

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

China Yongxin Pharmaceuticals Inc.

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 3, 2010**

CHINA YONGXIN PHARMACEUTICALS INC.
(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation)*

000-26293
(Commission File Number)

20-1661391
(IRS Employee Identification No.)

927 Canada Court
City of Industry, California 91748
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(626) 581-9098**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12(b) under the Exchange Act (17 CFR 240.14a-12(b))
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On May 3, 2010, China Yongxin Pharmaceuticals Inc. (the “Company”) consummated a subsequent third closing of its private placement of its equity securities with certain accredited investors pursuant to a Subscription Agreement for total consideration of \$250,000 (the “Third Closing”). The Company issued to the investors secured convertible notes with a two year term, bearing 10% interest per annum, convertible into common stock of the Company at a conversion price of \$0.20 per share, which is subject to adjustment for stock splits, recapitalizations and other similar events, and will also be adjusted on a full-ratchet basis to equal the price per share of any subsequent financing. The notes are secured by a first priority interest in all current and future assets of the Company, which will be cancelled upon repayment of the notes or upon conversion of at least 50% of the principal amount of the notes into shares of Company common stock. The notes may be redeemed by the Company at any time for 110% of outstanding principal and interest. The note investors also received, as a part of the financing, warrants for the purchase of up to 1.25 million shares of our common stock with an exercise price \$0.50 per share (subject to adjustment for stock splits, recapitalizations and other similar events) exercisable for a period of three years. The Company will use the proceeds of the financing for the payment of auditing expenses, legal fees, operating expenses, supplies, and general working capital. The issuance of these securities was exempt from registration pursuant to Rule 506 of Regulation D promulgated under the Securities Act of 1933.

The Company previously consummated an initial closing of its private placement of its equity securities on January 25, 2010 in the amount of \$700,000 (the “First Closing”) and a second closing of its private placement of its equity securities on March 4, 2010 in the amount of \$125,000 (the “Second Closing”) with certain accredited investors pursuant to a Subscription Agreement.

Item 3.02 Unregistered Sales of Equity Securities

Item 1.01 of this Current Report on Form 8-K (“Form 8-K”) is hereby incorporated by reference into this Item 3.02.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Subscription Agreement (1)
10.2	Form of Note (2)
10.3	Form of Warrant (3)
10.4	Form of Amended and Restated Subsidiary Guaranty Agreement *
10.5	Form of Amended and Restated Lock Up Agreement *
10.6	Form of Modification and Consent Agreement *
10.7	Form of Escrow Agreement *

* Filed herewith.

- (1) Incorporated by reference to Exhibit 10.1 to the Form 8-K Filed with the SEC on January 26, 2010.
- (2) Incorporated by reference to Exhibit 10.2 to the Form 8-K Filed with the SEC on January 26, 2010.
- (3) Incorporated by reference to Exhibit 10.3 to the Form 8-K Filed with the SEC on January 26, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 4, 2010

CHINA YONGXIN PHARMACEUTICALS INC.
(Registrant)

By: /s/ Yongxin Liu
Yongxin Liu
Chief Executive Officer

AMENDED AND RESTATED SUBSIDIARY GUARANTY

1. Identification.

This Amended and Restated Guaranty (the “Guaranty”), dated as of May __, 2010, is entered into by [_____], a company organized in the People’s Republic of China (“Guarantor”), for the benefit of the Collateral Agent identified below and the parties identified on Schedule A hereto (each a “Lender” and collectively, the “Lenders”).

2. Recitals.

2.1 Guarantor is a direct or indirect subsidiary of China Yongxin Pharmaceuticals Inc., a Delaware corporation (“Parent”). The Lenders have made and/or are making loans to Parent (the “Loans”). Guarantor will obtain substantial benefit from the proceeds of the Loans.

2.2 The Loans are and will be evidenced by certain senior secured promissory Notes (collectively, “Note” or “Notes”) issued by Parent on January 22, 2010 pursuant to a private placement that consummated on January 25, 2010 (the “First Closing”), and a second private placement that consummated on March 4, 2010 (the “Second Closing”) and on or about or after the date of this Guaranty pursuant to subscription agreements dated at January 22, 2010, March 4, 2010 and at about the date hereof (“Subscription Agreements”). The Notes are further described on Schedule A hereto and were and or be executed by Parent as “Borrower” for the benefit of each Lender as the “Holder” thereof. The securities issued under the Subscription Agreements on or about or after the date of this Guaranty are being issued in a third closing (“Third Closing”).

2.3 In consideration of the Loans made and to be made by Lenders to Parent and for other good and valuable consideration, and as security for the performance by Parent of its obligations under the Notes and as security for the repayment of the Loans and all other sums due from Debtor to Lenders arising under the Notes (collectively, the “Obligations”), Guarantor, for good and valuable consideration, receipt of which is acknowledged, has agreed to enter into this Guaranty.

2.4 The Lenders have appointed Collateral Agents, LLC, a Delaware Limited Liability Company as Collateral Agent pursuant to that certain Collateral Agent Agreement dated at or about the date of this Agreement (“Collateral Agent Agreement”), among the Lenders and Collateral Agent.

3. Guaranty.

3.1 Guaranty. Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally with any other guarantor of the Obligations, the punctual payment, performance and observance when due, whether at stated maturity, by acceleration or otherwise, of all of the Obligations now or hereafter existing, whether for principal, interest (including, without limitation, all interest that accrues after the commencement of any insolvency, bankruptcy or reorganization of Parent, whether or not constituting an allowed claim in such proceeding), fees, commissions, expense reimbursements, liquidated damages, indemnifications or otherwise (such obligations, to the extent not paid by Parent being the “Guaranteed Obligations”), and agrees to pay any and all reasonable costs, fees and expenses (including reasonable counsel fees and expenses) incurred by Collateral Agent and the Lenders in enforcing any rights under the guaranty set forth herein. Without limiting the generality of the foregoing, Guarantor’s liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by Parent to Collateral Agent and the Lenders, but for the fact that they are unenforceable or not allowable due to the existence of an insolvency, bankruptcy or reorganization involving Parent.

3.2 Guaranty Absolute. Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Notes, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of Collateral Agent or the Lenders with respect thereto. The obligations of Guarantor under this Guaranty are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against Guarantor to enforce such obligations, irrespective of whether any action is brought against Parent or any other Guarantor or whether Parent or any other Guarantor is joined in any such action or actions. The liability of Guarantor under this Guaranty constitutes a primary obligation, and not a contract of surety, and to the extent permitted by law, shall be irrevocable, absolute and unconditional irrespective of, and Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity of the Notes or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from the Notes, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to Parent or otherwise;

(c) any taking, exchange, release, subordination or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of Parent; or

(e) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by Collateral Agent or the Lenders that might otherwise constitute a defense available to, or a discharge of, Parent or any other guarantor or surety.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by Collateral Agent, the Lenders or any other entity upon the insolvency, bankruptcy or reorganization of the Parent or otherwise (and whether as a result of any demand, settlement, litigation or otherwise), all as though such payment had not been made.

3.3 Waiver. Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that Collateral Agent or the Lenders exhaust any right or take any action against any Borrower or any other person or entity or any Collateral. Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 3.3 is knowingly made in contemplation of such benefits. Guarantor hereby waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

3.4 Continuing Guaranty; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the later of the indefeasible cash payment in full of the Guaranteed Obligations, (b) be binding upon Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Lenders and their successors, pledgees, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under this Guaranty (including, without limitation, all or any portion of its Notes owing to it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted such Collateral Agent or Lender herein or otherwise.

3.5 Subrogation. Guarantor will not exercise any rights that it may now or hereafter acquire against the Collateral Agent or any Lender or other Guarantor (if any) that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Collateral Agent or any Lender or other Guarantor (if any), directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been indefeasibly paid in full.

3.6 Maximum Obligations. Notwithstanding any provision herein contained to the contrary, Guarantor's liability with respect to the Obligations shall be limited to an amount not to exceed, as of any date of determination, the amount that could be claimed by Lenders from Guarantor without rendering such claim voidable or avoidable under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

4. Miscellaneous.

4.1 Expenses. Guarantor shall pay to the Lenders, on demand, the amount of any and all reasonable expenses, including, without limitation, reasonable attorneys' fees, reasonable legal expenses and reasonable brokers' fees, which the Lenders may incur in connection with exercise or enforcement of any the rights, remedies or powers of the Lenders hereunder or with respect to any or all of the Obligations.

4.2 Waivers, Amendment and Remedies. No course of dealing by the Lenders and no failure by the Lenders to exercise, or delay by the Lender in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right, remedy or power of the Lenders. No amendment, modification or waiver of any provision of this Guaranty and no consent to any departure by Guarantor therefrom, shall, in any event, be effective unless contained in a writing signed by the Guarantor and the Majority in Interest (as such term is defined in the Collateral Agent Agreement) of the Lender or Lenders against whom such amendment, modification or waiver is sought, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The rights, remedies and powers of the Lenders, not only hereunder, but also under any instruments and agreements evidencing or securing the Obligations and under applicable law are cumulative, and may be exercised by the Lenders from time to time in such order as the Lenders may elect.

4.3 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (a) personally served, (b) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (c) delivered by a reputable overnight courier service with charges prepaid, or (d) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below if delivered on a business day during normal business hours, or the first business day following such delivery (if delivered other than on a business day during normal business hours), (ii) on the first business day following the date deposited with an overnight courier service with charges prepaid, or (iii) on the fifth business day following the date of mailing pursuant to subpart (b) above, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

To Guarantor, to: China Yongxin Pharmaceuticals, Inc.
927 Canada Court
City of Industry, CA 91748
Attn: Yongxin Liu, CEO
Fax: (626) 581-9138

With a copy by facsimile only to:

Richardson & Patel, LLP
10900 Wilshire Blvd., Suite 500
Los Angeles, CA 90024
Attn: Ryan Hong, Esq.
Fax: (310) 208-1154

To Lenders: To the addresses and telecopier numbers set
Forth on Schedule A

To the Collateral Agent: Collateral Agents, LLC
111 West 57th Street, Suite 1416
New York, NY 10019
Attn: General Counsel
Fax: (212) 245-9101

If to Guarantor, Lender or
Collateral Agent, with a copy by telecopier only to:

Grushko & Mittman, P.C.
551 Fifth Avenue, Suite 1601
New York, New York 10176
Fax: (212) 697-3575

Any party may change its address by written notice in accordance with this paragraph.

4.4 Term; Binding Effect. This Guaranty shall (a) remain in full force and effect until payment and satisfaction in full of all of the Guaranteed Obligations; (b) be binding upon Guarantor and its successors and permitted assigns; and (c) inure to the benefit of the Lenders and their respective successors and assigns. All the rights and benefits granted by Guarantor to the Collateral Agent and Lenders hereunder and other agreements and documents delivered in connection therewith are deemed granted to both the Collateral Agent and Lenders. Upon the payment in full of the Obligations, (i) this Guaranty shall terminate and (ii) the Lenders will, upon Guarantor's request and at Guarantor's expense, execute and deliver to Guarantor such documents as Guarantor shall reasonably request to evidence such termination, all without any representation, warranty or recourse whatsoever.

4.5 Captions. The captions of Paragraphs, Articles and Sections in this Guaranty have been included for convenience of reference only, and shall not define or limit the provisions hereof and have no legal or other significance whatsoever.

4.6 Governing Law; Venue; Severability. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts or choice of law. Any legal action or proceeding against Guarantor with respect to this Guaranty may be brought in the courts of the State of New York or of the United States for the Southern District of New York, and, by execution and delivery of this Guaranty, Guarantor hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Guarantor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Guaranty brought in the aforesaid courts and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. If any provision of this Guaranty, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provisions which can be given effect without the invalid provision or application, and to this end the provisions hereof shall be severable and the remaining, valid provisions shall remain of full force and effect. **This Guaranty shall be deemed an unconditional obligation of Guarantor for the payment of money and, without limitation to any other remedies of Lenders, may be enforced against Guarantor by summary proceeding pursuant to New York Civil Procedure Law and Rules Section 3213 or any similar rule or statute in the jurisdiction where enforcement is sought. For purposes of such rule or statute, any other document or agreement to which Lenders and Guarantor are parties or which Guarantor delivered to Lenders, which may be convenient or necessary to determine Lenders' rights hereunder or Guarantor's obligations to Lenders are deemed a part of this Guaranty, whether or not such other document or agreement was delivered together herewith or was executed apart from this Guaranty.** Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. Each Guarantor irrevocably appoints Parent its true and lawful agent for service of process upon whom all processes of law and notices may be served and given in the manner described above; and such service and notice shall be deemed valid personal service and notice upon each such Guarantor with the same force and validity as if served upon such Guarantor.

4.7 Satisfaction of Obligations. For all purposes of this Guaranty, the payment in full of the Obligations shall be conclusively deemed to have occurred when the Obligations have been indefeasibly paid pursuant to the terms of the Notes and the Subscription Agreements.

4.8 Counterparts/Execution. This Agreement may be executed in any number of counterparts and by the different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement may be executed by facsimile signature and delivered by electronic transmission.

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IN WITNESS WHEREOF, the undersigned have executed and delivered this Guaranty, as of the date first written above.

“GUARANTOR”

[_____]
a company organized in the People’s Republic of China

By: _____

Its: _____

**This Guaranty Agreement may be signed by facsimile signature and
delivered by confirmed facsimile transmission.**

AMENDED AND RESTATED LOCKUP AGREEMENT

This AMENDED AND RESTATED LOCKUP AGREEMENT (the "Agreement") is made as of the ____ day of May, 2010, by _____ ("Holder"), maintaining an address at c/o China Yongxin Pharmaceuticals Inc., 927 Canada Court, City of Industry, CA 91748, Attn: Yongxin Liu, CEO, facsimile: (626) 581-9138, in connection with his ownership of shares of China Yongxin Pharmaceuticals Inc., a Delaware corporation (the "Company").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which consideration are hereby acknowledged, Holder agrees as follows:

1. Background.

- a. Holder is the beneficial owner of the amount of shares of the Common Stock, \$0.001 par value, of the Company ("Common Stock") designated on the signature page hereto.
- b. Holder acknowledges that the Company has entered into on January 22, 2010 ("First Closing"), March 4, 2010 ("Second Closing") or will enter into at or about the date hereof ("Third Closing") subscription agreements (each a "Subscription Agreement") with subscribers for the Company's Notes and Warrants (the "Subscribers"). Holder understands that, as a condition to proceeding with the Offering, the Subscribers have required, and the Company has agreed to obtain on behalf of the Subscribers an agreement from the Holder to refrain from selling any securities of the Company from the date of the Subscription Agreement and for so long as any amount is outstanding on the Notes ("Restriction Period") except as described below.
- c. This Amended and Restated Lockup Agreement amends and restates that Lockup Agreement dated January 22, 2010, and is being entered into pursuant to a certain Modification and Consent Agreement dated May __, 2010 by and among the Company and the Subscribers, in connection with the Third Closing.

2. Sale Restriction.

- a. Holder hereby agrees that during the Restriction Period, the Holder will not sell, transfer or otherwise dispose of any shares of Common Stock or any options, warrants or other rights to purchase shares of Common Stock or any other security of the Company which Holder owns or has a right to acquire as of the date hereof, other than in connection with an offer made to all stockholders of the Company in connection with merger, consolidation or similar transaction involving the Company. Holder further agrees that the Company is authorized to and the Company agrees to place "stop orders" on its books to prevent any transfer of shares of Common Stock or other securities of the Company held by Holder in violation of this Agreement. The Company agrees not to allow to occur any transaction inconsistent with this Agreement.
- b. Any subsequent issuance to and/or acquisition by Holder of Common Stock or options or instruments convertible into Common Stock will be subject to the provisions of this Agreement.

3. Miscellaneous.

- a. At any time, and from time to time, after the signing of this Agreement Holder will execute such additional instruments and take such action as may be reasonably requested by the Subscribers to carry out the intent and purposes of this Agreement.

b. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of New York or in the federal courts located in the state of New York. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. **The parties executing this Agreement and other agreements referred to herein or delivered in connection herewith agree to submit to the in personam jurisdiction of such courts and hereby irrevocably waive trial by jury.** The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Notices hereunder shall be given in the same manner as set forth in the Subscription Agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. Holder irrevocably appoints the Company its true and lawful agent for service of process upon whom all processes of law and notices may be served and given in the manner described above; and such service and notice shall be deemed valid personal service and notice upon Holder with the same force and validity as if served upon Holder.

c. The restrictions on transfer described in this Agreement are in addition to and cumulative with any other restrictions on transfer otherwise agreed to by the Holder or to which the Holder is subject to by applicable law.

d. This Agreement shall be binding upon Holder, its legal representatives, successors and assigns.

e. This Agreement may be signed and delivered by facsimile, electronically and such facsimile or electronically signed and delivered Agreement shall be enforceable.

f. The Company agrees not to take any action or allow any act to be taken which would be inconsistent with this Agreement.

g. The Holder acknowledges that this Lockup Agreement is being entered into for the benefit of the Subscribers identified in the Subscription Agreement may be enforced by the Subscribers and may not be amended without the consent of the Subscribers (in the manner described in the Subscription Agreement), which may be withheld for any reason.

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IN WITNESS WHEREOF, and intending to be legally bound hereby, Holder has executed this Agreement as of the day and year first above written.

HOLDER:

(Signature of Holder)

(Print Name of Holder)

Number of Shares of Common Stock Beneficially
Owned Represented by _____ shares of
Common Stock and options, warrants and rights to
acquire _____ additional shares of Common
Stock

COMPANY:

CHINA YONGXIN PHARMACEUTICALS INC.

By: _____
Yongxin Liu
Chief Executive Officer

MODIFICATION AND CONSENT AGREEMENT

This Modification and Consent Agreement is made as of the ____ day of May, 2010 (“**Agreement**”) among China Yongxin Pharmaceuticals Inc. (formerly Digital Learning Management Corporation, Nutradyne Group, Inc. and FreePCSQuote), a Delaware corporation (the “**Company**”), the signatories hereto who are subscribers (“**Prior Subscribers**”) under certain Subscription Agreements and additional transaction agreements with the Company dated January 22, 2010 and March 4, 2010 (“**Subscription Agreements**”) and as amended pursuant to the Joinder Agreement dated March 4, 2010 and the subscribers to the Third Closing (as defined below) (each a “**Third Closing Subscriber**” and collectively the “**Third Closing Subscribers**”) (collectively Prior Subscribers and Third Closing Subscribers are “**Subscribers**”).

WHEREAS, on January 25, 2010 (the “**First Closing**”) and March 4, 2010 (the “**Second Closing**”), the Company consummated private placements of its convertible notes and warrants with Subscribers pursuant to Transaction Documents (as defined in the Subscription Agreement) and Joinder Agreement for total consideration of \$825,000.

WHEREAS, the Company is contemplating raising an additional \$250,000 (the “**Purchase Price**”) by issuing its convertible notes and warrants in a third closing (“**Third Closing**”) to the Third Closing Subscribers, with terms similar to the notes and warrants issued in the First Closing and Second Closing.

WHEREAS, each of the Third Closing Subscribers was an investor in either the First Closing or the Second Closing, and each of them are parties to the Transaction Documents in the foregoing closings.

For good and valuable mutual consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Transaction Documents and Joinder Agreement.
 2. The undersigned consent to the Third Closing and to the amendment of all Schedules, Exhibits and documents including but not limited to the Security Agreement, Subsidiary Guaranty and Lockup Agreements to include the Third Closing and authorize the Collateral Agent to make additional filings at the discretion of the Collateral Agent to memorialize the security interest to be granted, *pari pasu* among Subscribers including investors in the Third Closing.
 3. Annexed hereto is an **Amended and Restated Schedule A** to the Security Agreement and Collateral Agent Agreement which includes the Third Closing. Also annexed hereto is an Amended and Restated Subsidiary Guaranty (Exhibit A), an Amended and Restated Form of Lockup Agreement (Exhibit B) and Escrow Agreement (Exhibit C) to be executed by the parties hereto, in connection with the Third Closing.
 4. The Third Closing shall take effect upon the date that the Purchase Price of not less than \$250,000 is transmitted by wire transfer or otherwise credited to or for the benefit of the Company, and the Notes and Warrants are issued to the Third Closing Subscribers in connection therewith (the “**Third Closing Date**”), upon satisfaction of all conditions to Closing set forth in the Transaction Documents and in this Agreement. The amount of the Purchase Price and all documents to be delivered hereunder will be deposited and held with the Escrow Agent pursuant to the Escrow Agreement and released pursuant to the Escrow Agreement. The Notes and Warrants to be delivered on the Third Closing are included in the definition of “**Securities**” in the Subscription Agreements.
 5. All the representations, warranties and undertakings made by the Company contained in the Transaction Documents as of the First Closing and Second Closing dates are hereby made by the Company to the Third Closing Subscribers, as if such representations, warranties and undertakings were made and given on the Third Closing Date.
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6. All the representations, warranties and undertakings made by the Subscribers contained in the Transaction Documents as of the First Closing and Second Closing dates are hereby made by the Third Closing Subscribers as of the Third Closing Date, as if such representations, warranties and undertakings were also made and given on the Third Closing Date.
7. The Third Closing Subscribers will execute a Subscription Agreement, this Agreement and the Escrow Agreement, and deliver the signatures to the Escrow Agent to be held pursuant to the Escrow Agreement.
8. All of the covenants and conditions set forth in the Subscription Agreements are hereby adopted and renewed by the Company as of and for the Third Closing Date.
9. All of the covenants and conditions set forth in the Subscription Agreements are hereby adopted and renewed by the Third Closing Subscribers as of and for the Third Closing Date.
10. On or before the Third Closing Date, the Company will deliver to the Third Closing Subscribers the Notes and Warrants issued as of the Third Closing Date in the amounts set forth on the Amended and Restated Schedule A hereto in connection with the Purchase Price which the Third Closing Subscribers will deposit with the Escrow Agent on or before the Third Closing Date.
11. The Maturity Date of the Notes to be issued on the Third Closing Date will be the same as the Maturity Date of the Notes issued on the Closing Date.
12. The Warrants to be issued on the Third Closing Date will be identical to the Warrants issued on the Closing Date except as to the Issue Date as defined in the Common Stock Purchase Warrant.
13. On or before the Third Closing Date, the Company will deliver to the Third Closing Subscribers the legal opinion described in Section 6 of the Subscription Agreement in relation to the Third Closing, Purchase Price, Notes, and Warrants to be delivered on the Third Closing Date, which opinion will be substantively identical to the legal opinion delivered in connection with the Closing.
14. The attorney for the Third Closing Subscribers will receive additional legal fees from the Company of \$10,000 which will be payable on the Closing Date out of the Escrowed Payment (as defined in the Escrow Agreement). The undersigned consent to the amendment of all Schedules, Exhibits and documents to include the Purchase Price.
15. The broker for the Third Closing Subscribers will receive an additional \$20,000 which will be payable on the Closing Date out of the Escrowed Payment (as described in the Escrow Agreement). The broker for the Third Closing Subscribers will also be issued a broker's warrant for the purchase of up to 37,500 shares of common stock, and will receive 4% of the proceeds from the exercise of the investors' Warrants (if any).
16. The parties hereto agree to expeditiously proceed with the Third Closing.
17. The Company undertakes to make a public announcement on Form 8-K describing the terms of this Agreement not later than the fourth business day after the Third Closing Date.
18. Subject to the modifications and amendments provided herein, the Transaction Documents shall remain in full force and effect, including but not limited to the accrual of interest and liquidated damages, if any. Except as expressly set forth herein, this Agreement shall not be deemed to be a waiver, amendment or modification of any provisions of the Transaction Documents or of any right, power or remedy of the Subscribers, or constitute a waiver of any provision of the Transaction Documents (except to the extent herein set forth), or any other document, instrument and/or agreement executed or delivered in connection therewith, in each case whether arising before or after the date hereof or as a result of performance hereunder or thereunder. Except as set forth herein, the Subscribers reserve all rights, remedies, powers, or privileges available under the Transaction Documents, at law or otherwise. This Agreement shall not constitute a novation or satisfaction and accord of the Transaction Documents or any other document, instrument and/or agreement executed or delivered in connection therewith.

19. The obligations of each Subscriber hereunder are several and not joint with the obligations of any other Subscribers hereunder, and no Subscriber shall be responsible in any way for the performance of the obligations of any other Subscriber hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Subscriber pursuant hereto, shall be deemed to constitute the Subscribers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Subscribers are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Subscriber shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Subscriber to be joined as an additional party in any proceeding for such purpose, except as otherwise agreed by the Subscribers.

20. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties; provided, however, that no party may assign this Agreement or the obligations and rights of such party hereunder without the prior written consent of the other parties hereto, except as same is permitted under the Transaction Documents.

21. This Agreement constitutes the entire agreement among the parties regarding the subject matter herein, and supersedes all prior and contemporaneous agreements and understandings of the parties in connection herewith. No changes, modifications, terminations or waivers of any of the provisions hereof shall be binding unless in writing and signed by all of the parties thereto.

22. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined pursuant to the governing law provisions of the Transaction Documents.

23. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

24. Each of the undersigned states that he has read the foregoing Agreement and understands and agrees to it.

25. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to any other party, it being understood that all parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or electronically, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same with the same force and effect as if such facsimile signature were an original thereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement as of the date first written above.

“COMPANY”

CHINA YONGXIN PHARMACEUTICALS INC.
a Delaware corporation

By: _____
Name: Yongxin Liu
Title: Chief Executive Officer

ESCROW AGENT:

GRUSHKO & MITTMAN, P.C.

By: _____

SUBSCRIBER ACKNOWLEDGMENT

The undersigned, in its capacity as a Subscriber, hereby acknowledges and agrees to the Modification Agreement among the Company and the Third Closing Subscribers.

[Print Name of Subscriber]

[Signature]

Name: _____

Title:

SCHEDULES AND EXHIBITS

Schedule A:	Amended and Restated Schedule A (Schedule of Investors)
Exhibit A:	Amended and Restated Subsidiary Guaranty
Exhibit B:	Amended and Restated Form of Lockup Agreement
Exhibit C:	Escrow Agreement (Third Closing)

ESCROW AGREEMENT

This Agreement is dated as of the ___ day of May, 2010 among China Yongxin Pharmaceuticals Inc., a Delaware corporation (the "Company"), the subscribers listed on Schedule I hereto ("Subscribers"), and Grushko & Mittman, P.C. (the "Escrow Agent"):

WITNESSETH:

WHEREAS, the Company and Subscribers have entered into a Subscription Agreement calling for the sale by the Company to the Subscribers of secured convertible Notes for an aggregate purchase price of up to \$250,000, in a third closing ("Third Closing") of the Company's note and warrant financing; and

WHEREAS, the parties hereto require the Company to deliver the Notes against payment therefor, with such Notes and the Escrowed Funds to be delivered to the Escrow Agent, along with the other documents, instruments and payments hereinafter described, to be held in escrow and released by the Escrow Agent in accordance with the terms and conditions of this Agreement; and

WHEREAS, the Escrow Agent is willing to serve as escrow agent pursuant to the terms and conditions of this Agreement;

NOW THEREFORE, the parties agree as follows:

ARTICLE I

INTERPRETATION

1.1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Subscription Agreement shall have the meanings given to such terms in the Subscription Agreement. Whenever used in this Agreement, the following terms shall have the following respective meanings:

- "Agreement" means this Agreement and all amendments made hereto and thereto by written agreement between the parties;
- "Amended and Restated Subsidiary Guaranty" shall have the meaning set forth in Section 3 of the Modification and Consent Agreement;
- "Broker" shall mean StreetCapital Corp.;
- "Broker's Fee" shall have the meaning set forth in Section 8(a) and on Schedule 8(a) of the Subscription Agreement;
- "Closing Date" shall have the meaning set forth in Section 1 of the Subscription Agreement;
- "Escrowed Payment" means an aggregate cash payment of up to \$250,000;
- "Legal Opinion" means the original signed legal opinion referred to in Section 6 of the Subscription Agreement;

- “Modification and Consent Agreement” shall mean the Modification and Consent Agreement among the Subscribers and the Company dated of even date with this Escrow Agreement.
- “Note” shall have the meaning set forth in the second recital to the Subscription Agreement for the Third Closing;
- “Principal Amount” shall mean an aggregate of up to \$250,000;
- “Subscriber Legal Fees” shall have the meaning set forth in Section 14 of the Modification and Consent Agreement;
- "Subscription Agreement" means the Subscription Agreement (and the exhibits and schedules thereto including fully executed Amended and Restated Lockup Agreements referred to in Section 3 of the Modification and Consent Agreement and Section 9(u) of the Subscription Agreement) entered into or to be entered into by the Company and Subscribers in reference to the sale and purchase of the Notes in the Third Closing;
- “Warrants” shall have the meaning set forth in Section 2(b) of the Subscription Agreement for the Third Closing;
- Collectively, the Legal Opinion, Notes, Amended and Restated Subsidiary Guaranty, Amended and Restated Lockup Agreements, Warrants, the executed Subscription Agreement, the executed Modification and Consent Agreement, Broker’s Fee and Subscriber Legal Fees are referred to as “Company Documents”; and
- Collectively, the Escrowed Payment and the Subscribers’ executed Subscription Agreements for the Third Closing, and the executed Modification and Consent Agreement are referred to as “Subscriber Documents”.

1.2. Entire Agreement. This Agreement along with the Company Documents and the Subscriber Documents to which the Subscriber and the Company or Subsidiary are a party constitute the entire agreement between the parties hereto pertaining to the Company Documents and Subscriber Documents and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no warranties, representations and other agreements made by the parties in connection with the subject matter hereof, except as specifically set forth in this Agreement, the Company Documents and the Subscriber Documents.

1.3. Extended Meanings. In this Agreement words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders. The word "person" includes an individual, body corporate, partnership, trustee or trust or unincorporated association, executor, administrator or legal representative.

1.4. Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by all parties, or, in the case of a waiver, by the party waiving compliance. Except as expressly stated herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder preclude any other or future exercise of any other right, power or privilege hereunder.

1.5. Headings. The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.6. Law Governing this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of laws principles that would result in the application of the substantive laws of another jurisdiction. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of New York or in the federal courts located in the state of New York. Both parties and the individuals executing this Agreement and other agreements on behalf of the Company agree to submit to the jurisdiction of such courts and waive trial by jury. The prevailing party (which shall be the party which receives an award most closely resembling the remedy or action sought) shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement.

1.7. Specific Enforcement, Consent to Jurisdiction. The Company and Subscribers acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof or thereof, this being in addition to any other remedy to which any of them may be entitled by law or equity. Subject to Section 1.6 hereof, each of the Company and Subscribers hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Nothing in this Section shall affect or limit any right to serve process in any other manner permitted by law.

ARTICLE II

DELIVERIES TO THE ESCROW AGENT

2.1. Company Deliveries. On or before the Closing Date, the Company shall execute and deliver the Company Documents to the Escrow Agent.

2.2. Subscriber Deliveries. On or before the Closing Date, Subscribers shall execute and deliver the Subscriber Documents, and shall deliver the Escrowed Payment in cash, to the Escrow Agent. The Escrowed Payment will be delivered pursuant to the following wire transfer instructions:

Citibank, N.A.
1155 6th Avenue
New York, NY 10036
ABA Number: 0210-00089
For Credit to: Grushko & Mittman, IOLA Trust Account
Account Number: 45208884

2.3. Intention to Create Escrow Over Company Documents and Subscriber Documents. The Subscribers and Company intend that the Company Documents and Subscriber Documents shall be held in escrow by the Escrow Agent pursuant to this Agreement for their benefit as set forth herein.

2.4. Escrow Agent to Deliver Company Documents and Subscriber Documents. The Escrow Agent shall hold and release the Company Documents and Subscriber Documents only in accordance with the terms and conditions of this Agreement.

ARTICLE III

RELEASE OF COMPANY DOCUMENTS AND SUBSCRIBER DOCUMENTS

3.1. Release of Escrow. Subject to the provisions of Section 4.2, the Escrow Agent shall release the Company Documents and Subscriber Documents as follows:

(a) On the Closing Date, the Escrow Agent will simultaneously release the Company Documents to the Subscribers and release the Subscriber Documents to the Company, except that: (i) the Broker's Fee will be released to the Broker; and (ii) Subscriber Legal Fees will be released directly to the Subscriber's attorneys,

(b) Notwithstanding the above, upon receipt by the Escrow Agent of joint written instructions ("Joint Instructions") signed by the Company and the Subscribers, it shall deliver the Company Documents and Subscriber Documents in accordance with the terms of the Joint Instructions.

(c) Anything herein to the contrary notwithstanding, upon receipt by the Escrow Agent of a final and non-appealable judgment, order, decree or award of a court of competent jurisdiction (a "Court Order"), the Escrow Agent shall deliver the Company Documents and Subscriber Documents in accordance with the Court Order. Any Court Order shall be accompanied by an opinion of counsel for the party presenting the Court Order to the Escrow Agent (which opinion shall be satisfactory to the Escrow Agent) to the effect that the court issuing the Court Order has competent jurisdiction and that the Court Order is final and non-appealable.

3.2. If a Closing does not take place on or before May 15, 2010, the Escrow Agent will promptly return the applicable Company Documents to the Company and return the Subscriber Documents to the Subscriber.

3.3. Acknowledgement of Company and Subscriber Disputes. The Company and the Subscribers acknowledge that the only terms and conditions upon which the Company Documents and Subscriber Documents are to be released are set forth in Sections 3 and 4 of this Agreement. The Company and the Subscribers reaffirm their agreement to abide by the terms and conditions of this Agreement with respect to the release of the Company Documents and Subscriber Documents. Any dispute with respect to the release of the Company Documents and Subscriber Documents shall be resolved pursuant to Section 4.2 or by agreement between the Company and Subscribers.

ARTICLE IV

CONCERNING THE ESCROW AGENT

4.1. Duties and Responsibilities of the Escrow Agent. The Escrow Agent's duties and responsibilities shall be subject to the following terms and conditions:

(a) The Subscribers and Company acknowledge and agree that the Escrow Agent (i) shall not be responsible for or bound by, and shall not be required to inquire into whether either the Subscribers or Company is entitled to receipt of the Company Documents and Subscriber Documents pursuant to any other agreement or otherwise; (ii) shall be obligated only for the performance of such duties as are specifically assumed by the Escrow Agent pursuant to this Agreement; (iii) may rely on and shall be protected in acting or refraining from acting upon any written notice, instruction, instrument, statement, request or document furnished to it hereunder and believed by the Escrow Agent in good faith to be genuine and to have been signed or presented by the proper person or party, without being required to determine the authenticity or correctness of any fact stated therein or the propriety or validity or the service thereof; (iv) may assume that any person believed by the Escrow Agent in good faith to be authorized to give notice or make any statement or execute any document in connection with the provisions hereof is so authorized; (v) shall not be under any duty to give the property held by Escrow Agent hereunder any greater degree of care than Escrow Agent gives its own similar property; and (vi) may consult counsel satisfactory to Escrow Agent, the opinion of such counsel to be full and complete authorization and protection in respect of any action taken, suffered or omitted by Escrow Agent hereunder in good faith and in accordance with the opinion of such counsel.

(b) The Subscribers and Company acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and that the Escrow Agent shall not be liable for any action taken by Escrow Agent in good faith and believed by Escrow Agent to be authorized or within the rights or powers conferred upon Escrow Agent by this Agreement. The Subscribers and Company, jointly and severally, agree to indemnify and hold harmless the Escrow Agent and any of Escrow Agent's partners, employees, agents and representatives for any action taken or omitted to be taken by Escrow Agent or any of them hereunder, including the fees of outside counsel and other costs and expenses of defending itself against any claim or liability under this Agreement, except in the case of gross negligence or willful misconduct on Escrow Agent's part committed in its capacity as Escrow Agent under this Agreement. The Escrow Agent shall owe a duty only to the Subscribers and Company under this Agreement and to no other person.

(c) The Subscribers and Company jointly and severally agree to reimburse the Escrow Agent for outside counsel fees, to the extent authorized hereunder and incurred in connection with the performance of its duties and responsibilities hereunder.

(d) The Escrow Agent may at any time resign as Escrow Agent hereunder by giving five (5) days prior written notice of resignation to the Subscribers and the Company. Prior to the effective date of the resignation as specified in such notice, the Subscribers and Company will issue to the Escrow Agent a Joint Instruction authorizing delivery of the Company Documents and Subscriber Documents to a substitute Escrow Agent selected by the Subscribers and Company. If no successor Escrow Agent is named by the Subscribers and Company, the Escrow Agent may apply to a court of competent jurisdiction in the State of New York for appointment of a successor Escrow Agent, and to deposit the Company Documents and Subscriber Documents with the clerk of any such court.

(e) Other than in connection with the Subscriber Legal Fees, the Escrow Agent does not have and will not have any interest in the Company Documents and Subscriber Documents, but is serving only as escrow agent, having only possession thereof. The Escrow Agent shall not be liable for any loss resulting from the making or retention of any investment in accordance with this Escrow Agreement.

(f) This Agreement sets forth exclusively the duties of the Escrow Agent with respect to any and all matters pertinent thereto and no implied duties or obligations shall be read into this Agreement.

(g) The Escrow Agent shall be permitted to act as counsel for the Subscribers in any dispute as to the disposition of the Company Documents and Subscriber Documents, in any other dispute between the Subscribers and Company, whether or not the Escrow Agent is then holding the Company Documents and Subscriber Documents and continues to act as the Escrow Agent hereunder.

(h) The provisions of this Section 4.1 shall survive the resignation of the Escrow Agent or the termination of this Agreement.

4.2. Dispute Resolution: Judgments. Resolution of disputes arising under this Agreement shall be subject to the following terms and conditions:

(a) If any dispute shall arise with respect to the delivery, ownership, right of possession or disposition of the Company Documents and Subscriber Documents, or if the Escrow Agent shall in good faith be uncertain as to its duties or rights hereunder, the Escrow Agent shall be authorized, without liability to anyone, to (i) refrain from taking any action other than to continue to hold the Company Documents and Subscriber Documents pending receipt of a Joint Instruction from the Subscribers and Company, or (ii) deposit the Company Documents and Subscriber Documents with any court of competent jurisdiction in the State of New York, in which event the Escrow Agent shall give written notice thereof to the Subscribers and the Company and shall thereupon be relieved and discharged from all further obligations pursuant to this Agreement. The Escrow Agent may, but shall be under no duty to, institute or defend any legal proceedings which relate to the Company Documents and Subscriber Documents. The Escrow Agent shall have the right to retain counsel if it becomes involved in any disagreement, dispute or litigation on account of this Agreement or otherwise determines that it is necessary to consult counsel.

(b) The Escrow Agent is hereby expressly authorized to comply with and obey any Court Order. In case the Escrow Agent obeys or complies with a Court Order, the Escrow Agent shall not be liable to the Subscribers and Company or to any other person, firm, corporation or entity by reason of such compliance.

ARTICLE V

GENERAL MATTERS

5.1. Termination. This escrow shall terminate upon the release of all of the Company Documents and Subscriber Documents or at any time upon the agreement in writing of the Subscribers and Company.

5.2. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

(a) If to the Company, to:

China Yongxin Pharmaceuticals, Inc.
927 Canada Court
City of Industry, CA 91748
Attn: Yongxin Liu, CEO
Fax: (626) 581-9138

With a copy by facsimile only to:

Richardson & Patel, LLP
10900 Wilshire Blvd., Suite 500
Los Angeles, CA 90024
Attn: Ryan Hong, Esq.
Fax: (310) 208-1154

(b) If to the Subscribers: to the addresses set forth on Schedule I

With a copy by facsimile only to:

Grushko & Mittman, P.C.
551 Fifth Avenue, Suite 1601
New York, New York 10176
Fax: 212-697-3575

(c) If to the Broker, to:

StreetCapital Corp.
300 Colonial Center Parkway, Suite 260
Roswell, GA 30076
Attn: Vince Sbarra
Fax: (678) 353-2188

(d) If to the Escrow Agent, to:

Grushko & Mittman, P.C.
551 Fifth Avenue, Suite 1601
New York, New York 10176
Fax: 212-697-3575

or to such other address as any of them shall give to the others by notice made pursuant to this Section 5.2.

5.3. Interest. The Escrowed Payment shall not be held in an interest bearing account nor will interest be payable in connection therewith. In the event the Escrowed Payment is deposited in an interest bearing account, the Subscribers shall be entitled to receive any accrued interest thereon, but only if the Escrow Agent receives from the Subscriber the Subscribers' United States taxpayer identification number and other requested information and forms.

5.4. Assignment; Binding Agreement. Neither this Agreement nor any right or obligation hereunder shall be assignable by any party without the prior written consent of the other parties hereto. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns.

5.5. Invalidity. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal, or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

5.6. Counterparts/Execution. This Agreement may be executed in any number of counterparts and by different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement may be executed by facsimile transmission and delivered by facsimile transmission.

5.7. Agreement. Each of the undersigned states that he has read the foregoing Escrow Agreement and understands and agrees to it.

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IN WITNESS WHEREOF, the undersigned have executed and delivered this Escrow Agreement, as of the date first written above.

“COMPANY”

CHINA YONGXIN PHARMACEUTICALS INC.

a Delaware corporation

By: _____

Yongxin Liu
Chief Executive Officer

ESCROW AGENT:

GRUSHKO & MITTMAN, P.C.

By: _____

Name:

SUBSCRIBERS:

Print Name of Subscriber

By: _____

Name: _____

Title: _____