

“The Philosophy of Regeneration™ is the blueprint for every Sunrider® product.”

DR. CHEN'S business advice

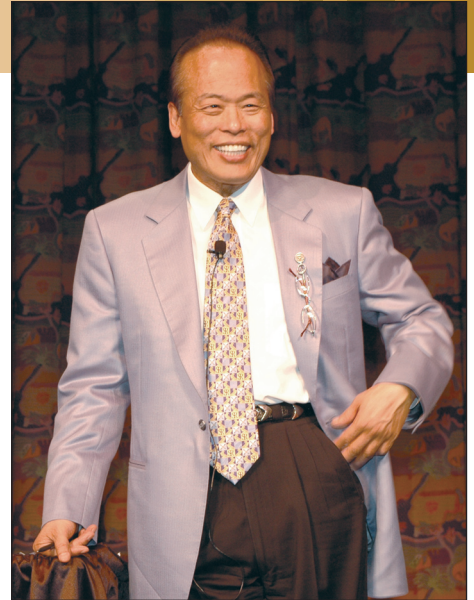
As a product-based business, it's important to know how to talk about our products the correct way.

In the past, we've had the tendency to get into long product explanations, which is unnecessary or even bad for our business. Always remember that Sunrider® products are not intended to cure or treat diseases or medical problems. In this business advice, I will show you how to talk about Sunrider's value and the Philosophy of Regeneration™ in less than ten minutes. I will also explain key differences between our products and other products.

Sunrider's Value: *The Philosophy of Regeneration™*

Sunrider® products are based on the Philosophy of Regeneration™. This principle makes an incredible difference in our product concept, function, and quality. For example, a house and a bridge use similar building materials—concrete, steel, wood, and stone—yet, they are completely different in looks and function. The difference is the design, the blueprint.

The Philosophy of Regeneration™ is the blueprint for every Sunrider® product. Since we have a unique blueprint, our formulas are different from anyone else's, even if they use the same ingredients. The Philosophy of Regeneration™ consists of four principles:



1 *Nourish, balance, and cleanse*

We want to nourish and cleanse the body so it reaches an optimal balance. Yin (nourish) and yang (cleanse) is how life functions, like breathing in and breathing out. Consider five horses pulling a cart. The five horses represent the body's five major systems; the body is the cart. The cart, or your body, runs smoothly only when the five horses run in harmony, in balance. One horse, or system, running too fast or too slow will tip the balance of the cart. Balance is the guiding principle.

2 *Foods, not chemicals*

Our body is designed to recognize foods as nourishment, not chemicals. You can break down a fish into protein, carbohydrates, fats, vitamins, etc. You can then mix the proteins, carbohydrates, and fats back together, but it is no longer food or a fish. It is missing the life structure that your body recognizes. Just eating chemicals such as protein powders and multivitamins will cause your body to become malnourished because it has a difficult time handling chemicals. Secondly, if you eat too many chemicals, your body will not be balanced.

3 *Variety*

Nutritional companies, and people in general, like to focus on one ingredient or food because it's simple. Unfortunately, no ingredient is perfect in foods and cosmetics. Each ingredient has a strong point and weak point. For a long time, many people thought you could eat as many vitamins as you wanted without any problems. However, now we know that too much vitamin C, vitamin A, vitamin E, etc. can cause serious health problems. Vitamins are good and necessary, but again, the body needs a variety of nutrition and a balance of nutrients.

4 *Formulation and concentration*

The strong point of one ingredient can cover the weakness of another. If you know how to combine foods, you can formulate them to work together to create a stronger food. This requires expertise, knowledge, and study. Chinese culture has 5,000 years of experimenting and studying plants and herbs in combination. There are thousands and thousands of different kinds of formulas. However, even in Chinese culture, the formulas focus on curing symptoms and diseases, and often contradict each other. I have carefully studied the formulas that previous generations used, but I have walked away from the philosophy of "curing" to the philosophy of balance—the Philosophy of Regeneration™. With Sunrider® products, I have elevated and transformed the traditional use of plants to optimize health. This independent thinking and creativity is light years ahead of the current "cure" mentality.

Sunrider® products not only have unique formulas, but are concentrated for effectiveness. Foods have a lot of fiber, water, and other ingredients that dilute the beneficial effects. For example, recent studies talk about resveratrol, which is found in red wine. You need to drink 1,000 bottles to get the benefits of resveratrol, but you would have more serious problems to deal with by then! Also, when most people concentrate an ingredient, they end up concentrating the "bad" stuff along with the "good" stuff. This is why Sunrider developed a trade-secret manufacturing process that extracts and concentrates the beneficial nutrients while minimizing the negative ingredients.

Sunrider researches, develops, and manufactures our products ourselves so we can formulate and manufacture products according to the Philosophy of Regeneration™. Our products are the highest quality and cannot be duplicated by anyone else.

The Sunrider Value of Self-Manufacturing

In a February 2009 magazine, the chief operating officer of an açai juice binary company stated, "We've chosen not to own our manufacturing operations, but we control every step of them [...] Our quality staff and manufacturing partners have very close interaction to ensure that our product is manufactured according to [our company's] specifications." This sounds good, but as a manufacturer, I can tell you his remarks are the talk of a company that does not know manufacturing. If you do not manufacture yourself, you don't know what is really going on and cannot control the quality. For example, a famous toy company recently had huge problems with lead paint on their toys. The toy company had standards, protocols, quality checks, etc. that their third-party manufacturer was supposed to meet. But, unknown to the toy company, the third-party manufacturer decided to use cheaper, lead-tainted paint.

There have been other manufacturing scandals with plastic in baby formulas and dog food because third-party manufacturers were cutting corners. There will always be tension between the manufacturer and the buyer because each needs to make money. The manufacturer wants to sell high, and the buyer wants to buy cheap. Quality suffers to meet both demands.

You also cannot protect your formulas in this situation. Some companies say they do research and development themselves, but then hire someone else to manufacture. Unfortunately, there is no guarantee that the manufacturer won't take your

continued on next page

formulations, add a twist, and sell it themselves. You can't control what is going on in someone else's kitchen. I believe that companies that are stingy in manufacturing are stingy for their future.

In Sunrider, we control everything from research and development to manufacturing for the security of our business leaders. The way we formulate, extract, and concentrate our products is so unique that other people cannot copy it. Only Sunrider ABOs and IBOs can offer our products.

Product Value

Recently, my daughter and son-in-law went to a natural foods expo. I looked at the many product samples they brought back, and I felt a little depressed. I was depressed because our products are so superior and ahead of their time, yet most people think these other "natural" products are better. None of the products followed all the principles of the Philosophy of Regeneration™. Many of the so-called "natural" products were conventional products with a few extracts thrown in. Others claimed they were free of "bad" ingredients, yet substituted other ingredients that may even be worse. Since Sunrider began over 27 years ago, I've been talking about extracts, enzymes, concentration, the Philosophy of Regeneration™, nourish, balance, cleanse, etc. I realized that we need to know the practical application of why each of our products is different. I'm going to introduce a few products here and share more in other updates and marketing tools.

SunSmile® Herbal Toothpaste

Most toothpastes contain fluoride, a potentially toxic chemical that thins your enamel. Fluoride is so strong, it is used to etch glass! When you're young, you can crush ice with your teeth. But when you are middle-aged like me, even drinking cold water hurts because the fluoride in your toothpaste has eaten away your teeth's enamel. Regular toothpastes also use sodium lauryl sulfate (SLS) or a similar ingredient. SLS is a grease-cutting detergent that is too strong for the mucus membrane. It's very irritating and can cause your gums to recede. Since toothpastes have these strong chemicals, toothpaste-makers need to add a lot of other stuff to mask them—saccharin, artificial colors, and artificial flavors. It's no wonder that eating a spoonful of toothpaste will make a child sick.

SunSmile® Herbal Toothpaste is designed to gently and effectively clean your teeth and gums. Instead of fluoride, we use a combination of enzymes and herbal extracts such as neem tree oil and peppermint oil. Instead of SLS, we use baking soda, a non-abrasive cleaner. Our toothpaste contains no sugar derivatives, artificial colors, or artificial flavors. Because our formula is so concentrated, it is naturally green with a clean mint flavor. I achieved this formula after exhaustive research of various herbal and plant combinations. Our herbal toothpaste is very, very expensive for me to make, but there is nothing else on the market that works as well.

Fortune Delight® and Calli®

As I mentioned earlier, each food has a good side and bad side. One of these is *Camellia sinensis*, which has been consumed by Asians for thousands of years. It has tea catechins (good) and caffeine and tannic acid (bad). Nearly all teas contain ground up, unclean, fumigated, and/or irradiated tea leaves and herbs. If you visited most tea manufacturers, I doubt you would want to drink their teas.

Sunrider's herbal beverages are completely different and a true art. We hand and machine clean the herbs to get rid of insects, dirt, rocks, and more things that would ruin your appetite. It's a time-consuming process. Then, we extract and concentrate the beneficial nutrients, minimizing negative ingredients like caffeine and tannic acid. Finally, we spray-dry the concentrated extracts onto the concentrated tea catechins. The result is light years ahead of typical teas. Fortune Delight® and Calli® are nutrient-rich, enhanced herbal beverages.

Kandesn®, Kandesn® Spa, and Oi-Lin® Shampoos and Conditioners

Most companies use mineral oil and animal by-products like egg protein because they are cheap and plentiful. Using those products is like dipping your head in raw scrambled eggs and letting it dry. Animal proteins spoil easily and become rancid, making your scalp and hair a potential breeding ground for bacteria.

Sunrider uses only vegetable oils and vegetable proteins in our shampoos and conditioners. We are not the only company that knows the superiority of these ingredients, but it is far more expensive to do. Our shampoos and conditioners are also concentrated and don't contain extra fillers or foaming agents.