China Direct, Inc
Form 10KSB
April 02, 2007

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

FORM 10-KSB

(Mark One)

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number: 0-26415

China Direct, Inc.

Delaware	13-3876100
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5301 North Federal Highway, Suite 120, Boca Raton, FL	33487
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: (561) 989-9171

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	not applicable

Securities registered under Section 12(g) of the Exchange Act:

common stock, par value $0.0001 per share
(Title of class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. [ ]

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [x] No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes [ ] No [X]

State issuer's revenues for its most recent fiscal year. $13,984,337 for the fiscal year ended December 31, 2006.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days. $10,000,000 on March 30, 2007.

State the number of shares outstanding of each of the issuer's class of common equity as of the latest practicable date. 13,273,433 shares of common stock are issued and outstanding as of March 30, 2007.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990). Not Applicable.

Transitional Small Business Disclosure Form (check one): Yes [ ] No [X]

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this report contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, our ability to implement our strategic initiatives, economic, political and market conditions and fluctuations, U.S. and Chinese government and industry regulation, interest rate risk, U.S., Chinese and global competition, and other factors. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements and readers should carefully review this report in its entirety, including the risks described in Part I. Item 1. Description of Business - Risk Factors. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this annual report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

OTHER PERTINENT INFORMATION

All share and per share information contained in this report gives effect to the 100 for 1 (100:1) reverse stock split of our common stock effective June 28, 2006.

When used in this report the terms "China Direct", "we", "us" or "our" refers to China Direct, Inc., a Delaware corporation formerly known as Evolve One, Inc., and its subsidiaries. Other terms used in this report include:

- "China Direct Consulting" means China Direct Investments, Inc., a Florida corporation and a wholly owned subsidiary of China Direct,
- "CDI China" means CDI China, Inc., a Florida corporation and a wholly owned subsidiary of China Direct,
- "Lang Chemical" means Shanghai Lang Chemical Company, Limited, a Chinese limited liability company, and a majority owned subsidiary of CDI China,
- "Chang Magnesium" means Taiyuan Chang Magnesium Company, Limited, a Chinese limited liability company, and a majority owned subsidiary of CDI China
- "Changxin Trading" means Taiyuan Changxin YiWei Trading Company, Limited, a Chinese limited liability company, and a wholly owned subsidiary of Chang Magnesium,
- "CDI Shanghai Management" means CDI Shanghai Management Company, Limited, a Chinese limited liability company, and a wholly owned subsidiary of CDI China,
- "Luma Logistic" means Luma Logistic (Shanghai) Co., Ltd., a Chinese limited liability company, and a majority owned subsidiary of CDI China,
- "Big Tree" means Big Tree Group Corporation, a Florida corporation, and a majority owned subsidiary of CDI China,
- "Jieyang Big Tree" means Jieyang Big Tree Toy Enterprise Co., Ltd., a Chinese limited liability company, and a majority owned subsidiary of Big Tree,
- "Jinan" means Jinan Alternative Energy Group Corp. a Florida corporation, and a wholly owned subsidiary of CDI China,
- "CDI Wanda" means CDI Wanda Alternative Energy Co., Ltd., a Chinese limited liability company, and a majority owned subsidiary of Jinan,
- "CDI Magnesium" means CDI Magnesium Co., Ltd., a Brunei corporation, and a majority owned subsidiary of CDI China,
- "Capital One Resource" means Capital One Resource Co., Ltd., a Brunei corporation, and a wholly owned subsidiary of CDI Shanghai Management, and
- "Excel Rise Technology" means Excel Rise Technology Company, Ltd., a Brunei corporation, and a wholly owned subsidiary of Chang Magnesium.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

We are a diversified management and consulting company. Our mission is to create a platform to support, develop and nurture business opportunities arising from the opening of markets in the People's Republic of China (PRC). We believe that the combined resources of our subsidiaries, CDI China and China Direct Consulting, working in tandem will create a resource equipped to offer comprehensive business solutions to Chinese companies enabling them to successfully access the U.S. capital markets.

Our purpose is twofold:

- to offer turnkey consulting services to Chinese entities; and
- to acquire majority interest in Chinese companies providing an infrastructure for development.

Internally we organize our company under our two primary operating groups, CDI China and China Direct Consulting. As described later in this report, for financial statement purposes we report our operations in three segments. The following chart reflects our current operations:

CDI CHINA

We organized CDI China in August 2006 to operate as a management company for Chinese entities in which it has acquired a majority interest. The goal of CDI China is to acquire majority interests in a variety of Chinese entities engaged in operations which we believe will benefit from the continuing growth of the Chinese economy. Examples of industries in which we will focus our efforts include manufacturing, technology, mining, healthcare, packaging, food and beverage, entertainment, and import and export. We target entities with less than $100 million in annual revenues operating in China, which we believe offer the greatest opportunities for growth.

The business model for CDI China is to acquire a majority interest in Chinese entities, thereby creating a diversified portfolio of subsidiaries operating within the Chinese economy. CDI China utilizes resources available to us by virtue of our public company status to provide working capital and financial and operation support to augment our subsidiaries' growth.

CDI China's operations include Lang Chemical and Chang Magnesium, operating companies we acquired in fiscal 2006 which represent the majority of our revenues, as well as our newly formed entities; CDI Shanghai Management, Luma Logistic and Big Tree, companies we formed during fiscal 2006.

CDI SHANGHAI MANAGEMENT

We formed CDI Shanghai Management principally to provide an operational infrastructure to subsidiaries of CDI China, as well as providing consulting services to Chinese entities in regards to merger and acquisitions, business development and financial management. CDI Shanghai Management will supervise and monitor the operations of the CDI China subsidiaries based in China. It is anticipated that this newly formed subsidiary, which began operations in January 2007, will generate revenues for our company. In addition to its primary focus which is to supervise and monitor the operations of our subsidiaries based in China, CDI Shanghai Management will perform due diligence of prospective merger and acquisition candidates for CDI China as well as due diligence of prospective client companies of China Direct Consulting.

CDI Shanghai Management serves as a marketing resource and sources private companies in China seeking to access the U.S. capital markets. CDI Shanghai Management will target entities with less than $100 million in annual revenues operating in China seeking to access the U.S. capital markets. This is accomplished through a variety of marketing tools; symposiums, individual relationships and trade conferences. We will seek to develop a business conference program in China. We will endeavor to sponsor a series of business conferences which seek to educate the private sector in China on various ways to access the U.S. capital markets. We expect the business conference program will be a valuable resource in promoting our services to the private sector in China. We believe our marketing approach will be instrumental to continue to grow our client base as well as to identify potential acquisition targets for CDI China. CDI Shanghai Management will seek to foster relationships within local business communities as well as with local provincial government officials to assist us in identifying business opportunities.

Marketing

We have established what we believe to be effective relationships and contacts with various governmental agencies, provincial authorities, public institutions, and private industries in China at both the national and provincial levels. In addition, we have established a relationship with China International Intellectech Corporation ("CIIC"). CIIC, headquartered in Beijing, is one of the 120 key enterprises directly under the management of the

State-owned Assets Supervision and Administration Commission of the State

Council of China, and since 2003 has been rated as an outstanding service company by the State owned Assets Supervision and Administration Commission of the State Council, becoming one of the 56 first class entities directly under the management of the Central Government. CIIC has 60 subsidiaries in the PRC and abroad with annual revenues exceeding $1 billion in 2005. We believe the CIIC name is a well recognized brand in China.

Recent Developments

In February 2007 CDI Shanghai Management formed Capital One Resource Co., Ltd., a Brunei corporation, as a wholly owned subsidiary. Capital One Resource Co., Ltd. will serve as a marketing arm for China Direct, Inc. in the greater Asia region outside of China. Capital One will seek to market to Hong Kong and Southeast Asia. Capital One will target entities with less than $100 million in annual revenues operating within Asia seeking to access the U.S. capital markets. The services provided will include but are not limited to a regional seminar series geared to our target market operating within China and Southeast Asia. Capital One will leverage relationships within local business communities as well as with local provincial government officials to assist in identifying business opportunities.

LANG CHEMICAL

Lang Chemical specializes in the sale and distribution of industrial grade synthetic chemicals, maintaining a relationship with both the supplier and the customer, and managing the logistics of the distribution channel. It acts as a third party agent in the sale of synthetic chemicals from the supplier to the customer. In addition, Lang Chemical also acts a distributor of synthetic chemicals to customers. The majority of Lang Chemical's customers are industrial manufacturing facilities and trading companies. It utilizes three distribution centers in the eastern section of China.

Historically, approximately 80% of Lang Chemical's sales are derived from frequently used products which are shipped directly from the supplier to the customer. In most cases, these are larger orders, in excess of 10 tons, which Lang Chemical cannot supply from their inventory. Lang Chemical also maintains a small inventory of chemicals and approximately 20% of its revenues are derived from sales made from inventory. These orders tend to be smaller orders, generally less than 10 tons, which can be supplied from the inventory of Lang Chemical. These chemicals typically are witness to price fluctuations and as such Lang Chemical maintains an inventory from which to supply customers.

Lang Chemical generates income through a gross commission ranging from 1% to 3% with the amount of commission varying depending on the product sold. We acquired a majority interest in Lang Chemical on October 25, 2006. Accordingly, for fiscal 2006 we reported revenues from this subsidiary from October 22, 2006, the date of acquisition. Revenues from Lang Chemical represented approximately 85% of our consolidated revenues for the fiscal year ended December 31, 2006.

Products and Suppliers

The demand for synthetic chemicals is growing in China and the development of the country's infrastructure and related construction is a significant factor in the increased demand for industrial chemicals. Products sold by Lang Chemical are in demand from rapidly growing industries such as building exterior coating, glue preparation and textile leather auxiliaries. These industries' annual markets have increased at 10% to 15% per year since 2005 according to the China Industrial Development Report.(1).

Products sold and distributed by Lang Chemical are used by customers as a raw material in the production of a variety of finished products such as paint, glue, plastics, textiles and leather goods, as well as various medical products. Lang Chemical distributes four primary product categories including glacial acetic acid and acetic acid derivatives, acrylic acid and acrylic ester, vinyl acetate-ethylene ("VAE") and polyvinyl alcohol ("PVA"). Historically, Lang Chemical's product sales by its principal product groups are as follows:

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(1) http://ar.cei.gov.cn/en/Column.asp?ColumnId=257

PRODUCT GROUP	APPROXIMATE % OF PRODUCT GROUP TO 2006 ANNUAL SALES
glacial acetic acid and acetic acid derivatives ...	42%
Acrylic acid and acrylic ester	31%
VAE and PVA	19%
Other products	8%

Acetic acid, also known as ethanoic acid, is an organic chemical compound recognized for giving vinegar its sour taste and pungent smell. Pure water-free acetic acid (glacial acetic acid) is a colorless hygroscopic liquid and freezes below 16.7(degree)C (62(degree)F) to a colorless crystalline solid. Acetic acid is one of the simplest carboxylic acids and is an important chemical reagent and industrial chemical that is used in the production of polyethylene terephthalate mainly which is used in soft drink bottles, cellulose acetate, which is used for photographic film and polyvinyl acetate which is used in wood glue, as well as many synthetic fibers and fabrics. In households diluted acetic acid can be used as a decaling agent, and in the food industry acetic acid is used as an acidity regulator.

Acrylic acid, or 2-propenoic acid, is a chemical compound which is the simplest unsaturated carboxylic acid. In its pure form, acrylic acid is a clear, colorless liquid with a characteristic acrid odor. Acrylic acid is produced from propylene, a gaseous product of oil refineries. Acrylic acid and its esters readily combine with themselves or other monomers (e.g. amides, acrylonitrile, vinyl, styrene and butadiene) by reacting at their double bond, forming homopolymers or copolymers which are used in the manufacture of various plastics, coatings, adhesives, elastomers as well as floor polishes and paints.

VAE is used in combination of cement and plaster, or as a sole binder in other dry-mix formulation. VAE improves adhesion, flexural strength, abrasion resistance and workability in a variety of products sold in dry powder form, including thin-set mortars, tile adhesives, grout, finishing plasters and toweling compounds. VAE is a general purpose copolymer powder that can be used in the building materials and adhesives field as a binder component.

PVA is a water-soluble synthetic polymer with excellent film-forming, emulsifying, and adhesive properties. PVA is widely used in diverse applications such as adhesives for paper, wood, textiles, leather and other water-absorbent substrates, as an emulsifier and protective colloid in the production of resin dispersions, in textile sizing and finishing, as photosensitive coatings, in specialty molded products, water-soluble, gas-tight films and paper and paperboard and as binders for pigmented paper coatings, ceramic materials and nonwoven fabrics.

Other products include a variety of synthetic chemicals, including the following:

Dye intermediates	Acrylamide
Toluene	Ammonium Persulfate
Methanol	TX-10
Acetone	OP-10
Acrylonitrile	Barium chloride dehydrate

Lang Chemical has established stable business relationships with a number of multi-national corporations throughout the years. Lang Chemical has three primary suppliers for glacial acetic acid derivatives and does not believe it will have any difficulty in obtaining product as needed from these suppliers. It is the exclusive distributor of the acrylic ester series of chemicals, which includes butyl acrylate, methyl acrylate and acrylic acid, from BASF-YPC Company

Limited for Shanghai Province, Jiangsu Province, Anhui Province and Henan Province. Lang Chemical is a non-exclusive distributor of VAE for Celanese (China) Holding Co., Ltd. in the Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Shandong Province and Fujian Province and a non-exclusive distributor of Methyl methacrylate produced by Lucite International (China) Chemical Industry Co., Ltd. (ICI) in Shanghai, Jiangsu province, Zhejiang province, Anhui Province, Shandong Province and Fujian Province. Lang Chemical receives a volume price discount from Celanese (China) Holding Co., Ltd. and Lucite International (China) Chemical Industry Co., Ltd. on Glacial acetic acid derivatives as well as Methyl methacrylate products.

In the event that the production from these various sources are interrupted for any reason, Lang Chemical estimates it can develop relationships with alternate sources to maintain steady supply. Lang Chemical also purchases products from a number of other suppliers including Lanzhou Vinylong Group, Guizhou Crystal Organic Chemical Group, Yunwei Group and Nanchang Ganjiang Corporation.

Distribution

Lang Chemical utilizes storage centers located in Shanghai as well as Qidong City and Jiangyin City in the Jiangsu Province to provide the infrastructure to support its distribution channels. These storage centers aggregate approximately 119,000 cubic feet of liquid storage tanks and approximately 38,000 square feet of warehouse space used for solid or dry materials. The storage centers located in Shanghai and Qidong City are operated by unrelated third parties and Lang Chemical uses the storage space on an as needed basis. The Jiangyin City storage facility is owned by Lang Chemical. The total storage cost for Lang Chemical for fiscal 2006 was $17,546, of which $4,039 is included in our operating expenses for fiscal 2006 and represents the total storage costs from our date of acquisition of Lang Chemical through the end of fiscal 2006.

Customers

The majority of Lang Chemical's customers are industrial manufacturing facilities and trading companies. Lang Chemical's historical sales by region are as follows:

GEOGRAPHIC REGION	APPROXIMATE % OF 2006 ANNUAL SALES
Shanghai area	50%
Jiangsu area	43%
Zhejiang area	7%
	100%

Products supplied by three clients, BASF YPC Co., Ltd., Celanese (China) Holding Co., Ltd. and Lucite International (China) Chemical Industry Co., Ltd. account for approximately 40% of Lang Chemical's supply of raw materials for fiscal 2006 contributing 20%, 10% and 10% respectively. Lang Chemical does not have contracts with its customers. Customers place orders on an as needed basis throught the use of a purchase order.

For purchase orders related to products which do not come from Lang Chemical's inventory, generally customers will pay 10% to 20% of the purchase price as a deposit, with the balance due at the time of delivery. For purchases of products which are inventoried by Lang Chemical, generally the amount of the order is paid in full by the customer at the time the order is placed. Lang Chemical offers its established, creditworthy customers 90 day payment terms.

Sales and Marketing

Lang Chemical markets its products through its in house sales force. It has six salespersons in the Shanghai headquarters who travel to other provinces for sales appointments. The main duty of the salesperson is to maintain good relationships with existing clients and develop new clients.

Development of Manufacturing Facility

In April 2005, Lang Chemical purchased approximately nine acres of unimproved land located 70 miles north of Shanghai for the purpose of constructing an industrial facility including manufacturing, warehouse and storage tanks. If completed, the factory is expected to manufacture industrial grade chemicals for use in the pharmaceutical industry. It is expected the facility will manufacture Tert Methyl (euro)Pyruvic Acid, used by the pharmaceutical chemicals for use in the pharmaceutical industry. It is expected the facility will manufacture Tert Methyl (euro)Pyruvic Acid; used by the pharmaceutical industry as an intermediate for the synthesis of drugs such as Naproxene and Ephedrine, L-t-Leucine; a form of a synthetic amino acid used in the manufacture of pharmaceuticals, and Arginine alpha-ketoglutarate (AKG); a synthetic chemical found in a variety of nutritional supplements, as well as other salt-based products. It is anticipated that the products from this facility will be exported from China.

The industrial facility is expected to be approximately 76,000 square feet, with an approximate 106,000 cubic foot storage tank, with a total projected investment of approximately $3,000,000. In November 2006, Lang Chemical began to clear the land for construction and filed applications for approval of the construction plans. As described elsewhere herein, we will need to raise additional capital to complete this project. Accordingly, we are unable at this time to provide a timeframe for commencement of construction or the opening of this facility.

CHANG MAGNESIUM AND CHANGXIN TRADING

Chang Magnesium's operations include the processing and manufacturing a variety of magnesium products, including magnesium powder, magnesium scrap, magnesium alloy and various grades of magnesium slabs, as well as the operations of its wholly owned subsidiary, Changxin Trading. Changxin Trading isan exporter of magnesium products. We acquired a majority interest in Chang Magnesium on December 22, 2006. Accordingly, we did not include any revenues from Chang Magnesium in our consolidated revenues for fiscal 2006 as they were deemed immaterial.

Chang Magnesium was formed by Taiyuan YiWei Magnesium Co. Ltd. to operate a newly constructed magnesium plant that will process and manufacture a variety of magnesium products, including magnesium powder, magnesium scrap, magnesium alloy and various grades of magnesium slabs. Taiyuan YiWei Magnesium is a diversified magnesium organization which owns interests in seven subsidiary magnesium factories, a magnesium alloy factory and a magnesium powder desulphurization reagent factory, all located in China. In June 2006 Taiyuan YiWei Magnesium contributed property, plant and equipment to Chang Magnesium which was valued at $2,567,353, which represented all the assets related to the magnesium plant. Following our acquisition of Chang Magnesium, Mr. Yuwei Huang, Taiyuan YiWei Magnesium's Chairman, now also serves as Chang Magnesium's CEO and an Executive Vice President for CDI Shanghai Management.

Magnesium Industry

Magnesium is a grayish-white, fairly tough metal and is generally considered to be one of the lightest, most abundant metal elements on the Earth. Magnesium is 33% lighter than aluminum and more moldable, while stronger and increased resistance to heat-resistant than competitive engineering thermoplastics. As a result the demand for magnesium has increased.(2)

Global magnesium production is small compared to other light metals, such as aluminum. World magnesium production was 623,000 metric tons whereas aluminum production was 31.75 million metric ton in 2005.(3) Presently, just under half of the magnesium produced in the world goes into hardening and strengthening aluminum alloys, although other significant uses include the desulphurization of steel, the inoculation of cast iron and its use as a chemical reagent. Magnesium is recognized as a high volume structural metal and is being employed in cast metal components, particularly in the automotive sector.

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(2) www.webelements.com

(3) http://www.itis.org.tw/rptDetailFree.screen?rptidno=E88FD6D54B891192482570BD000C9253

There is another sub-sector, wrought magnesium products - essentially magnesium alloy sheet and extruded products - that is also considered to be entering a period of growth.

According to the China Magnesium Industry Report 2005 (published in March 2006) China, which has been the world's leading magnesium producer for the past eight years, has in excess of 100 magnesium manufacturers with approximately 468,000 metric tons of production in 2005. Raw magnesium production volume increased 139% from 2000 to 2005; the production of magnesium ingot increased 345.5% and magnesium powder increased 89.04% in the same time period.

In recent years, the Shangxi Province in the PRC has taken a leadership position in China in various aspects of magnesium extraction technology and related environmental protection work. Officials from the Ministry of Commerce of China (MOC) have designated the Shangxi province as the central magnesium production region of China, and, as a result, the Shangxi province has emerged as an important region for magnesium related companies. The annual output of magnesium in the Shangxi Province is approximately 360,000 metric tons, accounting for 55% of the world's total magnesium output, and 77% of the total output in China in 2006. As such the manufacturers in the region have a degree of pricing power of magnesium in both domestic and international markets.

Current indications are that the new large scale Australian plants which are based on continuous electrolytic processes will have operating costs that are equivalent to the best Chinese producers which are based on small-scale batch thermal processes, thereby providing superior quality and service. It is generally believed that costs are also likely to go down through process efficiencies and larger-scale operating after expansion, while Chinese costs will increase through higher energy, raw material, labor and social costs. The high volume future of magnesium depends on a healthy supply from diverse sources such as Australia, Canada, and other Western sources, as well as Russia and China, as well as on processes that provide sufficient returns to producers yet make magnesium competitive with alternative materials such as steel and aluminum.(4)

Chang Magnesium's operations

The newly constructed magnesium plant is located in the Aluminum & Magnesium Industrial Park in Yangqu County, of the Shangxi Province. It commenced operations in January 2007. The plant is approximately 250,000 square feet and has an annual production capacity of 7,000 metric tons of magnesium and related magnesium products. Chang Magnesium will utilize a production method known as the silicothermic manufacturing process, which is sometimes referred to as the Pigeon Process, as the primary production method of its magnesium products. The primary raw materials for this production method are dolomite, ferrosilicon and coal. The process offers several advantages including reduced cost, shorter production cycles, environmentally friendly compared to alternative production methods; all of which result in a quality product. Due in part to these characteristics, the Pigeon Process is a prevalent method of manufacturing magnesium in China.

The plant has the ability to process and manufacture a variety of magnesium products, including magnesium powder, magnesium scrap, magnesium alloy and various grades of magnesium slabs, which Chang Magnesium expects to sell in bulk. Chang Magnesium expects to produce magnesium ingot with a magnesium element in excess of 99.95% and it intends to produce 10 specifications of magnesium ingot ranging in size from 2 kg to 150 kg.

It is estimated that approximately 80% of Chang Magnesium's annual revenue from the plant will be related to sales of magnesium ingot and approximately 20% from sales of magnesium powder, magnesium scraps, magnesium alloy and other magnesium related products. Chang Magnesium will sell its products directly in the global market.

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(4) Primary author: Brian Coope, Source: Materials World, Vol, 10, no. 12, pp. 14-15, December 2002

The primary raw materials used by Chang Magnesium are silicon iron, gas, and calcined dolomite. The region where Chang Magnesium operates is home to approximately 20 mid-to-large scale magnesium related companies. As such the suppliers of the raw materials to process of various forms of magnesium are located within this region and Chang Magnesium can obtain raw materials from a variety of suppliers in the region. Furthermore, as the price of raw materials is based on market prices, and a number of suppliers are located in the region, Chang Magnesium believes it can obtain competitive pricing on raw materials. Ordinarily, Chang Magnesium will not stockpile inventory for more than a month of production. However, in rare events when Chang Magnesium believes the market price is attractive, it may stockpile certain raw materials for future expected production. Chang Magnesium does not have contracts with its customers. Customers purchase products on an as needed basis under a purchase order.

Changxin Trading

Changxin Trading was formed in November 2003 by Taiyuan YiWei Magnesium Co. Ltd. To operate as a reseller, distributor and exporter of magnesium products, including magnesium powder, magnesium scrap, magnesium alloy and various grades of ordinary magnesium slabs to customer located within China as well as to export customers outside of China. Changxin Trading has forged relationships with global magnesium consumers and in the past has supplied various magnesium related products to Alcoa Inc. (United States), Alcan, Inc. (Canada), Capral (Australia), and Japan Materials Co., Ltd. Approximately 70% of Changxin Trading revenues are derived from the distribution of magnesium slabs. Changxin Trading exported 40,000 metric tons in 2005, representing approximately 10% of China magnesium related exports.

According to webelements.com, the Chinese government has recently eliminated the VAT (value added tax) rebate on magnesium. Previously, industry participants were eligible for a 5% tax credit on magnesium exports. The elimination of the tax credit has effectively increased market prices on magnesium and currently the market price is approximately $2,100 per metric ton on the European market. Changxin Trading exported 15,600 metric tons of magnesium products in fiscal 2006, representing approximately 4% of China's magnesium-related exports. For the year ended December 31, 2006, one customer, Japan Material Co., Ltd. representing approximately 8% of Changxin Trading revenues. This customer, Japan Material Co., Ltd. primarily purchases magnesium ingot from Changxin Trading.

Excel Rise

In February 2007, Chang Magnesium formed a new entity, Excel Rise, as a wholly owned subsidiary. Excel Rise Technology Co., Ltd ("Excel Rise") is a wholly owned subsidiary to Chang Magnesium. Excel Rise will seek to operate as an exporter of magnesium products; primary exports Will include various forms of magnesium including but not limited to magnesium powder, magnesium scrap, magnesium alloy and various grades of ordinary magnesium slabs. Excel Rise plans to establish relationships with global magnesium consumers. The major suppliers of Excel Rise are Chinese magnesium companies including Taiyuan Tongxiang Magnesium Co. Ltd, Taiyuan Qingchen YiWei Magnesium Industry Co. Ltd., Taiyuan YiWei Magnesium Factory, Taiyuan YiWei Magnesium Co. Ltd. and Shanxi Nichimen YiWei Magnesium Industry Co., Ltd. The distribution network of Excel Rise will cover Europe, Japan, Australia and Canada.

LUMA LOGISTIC

We recently organized Luma Logistic with the intent it will operate in two business segments; logistics management and as a commodity wholesaler. As a logistics management firm, Luma Logistic will seek to operate as a consolidator and shipment manager for various manufacturers for the shipment of goods and merchandise to the Port of Shanghai. Luma Logistic will market its services to small manufacturers. As a, Luma Logistic will initially focus its business model on the distribution of precious metals, petrol chemicals, and other sought after metal products. We presently anticipate that Luma Logistic will commence operation in September 2007.

BIG TREE TOY

In November 2006, we organized Big Tree to be a reseller, exporter and distributor of toys and related entertainment products manufactured in China. Big Tree will attempt to focus its efforts towards smaller manufacturers without a proprietary sales or distribution network. CDI China owns 60% of Big Tree and the remaining 40% is owned by Ms. Guihong Zheng. On February 12, 2007, Big Tree acquired a 100% interest in Jieyang Big Tree in exchange for 240,000 shares of our common stock valued at $1,200,000. Jieyang Big Tree was formed in January 2007 as a Sino-American joint venture with registered capital of $2 million.

Under the terms of the agreement, we agreed to make capital infusions of an aggregate of $1 million to Jieyang Big Tree between March 31, 2007 and October 31, 2007 provided that Jieyang Big Tree meets the following benchmarks:

- revenues of $12.5 million and net income of $625,000 for the six month period ended June 30, 2007; and

- revenues of $18.75 million and net income of $937,500 for the nine months ended September 30, 2007.

If made, it is expected the additional investment capital will be advanced in the form of a loan, 12% per annum, secured by the 240,000 shares of the our common stock issued in the transaction.

Jieyang Big Tree, which is located in Shantou City, China, will seek to operate in two business segments within the toy and related entertainment products industry in China; including the distribution of toys and related entertainment products and as an agent of third party OEM manufacturing of toys and related entertainment products. The toy and entertainment industry within China is subject to intense competition. China is the world's largest manufacturer and exporter of toys and related entertainment products. Approximately 8,000 toy enterprises produce three quarters of the entire world's toys operating from inside China.(5) China's toys now constitute 75% of world output, according to the China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts.

Jieyang Big Tree offers in excess of 200,000 various toy and entertainment products ranging from plastic toys, stuffed toys, electronic toys, ceramics toys and resin handicrafts. The suppliers of the various toy are located in Guangdong Province, China, the same region where Jieyang Big Tree is located. Thus, the Jieyang Big Tree can obtain various toys from a variety of suppliers in the region. Ordinarily, Jieyang Big Tree will not stockpile inventory.

Jieyang Big Tree has trained 30 salespersons in Shangtou office and Xiamen office who are employees of Jieyang Big Tree. These salespersons are compensated with salary and commission ranging from 5% to 10% of gross profit margins

CDI MAGNESIUM

In February 2007, under the terms of an agreement between CDI China and Shanxi Jinyang Coal and Coke Group Co. Ltd., CDI China acquired a 60% majority interest in CDI Magnesium in exchange for 25,000 shares of our common stock valued at $100,000. We also agreed to infuse up to $500,000 of investment capital to CDI Magnesium on or before July 15, 2007. CDI Magnesium was formed in February 2007 by Shanxi Jinyang Coal and Coke Co. Ltd. Shanxi Jinyang Coal and Coke Co. Ltd. agreed to deliver $2.45 million in the form of property, plant and equipment to CDI Magnesium on or before May 13, 2007.

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(5) http://en.ce.cn/Industries/Consumen-Industries/200505/27/t20050527_

3927047/shtml

Shanxi Jinyang Coal and Coke Group Co., Ltd., which was formed in 1996, is in the business of mining, coal washing and coking. CDI Magnesium was formed to operate a newly constructed magnesium alloy plant in Taiyuan, China. It is expected that the plant will process and manufacture a variety of magnesium alloy products. Mr. Tao Wen will serve as General Manager of CDI Magnesium and Mr. Wuilang Zhang will serve as Vice General Manager. CDI Magnesium will operate separately from Chang Magnesium and will commence its operation in the second quarter of 2007.

JINAN AND CDI WANDA

In February 2007, Jinan acquired a 51% majority interest in CDI Wanda. Under the terms of the agreement we issued 337,500 shares of our common stock valued at $1,350,000. In addition, we agreed to infuse an aggregate of $1,350,000 of investment capital to CDI Wanda, between March 31, 2007 and October 30, 2007. The current management of CDI Wanda, Messrs. Dai Feng and Zhou Zaigen, will continue to operate the company following this transaction.

CDI Wanda, organized in 1996 and located in Jinan, the capital city of Shandong Province, China, is engaged in the alternative energy and recycling industry. CDI Wanda develops environmentally safe recycling technological applications. It has developed a recycling process to transform waste rubber tires into distillate fuels such as diesel, gasoline and fuel oil. CDI Wanda was granted a patent in April 2003 from the State Intellectual Property Office of China and the application and equipment have received the ISO9001:2000 International Quality Management System and ISO14001:2004 International Environment Systems qualifications.

CDI Wanda's industry

Approximately 20% of an ordinary tire is comprised of petroleum based synthetic rubber. The remainder of the tire is typically composed of natural rubber, steel belts and bead wire, carbon black, cloth and a mixture of other chemicals. These other elements do not contribute significantly to the recyclable value of waste tires.

Jinan City produces over 200 tons of waste tires each day and over 70,000 tons annually; it is estimated that Shanghai produces approximately twice the amount generated by Jinan City. 140 million waste tires are produced in China every year. If 70% of waste tire could be recycled, China could save 2.5 million tons of crude oil (worth $198 million) which could provide 1.76 million tons of good liquid fuel (worth $680 million). Tires are a cheaper fuel source than coal, and may burn cleaner than coal in regard to sulfur dioxide (SO_2) and oxides of nitrogen (NO_x).(6)

The recycling systems developed by CDI Wanda are Wanda Pyrolysis Equipment (WPE), Wanda Distillation Equipment (WDE) and Wanda Carbon Black Equipment (WCBE). In addition, CDI Wanda has developed a catalyst which is instrumental in the recycling process. The catalyst, named Wanda 5 Catalyst, received a patent approval on April 14, 2003 in China. CDI Wanda provides customer services in the form of product installation, testing, maintenance and personnel training, CDI Wanda provides a three year warranty on each equipment sold.

The major components are manufactured by Wuxi Petrol Chemical Machinery Factory located in Wuxi, of Jiangsu Province.

The Recycling Process

Many forms of recycling utilize a system whereby rubber tires are decomposed under high pressure and high temperature. This process can be difficult and cost prohibitive. As an alternative CDI Wanda developed a process whereby rubber tires decomposed under reduced pressure as compared to recycling systems currently available in the market. In its process, tires are loaded into

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(6) http://www.ciwmb.ca.gov/Markets/StatusRpts/Tires.htm

a machine which contains a pressure cooker. The rubber tire is combined with a catalyst similar in content to common paint thinner. When the waste tires are heated, the catalyst reacts with the rubber, separating the tires into small chemical "pellets" that resemble the petroleum compounds originally used to manufacture tires. The heating process entails the use of a burner system, by which heavy oil is first combusted. Within 90 minutes of commencement of combustion, the furnace temperature rises to 160(degree)C and a vaporized gas is generated. The combustion process continues for another two hours. At the end of the combustion process, the waste tires are completely decomposed and various substances are recovered such as carbon black, iron scrap, and vaporized heavy oil. The vaporized heavy oil is collected in a cooling column.

1T of waste tires provides 350-450kg (about 105 gallon) of heavy oil with a calorific value of 10.450kcal, 16 gallon gasoline, 97 gallon diesel, 340kg of carbon black and 150kg of iron scrap.

Products and Services

CDI Wanda offers three primary systems in various sizes.

- Wanda Pyrolysis Equipment ("WPE"). WPE utilizes a process called Pyrolysis to decompose waste tires into vaporized heavy oil and crude carbon black by mixing with Wanda 5 Catalyst under normal pressure. Pyrolysis is a form of incineration that chemically decomposes organic materials by heat in the absence of oxygen. Pyrolysis typically occurs under pressure and at operating temperatures above 430oC (800oF). Once completed, the output from the WPE, (vaporized heavy oil or crude carbon black) must be further processed using other forms of CDI Wanda equipment. CDI Wanda offers the WPE in six sizes,

- Wanda Distillation Equipment. ("WDE"). WDE further processes vaporized heavy oil into gasoline, diesel and heavy oil. The major process involves are washing and heating vaporized heavy oil and then rectification cooling. Catalyst will be used in this process as well. CDI Wanda offers the WDE in four sizes. The size correlates to the daily capacity input of the machinery, and

- Wanda Carbon Black Equipment. ("WCBE"). WCBE transforms crude carbon black into active carbon black product. Chemical activation is generally used for the transformation of activated carbon from crude carbon black or peat. Wanda 5 Catalyst will be used as the chemical activation agent during this process. This process can generate active carbon with a high yield of about 83%, possible to manufacture 1T/day of carbon black, and the production volume of the ultimate activated carbon product will be 1.2T. The capacity of WCBE is from 2T~5T per day;

- Wanda 5 Catalyst. CDI Wanda offers a catalyst which is involved in the recycling process of each machine. This catalyst named the Wanda 5 Catalyst is a proprietary catalyst, which is critical to the recycling process. CDI Wanda sells the Wanda 5 Catalyst in tandem with its equipment. The relationship is similar to the printer/toner or razor/razor blade. The equipment is not effective without the Wanda 5 Catalyst. CDI Wanda offers the Wanda 5 Catalyst pre formulated for each model. The domestic sales price of Wanda 5 Catalyst is approximately $1,282/Ton and the international sale price is $2,564/Ton.

PRICING CHART

WANDA PYROLYSIS EQUIPMENT ("WPE")

Daily Oil Output	Input	Price	Catalyst (Kg)	Technology Transferring Fee	Domestic Installation Fee	I In
0.3T	0.9T	$ 7,565	2.7	$ 3,850	Included	25%
0.5T	1.2T	$ 10,128	3.6	$ 3,850	Included	25%
1T	2.5T	$ 15,128	7.5	$ 3,850	Included	25%
2T	5T	$ 21,282	15	$ 3,850	Included	25%
8T	20T	$333,000	60	$ 12,820	$ 25,640	25%
16T	40T	$656,410	120	$ 12,820	$ 25,640	25%

WANDA DISTILLATION EQUIPMENT ("WDE")

Daily Oil Output
Gasoline/Diesel/Heavy Oil Ratio:
2:6:2

Gasoline	Diesel	Heavy Oil	Input (Vaporized Heavy Oil)	Price
0.06T	0.18T	0.06T	0.3T	$10,512
0.1T	0.3T	0.1T	0.5T	$15,128
0.2T	0.6T	0.2T	1T	$22,820
0.4T	1.2T	0.4T	2T	$30,512

WANDA CARBON BLACK EQUIPMENT ("WCBE")

Daily Carbon Output	Input	Price
1T	1.2T	$42,180
2T	2.4T	$47,308
5T	6T	$78,077

Sales and Marketing

CDI Wanda has a sales and marketing division which covers East China, Southeast Asia and Europe. The primary clients of CDI Wanda fuel refineries. CDI Wanda sold 55 and 200 systems in 2005 and 2006 respectively. Included in these figures CDI Wanda sold 6 units international in each 2005 and 2006. CDI Wanda employs four full time salespersons. Salespersons are compensated with salary and commission. Salespeople can earn commissions from 5% to 8% of the gross margin. CDI Wanda relies on online promotions to market the CDI Wanda line of equipment. CDI Wanda company website: http://www.wdxny.com

CHINA DIRECT CONSULTING

China Direct Consulting is a full service advisory organization specializing in providing services to entities with less than $100 million in annual revenues operating in China which are traded on the U.S. capital markets. We offer a comprehensive suite of services tailored to the specific needs of our clients. The suite of services offered by China Direct Consulting includes:

- U.S. representative offices
- Translation - English/Chinese
- General business consulting services
- Merger and acquisition strategy planning and analysis
- Advice on U.S. capital markets, including assessment of potential sources of investment capital
- Coordination of professional resources
- Corporate asset evaluation
- Public relations and seminars
- Advice and structure assistance for strategic alliances, partnerships and joint ventures
- Modeling/valuation analysis

We enter into agreements with our clients for which the terms are generally for 36 months and the amount of our fee is based upon the scope of the services we provide under the engagement. For each of 2006 and 2005, we had consulting agreements with and earned revenues from the following clients:

	FISCAL 2006		2
CLIENT COMPANY	$	% OF TOTAL	$
Dragon Capital Group Corp. (a related party)(1)....	$ 517,000	24%	$ 849,00
Linkwell Corporation	620,513	29%	301,15
Dragon International Group Corp.	311,600	15%	
Sunwin International Neutraceuticals	186,300	8%	362,27
Sense Holdings, Inc.	450,000	21%	
Principal and CIIC	39,480	2%	
Misc	19,202	1%	26,00
	$2,144,095	100%	$1,538,42

A brief description of China Direct Consulting's clients is as follows:

- Linkwell Corporation (OTCBB: LWLL) is located in Shanghai, China and specializes in the development, production, sale, and distribution of disinfectant health care products. On August 24, 2005, Linkwell Corporation engaged us as a consultant to advise its management in areas related to marketing and operational support in the U.S., media and public relations, mergers and acquisitions, financial advisory and SEC disclosure compliance. In addition, we also provide Linkwell with translation services for both English and Chinese documents. Under the terms of our one year agreement, we received 2,000,000 shares of Linkwell Corp. common stock, valued at $160,000, as compensation for our services, and we were granted three year warrants to purchase 2,125,000 shares of common stock at an exercise price of $0.20 per share commencing in January 2006. Linkwell also agreed to pay us additional fees for our services as may be mutually agreed upon. Upon mutual agreement our contract with Linkwell Corporation was extended to December 31, 2006 under the existing contractual arrangements. Under the terms of a three year agreement between Linkwell Corporation and China Direct Consulting signed on January 1, 2007, we received 4,700,000 shares of Linkwell Corp. common stock. The agreement may be terminated by either party upon 30 days notice; however, compensation earned or accrued through the date of termination is retained.

- Sunwin International Neutraceuticals, Inc. (OTCBB: SUWN) manufactures and sells Stevioside, a natural sweetener, veterinary products and herbs used in traditional Chinese medicine. All of Sunwin International's operations are located in the People's Republic of China. In January 2006 we entered into a three year agreement with Sunwin International under which we were engaged to provide support to Sunwin International in a variety of areas, including general business consulting, translation services, management of professional resources, identification of potential acquisition targets and investment sources, development of marketing plans and coordination of its public disclosure. As compensation for our services, we received an aggregate of 2,430,000 shares of Sunwin International's common stock, which included shares to be issued to us as compensation under a prior June 2005 agreement, for an aggregate compensation value of $558,900. The agreement may be terminated by either party upon 30 days notice; however, compensation earned or accrued through the date of termination is retained.

- Dragon International Group Corp. (OTCBB: DRGG) manufactures and distributes paper and integrated packaging paper products with all of their operations located in the People's Republic of China. In January 2006 we entered into a three year agreement with Dragon International under which we were engaged to provide support to Dragon International in a variety of areas, including general business consulting, translation services, management of professional resources, identification of potential acquisition targets and investment sources, development of marketing plans and coordination of its public disclosure. As compensation for our services, we received an aggregate of 6,000,000 shares of Dragon International's common stock, for an aggregate compensation value of $540,000. The agreement may be terminated by either party upon 30 days notice; however, compensation earned or accrued through the date of termination is retained.

- Dragon Capital Group Corp. (Pink Sheets: DRGV) is a management company for emerging technology companies in China. In January 2005 we entered into a three year agreement with Dragon Capital under which we have were engaged to provide support to Dragon Capital in a variety of areas, including general business consulting, translation services, management of professional resources, identification of potential acquisition targets and investment sources, development of marketing plans and coordination of its public disclosure. As compensation for our services, we received an aggregate of 30,000,000 shares of Dragon Capital's common stock, for an aggregate compensation value of $735,000. The agreement may be terminated by either party upon 30 days notice; however, compensation earned or accrued through the date of termination is retained. Dragon Capital is a related party. See Part III, Item 12. Certain Transactions and Related Transactions, and Director Independence appearing later in this annual report.

- CIIC Investment Banking Services (Shanghai) Company Limited, a Chinese limited liability company, is a consulting company assisting Chinese entities to access the U.S. capital markets. In February 2005 we entered into a three year mutual agreement with CIIC Investment Banking Services (Shanghai) Company, Limited under which we have been engaged to provide support to CIIC Investment Banking Services (Shanghai) Company Limited, and we engaged CIIC Investment Banking Services (Shanghai) to provide us with support, each to provide such services in a variety of areas, including general business consulting, translation services, management of professional resources, identification and strategy planning of potential acquisition targets and investment sources, development of marketing plans, due diligence on potential clients, and assistance with GAAP auditing. We pay fees and expenses to each other as determined on a case-by-case basis. The agreement may be terminated by either party upon 30 days notice, however, the compensation paid to either party is non refundable. CIIC Investment Banking Services (Shanghai) Company Limited is an affiliate of our company. Mr. Marc Siegel, our President, is also the

Chairman of the Board and Dr. James Wang, our CEO, is a director. In December 2006, CIIC Investment Banking Services (Shanghai) Company Limited ceased operations. In part in an effort to fill this void, we formed CDI Shanghai Management.

- Sense Holdings, Inc. is a provider of biometric solutions. In November 2006 we entered into a one month agreement with Sense Holdings, Inc. under which we were engaged to provide support to Sense Holdings, Inc. in a variety of areas, including assist with translation of documents (Chinese/English), identification, evaluation and structure of potential mergers and acquisitions, advice on corporate structure and capital events (i.e.

divestitures, spin-offs joint ventures), and evaluate and assess potential sources of investment capital. As compensation for our services, we received an aggregate of 5,000,000 shares of Sense Holdings, Inc. common stock, for an aggregate compensation value of $450,000.

ENGAGEMENT OF ROTH CAPITAL PARTNERS, LLC

In January 2007 we engaged Roth Capital Partners, LLC, a broker-dealer and member of the National Association of Securities Dealers, Inc., to serve as our financial advisor and investment banker. Under the terms of the 12 month agreement, Roth Capital Partners will provide general financial advisory and investment banking services to us. We paid Roth Capital Partners a fee of $25,000 and $20,000 to cover its initial expenses under the agreement. If we enter into any financing transactions with sources introduced by Roth Capital Partners, we will pay that firm a cash fee of 8% of the amount of capital raised as well as a 2% non-accountable expense allowance. If we enter into a merger, acquisition or similar business combination with a company introduced by Roth Capital Partners, we will pay that firm a transaction fee equal to the greater of $200,000 or 2.5% of the aggregate consideration involved. In both such transactions, we will also grant Roth Capital Partners warrants which will be exercisable into either 10% of the securities issued in a financing transaction or 10% of the common stock issued by us, at its option, with an exercise price equal to 110% of the five day VWAP and containing cashless exercise and registration rights provisions. The agreement contains customary confidentiality and indemnification provisions.

INTELLECTUAL PROPERTY

Our success depends in part on our ability to protect our intellectual property. To protect our proprietary rights, we rely generally on copyright, trademark and trade secret laws, confidentiality agreements with employees and third parties, and agreements with consultants, vendors and customers, although we have not signed such agreements in every case. Despite such protections, a third party could, without authorization, copy or otherwise obtain and use our intellectual property. We can give no assurance that our agreements with employees, consultants and others who participate in development activities will not be breached, or that we will have adequate remedies for any breach, or that our trade secrets will not otherwise become known or independently developed by competitors.

We may pursue the registration of certain of our trademarks and service marks in the United States, although we have not secured registration of all our marks. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the United States, and effective copyright, trademark and trade secret protection may not be available in such jurisdictions. In general, there can be no assurance that our efforts to protect our intellectual property rights through copyright, trademark and trade secret laws will be effective to prevent misappropriation of our content. Our failure or inability to protect our proprietary rights could materially adversely affect our business financial condition and results of operations.

We have also obtained the right to the Internet addresses www.cdii.net and www.chinadirectinvestments.com. As with phone numbers, we do not have and cannot acquire any property rights in an Internet address. We do not expect to lose the ability to use these Internet addresses; however, there can be no assurance in this regard and the loss of either of these addresses could materially adversely affect our business financial condition and results of operations.

COMPETITION

We are a young company with a limited operating history for our China

Direct Consulting division. The majority of our operational focus is on identifying and completing additional acquisitions for CDI China. In identifying, evaluating and selecting target businesses, CDI China may encounter intense competition from other entities having a business objective similar to ours, including leveraged buyout and other private equity funds, operating businesses and other entities and individuals, foreign and domestic, competing for business combinations with Chinese-based companies. Many of these entities are well established and have extensive experience identifying and effecting business combinations directly or through affiliates. Most of these competitors possess greater financial, marketing, technical, human and other resources than we do, and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe there are numerous potential target businesses that may be available to us through the leverage of our relationships with our consulting clients and other professionals operating within China, our ability to compete in acquiring certain sizable target businesses will be limited by our available financial resources.

Lang Chemical competes with a variety of companies which include global and domestic distribution agents as well as manufacturers. Lang Chemical believes it offers a competitive advantage over its competitors due to quality, supply, distribution capability, and price. Lang Chemical has distribution relationships with manufacturing companies including BASF-YPC Company Ltd., Celanese (China) Holding Co., Ltd. and Lucite International (China) Chemical Industry Co., Ltd. which have developed a reputation for quality within the industry. In addition, it has relationships with global synthetic manufacturers that have the resources to maintain adequate inventory levels thereby ensuring Lang Chemical's ability to provide its customers with sufficient supply of quality products.

Lang Chemical has established distribution channels within the eastern section of China and has developed stable relationships with various resources along the distribution channels. As a result, Lang Chemical is capable of delivering quality product on a consistent schedule. It believes that this dependability is a factor in the relationships with both the manufacturers as well as the customers. Finally, Lang Chemical receives wholesale discounts from BASF-YPC Company Ltd., Celanese (China) Holding Co., Ltd. and Lucite International (China) Chemical Industry Co., Ltd. As a result, Lang Chemical's supply price is approximately 2% to 3% lower than its competitors.

The magnesium market in China is dominated by several large manufacturers. The main participants in the industry are Tongxiang Magnesium, YiWei Magnesium and Yingguang Magnesium. Tongxiang Magnesium located in Taiyuan City, of the Shanxi province is the largest magnesium manufacturer in China with annual production of $65 million; Yunhai Magnesium of the Jiangsu Province offers high quality magnesium alloy products. Yunhai Magnesium primarily sells to the domestic market in China.

China has 102 magnesium manufacturers with 467,600 metric tons production in 2005. China has been world's leading magnesium producer for 8 years. Raw magnesium production volume increased 139% from 2000 to 2005; the production of magnesium ingot increased 345.5% and magnesium powder increased 89.04% in the same time period.(7)

China Direct Consulting competes with a wide range of companies, from large management consulting companies that offer a broad range of consulting services, to small firms and independent contractors that provide specialized services. Some of our competitors have significantly more financial resources, larger professional staffs and greater brand recognition than we do. Since our consulting business depends in a large part on professional relationships, our business has low barriers of entry for competitors. We believe that our ability to successfully compete for new consulting clients and to retain our existing clients is dependent upon our ability to offer a wide range of services and to effectively respond to our client's needs on a timely and cost effective basis. We cannot assure you that we will compete successfully for new business opportunities or retain our existing clients.

The toy and entertainment industry within China is subject to intense competition. China is the world's biggest toy manufacturer and exporter, with nearly 8,000 toy enterprises producing three quarters of the entire world's toys inside China.(8)

China's toys now constitute 75% of world output, according to the China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts. And the bulk comes from Guangdong province, home to more than 5,000 of China's 8,000 toy factories. At peak times, some 1.5 million workers are making toys in Guangdong, which borders Hong Kong. Last year, the province

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(7) Source: China Magnesium Industry Report 2005, pp. 4-5, March 2006

(8) http://en.ce.cn/Industries/Consumen-Industries/200505/27/t20050527_3927047.shtml

accounted for 78% of China's $15.2 billion of toy exports, a 10% jump from 2004, according to customs figures.(9)

While most international toy companies already source their toys from China, until now very few successfully entered the Chinese toy market itself. The Chinese market for toys is often portrayed as the potentially largest in the world. No other country has more children living in its boundaries. More than 300 million Chinese are children under 14, accounting for more than a quarter of the total population in China.(10)

GOVERNMENT REGULATION

Doing Business in the PRC

Our operations in the PRC, including Lang Chemical and Chang Magnesium, as well as the future operations of our newly formed entities, CDI Shanghai Management, Luma Logistic, and Big Tree are subject to the PRC legal system. Since 1979, many laws and regulations addressing economic matters in general have been promulgated in the PRC. Despite development of its legal system, the PRC does not have a comprehensive system of laws. In addition, enforcement of existing laws may be uncertain and sporadic, and implementation and interpretation thereof inconsistent. The PRC judiciary is relatively inexperienced in enforcing the laws that exist, leading to a higher than usual degree of uncertainty as to the outcome of any litigation. Even where adequate law exists in the PRC, it may be difficult to obtain swift and equitable enforcement of such law, or to obtain enforcement of a judgment by a court of another jurisdiction. The PRC's legal system is based on written statutes and, therefore, decided legal cases are without binding legal effect, although they are often followed by judges as guidance. The interpretation of PRC laws may be subject to policy changes reflecting domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the preemption of local regulations by national laws may adversely affect foreign investors. The trend of legislation over the past 20 years has, however, significantly enhanced the protection afforded foreign investors in enterprises in the PRC. However, there can be no assurance that changes in such legislation or interpretation thereof will not have an adverse effect upon our future business operations or prospects.

Economic Reform Issues

Since 1979, the Chinese government has reformed its economic systems. Many reforms are unprecedented or experimental; therefore they are expected to be refined and improved. Other political, economic and social factors, such as political changes, changes in the rates of economic growth, unemployment or inflation, or in the disparities in per capita wealth between regions within China, could lead to further readjustment of the reform measures. We cannot predict if this refining and readjustment process may negatively affect our operations in future periods.

Over the last few years, China's economy has registered a high growth rate. Recently, there have been indications that rates of inflation have increased. In response, the Chinese government recently has taken measures to curb this excessively expansive economy. These measures have included devaluations of the Chinese currency, the Renminbi, restrictions on the availability of domestic credit, reducing the purchasing capability of certain of its customers, and limiting re-centralization of the approval process for purchases of some foreign products. These austerity measures alone may not succeed in slowing down the economy's excessive expansion or control inflation, and may result in severe dislocations in the Chinese economy. The Chinese government may adopt additional measures to further combat inflation, including the establishment of freezes or restraints on certain projects or markets. There can be no assurance that the reforms to China's economic system will continue or that there will not be changes in China's political, economic, and social conditions and changes in policies of the Chinese government, such as changes in laws and regulations, measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and remittance abroad, and reduction in tariff protection and other import restrictions.

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(9) http://www.usatoday.com/money/world/2006-12-20-china-toys-usat_x.htm

(10) http://www.fiducia-china.com/News/2003/3010-1353.html

Regulations Applicable to Lang Chemical's Business

Regulation of the chemical industry within China is monitored by The Ministry of China Chemical Industry. Industry participants are governed by the Industrial Chemical Control Law (ICCL) issued by the Ministry of China Chemical Industry.

The Shanghai provincial government issues licenses for the distribution of chemical products in China. In January 1998 Lang Chemical received its license to operate within the chemical industry. Lang Chemical believes it is in substantial compliance with all provisions of those registrations, inspections and licenses and has no reason to believe that they will not be renewed as required by the applicable rules of the Central Government and Shanghai City.

Regulations Applicable to Chang Magnesium's Business

China's Mining Ministry, and other provincial, county and local authorities in jurisdictions in which our products are processed or sold, monitors the processing, storage, and distribution of our magnesium products. Our processing facilities will be subject to periodic inspection by national, provincial, county and local authorities. We may not be able to comply with current laws and regulations, or any future laws and regulations. To the extent that new regulations are adopted, we will be required to conform our activities in order to comply with such regulations. We may be required to incur substantial costs in order to comply. Our failure to comply with applicable laws and regulations could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material and adverse effect on our business, operations and finances. Changes in applicable laws and regulations may also have a negative impact on our sales.

Regulations Applicable to CDI Wanda's Business

The PRC's Regulation on the Administration of the Crude Oil Market (the "Regulation"), which was issued by the Ministry of Commerce ("MOFCOM") on December 4, 2006, came into force on January 1, 2007. The new rules represent the country's commitment upon its WTO entry in 2001 to open up crude sales and the oil product wholesale sector in the domestic market. Until now, the central government has had full control over the allocation of crude resources in China, while the country's two state-owned oil giants, China National Petroleum Corporation and China Petrochemical Corporation Group (Sinopec Group) have control over domestic oil products wholesaling. Under the new rules, other qualified companies will be able to conduct crude sales and oil products wholesaling in China, bringing an end to state control of the Chinese oil market, the ministry said. The oil products being governed by the new rules include gasoline, ethanol-blended gasoline, kerosene, gas oil, and biodiesel. The new rules will come into effect on January 1, 2007.

Investment Company Act of 1940

U.S. companies that have more than 100 shareholders or are publicly traded in the U.S. and are, or hold themselves out as being, engaged primarily in the business of investing, reinvesting or trading in securities are subject to regulation under the Investment Company Act of 1940. While we do not believe we are an "investment company" within the scope of the Investment Company Act of 1940, historically we have accepted shares of a consulting client's securities as compensation for our services. During the time we were privately held, the holding of these securities did not make us subject to the Investment Company Act of 1940 as we did not meet the shareholder numerical test. Following the share exchange with described below, however, while our business model has not changed, by virtue of the percentage of the value of marketable equity securities we hold (which were received as compensation for our services and not purchased as an investment) under certain circumstances we could be subject to the provisions of the Investment Company Act of 1940.

Because Investment Company Act regulation is, for the most part, inconsistent with our strategy of providing business consulting services and overseeing the operations of our subsidiaries, we cannot feasibly operate our business as a registered investment company. Our Board of Directors has adopted a resolution stating that it is not our intent to become subject to the Investment Company Act of 1940 and authorizing our officers to take such actions as are necessary, including the periodic liquidation of any marketable equity securities we may own to reduce those holdings below the threshold level as prescribed by the Investment Company Act of 1940. If we are deemed to be, and are required to register as, an investment company, we will be forced to comply with substantive requirements under the Investment Company Act of 1940, including:

- limitations on our ability to borrow;
- limitations on our capital structure;
- restrictions on acquisitions of interests in associated companies;
- prohibitions on transactions with affiliates;
- restrictions on specific investments; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations.

EMPLOYEES

As of March 28, 2007 we have a total of 441 full-time employees, including:

- 10 employees, including our executive officers, in our U.S. operations,
- 8 employees at CDI Shanghai Management,
- 17 employees at Lang Chemical,
- 306 employees at Chang Magnesium, including 6 with Changxin Trading,
- 1 employee at Luma Logistic,
- 2 employees at Big Tree,
- 59 employees at Jieyang Big Tree, and
- 38 employees at CDI Wanda.

We are required to contribute a portion of our employees' total salaries to the Chinese government's social insurance funds, including medical insurance, unemployment insurance and job injuries insurance, and a housing assistance fund, in accordance with relevant regulations. We expect the amount of our contribution to the government's social insurance funds to increase in the future as we expand our workforce and operations. As of March 28, 2007 we had 14 full-time, salaried employees who receive labor insurance, 6 at Lang Chemical, 8 at CDI Shanghai Management. For fiscal 2006 the cost of this insurance was approximately $994 which was all incurred by Lang Chemical. These employees are organized into a union under the labor laws of China and can bargain collectively with us. We maintain good relations with our employees.

CONSULTANTS AND ADVISORS

From time to time we engage third party consultants to provide certain specific services to us, including:

- In November 2006 we engaged Skyebanc, Inc., a broker dealer and member of the NASD, to act as our non-exclusive financial advisor and to provide general advice to us as an investment banker under the terms of a six-month agreement. As compensation we issued Skyebanc, Inc. five year warrants to purchase 30,000 shares of our common stock at an exercise price of $4.00 per share. In September 2006 we had previously entered into a one year agreement with Skyebanc, Inc. to act as a finder for us in business and financing transactions. Under the terms of the agreement which we agreed to pay that firm a finder's fee of 10% of value of any transaction we close. Both agreements contain customary non-disclosure provisions.

- On March 1, 2006, China Direct Consulting entered into a one-year agreement with Mr. Richard Galterio pursuant to which Mr. Galterio was been engaged to provide general business consulting services and to identify and evaluate potential mergers and acquisitions. The agreement provided that the options granted to him as compensation became null and void unless Mr. Galterio joined China Direct Consulting on or before September 30, 2006 and he rendered at least three months of full time service to China Direct Consulting as an employee. As Mr. Galterio's other business obligations prevented him from joining our company when anticipated, upon mutual agreement of the parties, on December 31, 2006 China Direct Consulting entered into a new one-year agreement with him. Under the terms of this agreement, China Direct Consulting engaged Mr. Galterio to provide general business consulting services to it and to assist it in the identification, evaluation and structure of potential business combinations. As compensation we granted Mr. Galterio five year options to purchase 1,000,000 shares of our common stock with an exercise price of $0.30 per share and five year options to purchase an additional 100,000 shares of our common stock with an exercise price of $2.50 per share. The options fully vest upon Mr. Galterio joining our company as an employee. If, however, Mr. Galterio does not join our company on or before February 1, 2007, the options are cancelled. China Direct Consulting also agreed to pay him transaction-based fees. The agreement contains customary indemnification and non-solicitation clauses and is extendable for an additional six month term upon the mutual consent of the parties. Mr. Galterio currently is a principal of Skyebanc, Inc., a NASD member firm, and is a member of the Board of Directors of Spare Backup, Inc. (OTCBB: SPBU).

- On August 22, 2006, China Direct Consulting entered into a 90 day agreement with ROI Group Associates, Inc. to monitor and respond to incoming investor inquiries, draft public releases, and organize investor seminars. As compensation for the services, we issued ROI Group Associates five year warrants to purchase 50,000 shares of our common stock at an exercise price of $4.00 per share. The warrants include a cashless exercise provision and we granted the holder piggy-back registration rights covering the shares of common stock underlying the warrant. We agreed to reimburse ROI Group Associates for certain expenses, such as travel, printing and mailing and outsourced profession services, it may incur under the agreement

- On January 1, 2007, we entered into a one year agreement with HC International, Inc. to provide consulting services to us generally in the areas of investor relations, shareholder communications and media relations. As compensation for the services, we agreed to pay HC International a monthly cash fee of $7,500. We also granted it three year warrants to purchase 50,000 shares of our common stock at an exercise price of $2.50 per share which contain a cashless exercise provision. Provided that we have not terminated the agreement, no later than May 15, 2007 we will issue it 75,000 shares of our common stock and at the end of the term of the agreement we will grant HC International a warrant to purchase an additional 100,000 shares of our common stock with an exercise price of $2.50 per share, exercisable on a cashless basis, as a retention fee. We granted HC International piggy-back registration rights over all of these shares. We agreed to reimburse HC International for certain expense. The agreement, which may be terminated by us for a material breach by HC International during the first six months of the agreement and thereafter it may be terminated at our option if HC International is unable to fulfill its obligations there under. The agreement contains customary confidentiality provisions.

- In January, 2007, we engaged Roth Capital Partners, LLC, a broker-dealer and member of the National Association of Securities Dealers, Inc., to serve as our financial advisor and investment banker. Under the terms of the 12 month agreement, Roth Capital Partners will provide general financial advisory and investment banking services to us. We paid Roth Capital Partners a fee of $25,000 and $20,000 to cover its initial expenses under the agreement. If we enter into any financing transactions with sources introduced by Roth Capital Partners, we will pay that firm a cash fee of 8% of the amount of capital raised as well as a 2% non-accountable expense allowance. If we enter into a merger, acquisition or similar business combination with a company introduced by Roth

Capital Partners, we will pay that firm a transaction fee equal to the greater of $200,000 or 2.5% of the aggregate consideration involved. In both such transactions, we will also grant Roth Capital Partners warrants which will be exercisable into either 10% of the securities issued in a financing transaction or 10% of the common stock issued by us, at its option, with an exercise price equal to 110% of the five day VWAP and containing cashless exercise and registration rights provisions. The agreement contains customary confidentiality and indemnification provisions.

OUR HISTORY

We were incorporated on June 7, 1999 in Delaware initially under the name Caprock Corporation to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. On November 26, 1999, International Internet, Inc., a Delaware corporation, acquired 100% of our issued and outstanding stock from TPG Capital Corporation, our sole stockholder, pursuant to a stock purchase agreement in exchange for 50,000 shares of common stock of International Internet, Inc. In December 1999 Caprock was merged into International Internet with International Internet being the surviving company. Effective November 21, 2000, International Internet changed its name to Evolve One, Inc.

Our original business was operated as a developmental stage company in Mr. Cigar, Inc., which was formed in May 1997. Mr. Cigar was in the business of licensing, selling and/or operating cigar vending machines. We formed StogiesOnline.com, Inc. in April 1999. StogiesOnline was an online distributor and retailer of brand name premium cigars within the United States. As a result of the initial success of the StogiesOnline website, we refocused our resources in 1999 into the Internet cigar sales market and other specialty goods. We sold the vending equipment and business of Mr. Cigar in December 1999. As described earlier in this section, in October 2005 we discontinued the operations of StogiesOnline.com.

In February 1999, we formed GoldOnline.com, Inc. for the purpose of acquiring the domain name GoldOnline.com. The domain name was acquired for $25,000 and 3,200 shares of our common stock. In June 1999, we sold 100% of the issued and outstanding stock in GoldOnline.com, Inc. for 1,000,000 shares of the common stock of GoldOnline International, Inc. resulting in no gain or loss to us.

We formed Web Humidor.com Corp. in April 1999 for the purpose of acquiring the domain name WebHumidor.com. The domain name was acquired for $3,000 and 30,000 shares of WebHumidor.com Corp. common stock and 320 shares of our common stock. This subsidiary remains inactive.

We acquired American Computer Systems ("ACS") effective September 30, 1999 for $150,000. We sold 80% of our investment effective March 31, 2001 for $500,000, and on September 11, 2001 we sold the remaining 20% interest to an ACS officer in exchange for discharge of any liabilities of ACS.

We acquired 90% of the capital stock of TheBroadcastWeb.com, Inc. in June 1999 for $18,000 cash and 120 shares of our common stock. On December 14, 2001, we sold our interest to NYCLE Acquisition Corp. Under the terms of the transaction, the purchaser assumed substantially all of the on-going liabilities of TheBroadcastWeb.com, Inc. and we received certain advertising time which was valued at approximately $100,000, consisting of two ad spots per hour, per format for a two year period. The purchaser did not assume an intra-company payable or any liabilities for outstanding federal, state and local taxes as well as payroll obligations incurred prior to December 15, 2001.

On September 28, 2001, we formed A1DiscountPerfume Inc. and in October 2001, launched a new e-commerce site specializing in men's and women's fragrances. As a result of an increase in charge backs related to the unauthorized use of credit cards by third parties to make online purchases of merchandise from A1DiscountPerfume, as well as significant competition within this market segment, as of December 31, 2004 we discontinued the operations of A1Discount Perfume Inc.

On June 25, 2004, we purchased the URL www.Auctionstore.com for $6,500. On July 22, 2004 we formed, Auctionstore.com which was to function as an

Internet-based seller of consigned merchandise whose primary medium of sales is eBay(TM). In May 2005 we formed a new subsidiary, AuctionStore Franchise Corp., to market and service franchises of AuctionStore.com. This subsidiary is inactive. As described earlier in this section, in October 2005 we discontinued the operations of AuctionStore.com.

On August 16, 2006 we acquired 100% of the issued and outstanding stock of China Direct Consulting in exchange for 10,000,000 shares of our common stock, which at closing, represented approximately 95% of our issued and outstanding shares of the our common stock. As a result of the reverse merger transaction, China Direct Consulting became a wholly owned subsidiary. For financial accounting purposes, the transaction in which we acquired China Direct Consulting was treated as a recapitalization of our company with the former stockholders of the company retaining approximately 5.0% of the outstanding stock of our company. As a result of the transaction, the business of China Direct Consulting became the business of our company.

In September 2006, we changed the name of our company to China Direct, Inc.

On September 24, 2006 our wholly owned subsidiary, CDI China entered into a stock acquisition agreement with Lang Chemical and its sole stockholders Jingdong Chen and Qian Zhu, pursuant to which CDI China was to acquire 51% of Lang Chemical in exchange for an initial capital infusion of $375,000, followed by an additional capital infusion of $326,250 on or before June 30, 2007. Under the terms of the stock exchange agreement, the condition precedents to the closing were:

- the requirement that Lang Chemical deliver to CDI China, on or before October 31, 2006, audited financial statements of Lang Chemical at December 31, 2005 and for the two years then ended which reflected revenues of $31,740,000 for the fiscal year ended December 31, 2005 and net assets of $767,197 at December 31, 2005, and

- Mr. Chen and Ms. Zhu were to enter into employment agreements with CDI Shanghai Management, a Chinese limited liability company and wholly owned subsidiary of CDI China, which was to be formed to manage the daily operations of Lang Chemical.

- On October 25, 2006 the transaction closed according to its terms. At the closing of the transaction, CDI Shanghai Management entered into employment agreements with each of Mr. Chen and Ms. Zhu. Mr. Chen will serve as Executive Vice President, supervising the operations of Lang Chemical, and Ms. Zhu will serve as Executive Vice President supervising financial management of Lang Chemical. The terms of the five year agreements are identical and provide for no annual compensation with bonuses at the discretion of the company. The agreements contain customary confidentiality provisions.

On October 15, 2006 our wholly owned subsidiary, CDI China, entered into an acquisition agreement with Chang Magnesium. Under the terms of the agreement CDI China agreed to infuse $1,000,000 to Chang Magnesium 10 days past closing. On or before September 30, 2007, CDI China shall deliver $800,000 of investment capital to Chang Magnesium and on or before December 31, 2007 CDI China shall deliver $750,000 of investment capital to Chang Magnesium. The closing of the transaction was subject to audited financial statements for Chang Magnesium which reflected a contribution to Chang Magnesium of property, plant or equipment with a minimum value of $2,450,000. In June 2006 Taiyuan YiWei Magnesium contributed property, plant and equipment valued at $2,567,353, which represented all the assets related to the magnesium plant, to Chang Magnesium.

- On December 22, 2006 the transaction closed pursuant to its terms. As a result CDI China holds a 51% majority interest in Chang Magnesium.

- At the closing of the transaction, CDI Shanghai Management entered into an employment agreement with Yuwei Huang. Mr. Huang will serve as Executive Vice President, supervising the operations of Chang Magnesium. The term of the one year agreement provides for no annual compensation with bonuses at the discretion of the company. The agreement contains customary confidentiality provisions.

RISK FACTORS

An investment in our common stock involves a significant degree of risk. You should not invest in our common stock unless you can afford to lose your entire investment. You should consider carefully the following risk factors and other information in this annual report before deciding to invest in our common stock.

RISKS RELATED TO OUR COMPANY

WE HAVE LIMITED HISTORY OF OPERATIONS AND WE CANNOT ASSURE YOU THAT OUR BUSINESS MODEL WILL BE SUCCESSFUL IN THE FUTURE OR THAT OUR OPERATIONS WILL BE PROFITABLE.

China Direct Consulting began operations in January 2005. CDI China began operations in August 2006. In October 2006 we acquired a majority ownership of Lang Chemical and in December 2006 we acquired a majority ownership interest in Chang Magnesium. Accordingly, investors have a limited history of operations upon which to evaluate our business. While we reported comprehensive income of $656,401 and $506,133 for the fiscal years ended December 31, 2006 and 2005, respectively, these results only give effect to the revenues and costs associated with these two acquisitions from their respective closing dates. Our operating results for future periods will include significant expenses, including marketing costs, and administrative and general overhead expenses related to those entities and which we will incur as we implement our business model to expand our operations, as well as increased legal and accounting fees we will incur as a public company following the reverse merger. As a result, we are unable to predict whether we will report profitable operations in the future. There can be no assurances whatsoever that we will be able to successfully implement our business model, identify and close acquisitions of operating companies, penetrate our target markets or attain a wide following for our services. We are subject to all the risks inherent in an early stage enterprise which has experienced rapid growth through acquisitions and our prospects must be considered in light of the numerous risks, expenses, delays, problems and difficulties frequently encountered in those businesses.

THE SUCCESS OF OUR BUSINESS MODEL IS DEPENDENT UPON OUR ABILITY TO IDENTIFY AND CLOSE ACQUISITIONS OF OPERATING COMPANIES IN CHINA. THE ACQUISITION OF NEW BUSINESSES IS COSTLY AND SUCH ACQUISITIONS MAY NOT ENHANCE OUR FINANCIAL CONDITION.

Our primary business and operational focus is on our CDI China subsidiary. Our growth strategy is to acquire companies and identify and acquire assets and technologies from businesses in China that have services, products, technologies, industry specializations or geographic coverage that extend or complement our existing business. The process to undertake a potential acquisition is time-consuming and costly. We expect to expend significant resources to undertake business, financial and legal due diligence on our potential acquisition targets and there is no guarantee that we will acquire the company after completing due diligence. The process of identifying and consummating an acquisition could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities and exposure to undisclosed or potential liabilities of acquired companies. While we have closed the acquisitions of a majority ownership interest in Lang Chemical and Chang Magnesium, there are no assurances that the operations of these business will enhance our future financial conditions, including to the extent that the businesses acquired in these transactions do not remain competitive, some or all of the goodwill related to that acquisition could be charged against our future earnings, if any.

WE HAVE RECENTLY EXPANDED OUR BUSINESS THROUGH THE ACQUISITION OF MAJORITY OWNERSHIP INTERESTS IN TWO COMPANIES LOCATED IN THE PRC. OUR MANAGEMENT MAY NOT BE SUCCESSFUL IN TRANSITIONING THE INTERNAL OPERATIONS OF PRIVATELY HELD CHINESE COMPANIES TO A SUBSIDIARY OF A U.S. PUBLICLY HELD COMPANY.

Pursuant to our business model in which we are seeking to acquire majority interests in Chinese operating companies, in the fourth quarter of fiscal 2006 we closed on acquisitions of a majority ownership interests in each of Lang Chemical and Chang Magnesium; two unrelated companies each located in the PRC.

The original owners of each of these companies continue to own the remaining 49% interest and are responsible for each company's day to day operations. While we have reasonable expectations that the core operations of these companies will continue as they have historically, our acquisition of these companies provides certain challenges for our company. In order to successfully integrate each of these companies into China Direct, and ensure that we timely meet our reporting requirements under the Securities Exchange Act of 1934, we will need to upgrade both the internal accounting systems at both Lang Chemical and Chang Magnesium, as well as educating each of their staffs as to the proper collection and recordation of financial data. We have recently increased our internal accounting staff which contains Chinese speaking individuals with accounting experience, but as we have only recently closed these transactions, we have not completed our review of the necessary systems upgrades or estimations of the costs associated therewith. If we are unable to properly and timely integrate the disclosure and accounting operations of these subsidiaries into our company, our ability to timely file our annual and quarterly reports, as well as other information we are required to file with the Securities and Exchange Commission, could be in jeopardy. Any failure on our part to meet the prescribed filing deadlines could lead to a delisting of our common stock from the OTC Bulletin Board which could adversely affect a stockholder's ability to resell his investment in our company.

THE VALUE OF THE EQUITY SECURITIES WE OCCASIONALLY ACCEPT AS COMPENSATION IS SUBJECT TO ADJUSTMENT WHICH COULD RESULT IN LOSSES TO US IN FUTURE PERIODS.

Historically we have accepted equity securities of consulting clients as compensation for our consulting services. These securities are reflected on our balance sheet as "investment in marketable securities held for sale". We evaluate quarterly the carrying value of each investment for a possible increase or decrease in value. Because we do not want to be considered an investment company, it is to our benefit to keep the carrying values of these securities as low as possible. This review may result in an adjustment to their carrying value which could adversely affect our operating results for the corresponding quarters in that we might be required to reduce our carrying value of the investments. In addition, if we are unable to liquidate these securities, we will be required to write off the investments which would adversely affect our financial position.

THE INVESTMENT COMPANY ACT OF 1940 WILL LIMIT THE VALUE OF SECURITIES WE CAN ACCEPT AS PAYMENT FOR OUR BUSINESS CONSULTING SERVICES WHICH MAY LIMIT OUR FUTURE REVENUES.

Until our acquisition of a majority interest in Lang Chemical in October 2006, and a majority interest in Chang Magnesium in December 2006, all of our revenues to date have been generated from our business consulting services. We have historically accepted stock as payment for our services and will likely continue to do so in the future, but only to the extent that it does not cause us to become an investment company under the Investment Company Act of 1940. To the extent that we are required to reduce the amount of stock we accept as payment for our business consulting services to avoid becoming an investment company, our future revenues from our business consulting services may substantially decline if our client companies cannot pay our fees in cash which will materially adversely effect our financial condition and results of operations in future periods. Any future change in our fee structure for our business consulting services could also severely limit our ability to attract business-consulting clients in the future.

WE CANNOT ASSURE YOU THAT THE CURRENT CHINESE POLICIES OF ECONOMIC REFORM WILL CONTINUE. BECAUSE OF THIS UNCERTAINTY, THERE ARE SIGNIFICANT ECONOMIC RISKS ASSOCIATED WITH DOING BUSINESS IN CHINA.

Although the majority of productive assets in China are owned by the Chinese government, in the past several years the government has implemented economic reform measures that emphasize decentralization and encourage private economic activity. In keeping with these economic reform policies, the PRC has been openly promoting business development in order to bring more business into the PRC. Because these economic reform measures may be inconsistent or ineffective, there are no assurances that:

- the Chinese government will continue its pursuit of economic reform policies;

- the economic policies, even if pursued, will be successful;
- economic policies will not be significantly altered from time to time; or
- business operations in China will not become subject to the risk of nationalization.

We cannot assure you that we will be able to capitalize on these economic reforms, assuming the reforms continue. Because our business model is dependent upon the continued economic reform and growth in China, any change in Chinese government policy could materially adversely affect our ability to implement our business model. China's economy has experienced significant growth in the past decade, but such growth has been uneven across geographic and economic sectors and has recently been slowing. Even if the Chinese government continues its policies of economic reform, there are no assurances that economic growth in that country will continue or that we will be able to take advantage of these opportunities in a fashion that will provide financial benefit to our company.

ACQUISITION EFFORTS IN FUTURE PERIODS MAY BE DILUTIVE TO OUR THEN CURRENT STOCKHOLDERS.

Our business model depends upon the issuance of our securities to consummate acquisitions in the future. As a result, the percentage ownership of our company held by existing stockholders will be reduced and those stockholders may experience significant dilution. In addition, new securities may contain certain rights, preferences or privileges that are senior to those of our common stock. As we will generally not be required to obtain the consent of our stockholders before entering into acquisition transactions, stockholders are dependent upon the judgment of our management in determining the number of, and characteristics of stock issued as consideration in an acquisition.

WE WILL NEED ADDITIONAL FINANCING WHICH WE MAY NOT BE ABLE TO OBTAIN ON ACCEPTABLE TERMS. ADDITIONAL CAPITAL RAISING EFFORTS IN FUTURE PERIODS MAY BE DILUTIVE TO OUR THEN CURRENT STOCKHOLDERS OR RESULT IN INCREASED INTEREST EXPENSE IN FUTURE PERIODS.

We will need to raise additional working capital to continue to implement our business model. While our business model contemplates the potential for the issuance of equity securities for the stock of the acquired company, capital may be needed for the acquisition of these companies. Capital will also be needed for the effective integration, operation and expansion of these businesses. Our future capital requirements, however, depend on a number of factors, including our operations, the financial condition of an acquisition target and its needs for capital, our ability to grow revenues from other sources, our ability to manage the growth of our business and our ability to control our expenses. If we raise additional capital through the issuance of debt, this will result in increased interest expense. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our company held by existing stockholders will be reduced and those stockholders may experience significant dilution. In addition, new securities may contain certain rights, preferences or privileges that are senior to those of our common stock. We cannot assure you that we will be able to raise the working capital as needed in the future on terms acceptable to us, if at all. If we do not raise funds as needed, we will be unable to fully implement our business model, fund our ongoing operations or grow our company.

THE TERMS OF OUR RECENTLY COMPLETED FINANCING MAY MAKE IT MORE DIFFICULT FOR US TO RAISE CAPITAL IN FUTURE PERIODS.

Under the terms of our recently completed financing, we contractually agreed to a number of covenants which may make it more difficult for our company to raise capital as needed. These covenants included in our agreement are:

- not to file any registration statements without the consent of the purchasers in the offering until the sooner of 180 days from the effective date of the registration statement of which this report is a part or until all the shares, including the shares underlying the warrants, have been resold or transferred by the purchasers pursuant to the registration statement or Rule 144 of the Securities Act of 1933, without regard to volume limitations,

- not to issue any equity, convertible debt or other securities convertible into common stock or equity of our company without the prior written consent of the purchasers during this same period, and

- until the sooner of October 27, 2008 or until all the shares sold in the offering, including the shares issuable upon exercise of the warrants, have been resold or transferred by all the purchasers, not to enter into any equity line of credit or similar agreement, or to issue any floating or variable priced equity linked instruments with price reset rights.

Because we have no control over when the registration statement of which this report is a part will be declared effective by the SEC, it is possible that we will need to raise additional capital prior to the expiration of the above timeframes. If we are unable to secure the consent of the purchasers in the offering to a subsequent offering and registration statement, we may be unable to obtain additional capital as necessary to fund our ongoing operations or acquisitions of additional companies which could adversely impact our ability to grow our company.

OUR MANAGEMENT MAY BE UNABLE TO EFFECTIVELY INTEGRATE OUR ACQUISITIONS AND TO MANAGE OUR GROWTH AND WE MAY BE UNABLE TO FULLY REALIZE ANY ANTICIPATED BENEFITS OF THESE ACQUISITIONS.

We are subject to various risks associated with our growth strategy, including the risk that we will be unable to identify and recruit suitable acquisition candidates in the future or to integrate and manage the acquired companies. We face particular challenges in that our acquisition strategy is based on companies located in and operating within China. Acquired companies' histories, the geographical location, business models and business cultures will be different from ours in many respects. Even if we are successful in identifying and closing acquisitions of companies, our directors and senior management will face significant challenges in their efforts to integrate the business of the acquired companies or assets and to effectively manage our continued growth. Any future acquisitions will be subject to a number of challenges, including:

- the diversion of management time and resources and the potential disruption of our ongoing business;

- difficulties in maintaining uniform standards, controls, procedures and policies;

- potential unknown liabilities associated with acquired businesses;

- the difficulty of retaining key alliances on attractive terms with partners and suppliers; and

- the difficulty of retaining and recruiting key personnel and maintaining employee morale.

There can be no assurance that our efforts to integrate the operations of any acquired assets or companies will be successful, that we can manage our growth or that the anticipated benefits of these proposed acquisitions will be fully realized.

WE ARE DEPENDENT UPON OUR MANAGEMENT AND OUR ABILITY TO HIRE KEY PERSONNEL.

The success of our company is largely dependent on the personal efforts of Yuejian (James) Wang, Marc Siegel and David Stein, our executive officers and directors. Although we have employment agreements with these officers, the loss of the services of any of them would have a material adverse effect on our business and prospects. In addition, in order for us to undertake our operations as contemplated, it will be necessary for us to locate and hire experienced personnel who are bilingual and knowledgeable in the U.S. capital markets, the China markets and generally accepted accounting principles applicable to U.S. companies. Our failure to attract and retain such experienced personnel on acceptable terms will have a material adverse impact on our ability to grow our business.

WE ARE DEPENDENT ON CERTAIN KEY PERSONNEL AND THE LOSS OF THESE KEY PERSONNEL COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS, FINANCIAL CONDITION AND

RESULTS OF OPERATIONS.

Our success is, to a certain extent, attributable to the management, sales and marketing, and operational expertise of key personnel of at our subsidiaries who perform key functions in the operation of our business. While we are parties to employment agreements with certain of these key personnel, there can be no assurance that we will be able to retain these officers after the term of their employment contracts expire. The loss of these key employees could have a material adverse effect upon our business, financial condition, and results of operations and the results of operations at these subsidiaries could be adversely impacted.

CERTAIN AGREEMENTS TO WHICH WE ARE A PARTY AND WHICH ARE MATERIAL TO OUR OPERATIONS LACK VARIOUS LEGAL PROTECTIONS WHICH ARE CUSTOMARILY CONTAINED IN SIMILAR CONTRACTS PREPARED IN THE UNITED STATES.

Our subsidiaries include companies organized under the laws of the PRC and all of their business and operations are conducted in China. We are a party to certain contracts related to our operations. While these contracts contain the basic business terms of the agreements between the parties, these contracts do not contain certain provisions which are customarily contained in similar contracts prepared in the U.S., such as representations and warranties of the parties, confidentiality and non-compete clauses, provisions outlining events of defaults, and termination and jurisdictional clauses. Because these contracts omit these types of clauses, notwithstanding the differences in Chinese and U.S. laws we may not have the same legal protections as we would if the contracts contained these additional provisions. We anticipate that our Chinese subsidiaries will likely enter into contracts in the future which will likewise omit these types of legal protections. While we have not been subject to any adverse consequences as a result of the omission of these types of clauses, and we consider the contracts to which we are a party to contain all the material terms of our business arrangements with the other party, future events may occur which lead to a dispute under agreements which could have been avoided if the contracts were prepared in conformity with U.S. standards. Contractual disputes which may arise from this lack of legal protection will divert management's time from the operation of our business and require us to expend funds attempting to settle a possible dispute. This possible diversion of management time will limit the time our management would otherwise devote to the operation of our business, and the diversion of capital could limit the funds we have available to pay our ongoing operating expenses.

LANG CHEMICAL'S OPERATIONS ARE SUBJECT TO GOVERNMENT REGULATION. IF IT FAILS TO COMPLY WITH THE APPLICABLE REGULATIONS, ITS ABILITY TO OPERATE IN FUTURE PERIODS COULD BE IN JEOPARDY.

Lang Chemical is subject to various state and local regulations related to the distribution and manufacture of chemicals. It is also licensed by the Shanghai City Government to distribute chemicals. While Lang Chemical is in substantial compliance with all provisions of those registrations, inspections and licenses and have no reason to believe that they will not be renewed as required, any non-renewal by these authorities could result in the cessation of its business activities which would have a material adverse effect on our results of operations in future periods.

INTENSIVE COMPETITION FOR VIABLE ACQUISITION CANDIDATES WILL SUBSTANTIALLY AFFECT OUR OPERATING PERFORMANCE.

We will face intensive competition relating to the acquisition of other targeted businesses from other entities which are also seeking acquisitions based on the expansion of business opportunities in China. Accordingly, acquisitions and new business expansion may become highly costly and affect our operating performance. As a young company with limited operating history and financial resources, we will have great difficulty competing with larger organizations, as well as the substantial number of new companies being formed to engage in similar areas of activities as China Direct is currently involved or may become involved in the future.

INTENSIVE COMPETITION FOR OUR SYNTHETIC CHEMICAL BUSINESS WILL SUBSTANTIALLY AFFECT OUR OPERATING PERFORMANCE.

Lang Chemical faces intense competition in all phases, which are likely to substantially impact our ability to compete effectively with other business entities, whether based in China or in other locations.

Lang Chemical competes against a number of companies in its market segment. While it believes it can effectively compete based upon pricing and service, there are no assurances it is correct.

INTENSIVE COMPETITION FOR ALL OF OUR MAGNESIUM RELATED BUSINESS PHASES WILL SUBSTANTIALLY AFFECT OUR OPERATING PERFORMANCE.

All of our recently concluded acquisitions involving magnesium byproducts will face intense competition in all phases, which are likely to substantially impact our ability to compete effectively with other business entities, whether based in China or in other locations. Chang Magnesium estimates they account for approximately 4% of all magnesium exports from China. China has 102 magnesium manufacturers with 467,600 metric tons production in 2005. China has been world's leading magnesium producer for 8 years. Raw magnesium production volume increased 139% from 2000 to 2005; the production of magnesium ingot increased 345.5% and magnesium powder increased 89.04% in the same time period. As such it is obvious we are not a dominant player in the industry. We will also face intensive competition relating to the acquisition of other targeted businesses within the magnesium industry from other entities which are also seeking acquisitions based on the expansion of business opportunities in China. Accordingly, acquisitions and new business expansion may become highly costly and affect our operating performance. As a young company with limited operating history and financial resources, we will have great difficulty competing with larger organizations, as well as the substantial number of new companies being formed to engage in similar areas of activities as China Direct is currently involved or may become involved in the future.

INTENSIVE COMPETITION FOR OUR TOYS AND ENTERTAINMENT PRODUCTS RELATED BUSINESS WILL SUBSTANTIALLY AFFECT OUR OPERATING PERFORMANCE.

Our recently concluded acquisition involving the toy distribution business will face intense competition in all phases, which are likely to substantially impact our ability to compete effectively with other business entities, whether based in China or in other locations. The toy and entertainment industry within China is subject to intense competition. China is the world's largest manufacturer and exporter of toys and related entertainment products. Approximately 8,000 toy enterprises produce three-quarters of the entire world's toys operating from inside China.(11) China's toys now constitute 75% of world output, according to the China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts. Last year, the Guangdong province accounted for 78% of China's $15.2 billion of toy exports, a 10% jump from 2004, according to customs figures.(12) The Chinese market for toys is often portrayed as the potentially largest in the world. No other country has more children living in its boundaries. More than 300 million Chinese are children under 14, accounting for more than a quarter of the total population in China.(13)

CERTAIN TECHNOLOGIES DEVELOPED BY OUR NEW ACQUISITION MAY NOT RECEIVE WIDE ACCEPTANCE.

Our recycling systems utilize technologies which are new to the industry. Other forms of recycling systems based on various technologies are currently available in the market. Our success will be dependent on our ability to successfully market our recycling systems and support services to end-users, distributors and resellers. Successful marketing will depend upon the acceptance of our system as a preferred recycling process. We have not commissioned a formal market or research study to determine whether our system is preferred to other recycling processes or whether sufficient demand for our recycling systems and services exists to enable us to sustain operations, expand or achieve profitability. A lack of demand for new recycling systems could reduce our revenues and have a material adverse effect on our business, financial condition and results of operation.

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(11) http://en.ce.cn/Industries/Consumen-Industries/200505/27/t20050527_3927047/shtml

(12) http://www.usatoday.com/money/world/2006-12-20-china-toys-usat_x.htm

(13) http://www.fiducia-china.com/News/2003/3010-1353.html

OUR RECYCLING SYSTEMS LACK TECHNOLOGICAL DIVERSIFICATION WHICH COULD CAUSE OUR RESULTS TO SUFFER

Our recycling systems incorporate similar technologies and our success depends on the performance, reliability and acceptance of our recycling process. As a result, in the event of unforeseen adverse events in the development, enhancement, reliability, marketing or acceptance of our recycling systems, we will be unable to temper its effects by relying upon sales of other products. We do not currently know whether our recycling systems can be successfully marketed on a broad scale. In light of our lack of product diversification, any such adverse events could reduce our revenues and have a material adverse effect on our business, financial condition and results of operation.

INTENSIVE COMPETITION FOR ALL OF OUR NEWLY FORMED ENTITIEES WILL SUBSTANTIALLY AFFECT OUR OPERATING PERFORMANCE.

Each of our newly formed entities or acquisitions of newly formed entities are development stage businesses. As such the operations are subject to all the risks inherent in launching a new business enterprise, in developing and marketing a new product or service, and in establishing a name and a business reputation. The likelihood of our success must be considered in light of problems, expenses, difficulties and delays frequently encountered in converting prototype designs into viable production designs, and in achieving market acceptance with a new type of product or service. Each of the newly formed entities have had no product revenues to date, have operated at a loss since inception, and will likely sustain operating losses for an indeterminate time period. There can be no assurance that we will ever generate material revenues or that we will ever be profitable.

CHANG MAGNESIUM'S CHIEF EXECUTIVE OFFICER IS ALSO CHIEF EXECUTIVE OFFICER OF A GROUP OF COMPANIES WHICH DIRECTLY COMPETE WITH CHANG MAGNESIUM.

Mr. Yuwei Huang, CEO of Chang Magnesium and an Executive Vice President of CDI Shanghai Management, is also General Manager of Taiyuan YiWei Magnesium Co. Ltd., a position he has held since founding that company in 1999 and serves in various positions with its affiliated companies. Taiyuan YiWei Magnesium Co. Ltd., a minority owner of Chang Magnesium, owns interests in seven subsidiary magnesium factories, a magnesium alloy factory and a magnesium powder desulphurization reagent factory, all located in China, and is generally regarded as the largest exporter for magnesium products in China and the second largest producer. Because these companies have similar operations relating to those of Chang Magnesium and Mr. Huang has operational control over competing companies, he is subject to certain inherent certain conflicts of interest. There can be no assurances that Chang Magnesium's business and operations will not be adversely impacted as a result of these conflicts of interest.

OUR INDUSTRY IS HEAVILY REGULATED AND WE MAY NOT BE ABLE TO REMAIN IN COMPLIANCE WITH ALL SUCH REGULATIONS AND WE MAY BE REQUIRED TO INCUR SUBSTANTIAL COSTS IN COMPLYING WITH SUCH REGULATION.

Chang Magnesium is subject to extensive regulation by China's Mining Ministry, and by other provincial, county and local authorities in jurisdictions in which its products are procesDirector

Annual	Management	3.a23	Yes	Elect Julio Cesar Mendez Rubio as Alternate Director
Annual	Management	3.a24	Yes	Elect Guillermo Mascarenas Milmo as Alternate Director
Annual	Management	3.a25	Yes	Elect Javier Molinar Horcasitas as Alternate Director
Annual	Management	3.a26	Yes	Elect Jose Marcos Ramirez Miguel as Alternate Director

Annual	Management	3.b	Yes	Approve Directors Liability and Indemnification
Annual	Management	3.c	Yes	Elect Hector Avila Flores as Board Secretary; Elect Jose Morales Martinez as Undersecretary Who Will Not Be Part of Board
Annual	Management	4	Yes	Approve Remuneration of Directors
Annual	Management	5.a	Yes	Elect Hector Reyes Retana as Chairman of Audit and Corporate Practices Committee
Annual	Management	5.b	Yes	Elect Herminio Blanco Mendoza as Member of Audit and Corporate Practices Committee
Annual	Management	5.c	Yes	Elect Manuel Aznar Nicolin as Membe of Audit and Corporate Practices Committee
Annual	Management	5.d	Yes	Elect Patricia Armendariz Guerra as Member of Audit and Corporate Practices Committee
Annual	Management	5.e	Yes	Elect Julio Cesar Mendez Rubio as Member of Audit and Corporate Practices Committee
Annual	Management	6.a	Yes	Elect Juan Carlos Braniff Hierro as Chairman of Risk Policies Committee
Annual	Management	6.b	Yes	Elect Alfredo Elias Ayub as Member of Risk Policies Committee
Annual	Management	6c	Yes	Elect Everardo Elizondo Almaguer as Member of Risk Policies Committee
Annual	Management	6d	Yes	Elect Manuel Aznar Nicolin as Membe of Risk Policies Committee
Annual	Management	6e	Yes	Elect Alejandro Valenzuela del Rio as Member of Risk Policies Committe
Annual	Management	6f	Yes	Elect Manuel Romo Villafuerte as Member of Risk Policies Committee
Annual	Management	6g	Yes	Elect Fernando Solis Soberon as Member of Risk Policies Committee
Annual	Management	6h	Yes	Elect Gerardo Zamora Nanez as Membe of Risk Policies Committee
Annual	Management	6i	Yes	Elect Marcos Ramirez Miguel as Member of Risk Policies Committee
Annual	Management	6j	Yes	Elect David Aaron Margolin Schabes as Secretary of Risk Policies Committee
Annual	Management	7	Yes	Approve Report on Share Repurchase; Set Aggregate Nominal Amount of Share Repurchase Program
Annual	Management	8	Yes	Approve Modification to Integration and Duties of Regional Boards
Annual	Management	9	Yes	Authorize Board to Obtain Certification of Company Bylaws
Annual	Management	10	Yes	Authorize Board to Ratify and Execute Approved Resolutions
Annual	Management	11	Yes	Approve Minutes of Meeting

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Banco Santander Chile

Ticker	BSANTANDER	Meeting Date	29-Apr-13
ISIN	CLP1506A1070		
Cusip	P1506A107		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Approve Annual Report, Financial Statements and External Auditors' Report for Fiscal Year 2012
Annual	Management	2	Yes	Approve Allocation of Income and Dividends of CLP 1.24 Per Share
Annual	Management	3	Yes	Elect External Auditors
Annual	Management	4	Yes	Designate Risk Assessment Companies
Annual	Management	5	Yes	Elect Juan Pedro Santa Maria as Alternate Director
Annual	Management	6	Yes	Approve Remuneration of Directors
Annual	Management	7	Yes	Approve Remuneration and Budget of Directors' Committee and Audit Committee; Receive Directors and Audit Committee's Report
Annual	Management	8	No	Approve Special Auditors' Report Regarding Related-Party Transaction
Annual	Management	9	No	Other Business (Voting)

Multiplan Empreendimentos Imobiliarios S.A

Ticker	MULT3	Meeting Date	29-Apr-13
ISIN	BRMULTACNOR5		
Cusip	P69913104		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Special	Management	1	Yes	Approve Remuneration of Company's Management
Annual	Management	1	Yes	Accept Financial Statements and Statutory Reports for Fiscal Year Ended Dec. 31, 2012
Special	Management	2	Yes	Amend Articles to Reflect Changes i Capital
Annual	Management	2	Yes	Approve Allocation of Income and Dividends

Petroleo Brasileiro SA-Petrobras

Ticker	PETR4	Meeting Date	29-Apr-13
ISIN	BRPETRACNPR6		
Cusip	P78331140		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual/Special	Management	1	Yes	Accept Financial Statements and Statutory Reports for Fiscal Year Ended Dec. 31, 2012
Annual/Special	Management	2	Yes	Approve Capital Budget for Upcoming Fiscal Year
Annual/Special	Management	3	Yes	Approve Allocation of Income and Dividends
Annual/Special	Management	4a	Yes	Elect Directors Appointed by Controlling Shareholder
Annual/Special	Management	4b	Yes	Elect Directors Appointed by Minority Shareholders
Annual/Special	Management	5	Yes	Elect Board Chairman Appointed by Controlling Shareholder
Annual/Special	Management	6a	Yes	Elect Fiscal Council Members Appointed by Controlling Shareholde
Annual/Special	Management	6b	Yes	Elect Fiscal Council Members Appointed by Minority Shareholders
Annual/Special	Management	7	Yes	Approve Remuneration of Company's Management
Annual/Special	Management	1	Yes	Authorize Capitalization of Reserve

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Turkiye Garanti Bankasi A.S.

Ticker	GARAN	Meeting Date	30-Apr-13
ISIN	TRAGARAN91N1		
Cusip	M4752S106		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Open Meeting and Elect Presiding Council of Meeting
Annual	Management	2	Yes	Authorize Presiding Council to Sign Minutes of Meeting
Annual	Management	3	Yes	Accept Statutory Reports
Annual	Management	4	Yes	Accept Financial Statements
Annual	Management	5	Yes	Approve Allocation of Income
Annual	Management	6	Yes	Approve Profit Distribution Policy
Annual	Management	7	Yes	Amend Company Articles
Annual	Management	8	Yes	Approve Discharge of Board and Auditors
Annual	Management	9	Yes	Elect Directors
Annual	Management	10	Yes	Ratify Director Appointments
Annual	Management	11	No	Receive Information on Directorship
Annual	Management	12	No	Receive Information on Remuneration Policy
Annual	Management	13	Yes	Approve Director Remuneration

Annual	Management	14	Yes	Approve Working Principles of the General Assembly
Annual	Management	15	Yes	Ratify External Auditors
Annual	Management	16	Yes	Receive Information on Charitable Donations and Approve Upper Limit o Donations for 2013
Annual	Management	17	Yes	Approve Donation Policy
Annual	Management	18	Yes	Grant Permission for Board Members to Engage in Commercial Transaction with Company and Be Involved with Companies with Similar Corporate Purpose

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TENARIS SA

Ticker	TEN	Meeting Date	02-May-13
ISIN	LU0156801721		
Cusip	L90272102		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Receive and Approve Board's and Auditor's Reports
Annual	Management	2	Yes	Approve Consolidated Financial Statements
Annual	Management	3	Yes	Approve Financial Statements
Annual	Management	4	Yes	Approve Allocation of Income and Dividends
Annual	Management	5	Yes	Approve Discharge of Directors
Annual	Management	6	Yes	Elect Directors
Annual	Management	7	Yes	Approve Remuneration of Directors
Annual	Management	8	Yes	Approve Auditors and Authorize Boar to Fix Their Remuneration
Annual	Management	9	Yes	Allow Electronic Distribution of Company Documents to Shareholders

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Swire Properties Ltd.

Ticker	1972	Meeting Date	07-May-13
ISIN	HK0000063609		
Cusip			

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1a	Yes	Elect Christopher Dale Pratt as

				Director
Annual	Management	1b	Yes	Elect Martin Cubbon as Director
Annual	Management	1c	Yes	Elect Guy Martin Coutts Bradley as Director
Annual	Management	1d	Yes	Elect Stephen Edward Bradley as Director
Annual	Management	1e	Yes	Elect Chan Cho Chak John as Directo
Annual	Management	1f	Yes	Elect Paul Kenneth Etchells as Director
Annual	Management	1g	Yes	Elect Ho Cho Ying Davy as Director
Annual	Management	1h	Yes	Elect James Wyndham John Hughes-Hallett as Director
Annual	Management	1i	Yes	Elect Peter Alan Kilgour as Directo
Annual	Management	1j	Yes	Elect Liu Sing Cheong as Director
Annual	Management	1k	Yes	Elect Gordon James Ongley as Director
Annual	Management	1l	Yes	Elect Merlin Bingham Swire as Director
Annual	Management	1m	Yes	Elect Spencer Theodore Fung as Director
Annual	Management	2	Yes	Reappoint PricewaterhouseCoopers as Auditors and Authorize Board to Fix Their Remuneration
Annual	Management	3	Yes	Authorize Repurchase of Up to 10 Percent of Issued Share Capital
Annual	Management	4	Yes	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights

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Standard Chartered plc

Ticker	STAN	Meeting Date	08-May-13
ISIN	GB0004082847		
Cusip	G84228157		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Accept Financial Statements and Statutory Reports
Annual	Management	2	Yes	Approve Final Dividend
Annual	Management	3	Yes	Approve Remuneration Report
Annual	Management	4	Yes	Elect Om Bhatt as Director
Annual	Management	5	Yes	Elect Dr Louis Chi-Yan Cheung as Director
Annual	Management	6	Yes	Elect Margaret Ewing as Director
Annual	Management	7	Yes	Elect Dr Lars Thunell as Director
Annual	Management	8	Yes	Re-elect Stefano Bertamini as Director
Annual	Management	9	Yes	Re-elect Jaspal Bindra as Director
Annual	Management	10	Yes	Re-elect James Dundas as Director
Annual	Management	11	Yes	Re-elect Dr Han Seung-soo as Director
Annual	Management	12	Yes	Re-elect Simon Lowth as Director
Annual	Management	13	Yes	Re-elect Rudolph Markham as Directo
Annual	Management	14	Yes	Re-elect Ruth Markland as Director
Annual	Management	15	Yes	Re-elect Richard Meddings as

				Director
Annual	Management	16	Yes	Re-elect John Paynter as Director
Annual	Management	17	Yes	Re-elect Sir John Peace as Director
Annual	Management	18	Yes	Re-elect Alun Rees as Director
Annual	Management	19	Yes	Re-elect Peter Sands as Director
Annual	Management	20	Yes	Re-elect Viswanathan Shankar as Director
Annual	Management	21	Yes	Re-elect Paul Skinner as Director
Annual	Management	22	Yes	Re-elect Oliver Stocken as Director
Annual	Management	23	Yes	Reappoint KPMG Audit plc as Auditor
Annual	Management	24	Yes	Authorise Board to Fix Remuneration of Auditors
Annual	Management	25	Yes	Approve EU Political Donations and Expenditure
Annual	Management	26	Yes	Authorise Issue of Equity with Pre-emptive Rights
Annual	Management	27	Yes	Authorise Issue of Equity with Pre-emptive Rights
Annual	Management	28	Yes	Authorise Issue of Equity without Pre-emptive Rights
Annual	Management	29	Yes	Authorise Market Purchase of Ordinary Shares
Annual	Management	30	Yes	Authorise Market Purchase of Preference Shares
Annual	Management	31	Yes	Authorise the Company to Call EGM with Two Weeks' Notice
Annual	Management	32	Yes	Approve Sharesave Plan

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Swire Pacific Limited

Ticker	19	Meeting Date	09-May-13
ISIN	HK0019000162		
Cusip	Y83310105		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1a	Yes	Elect P A Johansen as Director
Annual	Management	1b	Yes	Elect J R Slosar as Director
Annual	Management	1c	Yes	Elect R W M Lee as Director
Annual	Management	1d	Yes	Elect J B Rae-Smith as Director
Annual	Management	2	Yes	Reappoint PricewaterhouseCoopers as Auditors and Authorize Board to Fix Their Remuneration
Annual	Management	3	Yes	Authorize Repurchase of Up to 10 Percent of Issued Share Capital
Annual	Management	4	Yes	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights
Annual	Management	5	Yes	Change Company Name

AIA Group Ltd.

Ticker	1299	Meeting Date	10-May-13
ISIN	HK0000069689		
Cusip			

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Accept Financial Statements and Statutory Reports
Annual	Management	2	Yes	Declare Final Dividend
Annual	Management	3	Yes	Elect Barry Chun-Yuen Cheung as Director
Annual	Management	4	Yes	Elect George Yong-Boon Yeo as Director
Annual	Management	5	Yes	Elect Narongchai Akrasanee as Director
Annual	Management	6	Yes	Elect Qin Xiao as Director
Annual	Management	7	Yes	Elect Mark Edward Tucker as Directo
Annual	Management	8	Yes	Reappoint PricewaterhouseCoopers as Auditors and Authorize Board to Fix Their Remuneration
Annual	Management	9a	Yes	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights
Annual	Management	9b	Yes	Authorize Repurchase of Up to 10 Percent of Issued Share Capital
Annual	Management	9c	Yes	Approve Allotment and Issuance of Additional Shares Under the Restricted Share Unit Scheme
Annual	Management	10	Yes	Amend Articles of Association of th Company

Bim Birlesik Magazalar AS

Ticker	BIMAS	Meeting Date	15-May-13
ISIN	TREBIMM00018		
Cusip	M2014F102		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Elect Presiding Council of Meeting and Authorize Presiding Council to Sign Minutes of Meeting
Annual	Management	2	Yes	Accept Statutory Reports
Annual	Management	3	Yes	Accept Financial Statements

Annual	Management	4	Yes	Approve Allocation of Income
Annual	Management	5	Yes	Amend Articles to Reflect Changes i Capital
Annual	Management	6	Yes	Approve Discharge of Board and Auditors
Annual	Management	7	Yes	Elect Directors and Approve Their Remuneration
Annual	Management	8	Yes	Amend Company Articles
Annual	Management	9	No	Receive Information on Related Part
Annual	Management	10	Yes	Grant Permission for Board Members to Engage in Commercial Transaction with Company and Be Involved with Companies with Similar Corporate Purpose
Annual	Management	11	Yes	Receive Information on Charitable Donations and Approve Upper Limit of Donations for 2013
Annual	Management	12	No	Receive Information on the Guarantees, Pledges, and Mortgages Provided by the Company to Third Parties
Annual	Management	13	Yes	Ratify External Auditors
Annual	Management	14	Yes	Approve Working Principles of the General Assembly
Annual	Management	15	No	Wishes

Massmart Holdings Ltd

Ticker		Meeting Date	22-May-13
ISIN	ZAE000152617		
Cusip	S4799N114		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Re-elect Mark Lamberti as Director
Annual	Management	2	Yes	Re-elect Phumzile Langeni as Director
Annual	Management	3	Yes	Re-elect Grant Pattison as Director
Annual	Management	4	Yes	Re-elect JP Suarez as Director
Annual	Management	5	Yes	Reappoint Ernst & Young Inc as Auditors of the Company with Allister Carshagen as the Audit Partner
Annual	Management	6.1	Yes	Re-elect Chris Seabrooke as Chairma of the Audit and Risk Committee
Annual	Management	6.2	Yes	Re-elect Lulu Gwagwa as Member of the Audit and Risk Committee
Annual	Management	6.3	Yes	Elect Mark Lamberti as Member of th Audit and Risk Committee
Annual	Management	6.4	Yes	Re-elect Phumzile Langeni as Member of the Audit and Risk Committee
Annual	Management	7	Yes	Authorise Board to Issue Shares for Cash up to a Maximum of Five Percen of Issued Share Capital
Annual	Management	8	Yes	Approve Share Plan
Annual	Management	1	Yes	Authorise Repurchase of Up to 15

				Percent of Issued Share Capital
Annual	Management	2.1	Yes	Approve Chairman of the Board Fees
Annual	Management	2.2	Yes	Approve Deputy Chairman Fees
Annual	Management	2.3	Yes	Approve Directors Fees
Annual	Management	2.4	Yes	Approve Committee Chairmen Fees
Annual	Management	2.5	Yes	Approve Committee Members Fees
Annual	Management	3	Yes	Approve Financial Assistance to Related or Inter-related Companies or Corporations

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Petrochina Company Limited

Ticker	601857	Meeting Date	23-May-13
ISIN	CNE1000007Q1		
Cusip	Y6883Q138		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Accept Report of the Board of Directors
Annual	Management	2	Yes	Accept Report of the Supervisory Committee
Annual	Management	3	Yes	Accept Audited Financial Statements
Annual	Management	4	Yes	Approve Final Dividend
Annual	Management	5	Yes	Authorize Board to Determine Distribution of Interim Dividends
Annual	Management	6	Yes	Appoint KPMG Huazhen and KPMG as Domestic and International Auditors Respectively, and Authorize Board t Fix Their Remuneration
Annual	Management	7a	Yes	Elect Li Qingyi as Supervisor
Annual	Management	7b	Yes	Elect Fan Fuchun as Supervisor
Annual	Management	8	Yes	Amend Articles of Association of th Company
Annual	Management	9	Yes	Approve Issuance of Debt Financing Instruments of Up to RMB 100 Billio
Annual	Management	10	Yes	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights

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Magnit OAO

Ticker	MGNT	Meeting Date	24-May-13
ISIN	RU000A0JKQU8		
Cusip	X51729105		

Voting

Meeting Type	Proponent	Item Number	Proposal Y/N	Proposal
Annual	Management	1	Yes	Approve Annual Report and Financial Statements
Annual	Management	2	Yes	Approve Allocation of Income
Annual	Management	3.1	Yes	Elect Andrey Aroutuniyan as Directo
Annual	Management	3.2	Yes	Elect Valery Butenko as Director
Annual	Management	3.3	Yes	Elect Sergey Galitskiy as Director
Annual	Management	3.4	Yes	Elect Alexander Zayonts as Director
Annual	Management	3.5	Yes	Elect Alexey Makhnev as Director
Annual	Management	3.6	Yes	Elect Khachatur Pombukhchan as Director
Annual	Management	3.7	Yes	Elect Aslan Shkhachemukov as Director
Annual	Management	4.1	Yes	Elect Roman Efimenko as Member of Audit Commission
Annual	Management	4.2	Yes	Elect Angela Udovichenko as Member of Audit Commission
Annual	Management	4.3	Yes	Elect Denis Fedotov as Member of Audit Commission
Annual	Management	5	Yes	Ratify Auditor to Audit Company's Accounts in Accordance with Russian Accounting Standards (RAS)
Annual	Management	6	Yes	Ratify Auditor to Audit Company's Accounts in Accordance with IFRS
Annual	Management	7	Yes	Elect Members of Counting Commissio
Annual	Management	8	Yes	Approve New Edition of Charter
Annual	Management	9	Yes	Approve New Edition of Regulations on General Meetings
Annual	Management	10	Yes	Approve Large-Scale Related-Party Transaction Re: Loan Agreement with ZAO Tander
Annual	Management	11.1	Yes	Approve Related-Party Transaction Re: Guarantee Agreement with OAO Bank VTB for Securing Obligations o ZAO Tander
Annual	Management	11.2	Yes	Approve Related-Party Transaction Re: Guarantee Agreement with AKB Rosbank for Securing Obligations o ZAO Tander
Annual	Management	11.3	Yes	Approve Related-Party Transaction Re: Guarantee Agreement with OAO Sberbank of Russia for Securing Obligations of ZAO Tander
Annual	Management	11.4	Yes	Approve Related-Party Transaction Re: Guarantee Agreement with OAO Alfa-Bank for Securing Obligations of ZAO Tander
Annual	Management	11.5	Yes	Approve Related-Party Transaction Re: Guarantee Agreement with OAO AK Sviaz Bank for Securing Obligations of ZAO Tander

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China Mobile Limited

Ticker	941	Meeting Date	30-May-13
ISIN	HK0941009539		
Cusip	Y14965100		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Accept Financial Statements and Statutory Reports
Annual	Management	2	Yes	Declare Final Dividend
Annual	Management	3a	Yes	Elect Li Yue as Director
Annual	Management	3b	Yes	Elect Xue Taohai as Director
Annual	Management	3c	Yes	Elect Huang Wenlin as Director
Annual	Management	4	Yes	Appoint PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited as Auditors of the Company and its Subsidiaries for Hong Kong Financial Reporting and U.S. Financial Reporting, Respectively and Authorize Board to Fix Their Remuneration
Annual	Management	5	Yes	Authorize Repurchase of Up to 10 Percent of Issued Share Capital
Annual	Management	6	Yes	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights
Annual	Management	7	Yes	Authorize Reissuance of Repurchased Shares

Taiwan Semiconductor Manufacturing Co., Ltd.

Ticker	2330	Meeting Date	11-Jun-13
ISIN	TW0002330008		
Cusip	Y84629107		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Approve Business Operations Report and Financial Statements
Annual	Management	2	Yes	Approve Plan on Profit Distribution
Annual	Management	3	Yes	Approve Amendments to Procedures Governing the Acquisition or Disposal of Assets, Lending Funds t Other Parties, and Endorsement and Guarantees
Annual	Management	4	No	Transact Other Business (Non-Voting

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Pekao Bank SA (Bank Polska Kasa Opieki Spolka Akcyjna)

Ticker	PEO	Meeting Date	12-Jun-13
ISIN	PLPEKAO00016		
Cusip	X0641X106		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	3	No	Acknowledge Proper Convening of Meeting
Annual	Management	4	Yes	Elect Members of Vote Counting Commission
Annual	Management	5	Yes	Approve Agenda of Meeting
Annual	Management	6	No	Receive Management Board Report on Company's Operations in Fiscal 2012
Annual	Management	7	No	Receive Financial Statements
Annual	Management	8	No	Receive Management Board Report on Group's Operations in Fiscal 2012
Annual	Management	9	No	Approve Consolidated Financial Statements
Annual	Management	10	No	Receive Management Board Proposal on Allocation of Income
Annual	Management	11	No	Receive Supervisory Board Report
Annual	Management	12.1	Yes	Approve Management Board Report on Company's Operations in Fiscal 2012
Annual	Management	12.2	Yes	Approve Financial Statements
Annual	Management	12.3	Yes	Approve Management Board Report on Group's Operations in Fiscal 2012
Annual	Management	12.4	Yes	Approve Consolidated Financial Statements
Annual	Management	12.5	Yes	Approve Allocation of Income
Annual	Management	12.6	Yes	Approve Supervisory Board Report on Board's Activities in Fiscal 2012
Annual	Management	12.7a	Yes	Approve Discharge of Alicja Kornasiewicz (Supervisory Board Member)
Annual	Management	12.7b	Yes	Approve Discharge of Krzysztof Pawlowski (Supervisory Board Member
Annual	Management	12.7c	Yes	Approve Discharge of Oliver Greene (Supervisory Board Member)
Annual	Management	12.7d	Yes	Approve Discharge of Jerzy Woznicki (Supervisory Board Member)
Annual	Management	12.7e	Yes	Approve Discharge of Roberto Nicastro (Supervisory Board Member)
Annual	Management	12.7f	Yes	Approve Discharge of Alessandro Decio (Supervisory Board Member)
Annual	Management	12.7g	Yes	Approve Discharge of Leszek Pawlowicz (Supervisory Board Member
Annual	Management	12.7h	Yes	Approve Discharge of Pawel Dangel (Supervisory Board Member)
Annual	Management	12.7i	Yes	Approve Discharge of Laura Penna (Supervisory Board Member)
Annual	Management	12.7j	Yes	Approve Discharge of Wioletta Rosolowska (Supervisory Board Member)
Annual	Management	12.7k	Yes	Approve Discharge of Doris Tomanek

				(Supervisory Board Member)
Annual	Management	12.7l	Yes	Approve Discharge of Enrico Pavoni (Supervisory Board Member)
Annual	Management	12.8a	Yes	Approve Discharge of Luigi Lovaglio (CEO)
Annual	Management	12.8b	Yes	Approve Discharge of Diego Biondo (Deputy CEO)
Annual	Management	12.8c	Yes	Approve Discharge of Marco Iannaccone (Deputy CEO)
Annual	Management	12.8d	Yes	Approve Discharge of Andrzej Kopyrski (Deputy CEO)
Annual	Management	12.8e	Yes	Approve Discharge of Grzegorz Piwowar (Deputy CEO)
Annual	Management	12.8f	Yes	Approve Discharge of Marian Wazynsk (Deputy CEO)
Annual	Management	13	Yes	Elect Supervisory Board Member
Annual	Management	14	Yes	Ratify Auditor
Annual	Management	15	Yes	Amend Statute
Annual	Management	16	Yes	Authorize Supervisory Board to Approve Consolidated Text of Statut
Annual	Management	17	No	Receive Report of Polish Financial Supervision Authority Concerning Guidelines of European Banking Authority on Assessment of Suitability of Management Board Members and Key Governing Bodies
Annual	Management	18	No	Close Meeting

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Infosys Ltd.

Ticker	500209	Meeting Date	15-Jun-13
ISIN	INE009A01021		
Cusip	Y4082C133		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	3	Yes	Reelect S.D. Shibulal as Director
Annual	Management	4	Yes	Reelect S. Batni as Director
Annual	Management	5	Yes	Reelect D.M. Satwalekar as Director
Annual	Management	6	Yes	Reelect O. Goswami as Director
Annual	Management	7	Yes	Reelect R. Seshasayee as Director
Annual	Management	8	Yes	Approve B S R & Co. as Auditors and Authorize Board to Fix Their Remuneration
Annual	Management	9	Yes	Elect L. Puri as Director
Annual	Management	10	Yes	Elect N.R.N. Murthy as Director

Taiwan Mobile Co., Ltd.

Ticker	3045	Meeting Date	21-Jun-13
ISIN	TW0003045001		
Cusip	Y84153215		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Approve Business Operations Report and Financial Statements
Annual	Management	2	Yes	Approve Plan on Profit Distribution
Annual	Management	3	Yes	Approve Cash Dividend Distribution from Capital Reserve
Annual	Management	4	Yes	Approve the Company to Consign Its Direct Store Related Operations to Taiwan Digital Service Co., Ltd.
Annual	Management	5	Yes	Approve Amendments to Articles of Association
Annual	Management	6	Yes	Approve Amendments to the Procedure for Lending Funds to Other Parties and Amendments to the Procedures fo Endorsement and Guarantees
Annual	Management	7	Yes	Approve Amendment to Rules and Procedures for Election of Director and Supervisors

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ICICI Bank Limited

Ticker	532174	Meeting Date	24-Jun-13
ISIN	INE090A01013		
Cusip	Y38575109		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Accept Financial Statements and Statutory Reports
Annual	Management	2	Yes	Approve Preference Shares Dividend
Annual	Management	3	Yes	Approve Dividend of INR 20.00 Per Equity Share
Annual	Management	4	Yes	Reelect K.V. Kamath as Director
Annual	Management	5	Yes	Reelect T. Shah as Director
Annual	Management	6	Yes	Reelect R. Sabharwal as Director
Annual	Management	7	Yes	Approve S.R. Batliboi & Co. LLP as Auditors and Authorize Board to Fix Their Remuneration
Annual	Management	8	Yes	Approve Branch Auditors and Authorize Board to Fix Their Remuneration
Annual	Management	9	Yes	Elect D. Choksi as Director

Annual	Management	10	Yes	Approve Reappointment and Remuneration of K.V. Kamath as Non-Executive Chairman
Annual	Management	11	Yes	Approve Reappointment and Remuneration of C. Kochhar as Managing Director & CEO
Annual	Management	12	Yes	Approve Reappointment and Remuneration of N.S. Kannan as Executive Director & CFO
Annual	Management	13	Yes	Approve Reappointment and Remuneration of K. Ramkumar as Executive Director
Annual	Management	14	Yes	Approve Revision in the Remuneratio of R. Sabharwal, Executive Director

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Lukoil OAO

Ticker		Meeting Date	27-Jun-13
ISIN	RU0009024277		
Cusip	X5060T106		

Meeting Type	Proponent	Item Number	Voting Proposal Y/N	Proposal
Annual	Management	1	Yes	Approve Annual Report, Financial Statements, and Allocation of Income, Including Dividends of RUB 90 per Share
Annual	Management	1	Yes	Approve Annual Report, Financial Statements, and Allocation of Income, Including Dividends of RUB 90 per Share
Annual	Management	2.1	Yes	Elect Vagit Alekperov as Director
Annual	Management	2.1	Yes	Elect Vagit Alekperov as Director
Annual	Management	2.2	Yes	Elect Viktor Blazheyev as Director
Annual	Management	2.2	Yes	Elect Viktor Blazheyev as Director
Annual	Management	2.3	Yes	Elect Leonid Fedun as Director
Annual	Management	2.3	Yes	Elect Leonid Fedun as Director
Annual	Management	2.4	Yes	Elect Valery Grayfer as Director
Annual	Management	2.4	Yes	Elect Valery Grayfer as Director
Annual	Management	2.5	Yes	Elect Igor Ivanov as Director
Annual	Management	2.5	Yes	Elect Igor Ivanov as Director
Annual	Management	2.6	Yes	Elect Ravil Maganov as Director
Annual	Management	2.6	Yes	Elect Ravil Maganov as Director
Annual	Management	2.7	Yes	Elect Richard Matzke as Director
Annual	Management	2.7	Yes	Elect Richard Matzke as Director
Annual	Management	2.8	Yes	Elect Sergey Mikhaylov as Director
Annual	Management	2.8	Yes	Elect Sergey Mikhaylov as Director
Annual	Management	2.9	Yes	Elect Mark Mobius as Director
Annual	Management	2.9	Yes	Elect Mark Mobius as Director
Annual	Management	2.1	Yes	Elect Guglielmo Antonio Claudio Moscato as Director
Annual	Management	2.1	Yes	Elect Guglielmo Antonio Claudio Moscato as Director
Annual	Management	2.11	Yes	Elect Nikolai Nikolaev as Director
Annual	Management	2.11	Yes	Elect Nikolai Nikolaev as Director
Annual	Management	2.12	Yes	Elect Ivan Picte as Director

Annual	Management	2.12	Yes	Elect Ivan Picte as Director
Annual	Management	3.1	Yes	Elect Mikhail Maksimov as Member of Audit Commission
Annual	Management	3.1	Yes	Elect Mikhail Maksimov as Member of Audit Commission
Annual	Management	3.2	Yes	Elect Vladimir Nikitenko as Member of Audit Commission
Annual	Management	3.2	Yes	Elect Vladimir Nikitenko as Member of Audit Commission
Annual	Management	3.3	Yes	Elect Aleksandr Surkov as Member of Audit Commission
Annual	Management	3.3	Yes	Elect Aleksandr Surkov as Member of Audit Commission
Annual	Management	4.1	Yes	Approve Remuneration of Directors for Their Service until 2013 AGM
Annual	Management	4.1	Yes	Approve Remuneration of Directors for Their Service until 2013 AGM
Annual	Management	4.2	Yes	Approve Terms of Remuneration of Directors for Their Service Startin from 2013 AGM
Annual	Management	4.2	Yes	Approve Terms of Remuneration of Directors for Their Service Startin from 2013 AGM
Annual	Management	5.1	Yes	Approve Remuneration of Members of Audit Commission for Their Service until 2013 AGM
Annual	Management	5.1	Yes	Approve Remuneration of Members of Audit Commission for Their Service until 2013 AGM
Annual	Management	5.2	Yes	Approve Terms of Remuneration of Members of Audit Commission for Their Service Starting from 2013 AG
Annual	Management	5.2	Yes	Approve Terms of Remuneration of Members of Audit Commission for Their Service Starting from 2013 AG
Annual	Management	6	Yes	Ratify ZAO KPMG as Auditor
Annual	Management	6	Yes	Ratify ZAO KPMG as Auditor
Annual	Management	7	Yes	Amend Charter
Annual	Management	7	Yes	Amend Charter
Annual	Management	8	Yes	Approve Related-Party Transaction with OAO Kapital Strakhovanie Re: Liability Insurance for Directors, Officers, and Corporations
Annual	Management	8	Yes	Approve Related-Party Transaction with OAO Kapital Strakhovanie Re: Liability Insurance for Directors, Officers, and Corporations

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SIGNATURES

[See General Instruction F]

Pursuant to the requirements of the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant)	FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
By (Signature and Title)*	/s/ Mark R. Bradley
	Mark R. Bradley, President
Date	July 22, 2013

* Print the name and title of each signing officer under his or her signature.