

Company Presentation

09 November 2010

福兴集团 FUXING GROUP

FUXING CHINA GROUP LIMITED

Koh Choon Kong, CFO

choonkong@FuxingChinaGroup.com

(+65-98588519)

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Zipped on For Global Markets

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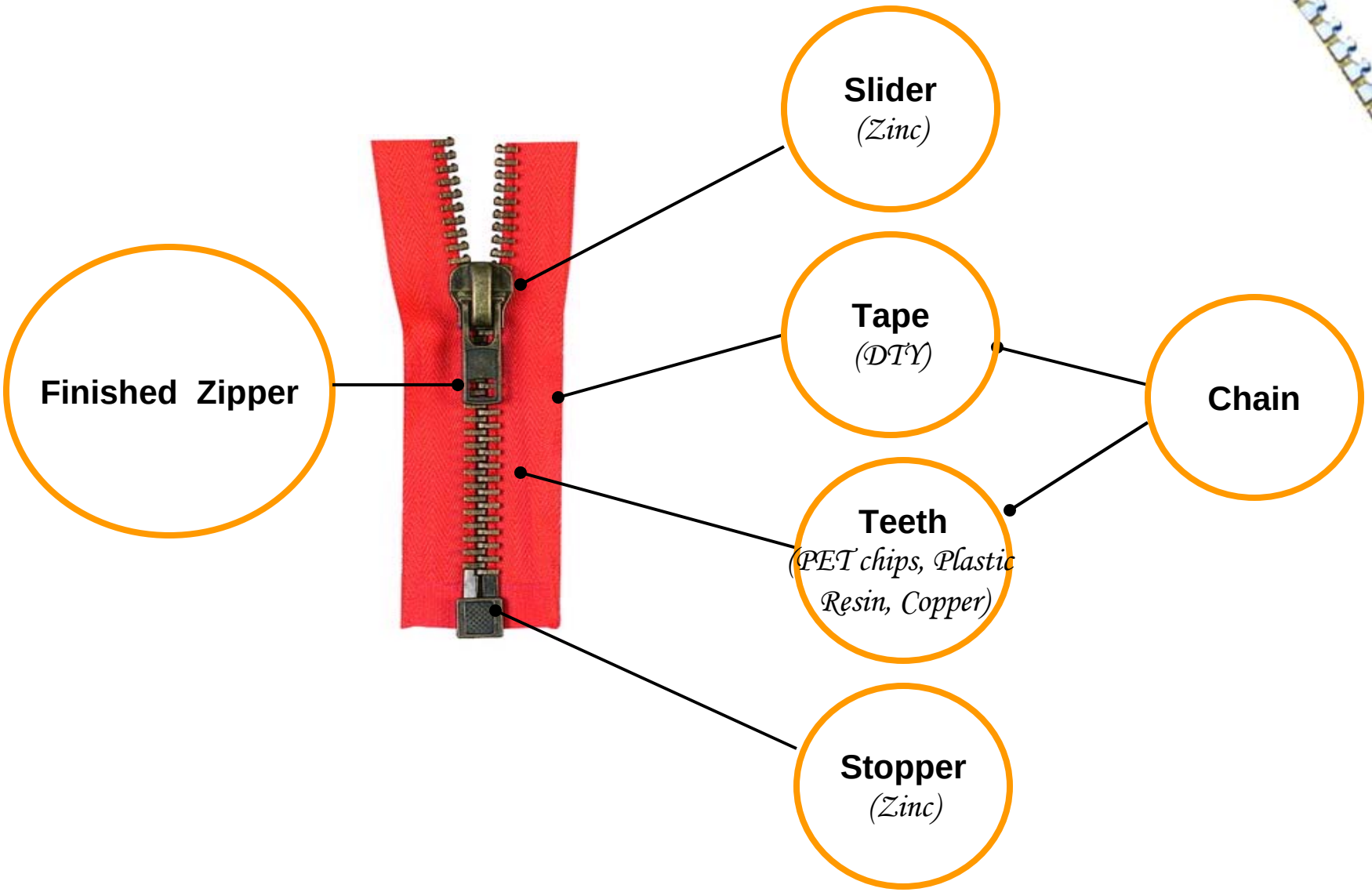
Business Overview

企业简介

Component of a Zipper (拉链的构成部件)



Our Business（我们的业务)

Principal activity	**Production of quality Zipper Sliders, Zipper Chains, Finished Zippers**
Customers	• **> 1,600 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

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 = Quality First, Customer 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



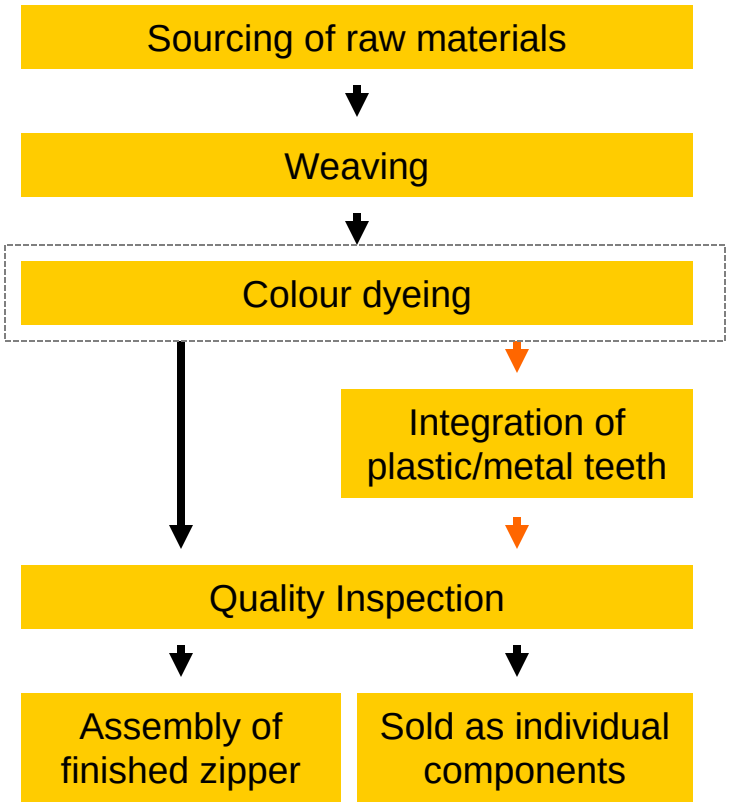
Bags & wallet



Upholstery

Production Process (生产过程)

Zipper Chains

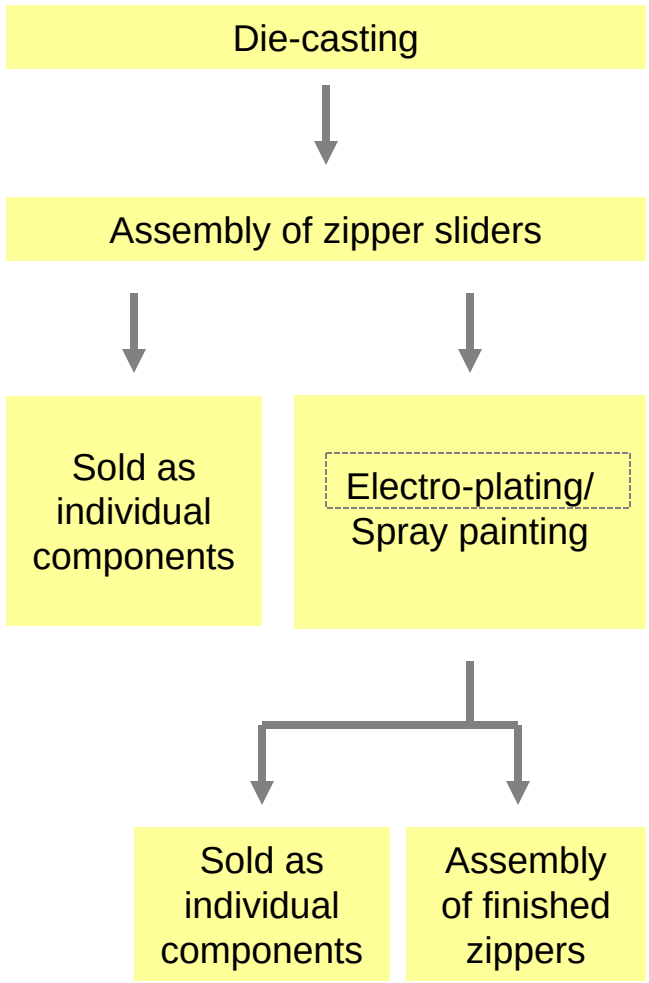


Common processes for plastic and metal zipper chains

Common processes for the nylon, plastic and metal zipper chains

Production process for nylon zipper chain

Zipper Sliders



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

Max Prodn Capacity	2006	2007	2008	2009	1Q 2010	2Q 2010	3Q 2010
(tons)							
Zipper chains	21,419	22,200	8582	25,623	6,406	6,406	6,406
Zipper sliders	10,897	10,897	10,897	10,897	2,724	2,724	2,724
Finished zippers *	*	*	3,971	3,971	993	993	993
Utilization rate							
Zipper chains	89%	91%	55%	41%	50%	**62%**	**68%**
Zipper sliders	81%	80%	80%	44%	37%	**55%**	**59%**
Finished zippers *	*	*	**~50%**	51%	38%	**56%**	**58%**

* For information only. Finished zippers (FZ) are assembled from chain/sliders, and the production capacity of FZ have been included under zipper chain, and zipper sliders segment. FZ produced prior to 2007 were but in low volume and were 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 New and HighTech Enterprise**
- Enjoy a preferential tax rate of 15% for next three years

2010

- **Successfully registration of Super Durable Zipper patent**
- **Move towards to high-end shoes, tents and luggage bags market**



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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)

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- **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

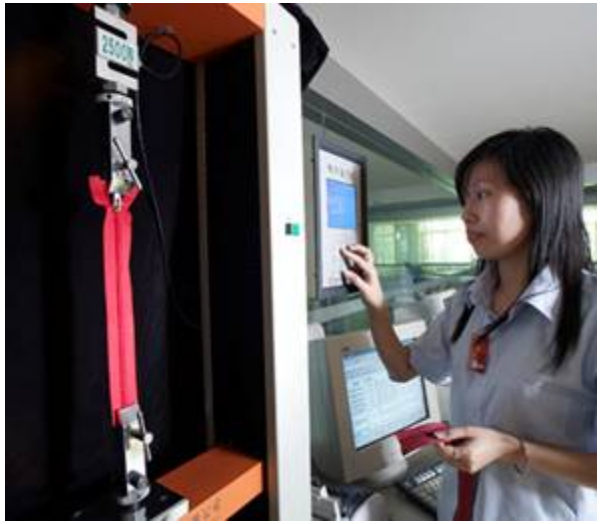






One of Few Vertically Integrated Players in PRC Zipper Industry(中国拉链行业为数不多的一条龙生产商)

- 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:

Sportswear:

ANTA(CHINA) CO., LTD.

adidas

NIKE

CBA Leisu

LI-NING

deerway

PEAK

ERKE

Fashion:

GAP

CK Calvin Klein

JACK&JONES

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

波司登 BOSIDENG 世界名牌

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

Luggage/Bags:

Microsoft

SONY make.believe

asics

ANA ANA SKY WEB

Samsonite

dapai 达派

Camping Equipments:

Kampa

Gelert

路之谱 NORTHPOLE INNOVATION BEGINS HERE

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**, **3 utility patents and 1 invention patent, and another 1 patent under application, which includes patent for *Super Durable zipper (新型耐磨拉链)*** *just registered in 2010*

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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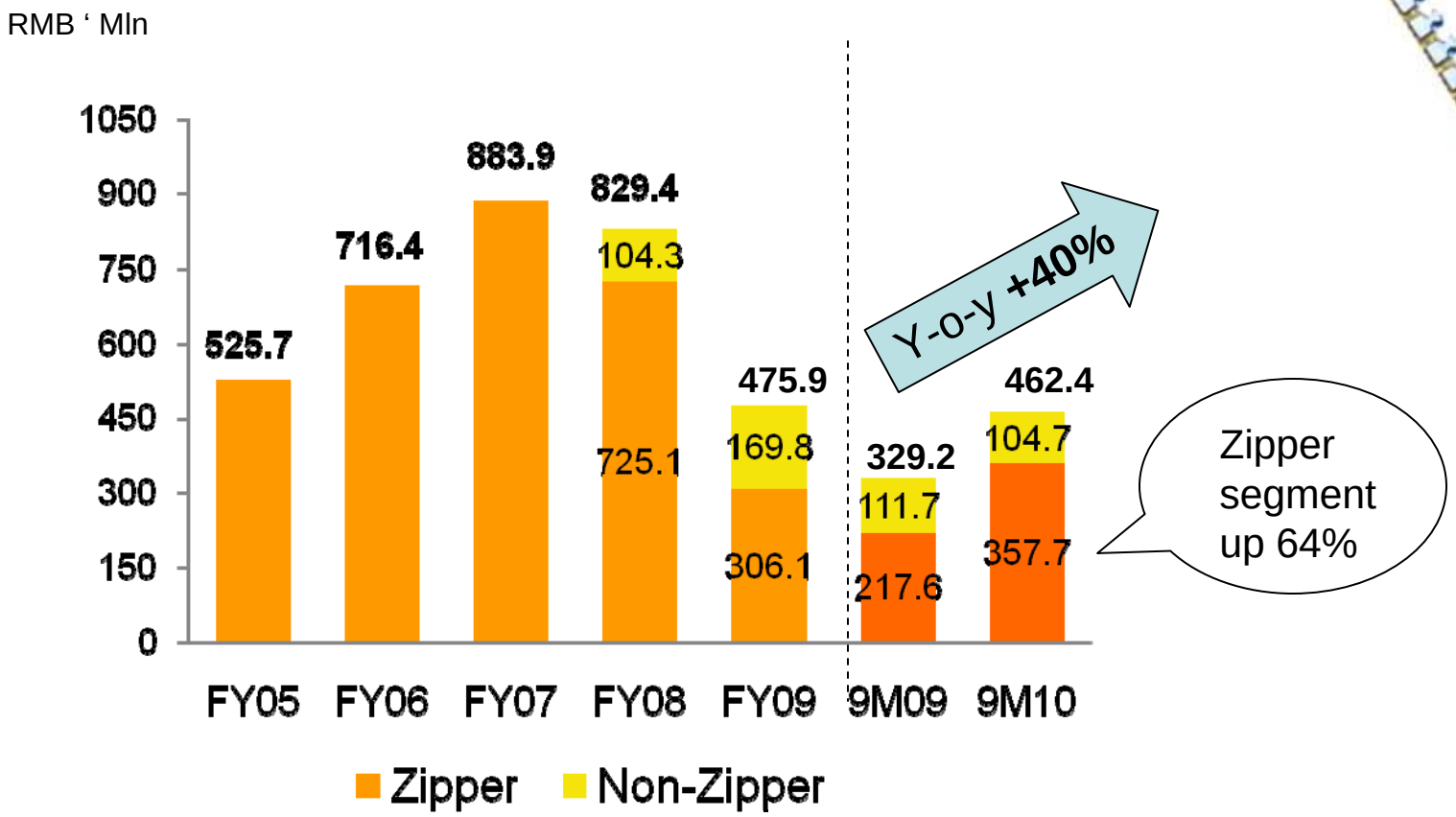
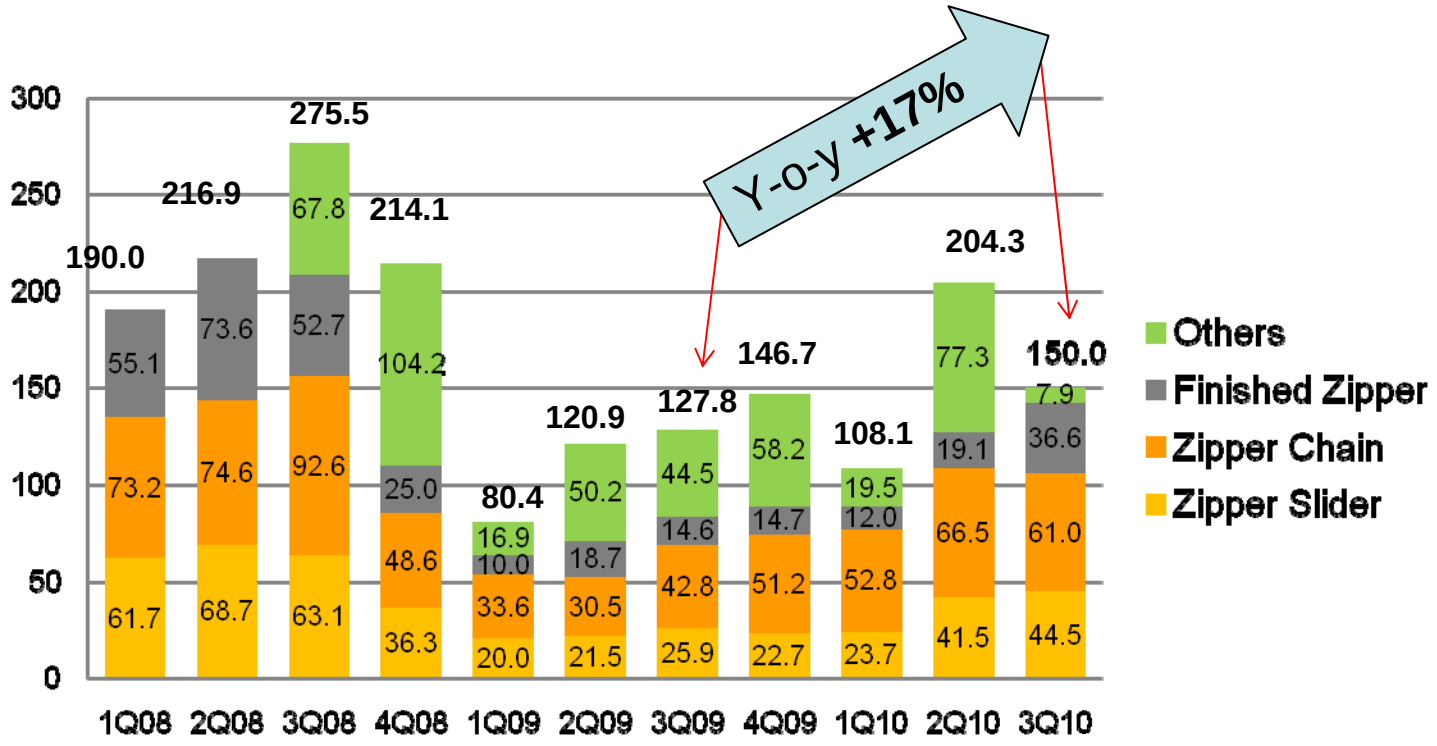
Financial Highlights
财务摘要

Revenue By Year (营业收入一览)



Revenue by Quarter (季度营业收入)

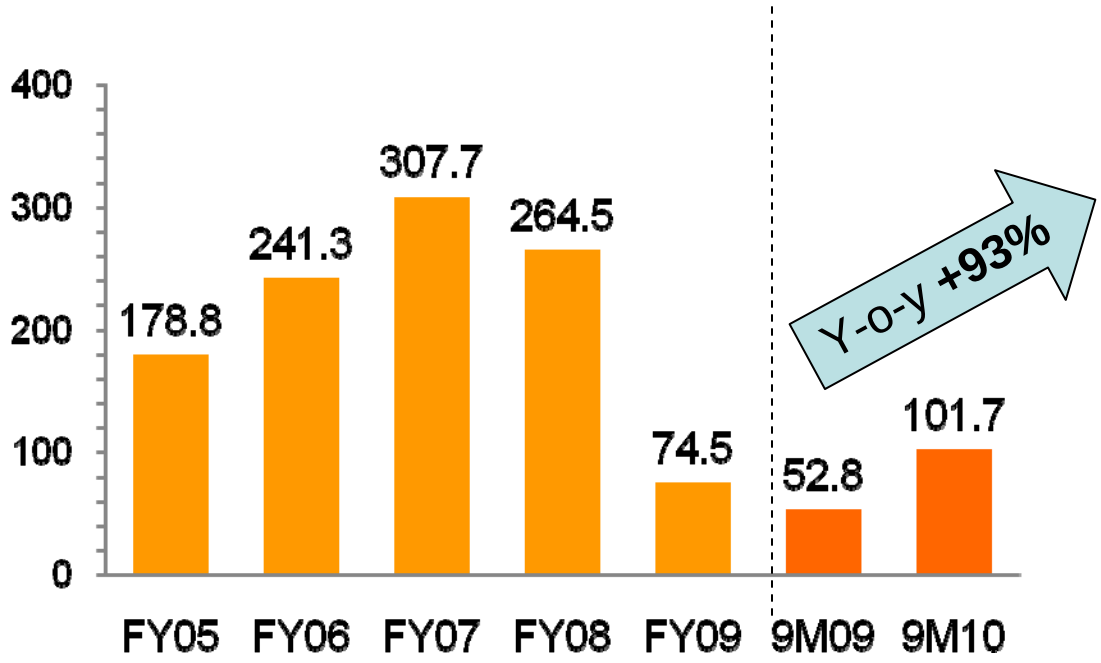
RMB ' Mln



- Others includes Knitting wool, Trading. Knitting wool business discontinued in 2Q2010
- Zipper Segment sales Q-o-Q up 12%

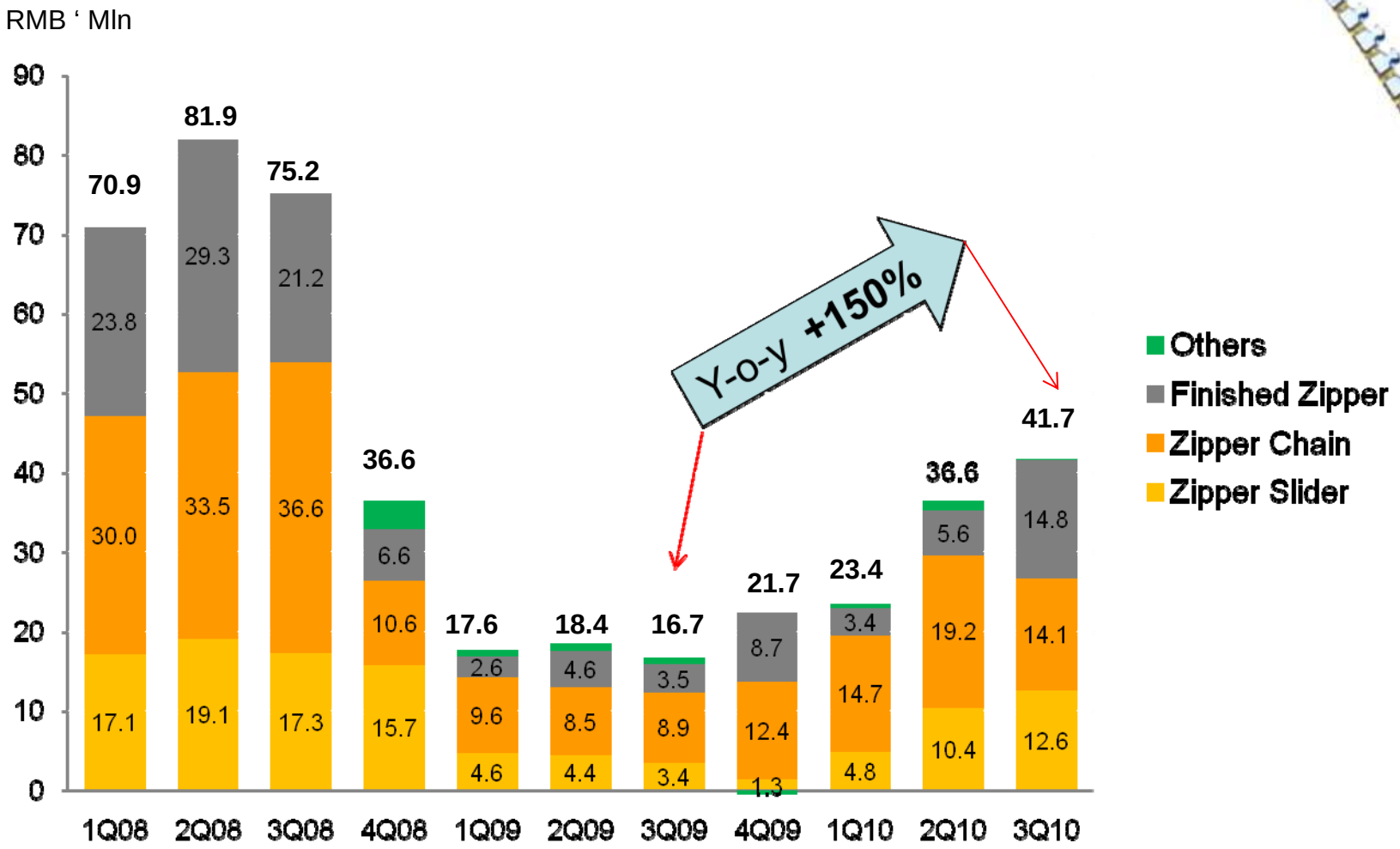
Gross Profit By Year (毛利一览)

RMB ' Mln



- Emphasis on higher margin business- Finished Zipper segment

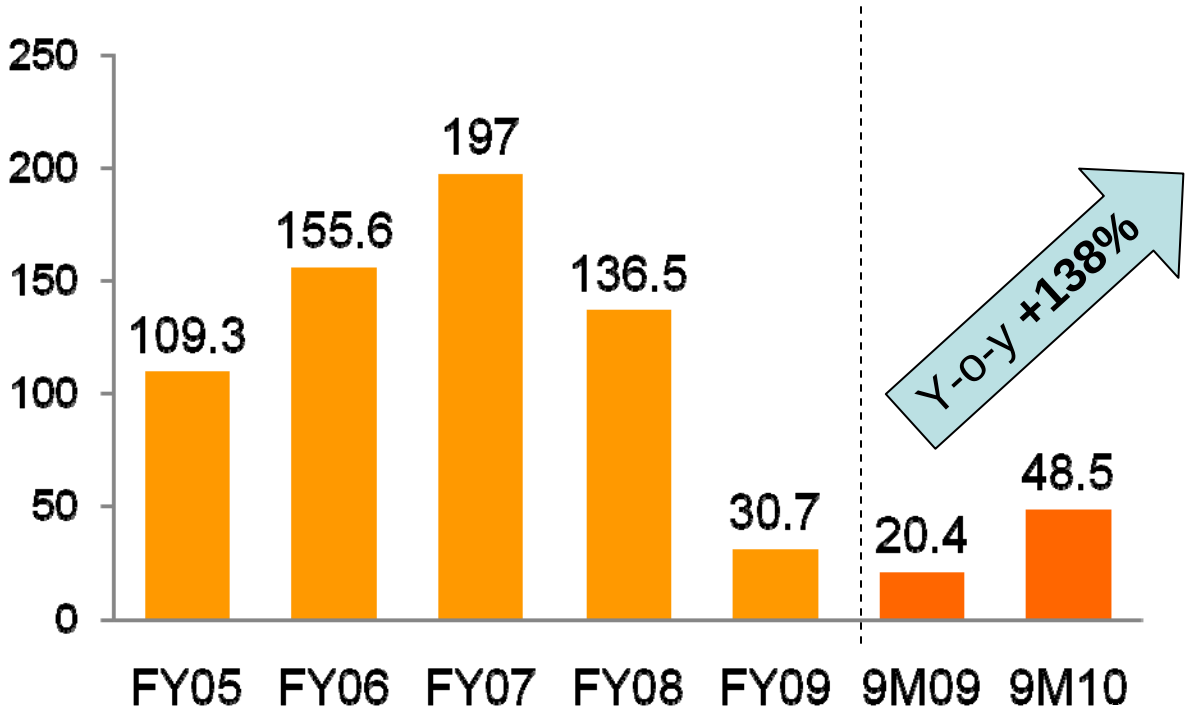
Gross Profit By Quarter (季度毛利)



Q-o-Q Gross Profit up 14%

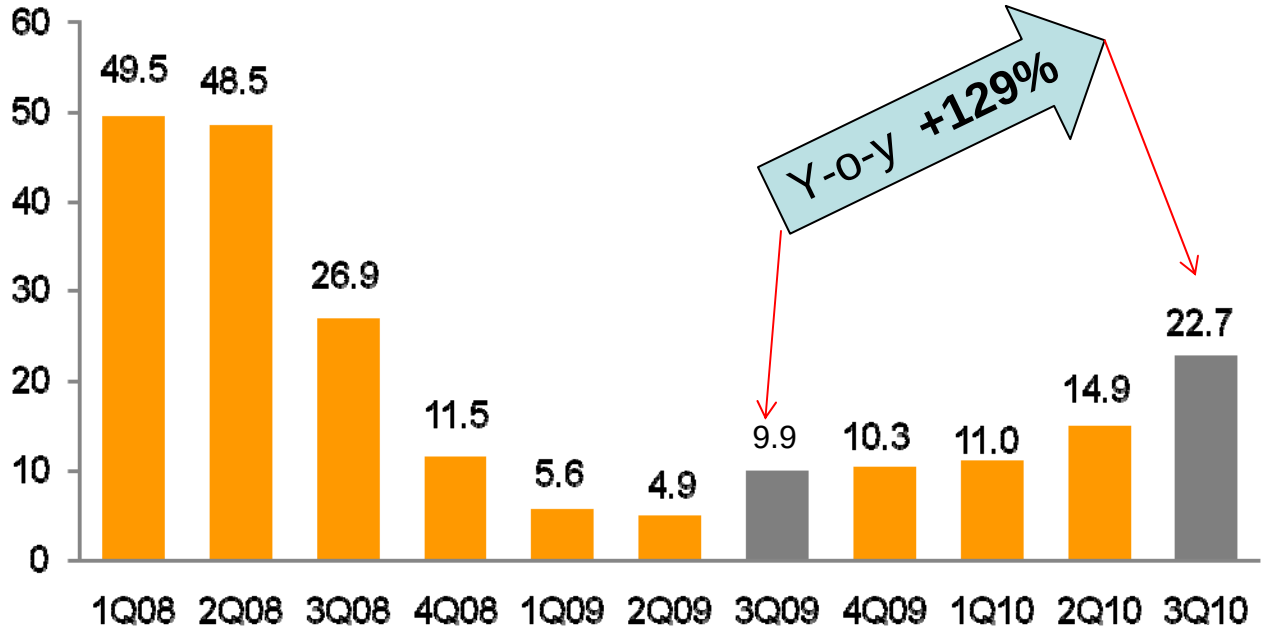
Net Profit By Year (净利一览)

RMB ' Mln



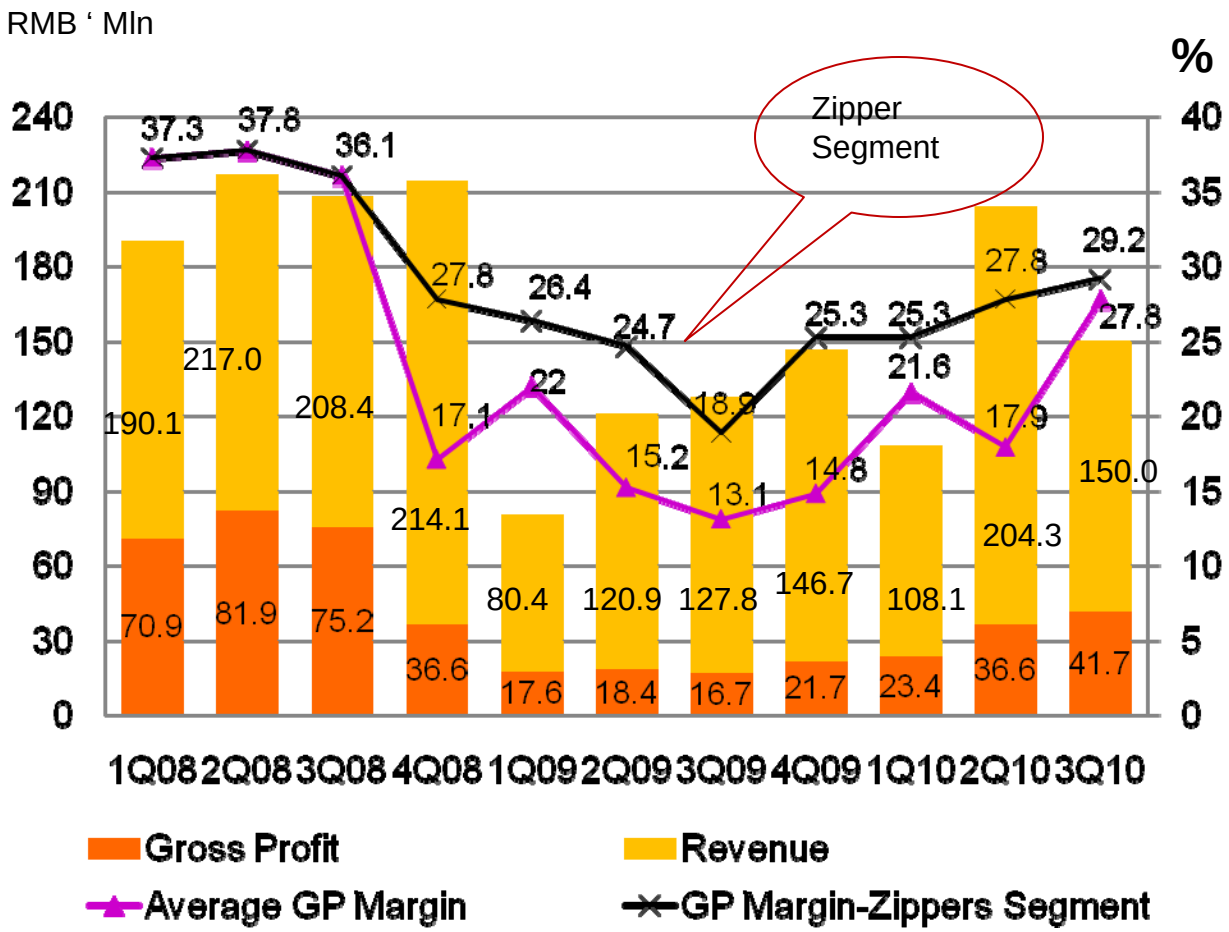
Net Profit by Quarter(季度净利润)

RMB ' Mln



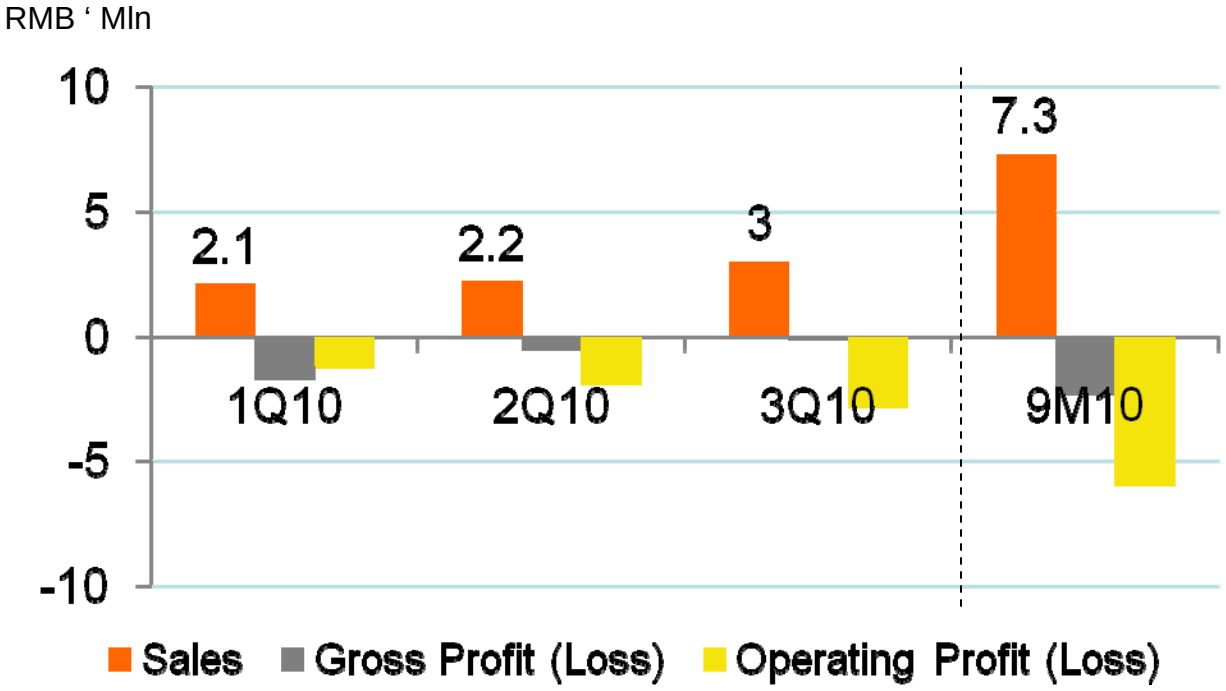
Q-o-Q Net Profit up 52%

Quarterly results (季度财务摘要)



Shanghai Plant Performance (上海工厂业绩)

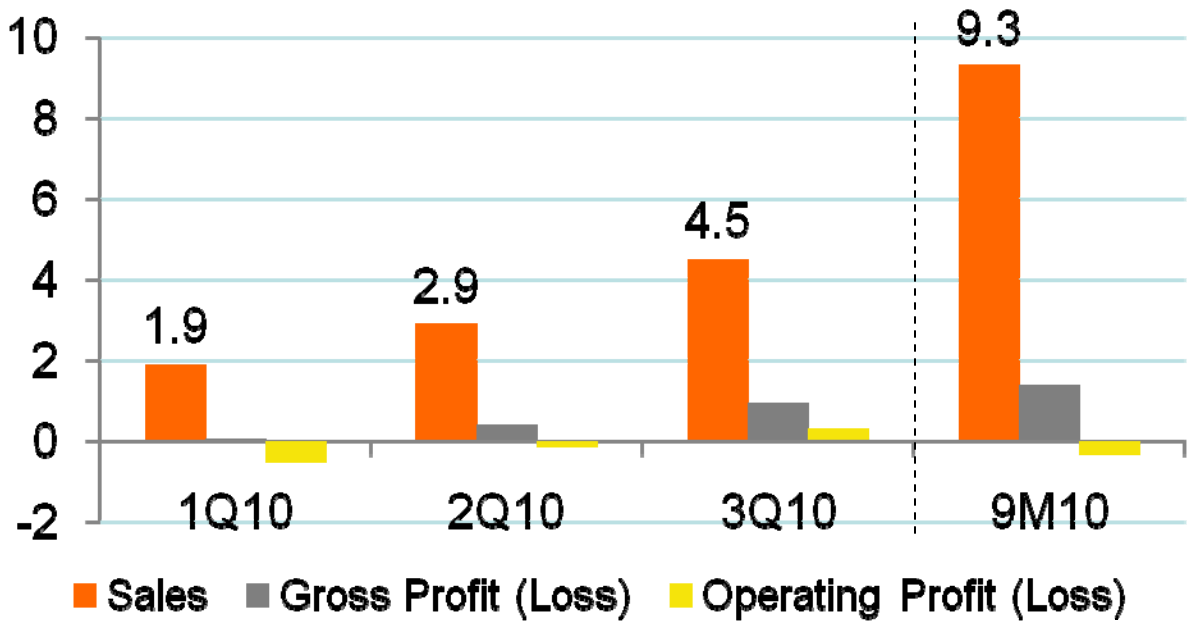
1Q & 2Q10 incl. discontinued knitting wool ops.



Targeting to turnaround end FY2010,
Positive contribution FY2011

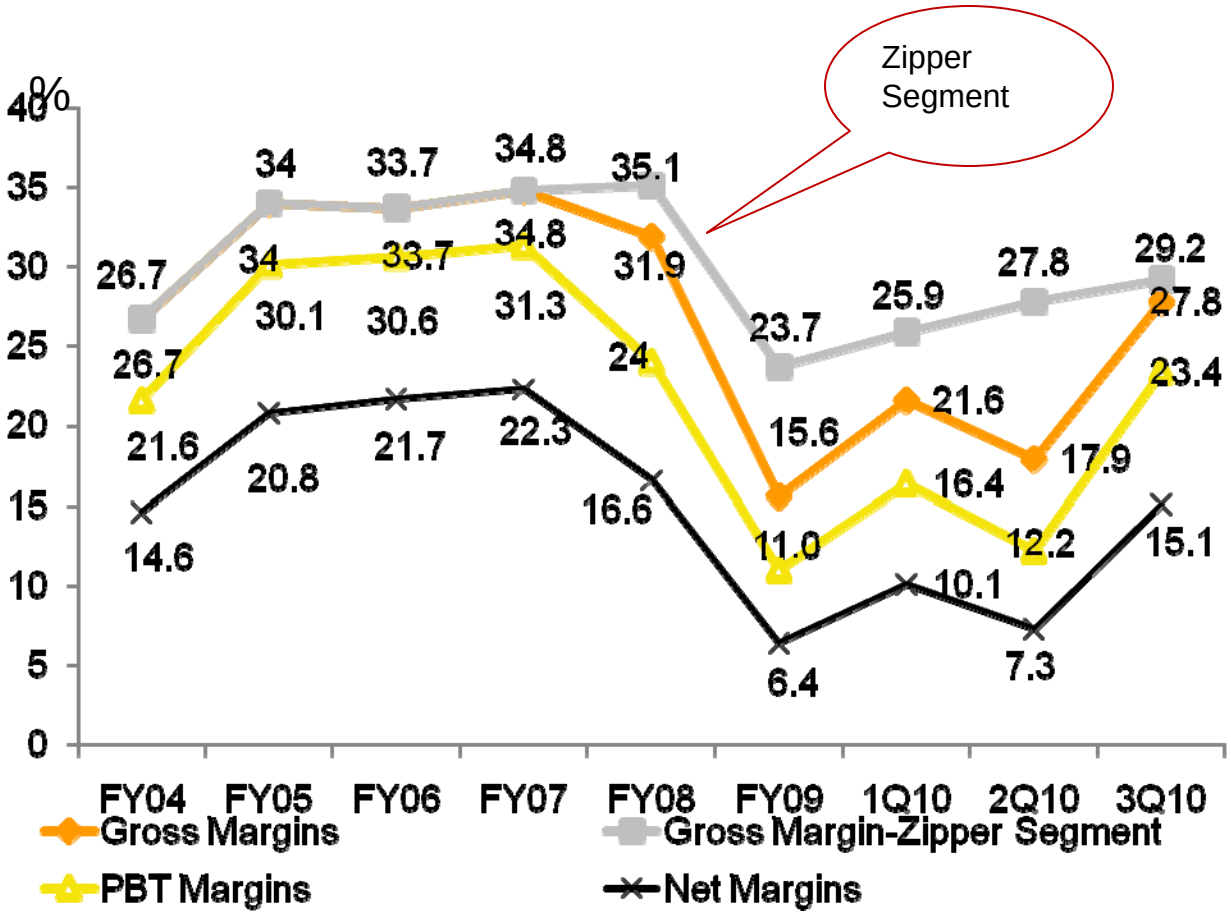
Qingdao Plant Performance (青岛工厂业绩)

RMB ' Mln



Improving sales, 3Q profit.
Expecting positive contribution FY2011

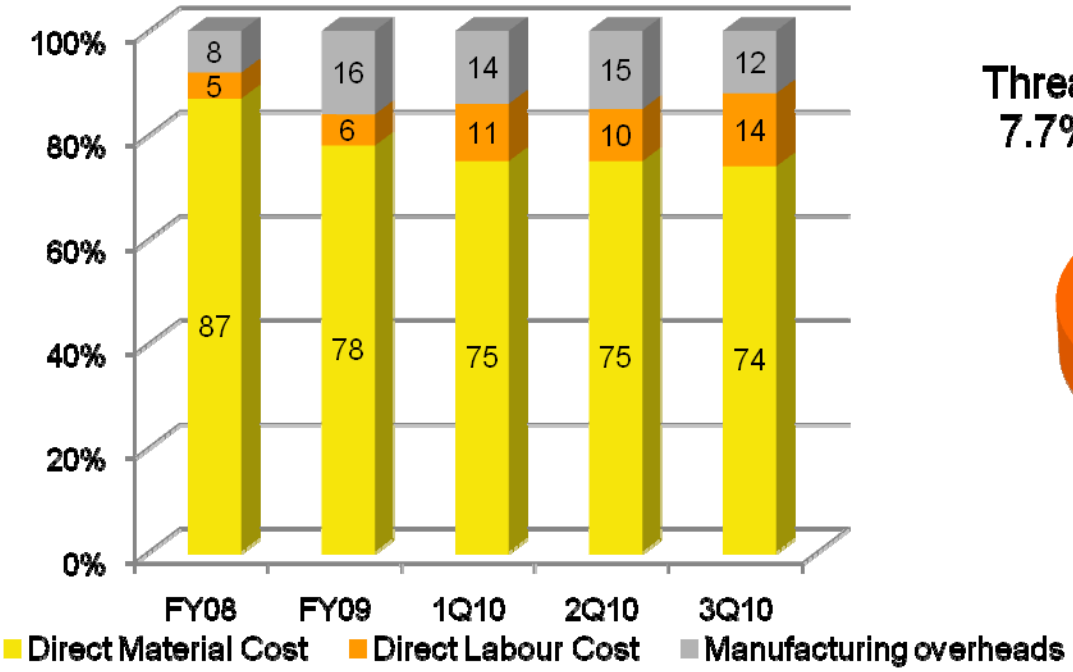
Profit Margins (利润率)



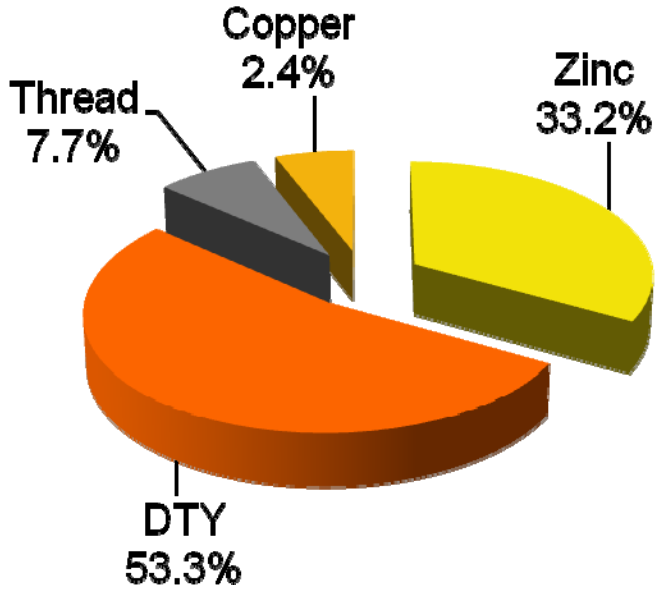
Implementation of new strategy- expansion of finished zipper production which generates higher margin

COGS & Raw Materials (生产成本及原材料组成)

COGS Composition



9M10 Raw Material Composition



Sales Contribution Breakdown (地区销售情况)

RMB' million	FY2008	FY2009	9M2010	3Q2010
Local sales	83%	70%	59%	58%
Export sales	17%	30%	41%	42%

Operating Expenses (营运支出)

RMB' million	3Q10	3Q09	Variation
Selling and distribution exp	1.8	1.1	+64%
Gen and admin exp	5.4	1.4	+293%
Fin exp	1.1	0.8	+39%
Fin income	1.2	0.6	+95%

Notes:

- Selling/Distr exp up due to higher promotion cost
- Gen/admin exp up on increase in salaries partially offset by decrease in provision for doubtful debts
-Fin exp up due to higher bal of short-term loan
- Fin income up due to higher average bank balance +2Q interest

Cashflow Highlights (现金流摘要)

RMB' mil	3Q2010	3Q2009
Cashflows from Operating activities	34.6	120.0
Cashflows (used in) Investing activities	(22.5)	(49.3)
Cashflows (used in)/generated from Financing activities	(3.5)	47.0

RMB' mil	3Q2010	FY2009
Bank + Deposits – OD	**708.5**	**689.9**
Net Cash (Bank/Deposits-Bank Loans)	**636.3**	**645.7**

CapEx (资本支出)

Project	CapEx (RMB million)
Construction worker's dormitory	25
Super Durable 100 sets machinery	25
Extension of 2 production flrs 15,000 sqm	20

Financial Highlights (财务摘要)

RMB ' m	As at 30/09/2010	As at 31/12/2009
Total Assets	1,319.2	1,284.8
Total Liabilities	(213.3)	(190.1)
Total Equity	1,106.0	1,094.7
Earnings per share* (RMB)	0.06	0.04
NAV per share ** (RMB)	1.34 **~S$0.26** @5.0824	1.32

Net Cash per share as at 30/09/2010: RMB 77.1 cents (~S$0.15)

* Basic EPS computed based on weighted average number of shares in 2010: 828,997,595 shares

** Based on issued share capital as at 30/09/2010: 825,718,000 shares

Financial Ratios (主要的财务比率)

	9M2010	FY2009
Ave Trade receivable days	101	171
Ave Trade payable days	14	18
Inventory turnover days	37	38
Return on equity (%)	4.4	2.8
Return on assets (%)	3.7	2.4
Current Ratio (times)	6.7	8.6
Debt to equity* (%)	19.3	17.4

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



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Outlook

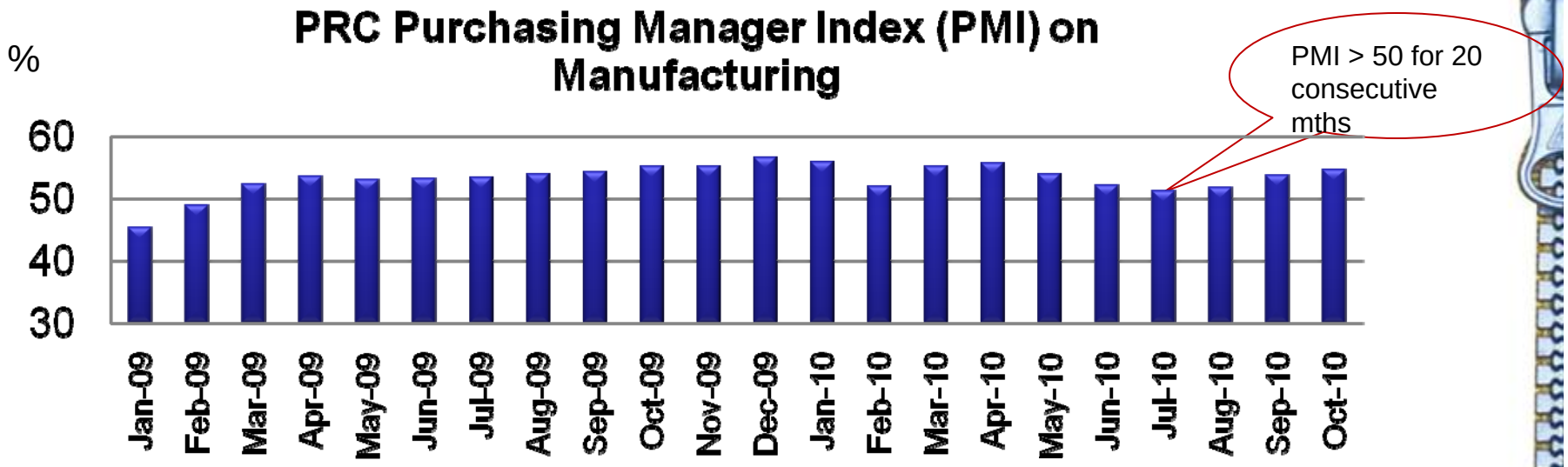
前景

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	9M10
CPI (YOY growth)	1.2	3.9	1.8	1.5	4.8	5.9	- 0.7	**2.9**

PRC's Mfg output still positive, **Consumption** expected to **Increase** accordingly



Source: National Bureau of Statistics of China

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

Related Industries Reports (行业相关报告)

Textile & Garment

- During the 9 months of this year, Chinese textile and garment exports rose 46% to USD181.4billion
- Garment export to Europe and US increased as the global economy shows a recovery *- Statistic by PRC Customs*

Footwear

- For 9M 2010, the PRC footwear export worth USD20.9 bln, down 5.6 yoy due to anti-dumping from other countries

- www.workercn.cn

Luggage/Bags

- Domestic demand continues to increase as people's life standard growing up
- PRC is the largest production base of luggage/bags, supplying over ¼ of global demand

Our Growth Strategies (成长策略)

- Acquisition plan- works in progress
  - 3 companies involved in electroplating , zipper dyeing, dyed yarn business
- Shanghai, Qingdao plants– positive contribution
- Push out patented ***Super Durable Zipper***
  - *High-end user, higher margin expected*
- Improve operating efficiency, process automation

Dividend Payout (股息支付)

	FY2008		FY2009	FY2010	
Name of Dividend	Interim	Final	Final	**1Q2010 Interim**	Final
Dividend Type	Cash	Cash	Cash	**Cash**	
Amount Per Share (In RMB)	0.01	0.02	0.02	**0.02**	
Tax Rate	N.A.	N.A.	N.A.	**N.A**	
Total Per Share (In RMB)	0.03		0.02		

Dividend Policy:

Payout ratio not less than 40% of net profit each year from FY2010

CEO's Message (主席致词)



CEO Hong Qing Liang

洪清凉

We shall continue to enhance our Brand name and develop sales strategies to remain competitive and grow its market share. We will also continue to pursue opportunities for growth through new product, M&A in zipper-related businesses.

FY2010 is a growth year. So will the next year be for Fuxing China.



Q & A

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Investor/Analyst/Biz Partnership
Media Contact:

Koh Choon Kong, CFA
M: (65) 98588519
Email: choonkong@FuxingChinaGroup.com
Add: 79 Anson Road #15-06
Singapore (079906)