

China Direct, Inc. [NASDAQ: CDS]

CORPORATE PROFILE

JUNE 2008

Sector: Services
Industry: Management Services
SIC Code: 8741

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SELECTED FINANCIALS

Fiscal Year End:	Dec 31
Current Price (6/23/08):	\$8.00
52-Week Range:	\$3.10- \$12.95
Shares Out:	23.5 MM
Market Cap:	\$188 MM
Cash: (3/31/08)	\$26 MM
Total Assets: (3/31/08)	\$108 MM
Consolidated Revenues: (Audited)	\$174 M
Fully-Diluted EPS 2007 (Audited)	\$0.67/share

RECENT EVENTS

6/6/08 - Marc Siegel of China Direct Inc. Receives Ernst & Young's "Entrepreneur of the Year" Award

5/12/08 - China Direct Commences Magnesium Production at Two New China Facilities Adding 14,000 Tons of Annual Capacity

5/8/08 - China Direct Reports Record Financial Results for the First Quarter of 2008

4/30/08 - China Direct to Form its Second Magnesium Joint Venture in Inner Mongolia - New Venture to Add 12,000 Tons of Annual Magnesium Production Capacity in 2008.

4/2/08 - China Direct, Inc. Receives Approval from the NASDAQ Stock Market, LLC. for Its Common Shares to be Listed on the NASDAQ Global Market - Shares to begin trading under



China Direct, Inc. [NASDAQ: CDS] is a diversified management and advisory services organization which owns and consults business entities operating in the People's Republic of China. China Direct, our U.S. parent company, operates in two primary divisions; Management Services and Advisory Services. Our Management Services division acquires controlling interests of Chinese business entities. Our Advisory Services division provides consulting services to both Chinese entities seeking access to the U.S. capital markets and North American entities seeking business opportunities in the PRC. As a direct link to China, China Direct serves as a vehicle allowing investors to directly participate in the rapid growth of the Chinese economy in a diversified and balanced manner. For more information, please visit www.ChinaDirectInc.com.

Financial Performance

(Million = MM)

Audited	2005	2006	2007
Revenues	\$ 1.54 MM	\$ 14 MM	\$ 174 MM
Net Income	\$ 461 K	\$ 169 K	\$ 11.8 MM
EPS (Fully-Diluted)	\$ 0.04	\$ 0.01	\$ 0.67
Total Assets	\$ 1.02 MM	\$ 20.8 MM	\$ 88.3 MM
Shareholder Equity	\$ 516 K	\$ 5.9 MM	\$ 42.8 MM
Cash	\$ 40 K	\$ 3.0 MM	\$ 20.4 MM

Financial Guidance

CDS continues to see robust growth from all subsidiaries in 2008.

	Revenues	Net Income	EPS (Fully-Diluted)
2008 Forecast	\$ 320 MM	\$ 26 MM	\$ 1.08

Note: Based on 24 million shares excluding non-cash items.

Why China?

- ◆ World's fastest growing economy.
- ◆ Increasing awareness worldwide.
- ◆ Emergence of middle class.
- ◆ GDP growth in excess of 8% for 25 years.
 - ◆ Over 1.1 million SME's in China.
 - ◆ SME's account for 75% of China's \$3.2 trillion annual GDP.
- ◆ Accumulating investments in China is perhaps the single greatest opportunity of our lifetime.



Why Invest with China Direct?

- ◆ Diversified management and advisory services organization for Chinese entities.
- ◆ Direct Ownership of Chinese entities, most dynamic sector of the Chinese economy, value & growth in one investment.
- ◆ Unique public vehicle to raise and deploy capital to Chinese entities.
- ◆ Advised over 50 public companies, assisting Chinese companies for over 7 years; enhancing market capitalization
- ◆ Proven team of U.S. and Chinese business professionals; top caliber deal sourcing team in China since 2000.
- ◆ Disciplined acquisition criteria of acquiring only companies with substantial growth potential in revenues and earnings, extensive due diligence process.

“Our mission is to empower Chinese entities to compete in the global economy. Our organization is specifically designed to serve as a cross pacific bridge, allowing east to meet west in a truly unique way.”

James Wang, Ph.D.
Co-Founder, CEO and Chairman
China Direct, Inc.

Our purpose is twofold;

- i. **Advisory Services Division:** We offer services to Chinese entities seeking to access the U.S. capital markets. China Direct offers a comprehensive suite of services critical to the success of Chinese entities. Our function is to provide resources necessary for Chinese entities to effectively compete in the global economy;
- ii. **Management Services Division:** We acquire controlling interest in Chinese entities providing an infrastructure for development. One ownership control enable China Direct to lend management advice, as well as financing to Chinese entities.

Taiyuan Changxin Megnesium Co., Ltd. (“Chang Magnesium”) In December 2006, China Direct acquired a 51% interest in Chang Magnesium, a Chinese limited liability company. Chang Magnesium is a manufacture of magnesium. Chang Magnesium operates a magnesium plant in Taiyuan China capable of producing 8,000 metric tons of magnesium annually. The primary products include magnesium ingot, magnesium scraps, magnesium powder and other related products. Chang Magnesium produces magnesium ingot with a magnesium element in excess of 99.95



Shanxi Gu County Golden Magnesium Co., Ltd. (“Golden Magnesium”) In July 2007, China Direct acquired 52% interest in Jinwei Magnesium. Jinwei Magnesium is a manufacturer of Magnesium which is expected to produce 18,000 tons of Magnesium per year in 2008. Jinwei Magnesium will produce \$40 million to \$50 million in annual revenues with \$6 million to \$6.5 million in net income. at current magnesium prices. The facility is expected to begin production during the third quarter of 2007. Financial contribution to China Direct will begin in the fourth quarter of 2007.



Pan Asia Magnesium Co., Ltd. (“Pan Asia Magnesium”) In October 2007, China Direct acquired a 51% interest in Pan Asia Magnesium. Pan Asia Magnesium, formed in May 2001, is engaged in the production of magnesium ingot. Pan Asia Magnesium produced and sold 4,500 and 6,000 metric tons of Magnesium ingot in 2006 and 2007 respectively.

Shanghai Lang Chemical Co., Ltd. (“Lang Chemical”) In October 2006, China Direct acquired a 51% interest in Lang Chemical. Lang Chemical specializes in the sale and distribution of industrial grade synthetic chemicals. Lang Chemical acts a third party agent in the sale of synthetic chemicals from the supplier to the customer; in addition Lang Chemical acts a distributor of synthetic chemicals to customers. Primarily Lang Chemical distributes four primary product categories; Glacial acetic acid and acetic acid derivatives, Acrylic acid and acrylic ester, Vinyl acetate-ethylene (“VAE”) and Polyvinyl alcohol (“PVA”).



CDI Wanda New Energy Co., Ltd. (“CDI Wanda”) In February 2007, China Direct acquired a 51% interest in CDI Wanda. CDI Wanda is engaged in the alternative energy and recycling industry. CDI Wanda, located in Jinan, the capital city of Shandong Province develops environmentally friendly recycling technological applications and provides ancillary services related to the operations of refineries. CDI Wanda has developed a recycling process to transform waste rubber tires into distillate fuels such as diesel, gasoline and fuel oil. CDI Wanda received a patent (patent number: ZL 03216290) on the application as well as the equipment from the State Intellectual Property Office of China in April 2003. CDI Wanda has received the ISO9001:2000 International Quality Management System and ISO14001:2004 International Environment System qualifications for the recycling application as well as the recycling equipment.



CDI Jixiang Metal Industry Co., Ltd. (“Jixiang Metal”) In November 2007, China Direct acquired a 100% interest in Jixiang Metal. Jixiang Metal, formed in August 2004, is a manufacturer and distributor of zinc and lead concentrate. Jixiang Metal is located in Yongshun County, Hunan Province. Jixiang Metal owns mining rights to approximately 51 acres located in Yongshun Kaxi Lake Mining Area. The mining rights allow for the mining of an aggregate of 10,000 metric tons of zinc and lead annually. Zinc concentrate is employed in the production of zinc metal and zinc alloys. Lead concentrate is used in the production of lead metal and lead alloys.