
FUTURE PLANS

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Development Strategies

Our aim is to build on our strengths to become a leading player in the privatisation process of the forest industry and a leading integrated forest resources company in the Asia Pacific region. We are seeking opportunities to acquire other high quality forests in China. With the expansion in forest reserves, we believe our sales and profitability will increase. At the same time, we plan to further improve our business management and operations to cope with our rapid expansion, by recruiting experienced talent in the forestry industry, recruiting qualified university graduates specialised in forestry and forestry science, and engaging forestry consulting firms to work for us. Our Directors are of the view that the amount and timing of our capital expenditure plans in the near future will be highly dependant on the cash flow generated from our operations.

We intend to implement the following plans, each of which is discussed in greater detail in the section headed "Business — Our Future Plans" of this document:

- Seek rapid and sustainable growth through the acquisition and expansion of our forest reserves;
- Increase our harvesting rate;
- Carry out research and development on sustainable forest management and quality tree seedlings;
- Further strengthen our overall management and information systems; and
- Continue practising responsible environmental forestry.