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Mesbon China Nylon
Limited
ACN 123 178 852

**Annual General
Meeting
17th May 2010**



MESBON CHINA
NYLON LIMITED
AND SUBSIDIARIES
ABN 77 123 178 852

Ladies and Gentlemen,

It gives me great pleasure to welcome you all to this our third annual general meeting since the company listed on the Australian Securities Exchange in December 2007.

I especially would like to welcome my fellow directors who are here with us today. They have been very supportive of the company, through what has been an extraordinary but exciting year of recovery from the global financial crisis both in China and the rest of the world.



I would also like to sincerely welcome all shareholders and visitors who are here today. I appreciate your interest and hope that at the conclusion of today's meeting, you will have a better understanding of the company, its performance to date, and where it is heading into the future.

2009 saw the recovery of the company from the extraordinarily competitive conditions in 2008. In the first months of 2009, Mesbon was still reacting to the flow on from the global crisis, but by May 2009, markets were again expanding and margins were recovering.



The company's move to high end Nylon-6 FDY product was welcomed in the market place and contributed to the continual financial recovery of Mesbon.

By August 2009, all lines in the newly opened Phase 3 facility were operating well and the whole of the production plant was operating at optimal capacity.

You will recall that the company reported a net loss of RMB 5.64 million (AUD1.03 million) for the half year ended 30 June 2009. Second half results were most pleasing in the light of that, and Mesbon finished the full year with a net profit of RMB 21.94 million (AUD2.71 million).



I am very pleased to report that first quarter results for 2010 are promising, with an unaudited net profit of approximately RMB10.0million (AUD1.7million). April results are also in line with those of March and as long as there are no unforeseen circumstances, the results for the first half of 2010 are anticipated to be in the range of RMB 18.0 – 20.0 million (AUD2.95 – 3.29 million).

After the formal part of the meeting, we will make a presentation to you to better describe the position in which the company finds itself. At that stage, you will be welcome to ask questions and discuss the company and its progress.



On behalf of Mesbon, I see a bright future for Mesbon.

We are currently producing at the optimal capacity of 44,000 tonnes. We want to move forward from the current position and in future years look to develop Phase 4 with an additional 30,000 tonne capacity. We will also be looking at M & A opportunities and upstream opportunities with polymerisation to take us further into the future.

Again thank you all for coming today and I will now hand back to Mr Paul Teisseire to lead the formal part of the meeting.



Managing Director's Presentation

On behalf of

Mr Zhehao Shen

By

Mr Paul Teisseire



Performance Highlights 2009

- **Mesbon has shown resilience in a challenging year**
 - Successful implementation of new production facilities
 - Recovered well from losses of first half of 2009
 - Sales increased 24% to RMB 667.1 million
 - Gross margins increased from 3.96% to 8.17%
 - Introduction of higher quality Nylon-6 FDY yarn welcomed
 - Dividend payments resumed (Final: half cent/share: 2008 (nil))
 - Production at 36,000 tonnes



Financial Results (Expressed in RMB)

	2009	2008	Movement
Revenue \$	667.1mil	561.8 mil	105.3 mil
EBITDA \$	36.3 mil	19.7 mil	16.6 mil
EBITDA %	6.12%	3.50%	
NPAT \$	17.18 mil	1.5 mil	15.68 mil
Dividend (Unfranked)	0.5 cents	0 cents	
EPS – basic	2.04 cents	0.46 cents	1.58 cents
Total Equity	228.5 mil	207.6 mil	20.9 mil
Gearing ratio	46%	44%	

- Solid revenue performance
- Margins improved
- Dividend reward for shareholders
- Gearing higher in recovery phase



Trading Expectations for 2010*

- The recovery in the Chinese economy in 2009 has set the scene for 2010
- Mesbon has weathered the challenge and is on a growth path
- Trading in the first quarter has been strong
- Margins have been improved as a result of Nylon-6 FDY performance due to Phase 3 expansion
- April 2010 has maintained the trend of the March result
- Forward projections are consistent with results to date
- Production now at approximately 44,000 tonnes

* Based on Management Results for Zhejiang Chemical Fiber Limited to April and Forecasts to December 2010 using Chinese standard accounting principles.

Actual Results subject to audit at 30 June 2010 and 31 December 2010 and subject to adjustment to IFRS accounting standards

** Based on a currency exchange rate of 6.16RMB:AUD



Trading Expectations for 2010* (RMB)

		March 2010 Actuals		Half Year to June 2010		Full Year 2010
Revenue \$		202.6m		402.8m		925.2m
EBITDA		20.9m		39.4m		18.5m
EBITDA %		10.33%		9.78%		8.58%
NPAT \$		10.6m		18-20m		38-42m
EPS - basic						28-31 RMB

* Based on Management Results for Zhejiang Chemical Fiber Limited to April and Forecasts to December 2010 using Chinese standard accounting principles.
Actual Results subject to audit at 30 June 2010 and 31 December 2010 and subject to adjustment to IFRS accounting standards

** Based on a currency exchange rate of 6.16RMB:AUD



Outlook 2010 and beyond

- Mesbon is trading well to date
- Continuing the move towards premium product
- Further development in dope dyed yarn in DTY and fine denier in FDY
- Existing marketing channels in China being strengthened
- Reviewing chip supply agreements for better terms
- Increased emphasis on export market development
- Profit increase expected for the full year. NPAT expectation FY10 projected profit in range RMB 38 – 42million (AUD\$6.0 – 6.8million)*
- Looking at M & A opportunities and upstream opportunities with polymerisation
- In future years Looking to develop Phase 4 with an additional 30,000 tonne capacity
- Our vision is to grow business to RMB 3billion within 5 years and to become a top three nylon manufacturer

*NPAT expectations based on Management Accounts to April 2010 and subject to audit adjustments and economic predictions. Based on exchange rate of RMB6.16 : AUD\$1.0



Current board members

Zhehao Shen	Chairman & Managing Director
Bolong Xing	Non-executive Director
Weijie Gu	Executive Director
Paul Teisseire	Non-executive Director
Fai Peng Chen	Non-executive Director



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