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## MESBON'S RAPID PRODUCTION GROWTH TO CONTINUE WITH FURTHER 2009 EXPANSION

Mesbon China Nylon Limited – the Chinese company that listed on the ASX last year following a successful \$20 million IPO – is planning another significant boost in nylon textile yarn production capacity to meet surging demand.

In its annual report lodged today, Mesbon (ASX: "MES") says a production facility expansion planned for 2009 at its main plant in China's Zhejiang Province will boost annual production capacity to 60,000 tonnes.

That will mean a 200% increase on the Company's 20,000 tonnes per annum production just four years ago.

Mesbon is already on a rapid production growth trail. Production capacity has expanded from 20,000 tonnes of nylon textile yarn in 2004 to 33,000 tonnes and will increase further to 45,000 tonnes this year under the current Phase 3 program.

"Following completion of Mesbon's production facility expansion under Phase 4 in 2009, the Company expects production capacity to increase to 60,000 tonnes per annum," the annual report says.

Mesbon – founded in 2002 – is already one of the five largest nylon textile companies in China. The annual report says its current growth program could take it into the Top 3 bracket.

The latest growth plans follow the recent announcement of the Company's first annual results since joining the ASX lists. Net profit after tax jumped 70.7 per cent to \$7.75 million in the year ended 31 December 2007

Revenue was up 66.3% to \$88.75 million. Earnings Before Income Tax, Depreciation and Amortisation (EBITDA) increased by 89.9% to \$9.87 million

The \$7.75 million net profit compared with \$4.54 million in the previous full year and outstripped forecasts in Mesbon's Australian Prospectus issued on 9 November 2007, ahead of the 11 December 2007 ASX listing.

In the annual report, Mesbon's Chairman, Mr Zhehao Shen, says:-

"This profit can be attributed to the strong demand both from domestic Chinese and international customers, which we were able to generate due to our ongoing expansion of our manufacturing plant and our high quality outputs.

"During the 2007 year the company completed Phase 2 of the company's expansion and as at March 2008, the Phase 3 expansion is well underway.

"This expansion will not only increase the company's volume capabilities, but also allow a further move into the premium nylon yarn market.

"Whilst there is some turbulence in the world financial markets at the moment, the company's ability to increase its manufacture at the premium end of the market will assist China manufacturers to expand import replacement programs which in turn will help counteract international financial pressures on the company."

"As Mesbon expands its market share in the premium nylon market, Chinese textile manufacturers will be able to source quality nylon yarns produced in China to replace currently imported yarns."

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