the solid relationship with the local bank. In the event of a default under the bank borrowings, the Company has a $37,612,060 commercial leasing asset, "Taishan Building", located at Building No. 36, Xibahe Dongli, Chaoyang District, Beijing, which can be sold in the open market.

Results of Operations for the Three Month Period Ended September 30, 2011 Compared to the Three Month Period Ended September 30, 2010

Revenue

Revenue. During the three month period ended September 30, 2011, we had revenues of $10,955,475 compared to revenues of $11,180,701 during the three month period ended September 30, 2010, a decrease of 2.01%. The decrease in revenue was primarily attributable to: (i) the decrease in the product sales; and (ii) the change in our sales strategy. In April 2011, we started to evolve into high-end pharmaceutical products and the PVC sector, focusing on the Hydroxyethyl Cellulose ("HEC") market.

Cost of Sales. During the three month period ended September 30, 2011, our cost of sales was $8,693,366 compared to costs of sales of $7,590,381 for the three month period ended September 30, 2010, an increase of 14.53%. This increase in cost of sales resulted in the increase in the price of raw materials and energy usage.

Operating Expenses

Our operating expenses are divided into selling expenses and general and administrative expenses, both of which are discussed below:

Selling Expenses. Selling expenses, which consist of sales commissions, freight charges, travel and other selling expenses, totaled $515,979 for the three month period ended September 30, 2011, compared to selling expenses of $432,914 for the three month period ended September 30, 2010, an increase of 19.19%. This increase results primarily from an increase of freight charges.

General and Administrative Expenses. General and administrative expenses totaled $648,200 for the three month period ended September 30, 2011 compared to $436,218 for the three month period ended September 30, 2010, an increase of 48.60%. The main reason for the increase can be attributed to the increase in bank charge.

Income from Operations

For the three month period ended September 30, 2011, our income from operations was $1,097,930 compared to income from operations of $2,721,188 for the three month period ended September 30, 2010, a decrease of 59.65%. This decrease was primarily attributable to lower sales, higher cost of sales, and increased expenses.

Commercial Leasing Income and Costs

For the three month period ended September 30, 2011, our commercial leasing income was $377,871 as compared to $305,767 for the three month period ended September 30, 2010, an increase of 23.58%. The increase was due to an annual rental increase as agreed in the contract, as well as the appreciation of RMB. Rental income was from an acquired commercial property in Beijing. On December 31, 2009, we entered into a Set-Off Agreement with our related party, Shandong Ruitai. TaiAn, our subsidiary, agreed to allow Shandong Ruitai to satisfy a total of $31,745,649 in debt owed by Shandong Ruitai in return for Shandong Ruitai's transfer of 100% of its ownership interest in real property located in Beijing, China, commonly known as Taishan Building. As a result, starting in the first quarter of 2010, the Taishan Building has generated rental income of $377,871 for the three month period ended September 30, 2011.

Interest Income

For the three month period ended September 30, 2011, our interest income was $1,027,060 compared to interest income of $267,465 for the three month period ended September 30, 2010, an increase of $759,595, or 284.00%. The increase of interest income resulted primarily from an increase of the restricted cash deposited for notes payables.

Interest Expense

For the three month period ended September 30, 2011, we incurred interest expense in the amount of $752, 579 compared to interest expense of $536,097 for the three month period ended September 30, 2010, an increase of 40.38%. The increase in interest expense resulted primarily from an increase of the weighted-average interest rate for the bank loan in China, as well as the large increase of the interest paid for discounted notes receivable.

Income Tax Expense

Our income tax expense was $401,816 for the three month period ended September 30, 2011 compared to $633,170 for the three month period ended September 30, 2010, a decrease of $231,354, or 36.54%. This decrease is primarily attributed to a decrease in profits before income taxes.

Net Income attributable to China RuiTai

We had net income of $1,105,967 for the three month period ended September 30, 2011 compared to $1,880,515 for the three month period ended September 30, 2010, a decrease of $774,548, or 41.19%. This decrease is primarily attributable to a decrease in sales and an increase in cost of sales.

Total Current Assets and Total Assets

As of September 30, 2011: (i) our total current assets were $73,295,316 as compared to total current assets of $54,837,199 at December 31, 2010, an increase of $18,458,117, or 33.66%; and (ii) our total assets were $130,375,584 as of September 30, 2011 compared to $110,977,589 as of December 31, 2010, an increase of $19,397,995, or 17.48%. Our total assets increased due to changes that we experienced in cash and cash equivalents, restricted cash, accounts receivable, and notes receivable, all of which are discussed below.

Cash and Cash Equivalents. As of September 30, 2011, our cash and cash equivalents were $6,816,329 as compared to $25,286,619 at December 31, 2010, a decrease of $18,470,290, or 73.04%. This decrease was primarily attributable to the additional cash required to be deposited as restricted in the bank to serve as collateral for increased notes payable.

Restricted Cash. As of September 30, 2011, our restricted cash was $25,274,142 as compared to $10,254,394 at December 31, 2010, an increase of $15,019,748, or 146.47%. The Company is required to make restricted security deposits between 50% and 100% of the face amount of the notes with the banks until the notes are settled. This increase was primarily attributable to an overall increase in notes payable.

Accounts Receivable. As of September 30, 2011, our accounts receivable were $9,699,960 as compared to $4,896,665 at December 31, 2010, an increase of $4,803,295, or 98.09%. This increase was primarily attributable to the effort in developing our marketing strategy to strengthen our sales by extending the accounts receivables payback period to attract our customers.

Advance to suppliers. As of September 30, 2011, we have an advance to suppliers of $2,270,509 as compared to $1,171,477 at December 31, 2010, an increase of $1,099,032, or 93.82%. This increase was primarily attributable to the corresponding increase attributable to our prepayments to our suppliers to secure favorable raw material prices.

Inventories. As of September 30, 2011, we had inventories of $11,337,856 as compared to $9,468,211 as of December 31, 2010, an increase of $1,869,645, or 19.75%. The increase in inventories from 2011 to 2010 was the result of the increase the price of products.

Total Current Liabilities

As of September 30, 2011, our total current liabilities were $92,649,129 as compared to $81,072,866 at December 31, 2010, an increase of $11,576,263, or 14.28%. This increase was primarily attributable to changes in notes payable, and due to related parties as discussed below.

Notes Payable. As of September 30, 2011, our notes payable were $39,051,517 as compared to $18,149,369 as of December 31, 2010, an increase of $20,902,148, or 115.17%. This increase was attributable to the increase in the notes payable to related party.

Due to related parties. As of September 30, 2011, due to related parties were nil as compared to $2,526,474 as of December 31, 2010, a decrease of $2,526,474, or 100%. The decrease in due to related parties was attributable to continued repayment of the money owed to the related parties to lower interest expense.

Operating Activities

Net cash of $36,050,442 was used in operating activities during the nine month period ended September 30, 2011 compared to net cash generated in operating activities of $5,247,773 during the nine month period ended September 30, 2010, representing a difference of $ 41,298,215. The increase in net cash used by our operating activities was primarily attributable to the following five reasons: (i) a $14,448,202 increase in restricted cash for the nine month period ended September 30, 2011 and a $16,769,400 decrease in restricted cash for the nine month period ended September 30, 2010, a net change of $31,217,602. The increase in restricted cash is in proportion to the increase in notes payable; (ii) there was a $1,534,086 increase in inventories for the nine month period ended September 30, 2011 and a $757,691 decrease in inventories for the nine month period ended September 30, 2010, a net change of $2,291,777. The increase of inventories is a result of an increase in the price of raw materials; (iii) there was a $2,250,276 increase in advance to suppliers for the nine month period ended September 30, 2011 and a $461,144 decrease in advance to suppliers for the nine month period ended September 30, 2010, a net change of $2,711,420; (iv) there was a $763,410 decrease in accounts payable for the nine month period ended September 30, 2011 and a $1,081,040 increase in accounts payable for the nine month period ended September 30, 2010, a net change of $1,844,450, which was due to our prompt payment to our supplier to secure favorable raw material prices in 2011; and (v) there was a $11,066,708 decrease in the notes payables for the nine month period ended September 30, 2011 and a $ 25,007,000 decrease in notes payables for the nine month period ended September 30, 2010, a net change of $13,940,292, which reflects the Company's flexibility in choosing the payment method to our suppliers which will be most favorable to the Company.

Investing Activities

During the nine month period ended September 30, 2011, the net cash used in investing activities was $927,439 as compared to net cash used in investing activities of $1,593,008 for the nine month period ended September 30, 2010, a decrease of $665,569. This decrease was primarily attributable to the decrease in the purchase of equipment.

Financing Activities

During the nine month period ended September 30, 2011, the net cash provided by financing activities was $17,995,931 as compared to net cash provided in financing activities of $7,749,892 for the nine month period ended September 30, 2010, an increase of $10,246,039. This change in financing activities was primarily attributable to increasing approximately $31 million of loans by utilizing a note payable from the related party and increase of due from related party of $12 million, as a result of increased net cash for financing activities.

Off Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures

The Securities and Exchange Commission defines the term "disclosure controls and procedures" to mean the company's controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to principal executive and principal financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are designed to provide reasonable assurance of achieving the objectives of timely alerting them to material information required to be included in our periodic SEC reports and of ensuring that such information is recorded, processed, summarized and reported with the time periods specified. Our chief executive officer and chief financial officer also concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance of the achievement of these objectives.

Changes in internal control over financial reporting

There was no change in our internal control over financial reporting that occurred during the three months ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any pending legal proceedings, and no such proceedings are known to be contemplated. None of our directors, officers or affiliates, and no owner of record or beneficial owner of more than 5.0% of our securities, or any associate of any such director, officer or security holder is a party adverse to us or has a material interest adverse to us in reference to pending litigation.

ITEM 1A. RISK FACTORS

Not Applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. (REMOVED AND RESERVED)

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The following exhibits are filed herewith:

Exhibit Number	Description
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	The following financial statements from China Ruitai International Holdings Co., Ltd.'s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets (unaudited); (ii) the Consolidated Statements of Income and Comprehensive Income (unaudited); (iii) the Consolidated Statements of Cash Flows (unaudited); and (iv) the Notes to Unaudited Consolidated Financial Statements, tagged as blocks of text.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.

Date: November 14, 2011	By:	/s/ Dian Min Ma Dian Min Ma, Chief Executive Officer (Principal Executive Officer)
Date: November 14, 2011	By:	/s/ Gang Ma Gang Ma, Chief Financial Officer (Principal Financial Officer and Chief Accounting Officer)

1

Exhibit 31.1

CERTIFICATION

I, Dian Min Ma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of China Ruitai International Holdings Co., Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

By: /s/ Dian Min Ma

Dian Min Ma, Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gang Ma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of China Ruitai International Holdings Co., Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011   By: /s/ Gang Ma

Gang Ma, Chief Financial Officer

Exhibit 32.1

CERTIFICATION

The undersigned officer of China Ruitai International Holdings Co., Ltd. (the "Company") hereby certifies that, to his knowledge, the Company's Quarterly Report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2011 By: /s/ Dian Min Ma

Dian Min Ma, Chief Executive Officer

Exhibit 32.2

CERTIFICATION

The undersigned officer of China Ruitai International Holdings Co., Ltd. (the "Company") hereby certifies that, to his knowledge, the Company's Quarterly Report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2011 By: /s/ Gang Ma

Gang Ma, Chief Financial Officer

EXHIBIT "E"

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:
Attached is copy of Amendment No. 1 to Form 10-Q, quarterly report, for the quarter ended June 30, 2011, received in this Commission on August 29, 2011, under the name of China Ruitai International Holdings Co., Ltd., File No.000-04494, pursuant to the provisions of the Securities Exchange Act of 1934.

on file in this Commission

BARBARA VOLPE

Digitally signed by BARBARA VOLPE
DN: c=US, o=U.S. Government, ou=Securities and Exchange Commission, cn=BARBARA VOLPE, 0.9.2342.19200300.100.1.1=50001002882173
Date: 2013.11.22 12:52:21 -05'00'

November 22, 2013
Date

Barbara J. Volpe, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

Elizabeth M. Murphy
Secretary

SEC 334 (9-12)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 000-04494

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	[redacted] (I.R.S. Employer Identification No.)
Wenyang Town, Feicheng City, ShanDong, China (Address of principal executive offices)	271603 (Zip Code)

(86) 538 3850 703
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of August 12, 2011, there were outstanding 26,000,000 shares of the registrant's common stock, par value $0.001 per share.

Explanatory Note

The sole purpose of this Amendment No. 1 to China Ruitai International Holdings Co., Ltd.'s Quarterly Report on Form 10-Q (the "Form 10-Q") for the quarterly period ended June 30, 2011, as filed with the Securities and Exchange Commission on August 15, 2011, is to furnish Exhibit 101.1 to the Form 10-Q in accordance with Rule 405 of Regulation S-T. Exhibit 101.1 provides the financial statements and related notes from the Form 10-Q formatted in XBRL (eXtensible Business Reporting Language).

No other changes have been made to the Form 10-Q. This Amendment No. 1 to the Form 10-Q does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update in any way the disclosures made in the original Form 10-Q.

Pursuant to Rule 406T of Regulation S-T, the interactive files on Exhibit 101.1 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Item 6. Exhibits

Exhibit Number	Description	Method of Filing
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed as an exhibit to the original Form 10-Q for the quarterly period ended June 30, 2011, filed August 15, 2011.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed as an exhibit to the original Form 10-Q for the quarterly period ended June 30, 2011, filed August 15, 2011.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed as an exhibit to the original Form 10-Q for the quarterly period ended June 30, 2011, filed August 15, 2011.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed as an exhibit to the original Form 10-Q for the quarterly period ended June 30, 2011, filed August 15, 2011
101.1	The following financial statements from China Ruitai International Holdings Co., Ltd.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets (unaudited); (ii) the Consolidated Statements of Income and Comprehensive Income (unaudited); (iii) the Consolidated Statements of Cash Flows (unaudited); and (iv) the Notes to Unaudited Consolidated Financial Statements, tagged as blocks of text.	Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.

Date: August 29, 2011	By:	/s/ Dian Min Ma Dian Min Ma, Chief Executive Officer (Principal Executive Officer)
Date: August 29, 2011	By:	/s/ Gang Ma Gang Ma, Chief Financial Officer (Principal Financial Officer and Chief Accounting Officer)

EXHIBIT "F"

Marcum Bernstein & Pinchuk LLP

Audit Findings and Issues Memo

To: Neil Pinchuk

From: Ella Wang

Date: 02/29/2012

Re: Major audit findings and issues of China Ruitai International Holdings Co., Ltd. ("CRUI" or "the Company") In 2011 annual audit

In planning phase of CRUI 2011 annual audit, two major accounting issues came into the engagement's notice.

1. **Notes payable fraud.**

   Findings: By performing the preliminary fluctuation analysis review, we were alerted by the significant increase of notes payable to related party Shandong Ruitai Chemical Co. Ltd. ("Shandong Ruitai"). Shandong Ruitai owns 1% of the capital stock of Taian Ruitai Cellulose Co., Ltd. As of December 31, 2011, the balance of Notes payable to related party was $43,207, 064, increased $40,182,169 or 1328%, compared to the balance $3,024,895 as of December 31, 2010. The engagement team audited all the transaction in the Company ledger incurred in year 2011 of notes payable to Shandong Ruitai, totally amounting to $66,733,606. The movement of notes payable to Shandong Ruitai is presented as below:

As of Jan 01, 2011	Addition	Payment	As of Dec 31, 2011
$ 3,024,895	$ 66,733,606	$ 26,551,437	$ 43,207,064

   We have send confirmation to bank and received positive confirmation of the notes payable balances with no differences. We also obtained the all the related bank acceptance agreements signed with bank related to the closing balance.

   CRUI purchases hot steam from Shandong Ruitai, the minority shareholder of CRUI, which is owned by Mr. Xingfu Lu, the President, and Mr. Dian Min Ma, the CEO of CRUI. The purchase of hot steam aggregating $3,522,472 and $ 3,765,975 from Shandong Ruitai for the years ended December 31, 2011 and 2010, respectively. We have vouched all the invoices of the hot steam; the aggregating amount has no material difference.

   Research on Regulation: *Notes payable here refer to Bank's Acceptances Notes. According to the* ***<Law of negotiable instruments of the People's Republic of China>*** *("Law of negotiable instruments"), which issued by the standing committee of the National People's Congress, the drawer draws a Note by authorization of accepting bank, which guarantees the certain payment to the bearer or the note collector on certain date unconditionally. The bank's acceptances notes are issued when below conditions are fulfilled:*

(i) *The drawer must be a legal person or organization who has open account in the accepting bank;*
(ii) *The drawer must maintain a bona fide relationship of entrusted payment with the accepting bank and have a reliable source of funds to pay the amount of sum on the bill;*
(iii) *The drawer must provide valid sales and purchase contract as well as VAT invoices. No one may sign and issue bills of exchange without consideration to defraud fund from a bank or other parties to the bills;*
(iv) *The drawer must maintain a favorable credit record and good relationship with accepting bank;*
(v) *The drawer must provide appropriate assurances or deposit security money in accepting bank according to relevant acceptance agreements.*

Investigation: Considering the regulation of Law of negotiable instruments, we believe that all the bank's acceptances of notes are issued based on "valid sales and purchase contracts", which means the aggregating amount of those "contracts" should be around $66,733,606, the incurred transaction amount of notes payable to Shandong Ruitai, instead of the purchase of hot steam $3,522,472. However, based on the knowledge of the business and productivity and the substantive testing result of purchase of hot steams, $3,522,472 is a more reliable and reasonable amount as of the hot steam usage of CRUI.

The conflict on the two factors brought us to doubt the authenticity of the "sales and purchase contracts" which provided to accepting bank to issue the bank's acceptances notes. We required the Company to provide all those contracts related to notes payable to Shandong Ruitai to perform further investigation at the beginning of field work. At beginning, the Company indicated those contracts were kept by the banks and there's no photocopy or soft copy maintained in the company. In fact, the common practice is the bank kept photocopies instead of holding original contract. Then by negotiation of the engagement manager Albert Lv with the Company's CFO, Mr. Ma Gang, agreed to provide the documents we required. But the Company only provided with a blank contract copy, and two other contracts signed with 3rd parties under our press, which were not relevant to this issue. By inquiry with the CFO, Mr. Ma Gang, he admitted that these contracts were existed but with no real deal occurred between the two entities.

By the time of this memo, we were only provided with two contracts related to notes payable to 3rd parties. With no piece of required contract, performing further audit procedure related to assertions of notes payable and related party transactions is limited. We cannot investigate what "business" or "goods" were transacted between CRUI and Shandong Ruitai, neither can we make sure the aggregating amount of the contracts are tie to ledger.

By inquiring the nature of the notes payable to Shandong Ruitai, the CFO Mr. Ma Gang gave explanation as bill financing. Ma Gang explained that the bank offers credit to entities in two ways: Loans and notes payable collateralized by bank. Only certain portion credit would be provided with loans, the rest of the credit was only provided with notes payable. To obtain sufficient financing and keeping the line of credit, the Company issue acceptance notes to

Shandong Ruitai. Then Shandong Ruitai discounted the notes and returned the money to CRUI for operating cash usage.

Conclusions: If this is the fact, the behavior had violated <*Law of negotiable instruments of the People's Republic of China*> *Chapter One, Article 10 "The draft, acquisition and transfer of a negotiable instrument shall follow the principle of authenticity and creditability and be treated as a real act of trading or debt payment."* It is legal matter according to *Chapter Six Legal liabilities*, notes payable fraud would be treated as criminal responsibility. It also increases our doubt on integrity of management.

2. Loans to shareholder and related parties

Findings: We noticed there's significant balance due from Shandong Ruitai and other entities which has no direct trade relationship with the Company. With absence of contract, we inquired the CFO about the interest rate and nature of each balance. Mr. Ma Gang suggested the nature were loans to these entities for operating purpose, some are charged with interest and others are interest free.

Investigation: To identify the actual relationship of CRUI with these debtors, we researched the register information and ownership structures of these entities. Considering the reliability and audit cost, we also invite an inquiry agency to perform brief credit research of three major entities, including Feicheng Datong Real Estate Development Co., Ltd., Shandong Yujing Properties Co. Ltd., and Taian Shengyuan Property Investment Co., Ltd. We also performed online research for Beijing Huatai Joint investment consulting Co., LTD, which has less significant balance.

The balance as of December 31, 2011 and brief information is listed as below:

Name in CHN	Translated Name	Balance as of Dec 31, 2011	Interest Rate (%)	Relationship with CRUI	Attachment
山东瑞泰化工有限公司	Shandong Ruitai Chemical Co. Ltd.	$11,401,436	-	Related Party under common control	N/A
肥城大通房地产开发有限公司	Feicheng Datong Real Estate Development Co., Ltd.,	$ 2,143,008	-	3rd party	RE2000038982肥城大通房地产开发有限
[redacted]	[redacted]	$ 1,622,185	6.56		
泰安圣源地产投资有限公司	Taian Shengyuan Property Investment Co., Ltd.	$ 271,057	6.56	Related party under common control	RE2000038981泰安市圣源地产投资有限
北京华泰联合投资顾问有限公司	Beijing Huatai Joint investment consulting Co., Ltd.	$ 94,270	-	Related party under common control	华泰联合投资公司马殿民投资.pdf

We send confirmation to the above entities and require the Company sign loan contracts with them. We also checked the payment slip as alternative test, with no material misstatement noticed. The balances are occurred in 2011, aging within one year. By the time of this memo, there's no confirmation collected and the loan contracts are still in absent, and there's no subsequent collection. According to the CFO Mr. Ma Gang, the loans are repayable on request.

Regulations: ***Sarbanes-Oxley Act of 2002, SEC. 402. ENHANCED CONFLICT OF INTEREST PROVISIONS***
(a) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by this Act, is amended by adding at the end the following: ''(k) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—
''(1) IN GENERAL.—It shall be unlawful for any issuer (as defined in section 2 of the Sarbanes-Oxley Act of 2002), directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of that issuer. An extension of credit maintained by the issuer on the date of enactment of this subsection shall not be subject to the provisions of this subsection, provided that there is no material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after that date of enactment.

Conclusions: We noted the loan to third parties and related party are in violation to Sarbanes-Oxley Act of 2002, including Section 402's prohibition against personal loans to directors and executive officers, either directly or indirectly. The loan would subject us and our chief executive officer to possible criminal, civil or administrative sanctions, penalties, or investigations, in addition to potential private securities litigation.

Marcum Bernstein & Pinchuk LLP

Audit Findings and Issues Memo

To: Neil Pinchuk

From: Ella Wang

Date: 02/29/2012

Re: Major audit findings and issues of China Ruitai International Holdings Co., Ltd. ("CRUI" or "the Company") In 2011 annual audit

In planning phase of CRUI 2011 annual audit, two major accounting issues came into the engagement's notice.

1. **Notes payable fraud.**

   Findings: By performing the preliminary fluctuation analysis review, we were alerted by the significant increase of notes payable to related party Shandong Ruitai Chemical Co. Ltd. ("Shandong Ruitai"). Shandong Ruitai owns 1% of the capital stock of Taian Ruitai Cellulose Co., Ltd. As of December 31, 2011, the balance of Notes payable to related party was $43,207, 064, increased $40,182,169 or 1328%, compared to the balance $3,024,895 as of December 31, 2010. The engagement team audited all the transaction in the Company ledger incurred in year 2011 of notes payable to Shandong Ruitai, totally amounting to $66,733,606. The movement of notes payable to Shandong Ruitai is presented as below:

As of Jan 01, 2011		Addition		Payment		As of Dec 31, 2011	
$	3,024,895	$	66,733,606	$	26,551,437	$	43,207,064

We have send confirmation to bank and received positive confirmation of the notes payable balances with no differences. We also obtained the all the related bank acceptance agreements signed with bank related to the closing balance.

CRUI purchases hot steam from Shandong Ruitai, the minority shareholder of CRUI, which is owned by Mr. Xingfu Lu, the President, and Mr. Dian Min Ma, the CEO of CRUI. The purchase of hot steam aggregating $3,522,472 and $ 3,765,975 from Shandong Ruitai for the years ended December 31, 2011 and 2010, respectively. We have vouched all the invoices of the hot steam; the aggregating amount has no material difference.

Research on Regulation: *Notes payable here refer to Bank's Acceptances Notes. According to the* ***<Law of negotiable instruments of the People's Republic of China>*** *("Law of negotiable instruments"), which issued by the standing committee of the National People's Congress, the drawer draws a Note by authorization of accepting bank, which guarantees the certain payment to the bearer or the note collector on certain date unconditionally. The bank's acceptances notes are issued when below conditions are fulfilled:*

(i) *The drawer must be a legal person or organization who has open account in the accepting bank;*
(ii) *The drawer must maintain a bona fide relationship of entrusted payment with the accepting bank and have a reliable source of funds to pay the amount of sum on the bill;*
(iii) *The drawer must provide valid sales and purchase contract as well as VAT invoices. No one may sign and issue bills of exchange without consideration to defraud fund from a bank or other parties to the bills;*
(iv) *The drawer must maintain a favorable credit record and good relationship with accepting bank;*
(v) *The drawer must provide appropriate assurances or deposit security money in accepting bank according to relevant acceptance agreements.*

Investigation: Considering the regulation of Law of negotiable instruments, we believe that all the bank's acceptances of notes are issued based on "valid sales and purchase contracts", which means the aggregating amount of those "contracts" should be around $66,733,606, the incurred transaction amount of notes payable to Shandong Ruitai, instead of the purchase of hot steam $3,522,472. However, based on the knowledge of the business and productivity and the substantive testing result of purchase of hot steams, $3,522,472 is a more reliable and reasonable amount as of the hot steam usage of CRUI.

The conflict on the two factors brought us to doubt the authenticity of the "sales and purchase contracts" which provided to accepting bank to issue the bank's acceptances notes. We required the Company to provide all those contracts related to notes payable to Shandong Ruitai to perform further investigation at the beginning of field work. At beginning, the Company indicated those contracts were kept by the banks and there's no photocopy or soft copy maintained in the company. In fact, the common practice is the bank kept photocopies instead of holding original contract. Then by negotiation of the engagement manager Albert Lv with the Company's CFO, Mr. Ma Gang, agreed to provide the documents we required. But the Company only provided with a blank contract copy, and two other contracts signed with 3rd parties under our press, which were not relevant to this issue. By inquiry with the CFO, Mr. Ma Gang, he admitted that these contracts were existed but with no real deal occurred between the two entities.

By the time of this memo, we were only provided with two contracts related to notes payable to 3rd parties. With no piece of required contract, performing further audit procedure related to assertions of notes payable and related party transactions is limited. We cannot investigate what "business" or "goods" were transacted between CRUI and Shandong Ruitai, neither can we make sure the aggregating amount of the contracts are tie to ledger.

By inquiring the nature of the notes payable to Shandong Ruitai, the CFO Mr. Ma Gang gave explanation as bill financing. Ma Gang explained that the bank offers credit to entities in two ways: Loans and notes payable collateralized by bank. Only certain portion credit would be provided with loans, the rest of the credit was only provided with notes payable. To obtain sufficient financing and keeping the line of credit, the Company issue acceptance notes to

Shandong Ruitai. Then Shandong Ruitai discounted the notes and returned the money to CRUI for operating cash usage.

Conclusions: If this is the fact, the behavior had violated *<Law of negotiable instruments of the People's Republic of China> Chapter One, Article 10 "The draft, acquisition and transfer of a negotiable instrument shall follow the principle of authenticity and creditability and be treated as a real act of trading or debt payment.*" It is legal matter according to *Chapter Six Legal liabilities*, notes payable fraud would be treated as criminal responsibility. It also increases our doubt on integrity of management.

2. <u>Loans to shareholder and related parties</u>

Findings: We noticed there's significant balance due from Shandong Ruitai and other entities which has no direct trade relationship with the Company. With absence of contract, we inquired the CFO about the interest rate and nature of each balance. Mr. Ma Gang suggested the nature were loans to these entities for operating purpose, some are charged with interest and others are interest free.

Investigation: To identify the actual relationship of CRUI with these debtors, we researched the register information and ownership structures of these entities. Considering the reliability and audit cost, we also invite an inquiry agency to perform brief credit research of three major entities, including Feicheng Datong Real Estate Development Co., Ltd., Shandong Yujing Properties Co. Ltd., and Taian Shengyuan Property Investment Co., Ltd. We also performed online research for Beijing Huatai Joint investment consulting Co., LTD, which has less significant balance.

The balance as of December 31, 2011 and brief information is listed as below:

Name in CHN	Translated Name	Balance as of Dec 31, 2011	Interest Rate (%)	Relationship with CRUI	Attachment
山东瑞泰化工有限公司	Shandong Ruitai Chemical Co. Ltd.	$11,401,436	-	Related Party under common control	N/A
肥城大通房地产开发有限公司	Feicheng Datong Real Estate Development Co., Ltd.,	$ 2,143,008	-	3rd party	RE2000038982肥城大通房地产开发有限
[redacted]	[redacted]	$ 1,622,185	6.56		
泰安圣源地产投资有限公司	Taian Shengyuan Property Investment Co., Ltd.	$ 271,057	6.56	Related party under common control	RE2000038981泰安市圣源地产投资有限
北京华泰联合投资顾问有限公司	Beijing Huatai Joint investment consulting Co., Ltd.	$ 94,270	-	Related party under common control	华泰联合投资公司-马殿民投资.pdf

We send confirmation to the above entities and require the Company sign loan contracts with them. We also checked the payment slip as alternative test, with no material misstatement noticed. The balances are occurred in 2011, aging within one year. By the time of this memo, there's no confirmation collected and the loan contracts are still in absent, and there's no subsequent collection. According to the CFO Mr. Ma Gang, the loans are repayable on request.

Regulations: ***Sarbanes-Oxley Act of 2002, SEC. 402. ENHANCED CONFLICT OF INTEREST PROVISIONS***
(a) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by this Act, is amended by adding at the end the following: ''(k) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—
''(1) IN GENERAL.—It shall be unlawful for any issuer (as defined in section 2 of the Sarbanes-Oxley Act of 2002), directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of that issuer. An extension of credit maintained by the issuer on the date of enactment of this subsection shall not be subject to the provisions of this subsection, provided that there is no material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after that date of enactment.

Conclusions: We noted the loan to third parties and related party are in violation to Sarbanes-Oxley Act of 2002, including Section 402's prohibition against personal loans to directors and executive officers, either directly or indirectly. The loan would subject us and our chief executive officer to possible criminal, civil or administrative sanctions, penalties, or investigations, in addition to potential private securities litigation.

EXHIBIT “F”

Marcum Bernstein & Pinchuk LLP

Audit Findings and Issues Memo

To: Neil Pinchuk

From: Ella Wang

Date: 02/29/2012

Re: Major audit findings and issues of China Ruitai International Holdings Co., Ltd. ("CRUI" or "the Company") In 2011 annual audit

In planning phase of CRUI 2011 annual audit, two major accounting issues came into the engagement's notice.

1. **Notes payable fraud.**

   Findings: By performing the preliminary fluctuation analysis review, we were alerted by the significant increase of notes payable to related party Shandong Ruitai Chemical Co. Ltd. ("Shandong Ruitai"). Shandong Ruitai owns 1% of the capital stock of Taian Ruitai Cellulose Co., Ltd. As of December 31, 2011, the balance of Notes payable to related party was $43,207, 064, increased $40,182,169 or 1328%, compared to the balance $3,024,895 as of December 31, 2010. The engagement team audited all the transaction in the Company ledger incurred in year 2011 of notes payable to Shandong Ruitai, totally amounting to $66,733,606. The movement of notes payable to Shandong Ruitai is presented as below:

As of Jan 01, 2011		Addition		Payment		As of Dec 31, 2011	
$	3,024,895	$	66,733,606	$	26,551,437	$	43,207,064

   We have send confirmation to bank and received positive confirmation of the notes payable balances with no differences. We also obtained the all the related bank acceptance agreements signed with bank related to the closing balance.

   CRUI purchases hot steam from Shandong Ruitai, the minority shareholder of CRUI, which is owned by Mr. Xingfu Lu, the President, and Mr. Dian Min Ma, the CEO of CRUI. The purchase of hot steam aggregating $3,522,472 and $ 3,765,975 from Shandong Ruitai for the years ended December 31, 2011 and 2010, respectively. We have vouched all the invoices of the hot steam; the aggregating amount has no material difference.

   Research on Regulation: *Notes payable here refer to Bank's Acceptances Notes. According to the* ***<Law of negotiable instruments of the People's Republic of China>*** *("Law of negotiable instruments"), which issued by the standing committee of the National People's Congress, the drawer draws a Note by authorization of accepting bank, which guarantees the certain payment to the bearer or the note collector on certain date unconditionally. The bank's acceptances notes are issued when below conditions are fulfilled:*

(i) The drawer must be a legal person or organization who has open account in the accepting bank;

(ii) The drawer must maintain a bona fide relationship of entrusted payment with the accepting bank and have a reliable source of funds to pay the amount of sum on the bill;

(iii) The drawer must provide valid sales and purchase contract as well as VAT invoices. No one may sign and issue bills of exchange without consideration to defraud fund from a bank or other parties to the bills;

(iv) The drawer must maintain a favorable credit record and good relationship with accepting bank;

(v) The drawer must provide appropriate assurances or deposit security money in accepting bank according to relevant acceptance agreements.

Investigation: Considering the regulation of Law of negotiable instruments, we believe that all the bank's acceptances of notes are issued based on "valid sales and purchase contracts", which means the aggregating amount of those "contracts" should be around $66,733,606, the incurred transaction amount of notes payable to Shandong Ruitai, instead of the purchase of hot steam $3,522,472. However, based on the knowledge of the business and productivity and the substantive testing result of purchase of hot steams, $3,522,472 is a more reliable and reasonable amount as of the hot steam usage of CRUI.

The conflict on the two factors brought us to doubt the authenticity of the "sales and purchase contracts" which provided to accepting bank to issue the bank's acceptances notes. We required the Company to provide all those contracts related to notes payable to Shandong Ruitai to perform further investigation at the beginning of field work. At beginning, the Company indicated those contracts were kept by the banks and there's no photocopy or soft copy maintained in the company. In fact, the common practice is the bank kept photocopies instead of holding original contract. Then by negotiation of the engagement manager Albert Lv with the Company's CFO, Mr. Ma Gang, agreed to provide the documents we required. But the Company only provided with a blank contract copy, and two other contracts signed with 3rd parties under our press, which were not relevant to this issue. By inquiry with the CFO, Mr. Ma Gang, he admitted that these contracts were existed but with no real deal occurred between the two entities.

By the time of this memo, we were only provided with two contracts related to notes payable to 3rd parties. With no piece of required contract, performing further audit procedure related to assertions of notes payable and related party transactions is limited. We cannot investigate what "business" or "goods" were transacted between CRUI and Shandong Ruitai, neither can we make sure the aggregating amount of the contracts are tie to ledger.

By inquiring the nature of the notes payable to Shandong Ruitai, the CFO Mr. Ma Gang gave explanation as bill financing. Ma Gang explained that the bank offers credit to entities in two ways: Loans and notes payable collateralized by bank. Only certain portion credit would be provided with loans, the rest of the credit was only provided with notes payable. To obtain sufficient financing and keeping the line of credit, the Company issue acceptance notes to

Shandong Ruitai. Then Shandong Ruitai discounted the notes and returned the money to CRUI for operating cash usage.

Conclusions: If this is the fact, the behavior had violated *<Law of negotiable instruments of the People's Republic of China> Chapter One, Article 10 "The draft, acquisition and transfer of a negotiable instrument shall follow the principle of authenticity and creditability and be treated as a real act of trading or debt payment."* It is legal matter according to *Chapter Six Legal liabilities*, notes payable fraud would be treated as criminal responsibility. It also increases our doubt on integrity of management.

2. Loans to shareholder and related parties

Findings: We noticed there's significant balance due from Shandong Ruitai and other entities which has no direct trade relationship with the Company. With absence of contract, we inquired the CFO about the interest rate and nature of each balance. Mr. Ma Gang suggested the nature were loans to these entities for operating purpose, some are charged with interest and others are interest free.

Investigation: To identify the actual relationship of CRUI with these debtors, we researched the register information and ownership structures of these entities. Considering the reliability and audit cost, we also invite an inquiry agency to perform brief credit research of three major entities, including Feicheng Datong Real Estate Development Co., Ltd., Shandong Yujing Properties Co. Ltd., and Taian Shengyuan Property Investment Co., Ltd. We also performed online research for Beijing Huatai Joint investment consulting Co., LTD, which has less significant balance.

The balance as of December 31, 2011 and brief information is listed as below:

Name in CHN	Translated Name	Balance as of Dec 31, 2011	Interest Rate (%)	Relationship with CRUI	Attachment
山东瑞泰化工有限公司	Shandong Ruitai Chemical Co. Ltd.	$11,401,436	-	Related Party under common control	N/A
肥城大通房地产开发有限公司	Feicheng Datong Real Estate Development Co., Ltd.	$ 2,143,008	-	3rd party	RE2000038982肥城大通房地产开发有限
[redacted]	[redacted]	$ 1,622,185	6.56		
泰安圣源地产投资有限公司	Taian Shengyuan Property Investment Co., Ltd.	$ 271,057	6.56	Related party under common control	RE2000038981泰安市圣源地产投资有限
北京华泰联合投资顾问有限公司	Beijing Huatai Joint investment consulting Co., Ltd.	$ 94,270	-	Related party under common control	华泰联合投资公司-马殿民投资.pdf

We send confirmation to the above entities and require the Company sign loan contracts with them. We also checked the payment slip as alternative test, with no material misstatement noticed. The balances are occurred in 2011, aging within one year. By the time of this memo, there's no confirmation collected and the loan contracts are still in absent, and there's no subsequent collection. According to the CFO Mr. Ma Gang, the loans are repayable on request.

Regulations: ***Sarbanes-Oxley Act of 2002, SEC. 402. ENHANCED CONFLICT OF INTEREST PROVISIONS***
(a) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by this Act, is amended by adding at the end the following: ''(k) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—
''(1) IN GENERAL.—It shall be unlawful for any issuer (as defined in section 2 of the Sarbanes-Oxley Act of 2002), directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of that issuer. An extension of credit maintained by the issuer on the date of enactment of this subsection shall not be subject to the provisions of this subsection, provided that there is no material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after that date of enactment.

Conclusions: We noted the loan to third parties and related party are in violation to Sarbanes-Oxley Act of 2002, including Section 402's prohibition against personal loans to directors and executive officers, either directly or indirectly. The loan would subject us and our chief executive officer to possible criminal, civil or administrative sanctions, penalties, or investigations, in addition to potential private securities litigation.

Marcum Bernstein & Pinchuk LLP

Audit Findings and Issues Memo

To: Neil Pinchuk

From: Ella Wang

Date: 02/29/2012

Re: Major audit findings and issues of China Ruitai International Holdings Co., Ltd. ("CRUI" or "the Company") In 2011 annual audit

In planning phase of CRUI 2011 annual audit, two major accounting issues came into the engagement's notice.

1. **Notes payable fraud.**

   Findings: By performing the preliminary fluctuation analysis review, we were alerted by the significant increase of notes payable to related party Shandong Ruitai Chemical Co. Ltd. ("Shandong Ruitai"). Shandong Ruitai owns 1% of the capital stock of Taian Ruitai Cellulose Co., Ltd. As of December 31, 2011, the balance of Notes payable to related party was $43,207, 064, increased $40,182,169 or 1328%, compared to the balance $3,024,895 as of December 31, 2010. The engagement team audited all the transaction in the Company ledger incurred in year 2011 of notes payable to Shandong Ruitai, totally amounting to $66,733,606. The movement of notes payable to Shandong Ruitai is presented as below:

As of Jan 01, 2011	Addition	Payment	As of Dec 31, 2011
$ 3,024,895	$ 66,733,606	$ 26,551,437	$ 43,207,064

   We have send confirmation to bank and received positive confirmation of the notes payable balances with no differences. We also obtained the all the related bank acceptance agreements signed with bank related to the closing balance.

   CRUI purchases hot steam from Shandong Ruitai, the minority shareholder of CRUI, which is owned by Mr. Xingfu Lu, the President, and Mr. Dian Min Ma, the CEO of CRUI. The purchase of hot steam aggregating $3,522,472 and $ 3,765,975 from Shandong Ruitai for the years ended December 31, 2011 and 2010, respectively. We have vouched all the invoices of the hot steam; the aggregating amount has no material difference.

   Research on Regulation: *Notes payable here refer to Bank's Acceptances Notes. According to the* ***<Law of negotiable instruments of the People's Republic of China>*** *("Law of negotiable instruments"), which issued by the standing committee of the National People's Congress, the drawer draws a Note by authorization of accepting bank, which guarantees the certain payment to the bearer or the note collector on certain date unconditionally. The bank's acceptances notes are issued when below conditions are fulfilled:*

(i) *The drawer must be a legal person or organization who has open account in the accepting bank;*
(ii) *The drawer must maintain a bona fide relationship of entrusted payment with the accepting bank and have a reliable source of funds to pay the amount of sum on the bill;*
(iii) *The drawer must provide valid sales and purchase contract as well as VAT invoices. No one may sign and issue bills of exchange without consideration to defraud fund from a bank or other parties to the bills;*
(iv) *The drawer must maintain a favorable credit record and good relationship with accepting bank;*
(v) *The drawer must provide appropriate assurances or deposit security money in accepting bank according to relevant acceptance agreements.*

Investigation: Considering the regulation of Law of negotiable instruments, we believe that all the bank's acceptances of notes are issued based on "valid sales and purchase contracts", which means the aggregating amount of those "contracts" should be around $66,733,606, the incurred transaction amount of notes payable to Shandong Ruitai, instead of the purchase of hot steam $3,522,472. However, based on the knowledge of the business and productivity and the substantive testing result of purchase of hot steams, $3,522,472 is a more reliable and reasonable amount as of the hot steam usage of CRUI.

The conflict on the two factors brought us to doubt the authenticity of the "sales and purchase contracts" which provided to accepting bank to issue the bank's acceptances notes. We required the Company to provide all those contracts related to notes payable to Shandong Ruitai to perform further investigation at the beginning of field work. At beginning, the Company indicated those contracts were kept by the banks and there's no photocopy or soft copy maintained in the company. In fact, the common practice is the bank kept photocopies instead of holding original contract. Then by negotiation of the engagement manager Albert Lv with the Company's CFO, Mr. Ma Gang, agreed to provide the documents we required. But the Company only provided with a blank contract copy, and two other contracts signed with 3rd parties under our press, which were not relevant to this issue. By inquiry with the CFO, Mr. Ma Gang, he admitted that these contracts were existed but with no real deal occurred between the two entities.

By the time of this memo, we were only provided with two contracts related to notes payable to 3rd parties. With no piece of required contract, performing further audit procedure related to assertions of notes payable and related party transactions is limited. We cannot investigate what "business" or "goods" were transacted between CRUI and Shandong Ruitai, neither can we make sure the aggregating amount of the contracts are tie to ledger.

By inquiring the nature of the notes payable to Shandong Ruitai, the CFO Mr. Ma Gang gave explanation as bill financing. Ma Gang explained that the bank offers credit to entities in two ways: Loans and notes payable collateralized by bank. Only certain portion credit would be provided with loans, the rest of the credit was only provided with notes payable. To obtain sufficient financing and keeping the line of credit, the Company issue acceptance notes to

Shandong Ruitai. Then Shandong Ruitai discounted the notes and returned the money to CRUI for operating cash usage.

Conclusions: If this is the fact, the behavior had violated *<Law of negotiable instruments of the People's Republic of China> Chapter One, Article 10 "The draft, acquisition and transfer of a negotiable instrument shall follow the principle of authenticity and creditability and be treated as a real act of trading or debt payment."* It is legal matter according to *Chapter Six Legal liabilities*, notes payable fraud would be treated as criminal responsibility. It also increases our doubt on integrity of management.

2. Loans to shareholder and related parties

Findings: We noticed there's significant balance due from Shandong Ruitai and other entities which has no direct trade relationship with the Company. With absence of contract, we inquired the CFO about the interest rate and nature of each balance. Mr. Ma Gang suggested the nature were loans to these entities for operating purpose, some are charged with interest and others are interest free.

Investigation: To identify the actual relationship of CRUI with these debtors, we researched the register information and ownership structures of these entities. Considering the reliability and audit cost, we also invite an inquiry agency to perform brief credit research of three major entities, including Feicheng Datong Real Estate Development Co., Ltd., Shandong Yujing Properties Co. Ltd., and Taian Shengyuan Property Investment Co., Ltd. We also performed online research for Beijing Huatai Joint investment consulting Co., LTD, which has less significant balance.

The balance as of December 31, 2011 and brief information is listed as below:

Name in CHN	Translated Name	Balance as of Dec 31, 2011	Interest Rate (%)	Relationship with CRUI	Attachment
山东瑞泰化工有限公司	Shandong Ruitai Chemical Co. Ltd.	$11,401,436	-	Related Party under common control	N/A
肥城大通房地产开发有限公司	Feicheng Datong Real Estate Development Co., Ltd.,	$ 2,143,008	-	3rd party	RE2000038982肥城大通房地产开发有限
[redacted]	[redacted]	$ 1,622,185	6.56		
泰安圣源地产投资有限公司	Taian Shengyuan Property Investment Co., Ltd.	$ 271,057	6.56	Related party under common control	RE2000038981泰安市圣源地产投资有限
北京华泰联合投资顾问有限公司	Beijing Huatai Joint investment consulting Co., Ltd.	$ 94,270	-	Related party under common control	华泰联合投资公司-马殿民投资.pdf

We send confirmation to the above entities and require the Company sign loan contracts with them. We also checked the payment slip as alternative test, with no material misstatement noticed. The balances are occurred in 2011, aging within one year. By the time of this memo, there's no confirmation collected and the loan contracts are still in absent, and there's no subsequent collection. According to the CFO Mr. Ma Gang, the loans are repayable on request.

Regulations: ***Sarbanes-Oxley Act of 2002, SEC. 402. ENHANCED CONFLICT OF INTEREST PROVISIONS***
(a) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), as amended by this Act, is amended by adding at the end the following: ''(k) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES.—
''(1) IN GENERAL.—It shall be unlawful for any issuer (as defined in section 2 of the Sarbanes-Oxley Act of 2002), directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of that issuer. An extension of credit maintained by the issuer on the date of enactment of this subsection shall not be subject to the provisions of this subsection, provided that there is no material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after that date of enactment.

Conclusions: We noted the loan to third parties and related party are in violation to Sarbanes-Oxley Act of 2002, including Section 402's prohibition against personal loans to directors and executive officers, either directly or indirectly. The loan would subject us and our chief executive officer to possible criminal, civil or administrative sanctions, penalties, or investigations, in addition to potential private securities litigation.

EXHIBIT "G"

EXHIBIT "H"

EXHIBIT "I"

EXHIBIT "J"

B&P MARCUM
BERNSTEIN & PINCHUK
ACCOUNTANTS & ADVISORS

May 21, 2012

Mr. Dianmin Ma, Chairman of the Board
Mr. Gang Ma, CFO
Mr. Jin Tian, Director
Ms. Xiaomei Wang, Financial Advisor
China RuiTai International Holdings Co., Ltd. ("CRUI")
Wenyang Town, Feicheng City
Shandong, China 271603

Re: Report to Management and Board of Directors pursuant to Section 10A(b)(1) -- Illegal Acts

Dear All:

During the course of our audit of the 2011 financial statements for CRUI we became aware of transactions with certain banks in China that we have been informed (as discussed below) violate Article 10 of the People's Republic of China (PRC) Negotiable Instruments Law, may possibly violate Article 52 of the PRC Contract Law and could result in criminal liability under Article 175 of the PRC Criminal Law.

During the course of our audit, we were alerted by the significant increase of notes payable to related party Shandong Ruitai Chemical Co. Ltd. ("Shandong Ruitai"). CRUI purchases goods from Shandong Ruitai, the minority shareholder of CRUI, which is owned by Mr. Xingfu Lu, the President, and Mr. Dian Min Ma, the CEO of CRUI. As of December 31, 2011, according to CRUI's books and records, the balance of notes payable to the Shandong Ruitai was $43,207,064, representing an increase of $40,182,169 or 1328%, compared to the balance $3,024,895 as of December 31, 2010. As stated in CRUI's books and records, the movement of notes payable to Shandong Ruitai (the "Notes") is presented below:

Bal. Jan 01, 2011	Additions	Payments	Bal. Dec 31, 2011
$ 3,024,895	$ 66,733,606	$ 26,551,437	$ 43,207,064

In summary, we understand that CRUI would issue "fake" purchase orders to Shandong Ruitai for the purchase of goods. CRUI would present the fake sales and purchase contracts to the banks as collateral for a loan. The banks would loan money to CRUI, and then CRUI would utilize the funds to "pay" Shandong Ruitai for the alleged purchase of goods. Shandong Ruitai would then keep some of the funds for its own use, and the balance of the funds would be loaned back to CRUI and reflected on the December 31, 2011 balance sheet as Notes payable -- related party.

According to CRUI's books and records, the purchase of goods aggregated approximately $3.2 million and $3.8 million from Shandong Ruitai for the years ended December 31, 2011 and 2010, respectively. The disparity between the related party purchases and the Notes brought us to question the authenticity of the sales and purchase contracts which were provided to the banks as collateral for the Notes. We requested that CRUI provide us with copies of the sales and purchase contracts at the beginning of field work. Mr. Ma Gang, CFO, was not able to provide copies of the documents to us nor provide evidence confirming the existence of real purchases or sales occurring between CRUI and Shandong Ruitai. As a result, on March 1, 2012, we sent a letter to Mr. Dianmin Ma, Chairman of the Board, indicating that "we have uncovered what we believe may be irregularities concerning certain financing and related party transactions. We have

MARCUM
BERNSTEIN & PINCHUK
ACCOUNTANTS • ADVISORS

discontinued our audit activities and are requesting that we discuss these issues with you since they may bear on the integrity of management. We would appreciate your response at your earliest possible convenience."

In a conversation with the management of CRUI, on March 6, 2012, we requested that CRUI's legal counsel, Global Law Office, provide us with a legal memo concerning the bank transactions. We received a draft memo dated April 11, 2012 which concludes as follows:

> "For risks under the Negotiable Instruments Law, it does violate Article 10 of it. However, as the laws do not provide specific penalties for this behavior, so there's no material responsibility under the Negotiable Instruments Law.
>
> For risks under the Criminal Law, [CRUI] had signed series Acceptance Agreements with cooperating banks before transferring bank acceptances to [Shandong Ruitai], which shows [CRUI] had no fraud intention as the banks knew [CRUI's] purpose and process of using the acceptances. What's more, the Basic Credit Report shows, up to March 26, 2012, [CRUI] had no outstanding non-performing loans, so no serious loss is caused to banks, and no serious consequence had been resulted."

We were not able to satisfactorily corroborate the fact that the banks actually knew that there were no real transactions behind the Notes.

We then decided to engage the Beijing branch of DLA Piper ("DLA"), a well known international respected law firm to review the circumstances and provide their own opinion to us about the transactions. DLA's memorandum to us is based on advice provided by their local PRC correspondent law firm in Beijing. They concluded that there was a violation of Article 10 of the PRC Negotiable Instruments Law and that there may also be a violation of Article 52 of the PRC Contract Law. They indicated that Article 10 of the PRC Negotiable Instruments Law does not provide for specific penalties. However, they disagree that CRUI has no material responsibilities and that there could be civil liabilities if CRUI fails to repay the bank advances and potential criminal liability under Article 175 of the PRC Criminal Law. DLA stated that even if the banks had knowledge of CRUI's purpose and process of using the Notes, it should not be taken definitively as evidence that CRUI did not have an intention to commit a fraudulent act as provided under Article 175(I). Should the banks ultimately suffer serious loss from these transactions, then they could not rule out the possibility of potential criminal liability against CRUI and the responsible individuals. They also stated that if CRUI continues to perform its obligations to the banks and no loss is therefore caused to any of the banks, then CRUI's potential criminal liability under the Article 175 (I) should be relatively low.

We are also aware that CRUI continues to engage in the same transactions with the banks. We would like management and/or the Board of Directors to provide us with a detailed memorandum disclosing all of the individuals that had knowledge of or participated in these transactions, management's intentions concerning the outstanding balances due to the banks and future participation in this activity, and the nature of your planned remediation.

We also noticed that as of December 31, 2011 there is a balance due from Shandong Ruitai of approximately \$13,800,000 and approximately \$1,988,000 due from other related parties owned and managed by CRUI executives which have no direct trade relationship with CRUI ("Related Party Advances"). We were not provided with any documentation concerning the loans. We requested information from Mr. Ma Gang, CFO about the interest rate and nature of each balance. The CFO suggested that the nature of those loans were for operating purposes, and that some are charged with interest and others are interest free. This raises a concern

B&P MARCUM
BERNSTEIN & PINCHUK
ACCOUNTANTS & ADVISORS

that the loans are prohibited pursuant to the Sarbanes Oxley Act of 2002 section 402(k) PROHIBITION ON PERSONAL LOANS TO EXECUTIVES which reads as follows:

> "(1) IN GENERAL.—It shall be unlawful for any issuer (as defined in section 2 of the Sarbanes-Oxley Act of 2002), directly or indirectly, including through any subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of that issuer. An extension of credit maintained by the issuer on the date of enactment of this subsection shall not be subject to the provisions of this subsection, provided that there is no material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after that date of enactment.

It appears to us that the Related Party Advances are indirect extensions of credit to the executives with no business purpose for CRUI and therefore may be in violation of securities law.

Section 10A(a)(1) of the Securities Exchange Act of 1934 requires an auditor to perform procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on the determination of financial statement amounts. Section 10A(b)(1) of the Exchange Act requires the registered public accountant to notify management and the Board of Directors (in the absence of an audit committee) when the firm becomes aware that an illegal act has or may have occurred.

We have been discussing these transactions with you as described above in order to obtain an understanding of the transactions, to ascertain from you whether these transactions are in fact legal or illegal transactions, and to understand your intentions. To date we have not received complete or satisfactory responsive information from you. Accordingly, this letter will serve as formal notice to you pursuant to Section 10A(b)(1) that we understand (based upon the conclusions reached by Global Law Office and DLA) that illegal acts have occurred with respect to the Notes, and there may have been illegal acts with respect to the Related Party Advances.

The issuance of this letter by us creates certain obligations on the part of management and we recommend management consult immediately with legal counsel familiar with US securities law

As such, we request that you inform us immediately of your estimated time frame to respond to this letter, implement any remedial action, and make any necessary public disclosures. Section 10A(b)(2) and (3) impose further reporting responsibilities on auditors, including possible notification of the Securities and Exchange Commission, if prompt and appropriate remedial action is not taken.

Very truly yours,

Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP

MARCUMGROUP

EXHIBIT "K"

July 25, 2012

Mr. Dianmin Ma, Chairman of the Board
Mr. Gang Ma, CFO
Mr. Jin Tian, Director

China Rui Tai International Holdings Co., Ltd.
Wenyang Town, Feicheng City
Shandong, China 271603

Re: Report to Management and Board of Directors pursuant to Section 10A(b)(2)- Illegal Acts

Dear All:

We write with respect to our letter to you dated May 21, 2012 (copy attached), regarding issues which have arisen under Section 10A of the Exchange Act, and otherwise, concerning transactions with certain banks in China that we have been informed (as discussed in our May 21, 2012 letter) violate Article 10 of the People's Republic of China (PRC) Negotiable Instruments Law, may possibly violate Article 52 of the PRC Contract Law and could result in criminal liability under Article 175 of the PRC Criminal Law.

We had several communications with you in early June regarding your need to develop a planned course of action. However you have not provided us with any substantive details. On July 16th, we sent you an email that stated, "We have made repeated attempts to contact you over the past several weeks without any response. If we don't receive a substantive response to our May 21, 2012 letter by July 20, 2012, we will be forced to take further action." We have not received any response from you.

Section 10A(b)(2) of the Exchange Act indicates:

> If, after determining that the audit committee of the board of directors of the issuer, or the board of directors of the issuer in the absence of an audit committee, is adequately informed with respect to illegal acts that have been detected or have otherwise come to the attention of the firm in the course of the audit of such accountant, the registered public accounting firm concludes that—
>
> (A) the illegal act has a material effect on the financial statements of the issuer;
>
> (B) the senior management has not taken, and the board of directors has not caused senior management to take, timely and appropriate remedial actions with respect to the illegal act; and
>
> (C) the failure to take remedial action is reasonably expected to warrant departure from a standard report of the auditor, when made, or warrant resignation from the audit engagement;
>
> the registered public accounting firm shall, as soon as practicable, directly report its conclusions to the board of directors.

BP MARCUM
BERNSTEIN & PINCHUK
ACCOUNTANTS & ADVISORS

Accordingly, this letter will serve as formal notice to the Board of Directors that:

- we understand that an illegal act has occurred that may have a material effect on the financial statements of China Rutai International Holdings Co., Ltd. (CRUI),
- we are unaware of any remedial actions or planned remedial actions with respect to the illegal act(s), and
- failure of CRUI to take remedial action would warrant resignation of Marcum Bernstein & Pinchuk LLP(MBP) as the independent registered public accountants of CRUI.

Section 10A(b)3 of the Exchange Act indicates the following, "An issuer whose board of directors receives a report under paragraph (2) shall inform the Commission by notice not later than 1 business day after the receipt of such report and shall furnish the registered public accounting firm making such report with a copy of the notice furnished to the Commission." Please provide us with a copy of such notice by 5:00 pm ET July 26, 2012, as Section 10A(b)(3) and (4) impose an additional reporting responsibility on the accounting firm should MBP fail to receive a copy of the notice before the expiration of the 1 business day period.

Very truly yours,

Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP

M
MARCUMGROUP
MEMBER

Marcum Bernstein & Pinchuck LLP ▪ Seven Penn Plaza ▪ Suite 830 ▪ New York, New York 10001 ▪ Phone 646.442.4845 ▪ Fax 646.349.5200 ▪ marcumbp.com

EXHIBIT "L"

MARCUM
BERNSTEIN & PINCHUK
ACCOUNTANTS & ADVISORS

July 27, 2012

Mr. Dianmin Ma, Chairman of the Board
Mr. Gang Ma, CFO
Mr. Jin Tian, Director

China Rui Tai International Holdings Co., Ltd.
Wenyang Town, Feicheng City
Shandong, China 271603

Re: Auditor resignation from China Rutai International Holdings Co., Ltd. (CRUI) pursuant to Section 10A(b)(3)

Dear All:

On July 25, 2012, we provide you with a letter pursuant to Section 10A(b)(2) of the Exchange Act (copy attached, including original attachments). Section 10A(b)3 of the Exchange Act indicates:

> An issuer whose board of directors receives a report under paragraph (2) shall inform the Commission by notice not later than 1 business day after the receipt of such report and shall furnish the registered public accounting firm making such report with a copy of the notice furnished to the Commission. If the registered public accounting firm fails to receive a copy of the notice before the expiration of the required 1-business-day period, the registered public accounting firm shall—
>
> (A) resign from the engagement; or
>
> (B) furnish to the Commission a copy of its report (or the documentation of any oral report given) not later than 1 business day following such failure to receive notice.

In our July 25, 2012 letter to you we stated that "failure of CRUI to take remedial action would warrant resignation of Marcum Bernstein & Pinchuk LLP (MBP) as the independent registered public accountants of CRUI." You have not provided us with a copy of the notice furnished to the Commission, nor have you provided us with any remedial actions or planned remedial actions with respect to the illegal acts outlined in our letters to you. Accordingly, we are resigning effective immediately. This letter serves to notify you that the client-auditor relationship between CRUI and MBP has ceased effective July 27, 2012.

Additionally, as a result of the lack of responsiveness to our request for remedial action, we are unable to conclude whether there is a material impact to the completed quarterly reviews on Form 10-Q for CRUI for the periods ended March 31, 2011, June 30, 2011 and September 30, 2011 (the "Quarterly Reports"). Accordingly, we no longer wish to be associated with the Quarterly Reports. We request that you immediately notify all entities and individuals whom you know to be currently relying upon, or who are likely to rely upon, the Quarterly Reports, to inform them that such quarterly financial statements were "not reviewed" in accordance with Statement of Auditing Standards No. 100, as required by Rule 10-01(d) of Regulation S-X promulgated under the Securities Act of 1934. We also request that you file a Form 8-K disclosing to the SEC and users of the Quarterly Reports that we notified you that Marcum Bernstein & Pinchuk LLP should no longer be associated with the Quarterly Reports, and that such financial statements were "not reviewed".

While you should consult with your counsel about the Form 8-K requirements, we ask that you provide us with a draft of your Form 8-K required as a result of this communication, so we can work with you and your counsel to facilitate our preparation of a response letter to the Form 8-K.

Very truly yours,

Marcum Bernstein & Pinchuk LLP

Marcum Bernstein & Pinchuk LLP

Copy/ Securities and Exchange Commission via email [secpsletters@sec.gov]
Office of the Chief Accountant [oca@sec.gov]

EXHIBIT "M"

UNITED STATES OF AMERICA

SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:
A diligent search has this day been made of the records and files of this Commission and the records and files do not disclose that any filings have been received in this Commission for the period March 31, 2012, through November 22, 2013, under the name of China Ruitai International Holdings Co., Ltd., pursuant to the provisions of any of the Acts administered by the Commission.

on file in this Commission

BARBAR A VOLPE

Digitally signed by BARBARA VOLPE
DN: c=US, o=U.S. Government, ou=Securities and Exchange Commission, cn=BARBARA VOLPE, 0.9.2342.19200300.100.1.1=5000100 2882173
Date: 2013.11.25 07:42:56 -05'00'

November 22, 2013

Date

Barbara J. Volpe, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

Elizabeth M. Murphy

Secretary

EXHIBIT “N”

UNITED STATES OF AMERICA

SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:
Attached is a copy of notification of late filing Form 10-K, annual report, for the fiscal year ended December 31, 2011, received in this Commission March 30, 2012, under the name China Ruitai International Holdings Co., Ltd., File No. 000-04494, pursuant to the provisions of the Securities Exchange Act of 1934.

on file in this Commission

BARBARA VOLPE

Digitally signed by BARBARA VOLPE
DN: c=US, o=U.S. Government, ou=Securities and Exchange Commission, cn=BARBARA VOLPE, 0.9.2342.19200300.100.1.1=5000100 2882173
Date: 2013.11.22 12:41:29 -05'00'

November 22, 2013
Date

Barbara J. Volpe, Management and Program Analyst

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

Elizabeth M. Murphy
Secretary

SEC 334 (9-12)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 12b-25

NOTIFICATION OF LATE FILING

(Check one)
X Form 10-K __Form 20-F __Form 11-K _ Form 10-Q _Form N-SAR __Form N-CSR

For quarter ended: December 31, 2011

( ) Transition Report on Form 10-K
( ) Transition Report on Form 20-F
( ) Transition Report on Form 11-K
( ) Transition Report on Form 10-Q
( ) Transition Report on Form N-SAR

For the Transition Period Ended: __________.

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates: _________.

PART I - REGISTRANT INFORMATION

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.
Full name of registrant

Delaware	000-04494	[redacted]
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

Wenyang Town
Feicheng City
ShanDong, China 271603
Address of Principal Executive Office

PART II - RULES 12b-25(b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

( ) a. The reasons described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;

(X) b. The subject annual report, semi-annual report, transition on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and

( ) c. The accountant's statement or other exhibit required by Rule 12b- 25(c) has been attached if applicable.

PART III - NARRATIVE

State below in reasonable detail the reasons why the Forms 10-K, 20-F, 11-K, 10-Q, N-SAR, N-CSR or the transition report or portion thereof, could not be filed within the prescribed time period:

The review of the financial statements has not yet been completed.

PART IV - OTHER INFORMATION

(1) Name and telephone number of person to contact in regard to this notification:

Dian Min Ma

86 538 3850 703
Area Code and Phone Number

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) been filed? If answer is no, identify report(s). (X) Yes ( ) No

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof? ( ) Yes (X) No

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

CHINA RUITAI INTERNATIONAL HOLDINGS CO., LTD.
(Name of Registrant as Specified in Charter)

Has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

By: /s/ Dian Min Ma, Chief Executive Officer

Date: March 30, 2012