

福兴集团
FUXING GROUP

FUXING CHINA GROUP LIMITED

FY2009 Full Year Results Briefing

March 2009

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Zipped-on For Global Markets

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Business Overview

企业简介

Our Business (我们的业务)

Principal activity	**Production of quality Zipper Sliders, Zipper Chains, Finished Zippers**
Customers	• **> 1,200 customers** in the PRC, mainly in Fujian, Jiangsu, Zhejiang, Sichuan provinces and Shanghai • **Diversified Customer base**: - **Local manufacturers** – Apparel/Footwear, Camping Equipment, Bags/Luggages, Upholstery Furnishings - **Trading Cos** - which export to overseas markets including Australia, EU, Russia, Turkey, Korea, Thailand, Vietnam, Indonesia, others - **Zipper makers** - which further process or assemble zipper products for onward sales • In 2009, **> 50% are repeat customers**

Our Locations (我们的位置)



- **3 Production Facilities in Jinjiang [HQ], Shanghai, Qingdao**
- **Extensive sales network - Xiamen, Quanzhou, Chengdu, Dongguan, Yiwu, Wuhan, Shanghai, HK**

Types of Products (产品的种类)

Trademarks

3F



Invisible hook



Pin lock trade mark



Invisible with polyester tape



Nylon chain



Non lock double pull



Non lock double plastic pull



Auto lock ribbon pull



Non lock long key



Metal chain



Plastic chain

3F = Customer First, Quality First, Service First

Wide Product Application (产品的广泛用途)

Widely used in consumer end-products such as:



Apparels (incl sportswear)



Shoes



Camping equipment



Laptop bag



Travel luggage



Bags & wallet



Upholstery

Production Process (生产过程)

Zipper Chains

Sourcing of raw materials

↓

Weaving

↓

Colour dyeing

↓

Integration of plastic/metal teeth

↓

Quality Inspection

↓

Assembly of finished zipper

Sold as individual components

→ Common processes for plastic and metal zipper chains

→ Common processes for the nylon, plastic and metal zipper chains

→ Production process for nylon zipper chain

Zipper Sliders

Die-casting

↓

Assembly of zipper sliders

↓

Sold as individual components

Electro-plating/ Spray painting

↓

Sold as individual components

Assembly of finished zippers

Production Capacity & Utilisation Rate
(产能和利用率)

Max Prodn Capacity	2004	2005	2006	2007	2008	2009
(tons)						
Zipper chains	21,419	21,419	21,419	22,200	25,620	25,620
Zipper sliders	9,535	10,897	10,897	10,897	10,897	10,897
[Finished zippers *	*	*	*	*	4,000	4,000]
Utilization rate						
Zipper chains	69%	67%	89%	98%	70%	40%
Zipper sliders	98%	97%	81%	84%	80%	44%
[Finished zippers *	*	*	*	*	**~50%**	43%]

* finished zippers (FZ) are assembled from chain/sliders, and for which capacity already included under chain, sliders segment…shown here for info only, FZ produced prior to 2007 but in low volume…not tracked separately…

Corporate Milestones (企业里程碑)

1993

- Started **nylon continuous zipper chains**, related products

1994

- Commenced production of **fabric tape**

1995

- Established **'3F' brand**
- Started **zipper sliders**

1996 - 1999

- Expanded to... **'invisible' nylon zippers, finished zippers, plastic/metal zipper chains**

2005

- Granted authorization to use **Oeko-Tex mark**, mandatory certificate for EU markets

2006

- Fujian Enterprise Technology Centre, research partnership with Software Institute of Xiamen University
- **Symbolic Brand of China**

2007

- **Intertek Certification** for zipper products, allow wider range of products to be marked with Intertek Eco-Certification label and sold internationally

2008

- Received National waiver 免检 from export inspections

2009

- **Awarded China High-Tech Enterprise**



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Competitive Strengths

竞争优势

One of the Largest Zipper Manufacturers in the PRC (中国最大的拉链生产商之一)

- **No. 2 in China** in terms of production capacity
- **Economies of Scale** in terms of raw material procurement, production management and brand marketing
- Ability to **Provide Value-added service** by customising zipper products to cater to differing requirements amongst customers

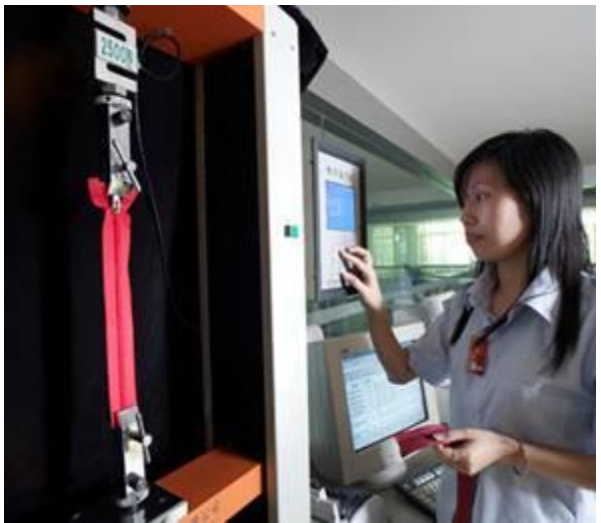






One of Few Vertically Integrated Players in PRC Zipper Industry(中国拉链行业为数不多的一条龙生产商)

- Able to carry out **Upstream Activities**, including production of monofilament line, fabric tape and centre core thread
- Ability to assemble **Finished Zippers**
- Allows **Economies of Scale**
- Achieve **Consistency in Quality** of products







Established Track Record & Reputation (良好的业绩和声誉)

- End products used by **renowned brands** such as:

ANTA(CHINA) CO., LTD.

PEAK

SEPTWOLVES 福建七匹狼实业股份有限公司 FUJIAN SEPTWOLVES INDUSTRY CO.,LTD.

Kampa

Gelert

路之谱 NORTHPOLE INNOVATION BEGINS HERE

CBA Leisu

Microsoft

GAP

SONY make.believe

adidas

ANA ANA SKY WEB

NIKE

asics

JACK JONES

Established Track Record & Reputation (良好的业绩和声誉)

- **Long Term Relationships** with major customers

  => In 2009, more than 50% of customers were repeat customers from previous year

- **'3F' brand** received ***Symbolic Brand of China award*** and ***Top 10 Zipper Brands of the PRC***

- Known in the industry for **invisible zippers** and **waterproof zippers** for camping equipment

Emphasis on Quality and R&D
(注重质量和研发)

- Our R&D facility was certified as **“Fujian Provincial Level Enterprise Technology Center”**
- **Intertek Eco-Certification =>** products can be sold in the international markets
- **21 full time R&D staff** - members include professors, software engineers, tooling engineers and craftsmen
- **Collaborative partnerships** with research institutes such as **Xiamen University** for R&D of management software and hardware
- We currently have a total of **18 design patents**, **2 utility patents and 1 invention patent**

Experienced Management Team
(经验丰富的管理团队)

- Key management team
  - **Mr Hong Qing Liang (Chief Executive Officer)**
    over 20 years experience
  - **Mr Hong Peng You (Director of Administration)**
  - **Mr Hong Qing Ke (Director of Sales)**
  - **Mr Hong Shui Ku (General Manager)**
  - **Mr Koh Choon Kong (CFO)**



Hong Qing Liang, Chief Executive Officer

洪清凉：首席执行官

- Over **20 years** of experience in the zipper industry
- Honourable Chairman of Zipper Industry Association of Fujian Province
- Vice Chairman of the Foreign Enterprise Association and Vice Chairman of Chamber of Commerce of Long Hu Town, Jinjiang City
- Member of CPPCC Fujian Province



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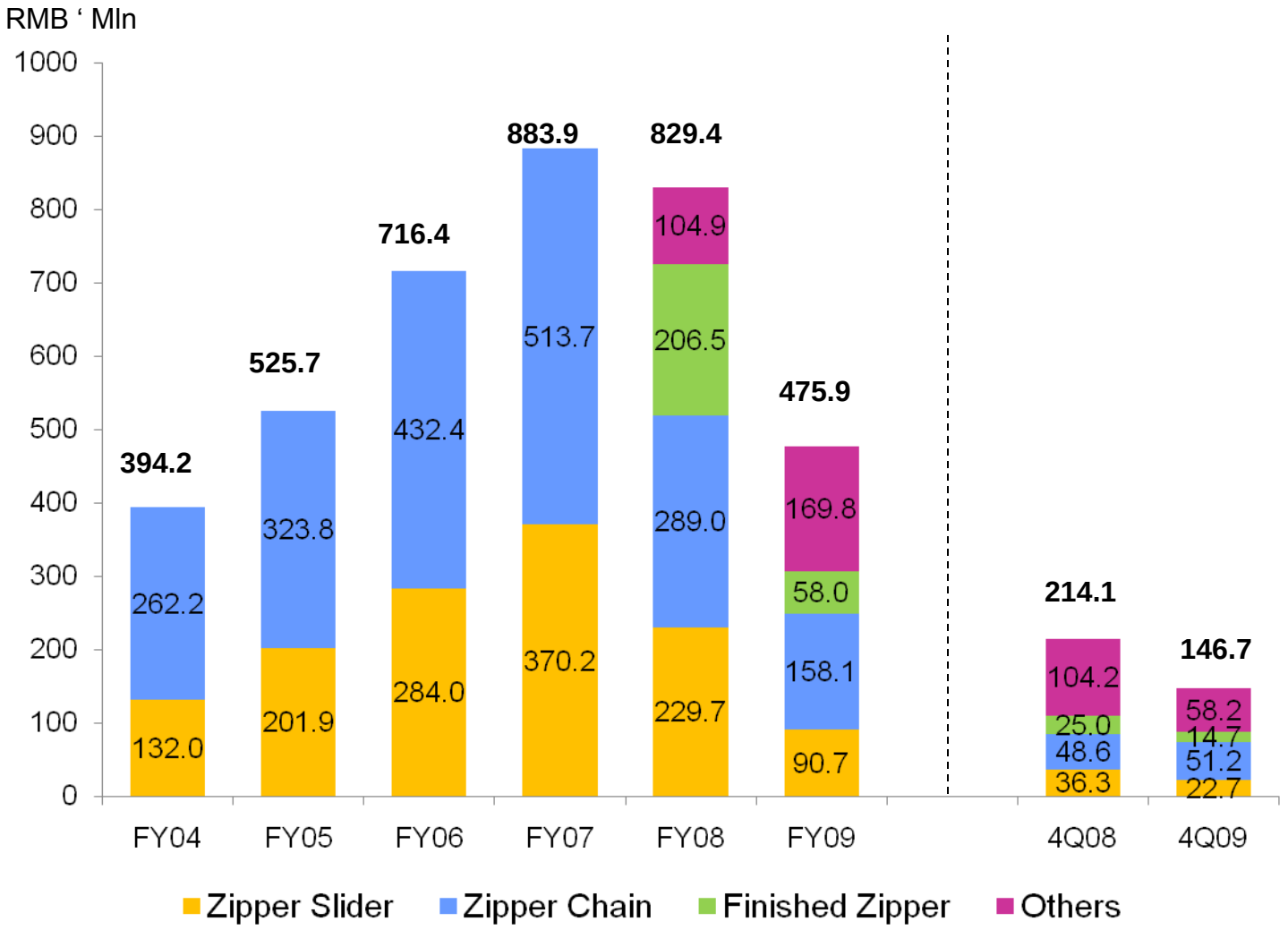
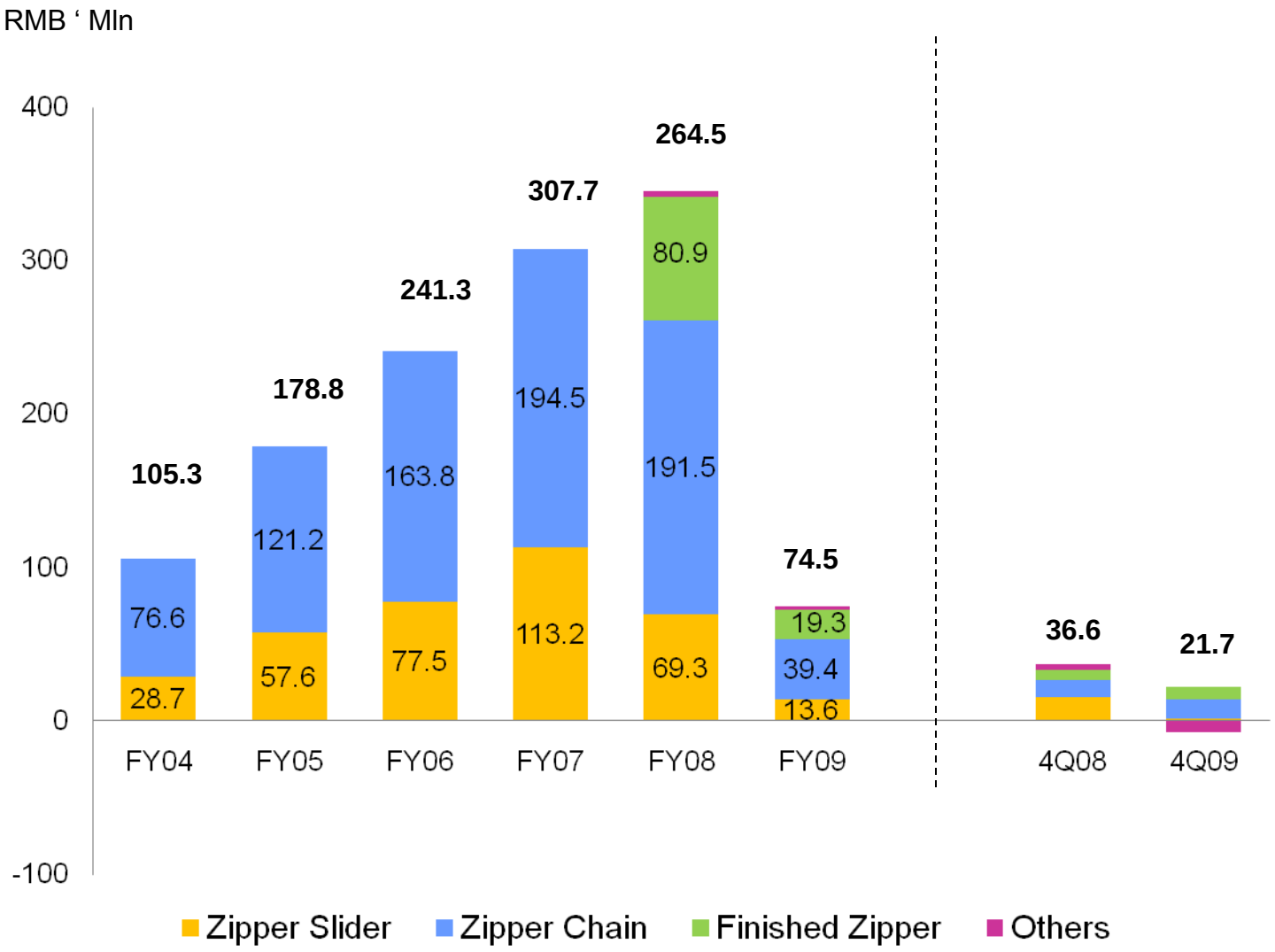
Financial Highlights
财务摘要

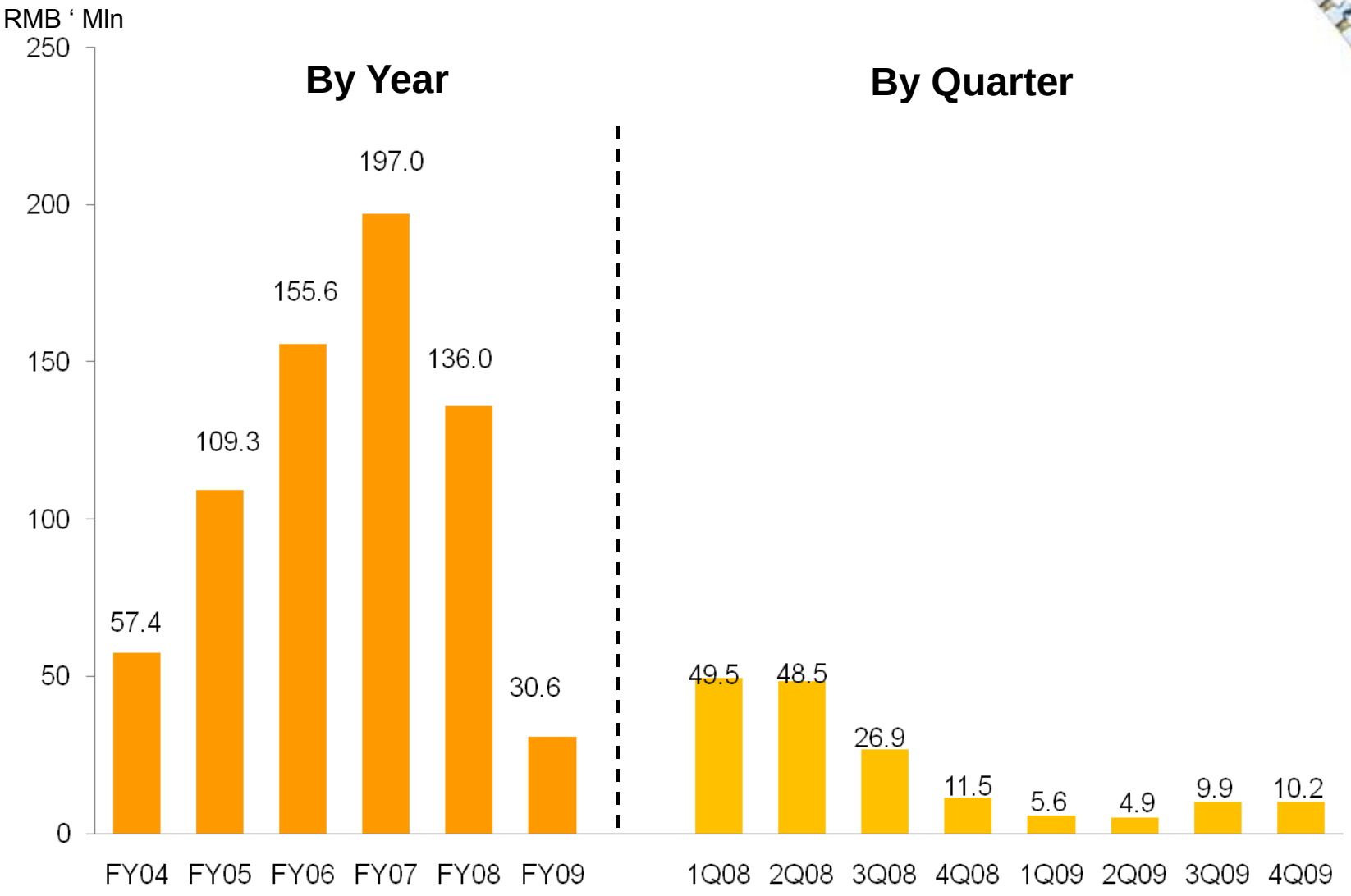
Revenue (收入)


RMB ' Mln
1000
900
800
700
600
500
400
300
200
100
0
394.2
262.2
132.0
525.7
323.8
201.9
716.4
432.4
284.0
883.9
513.7
370.2
829.4
104.9
206.5
289.0
229.7
475.9
169.8
58.0
158.1
90.7
214.1
104.2
25.0
48.6
36.3
146.7
58.2
14.7
51.2
22.7
FY04
FY05
FY06
FY07
FY08
FY09
4Q08
4Q09
Zipper Slider
Zipper Chain
Finished Zipper
Others

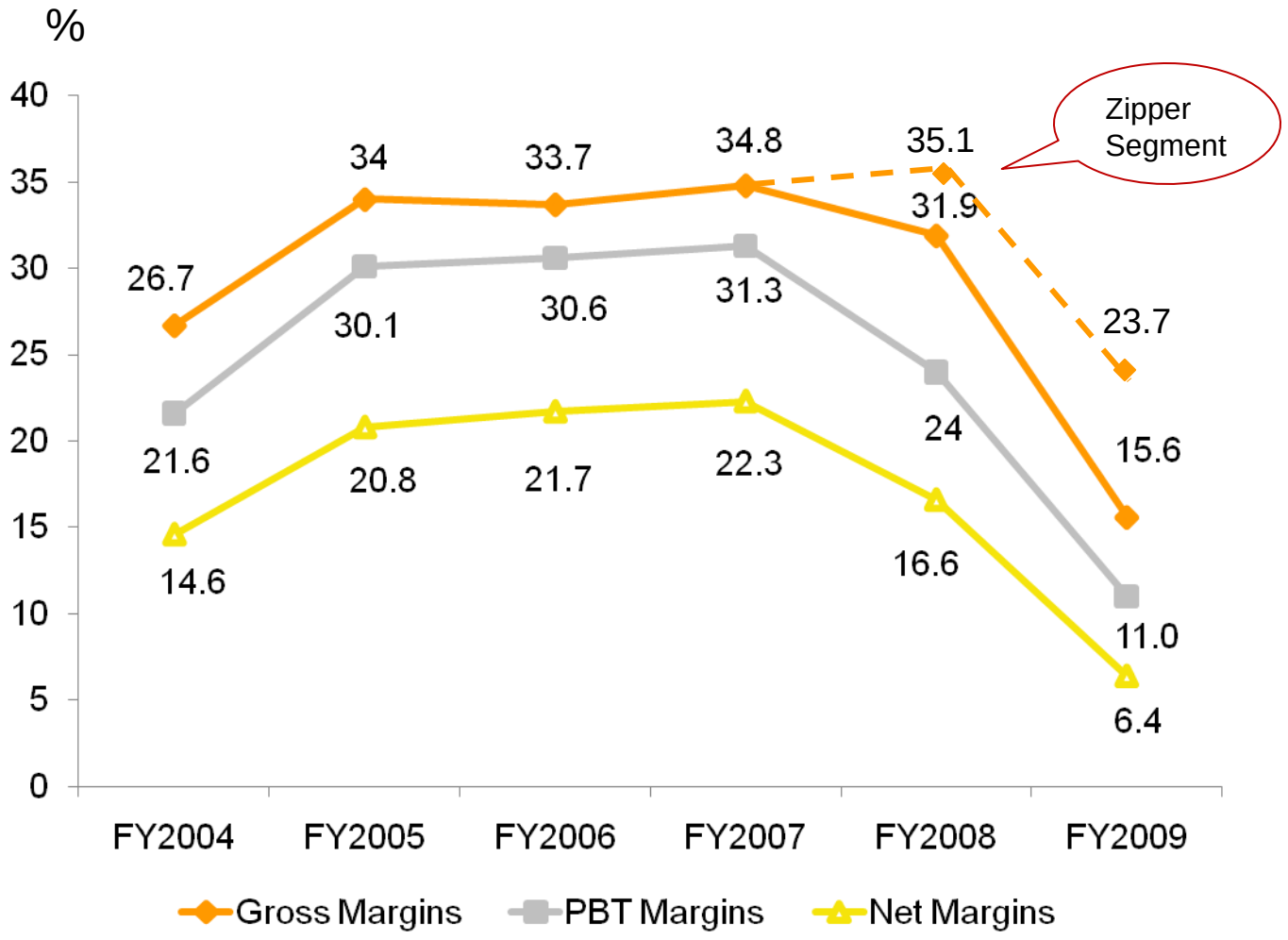
Gross Profit (毛利润)



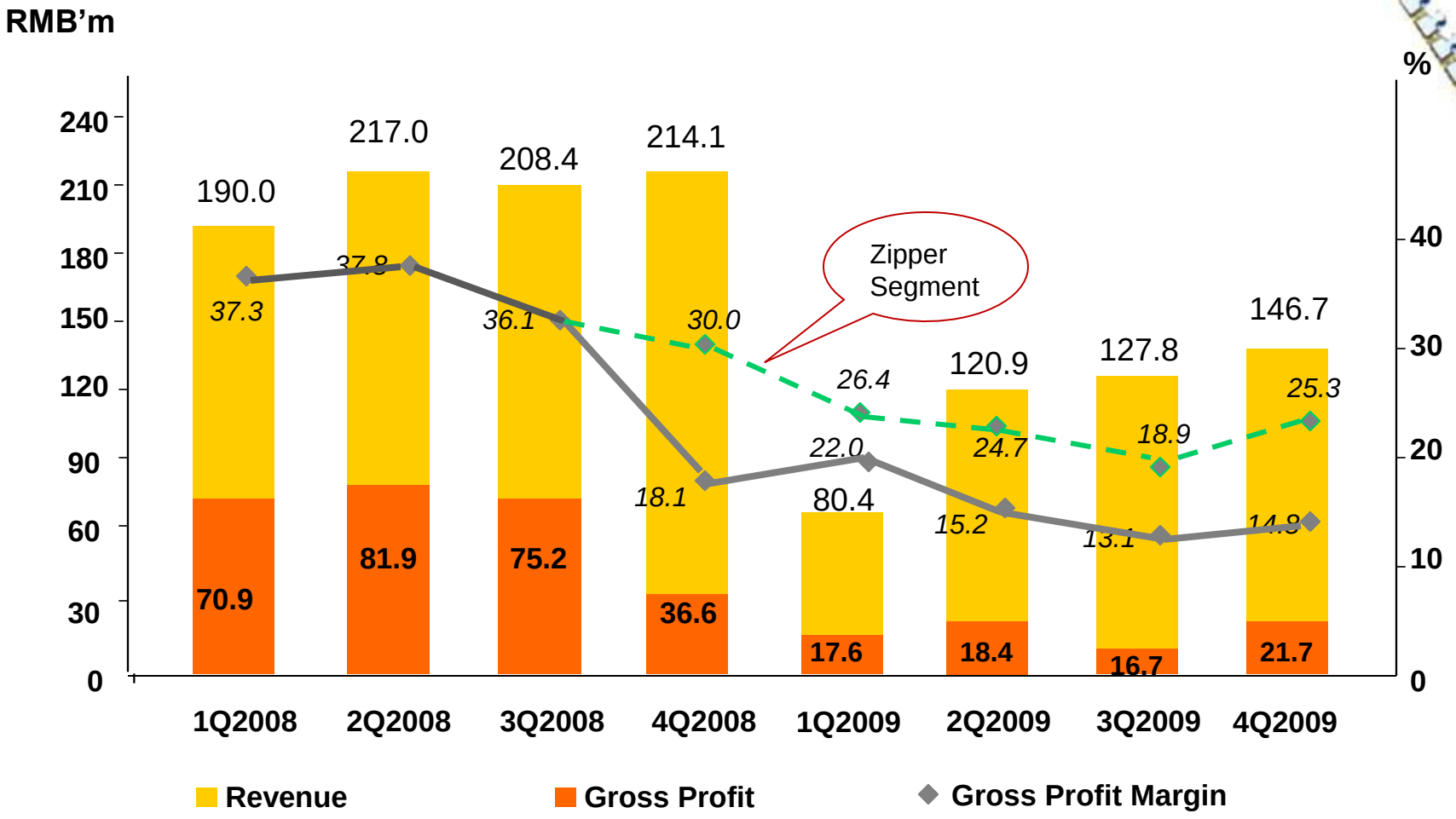
Net Profit (净利润)



Profit Margins (利润率)

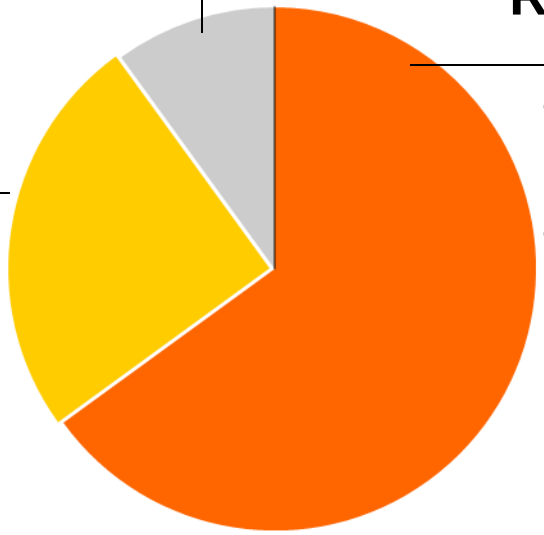


Quarterly results (每季的财务摘要)



COGS Composition (已售商品成本组成)

Direct labour 7 -14%



Raw materials: 62 - 69%

- Main raw materials used: DTY and polyester chips, zinc
- Zinc prices fluctuate

Manufacturing overheads:

24% - 28%

Cashflow Highlights (现金流摘要)

RMB' m	FY04	FY05	FY06	FY07	FY08	FY09
Cashflows from Operating activities	34.9	88.7	60.2	21.2	(7.0)	512.4
Cashflows used in Investing activities	(6.8)	(14.2)	(3.0)	(82.6)	(85.1)	(93.8)
Cashflows from Financing activities	(23.2)	(76.5)	23.6	371.1	(41.3)	(72.2)
Cash and cash equivalents at end FY	14.4	12.4	93.2	449.6	318.8	665.1
Bank + Deposits	**16.4**	**23.0**	**114.4**	**452.6**	**361.3**	**709.9**

At end FY2009, Group's Net Cash (bank/cash - bank loans) position amt to RMB645.7 Million

Financial Highlights (财务摘要)

RMB ' m	FY06	FY07	FY08	FY09
Total Assets	616.5	1,207.8	1,374.7	1,284.8
Total Liabilities	(271.7)	(232.5)	(318.9)	(190.1)
Equity	344.9	975.3	1,055.8	1,094.7
Earnings per share (RMB cents)	25.9	30.0	17.1	4
NTA per share (RMB cents)	57.4	121.8	132.0	132
				~S$0.27 @4.8605

Net Cash per share at end 2009: RMB77.6 cents (~S$0.16)

Financial Ratios (主要的财务比率)

	FY04	FY05	FY06	FY07	FY08	FY09
Trade receivable days	117	135	131	115	128	**171**
Trade payable days	59	70	66	16	20	**18**
Inventory turnover days	38	24	22	27	29	**38**
Return on equity (%)	36.8	57.7	45.1	20.2	12.9	**2.8**
Return on assets (%)	15.2	23.7	25.2	16.3	9.9	**2.4**
Current Ratio (times)	1.17	1.26	1.87	4.6	3.9	**8.6**
Debt to equity* (%)	101.1	87.4	57.9	23.8	30.2	**17.4**

* Debt includes bills payable to banks and short term bank loans



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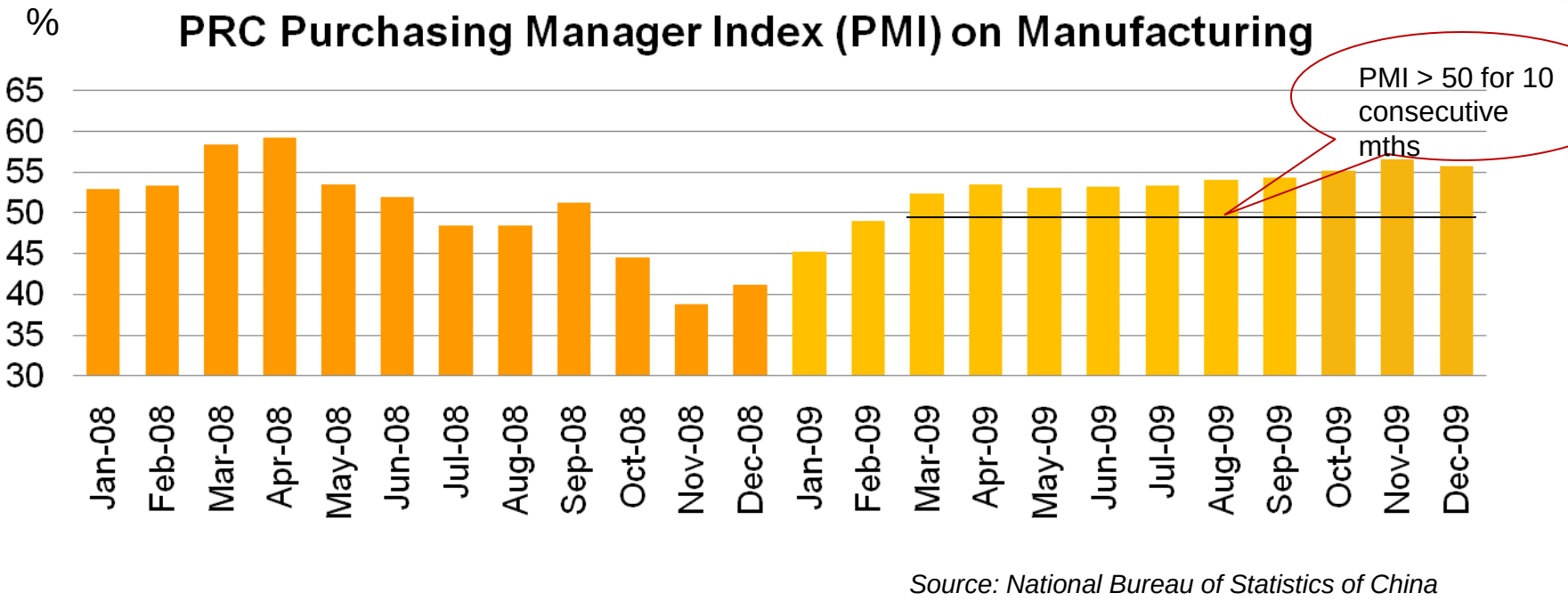
Industry Outlook
行业前景

PRC's Macro Economy Environment
(中国的宏观经济环境)

Growing Consumer Price Index (CPI)

	2003	2004	2005	2006	2007	2008	2009
CPI (YOY growth %)	1.2	3.9	1.8	1.5	4.8	5.9	- 0.7



Source: National Bureau of Statistics of China

PMI > 50, shows PRC economy in rising phase
PMI < 50, shows stable or decreasing

Recovery from Weak Business Environment (从疲弱的商业环境中逐渐恢复)

Due to the impact of financial crisis, PRC consumer goods industry experienced a difficult time in 2009

- **PRC Consumer Price Index (CPI) in 2009 down 0.7% compared to 2008**
- **China's textile and garment export dropped 10% in 2009 after its 10 year consecutive growth, returning to the level between 2006-2007**
- **Recent industry statistics indicate the bottoming out of the downturn, but the recovery may not as fast as expected**

Dividend Payout (股息支付)

	FY2008		FY2009
Name of Dividend	Interim	Final	Final (Proposed)
Dividend Type	Cash	Cash	Cash
Amount Per Share (In RMB)	0.01	0.02	0.02
Tax Rate	N.A.	N.A.	N.A.
Total Per Share (In RMB)	0.03		0.02

CEO's Message (主席致词)



CEO Hong Qing Liang

洪清凉

We shall continue to enhance our Brand name and R&D abilities to grow market share. We will also continue to pursue opportunities for growth through new product, M&A in zipper-related businesses.

We are confident of our long term growth prospects.



Q & A

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Investor/Analyst/Biz Partnership Media Contact:

Koh Choon Kong, CFA
M: (65) 98588519
Email: choonkong@FuxingChinaGroup.com
Add: 10 Anson Road #30-07 International Plaza Singapore (079903)