
FUTURE PLANS

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Our goal is to strengthen our market position in the scrap metal recycling industry in China, serving major steel and copper producing manufacturers in industrialised areas throughout China. To achieve this, we plan to significantly expand our operations and production capacity.

For example, we plan to complete new production facilities in Ningbo, Yangzhong and Tianjin by the end of the third quarter of 2009. These new facilities are expected to have a total designed annual production capacity of approximately 1.5 million metric tons. By the end of 2009, we expect to have significant production capacity in areas with high demand for scrap metals in northern, southern and eastern China, with a total designed annual production capacity of approximately 3.1 million metric tons. In addition, in 2010, we plan to open a new production facility in Wuhan, Hubei Province in central China, with a total designed annual production capacity of approximately 0.5 million metric tons.

As part of our expansion plans, we also plan to continue to invest in equipment to further automate our operations, which we believe will help us to achieve greater efficiencies and maximise our profitability and returns to our shareholders. For example, we have contracted to purchase an automated shredder with a processing speed of 120 to 150 metric tons of scrap metal per hour for installation at our planned production facility in Ningbo.

Please refer to the section headed “Business — Business Strategies” in this document for additional information regarding our growth strategies and future plans.