

On April 18, 2006 Ostar Pharmaceutical, Inc. was merged into a wholly-owned subsidiary of Central American Equities Corp. Ostar Pharmaceutical owns 60% of Hebei Aoxing Pharmaceutical Group, which is involved in the business of manufacturing and distributing analgesic drugs in the People's Republic of China. In connection with the merger, Central American Equities Corp. issued to the shareholders of Ostar Pharmaceutical 39,464,612 share of common stock and 297,018 shares of a new Series C Preferred Stock. The Series C Preferred Stock will be convertible into a total of 118,807,200 shares of common stock. Accordingly, the previous shareholders of Ostar Pharmaceutical now own, after the merger, on a fully-diluted basis, 158,271,812 shares of Central American Equities Corp common stock.

In connection with the merger, the Board of Directors of Central American Equities resigned. Prior to resigning, they elected to serve as their replacements Zhenjiang Yue and John C. Leo. Mr. Yue will also serve as Chief Executive Officer and Chief Financial Officer of Central American Equities. Mr. Leo will serve as Corporate Secretary and a director of Central American Equities.

Effective on January 22, 2007, John C. Leo resigned from his position as a member of the China Aoxing Board of Directors.