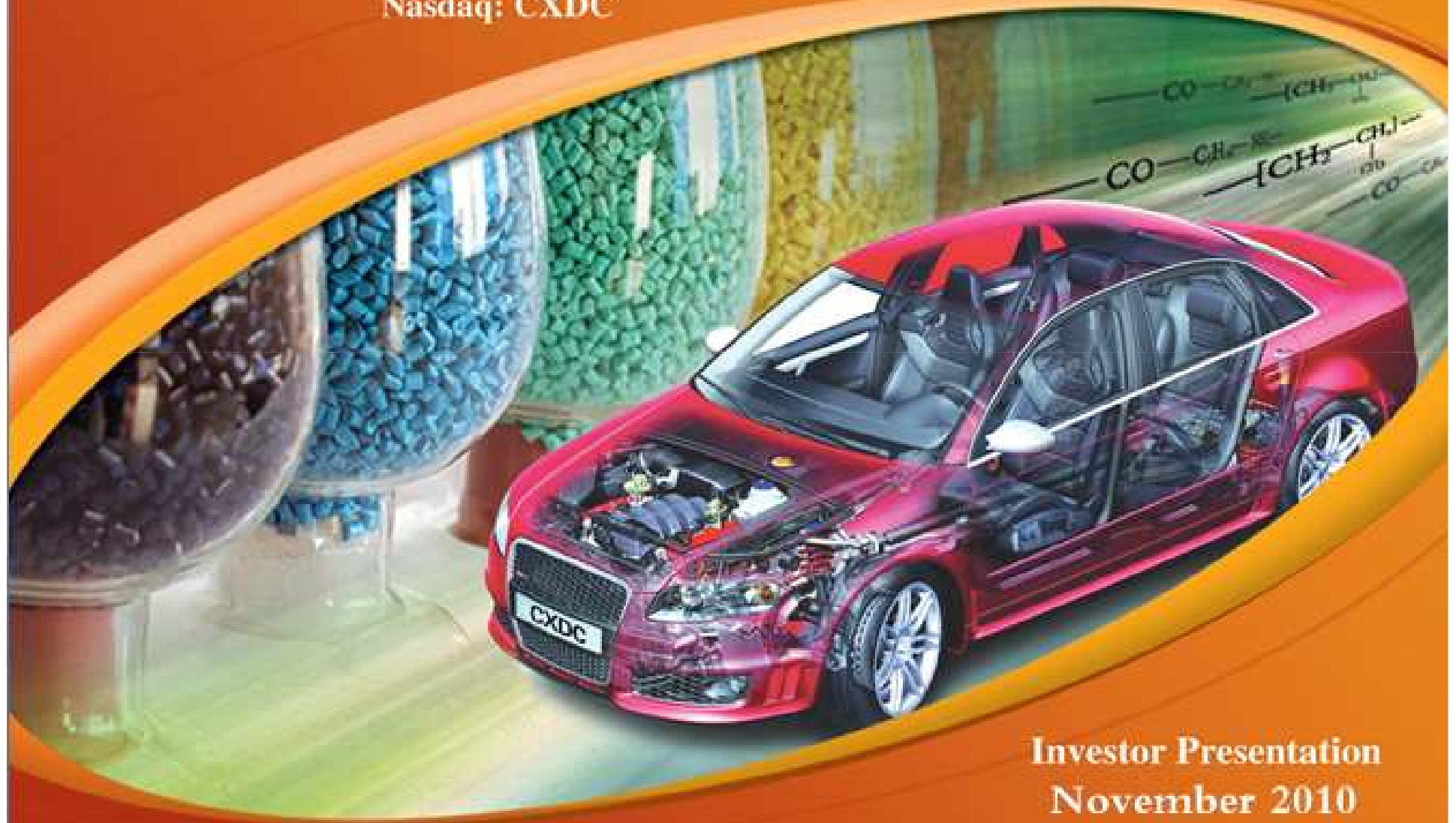




China XD Plastics Company Limited
Nasdaq: CXDC



Investor Presentation
November 2010



Safe Harbor Statement

This presentation contains statements that constitute "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which statements reflect the beliefs and expectations of China XD Plastics Company Limited ("China XD") about the future, such as China XD's anticipated growth strategies, future business development, ability to attract and retain new clients, ability to develop new products, and ability to expand to other related industries or markets in other geographical locations. These forward-looking statements are based on a number of assumptions about China XD's operations, and are subject to risks, uncertainties and other important factors, many of which are beyond China XD's control, and, accordingly, actual results may differ materially from the results discussed in these forward-looking statements. China XD has no obligation and does not undertake to revise forward-looking statements to reflect future events or circumstances . .



Capital Market Summary

Exchange / Ticker	Nasdaq/ CXDC
Share price(Nov.11,2010)	\$ 5.78
Market Capitalization	\$ 275 million
Fully Diluted Shares Outstanding	44.6 million
TTM Revenue	\$ 219 million
TTM Net Income	\$ 38 million
TTM EPS	\$ 0.85

TTM Revenue and Net Income as of Sep. 30, 2010

Net Income excludes non-cash and non-recurring expenses related to stock or option compensation



Company Overview

The Largest Chinese Manufacturer of Automotive Modified Plastics



China XD Plastics Company Limited, through its operating subsidiaries, focuses on the development, manufacture, and distribution of modified plastics primarily for use in automotive applications. The company has 26 years of operating history.

The company is headquartered in Harbin, China. It has 396 employees and the total usable floor area of the company is 670 thousand square feet. The company has two production facilities, equipped with 31 top class production lines in the industry, and has annual production capacity of 100 thousand metric tons. Its independent R&D center and employee training center which can hold large-scale training programs to accommodate more than 100 people. We have more than 200 product varieties and direct customers. Major end-users include 8 of the top ten automakers in China. Products are widely applied to exterior parts, interior parts and functional components of AUDI, BMW, Toyota, Buick, Mazda, Golf, Jetta, Hafei new energy vehicles and over 60 kinds of major automobile brands. Other end users of our modified plastics include ocean-going vessels, high-speed trains, airplanes, etc.



Company History



July 1985 Harbin Xinda Nylon Factory, the company's predecessor, was founded, which became the first enterprise engaging in the research and development and manufacturing of automotive – use modified plastics in China.



September 2004 The production base with 25 thousand tons annual production capacity was put into use, which made the company become the largest manufacturer of automotive – use modified plastics in the Northeast.



August 2007 The production base with the infrastructure to host production capacity of 100,000 metric tons was completed and the Company became the largest manufacture of automotive-use modified plastics in China



November 2009 The Company was listed on the Nasdaq Stock Exchange global market in the US with the ticker symbol: CXC; the first new plastics material company listed from Greater China.



Our Products

Modified Plastics Definition

Modified plastics are new materials made by physical and chemical processes to plastic resin through the use of specialized equipment and technologies. The end products constitute novel new materials which provide a host of benefits over traditional materials.

Product Categories

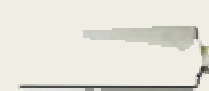
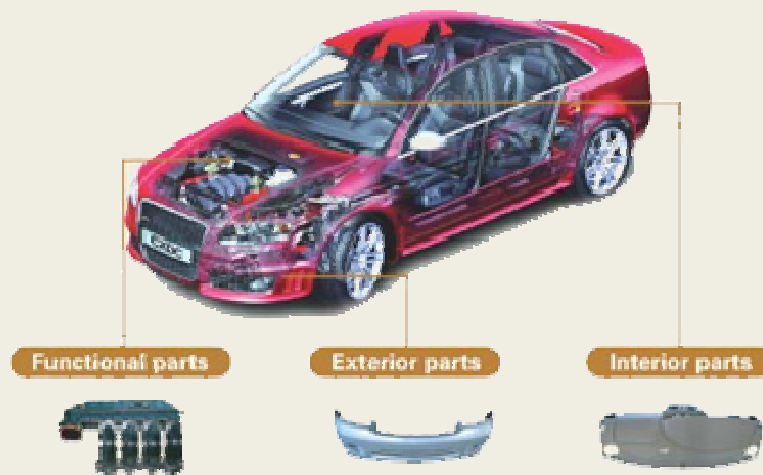
The company's products fall under 6 categories, up from 1 category five years ago, with an increasing focus on higher margin products



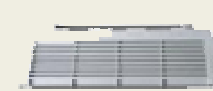
Product line	Modified PP	Modified ABS	Alloy Plastics	Modified Nylon	Engineering Plastics	Environment Friendly plastics
Gross Margin	20-22%	21-24%	25-28%	25-29%	28-30%	25-31%

Product Application

Modified Plastics has many advantages, such as heat resistant, high strength, corrosion resistant, Lighter, easier to process, and they can be used recycled to use and parts of products can be depredated naturally, which belong to environment friendly material. They are widely used in the field of automobile, ocean-going vessels, high speed trains and airplane. Automobile applications include interior (dashboard, glove box and door panels etc.), exterior parts (front and rear bumpers, lamp housings, license plates etc.) and functional parts (air conditioner casings, intake manifolds, engine covers, etc.)



Blade



Luggage rack



Air Seat



R&D and Production

Leading R&D Platform



- Leading professional R&D center in Chinese modified plastics industry and core for company's sustainable development.
- Over 80 sets of internationally advanced R&D and inspection devices for modified plastics, being able to develop and inspect all modified plastics' property and index.
- 7 R&D departments with doctors as the first role and masters as supplementary role, 14 project groups with 77 R&D professionals, and key members in R&D all have over 10 years of industry experience.
- Advisory panel of experts of 7 consultants, including Chinese top experts, academicians and chief scientists in macromolecule industry.



Project Cooperation



- R&D center has long-term and broad cooperation with the top macromolecule material departments of 8 domestic research institutions, including Changchun Applied Chemistry Institute of the Chinese Academy of Science, Harbin Institute of Technology and Jilin University.
- Our R&D center's scientific research achievements remain at the cutting edge of the modified plastics industry.
- Ensure to continuously increase the percentage of high value-added products in the auto industry and gradually expand to the high-end of other product fields, including vessel propulsion, high-speed trains, aerospace etc to finally realize diverse products development pattern.

Production Capacity

- All key manufacture equipment utilizes German two-screw extruding systems and US automatic weighing systems.
- Developed centralized control system independently.
- The only domestic enterprise in industry to utilize automatic control in all processes from feeding, mixing, extruding, cooling, graining, homogenization, parching, to packaging.



R&D Achievements



- Automotive products required to obtain certification from auto OEMs according to international automobile industry practice.
- We currently have 169 product certifications, the largest among the industry through R&D accumulation and technology reserve for 26 years.
- 17 patents for high-end products applied with State Office of Intellectual Property of China.





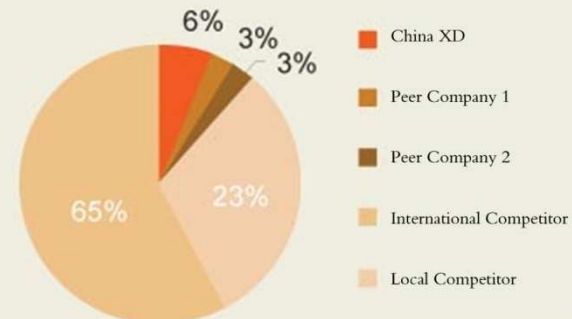
Market Position

Leading Market Position and Broad Growth Space

Auto Modified Plastics Market Share

Domestic manufacturers: 35%, mainly include China XD, peer company 1 and peer company 2.

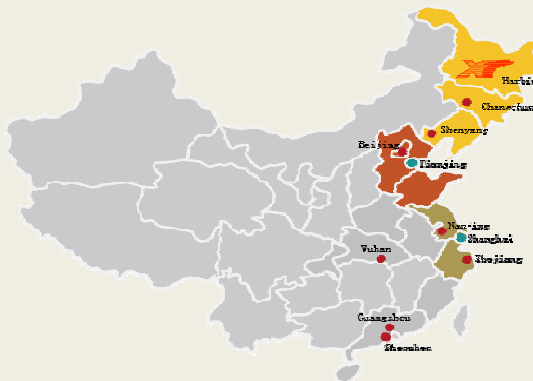
Foreign manufacturers: 65%,



Steadily Increasing Customer Base and Geographic Distribution

Growing Distribution Network

The company has established distribution network covering northeast, north and east of China which account for 60% of the total Chinese automobile production. The company expands market share by increasing distribution agents in the above areas.

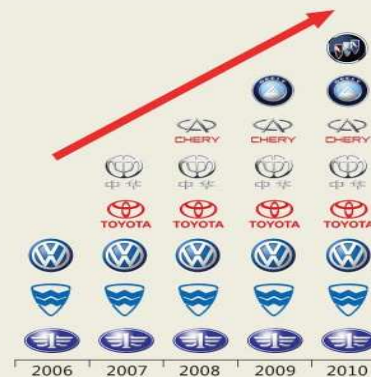


Increasing Customer Base with High Quality

Over 60 auto models use our products, increased from 11 in 2006

Among company's more than 200 direct customers, no customer constitutes over 10% of revenue

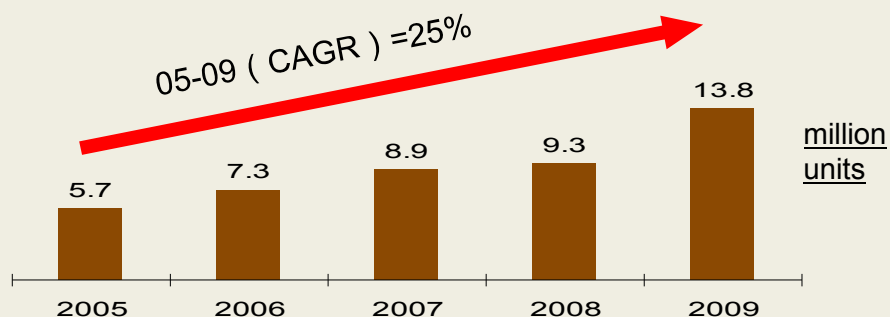
8 of China's top 10 automaker OEMs are our end customers



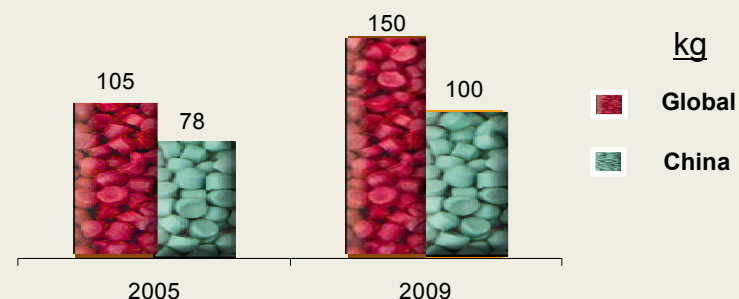


Product Demand

Growth of Automobile Production Volume

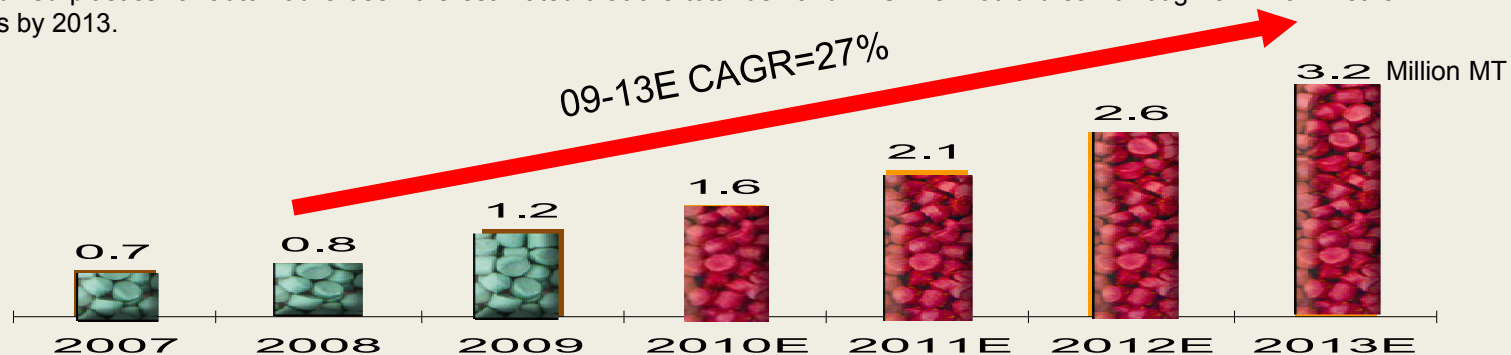


Modified Plastic per Vehicle Trend



Key Market Drivers:

According to the twelfth five-year plan, the Chinese government will mainly support the development of new energy and new materials. 10% of car output are electronic vehicles in 2012. It drives rapid increase of the demand for modified plastics per vehicle and provides growth space beyond compound growth rate in automobile industry for the industry of modified plastics for automobile use. It is estimated that the total demand in China would break through 3 million metric tons by 2013.





Industry Barriers

According to international automotive industry practices, the company has to pass strict qualification affirmation by the automotive OEMs before becoming a certified supplier

High Barriers to Entry

Strict Qualification Authentication

- Professional production plant, technical production equipment, independent lab and R&D equipment, independent QA system and inspection devices.
- Potential suppliers must satisfy OEMs' standards on production capacity, R&D capacity, and experience as a supplier
- Potential suppliers must pass ISO/TS 16949 quality assurance system, and safety and environmental certification systems such as RoHs, PAHs, etc for products

















Rigorous Product Certification Process

- Each product must pass strict authentication standards, a minimum of 1-1.5 years process.
- Before supplying, vendors also need to pass the products stabilization test, which includes on-road automobile testing of 5 and 50 cars.
- 5 on-road automobile testing for stabilization is needed when the car model changes.



Competitive Advantages

With 26 years' dedication in R&D and technological reserve, the company has significant advantages over its domestic and foreign competitors in terms of formulation cost, operation model, product certification quantity, customization degree and brand recognition.

		International Competitors	Local Competitors
Cost			
Operation Model			
Product Certification Quantity			
Customized Formulation			
Brand Recognition			

Advantages over International Competitors

- To design the formula flexibly according to customer's individual requirements
- On average, the formulation cost of the products is 10-30% lower than our competitors.
- Deep local market service experience and extensive relationship network.
- Technical service in the whole course, to enhance customer fidelity

Advantages over Local Competitors

- Largest inventory of products certifications.
- Largest numbers of variety of products to be offered to the customers.
- Industry top class R&D platform and products with high value proposition
- Distributors help to reduce the collection risk of accounts receivable



Management Team

The management team has over 50 years combined industry experience in the field of modified plastics and is committed to achieving the company's operational and strategic targets

Mr. Jie Han
Chairman and CEO

- Founded China XD and former affiliate, Harbin Xinda Nylon Factory; over 26 years of experience in the modified plastics industry; Executive director of China Plastic Processing Industry Association
- Member of Industry and Commercial Union Executive Committee of Heilongjiang Province; Chinese outstanding Director of Commercial Chamber; People's Congress Representative of Harbin City

Mr. Qingwei Ma
COO

- Served as COO since 2008 and joined China XD in 2004
- Over 13 years of experience in the modified plastics industry
- Prior to China XD, senior management in Harbin Xinda Nylon Factory
- Awarded the Heilongjiang First Professional Manager Qualification Certificate in 2004

Mr. Junjie Ma
CTO

- Established the R&D institute and led the team to obtain over 100 certifications from automakers
- Over 13 years of experience in the modified plastics industry
- Broad relationship with macromolecule science R&D institutes and universities in China

Mr. Taylor Zhang
CFO

- Over 8 years of experience in finance and operational expertise in a broad range of industries
- Former CFO of Advanced Battery Technologies, Inc. (Nasdaq: ABAT)
- MBA from University of Florida



Independent Directors

**Lawrence W.
Leighton**

**Independent Director
and Chairman of
Audit Committee**

- Mr. Leighton has had an extensive 40 year international investment banking career. His previous positions includes Co-Head of the Corporate Finance Department at Clark, Dodge & Co. , Limited Partner of Bear Stearns, Managing Director of JPMorgan Chase Bank and CEO of the U.S. investment bank of Credit Agricole, the major French Bank.
- Mr. Leighton received his BSE degree in engineering from Princeton University and an MBA degree from Harvard Business School.

Robert Brisotti

**Independent Director
and Chairman of
Compensation
Committee**

- Mr. Brisotti has 14 years of experience in the plastics industry as business manager and chemist and 20 years of experience in the securities industry as an investment banker and securities analyst.
- Currently Senior Vice President at Buckman, Buckman & Reid, Inc.
- Mr. Brisotti has a BS in Chemistry from Lehigh University, an MS in Chemistry from University of Rhode Island, and a MBA in Finance from Columbia University.

Linyuan Zhai

**Independent Director
and Chairman of
Nomination
Committee**

- Mr. Zhai worked for China FAW Group Corporation for 37 years with abundant experience in terms of technology, production, and business management.
- He is a Senior Expert in the auto industry. Mr. Zhai served as general manager of automobile manufacturing , successfully led Four Ring Company, a subsidiary of FAW group, to go public in China.

Yong Jin

Independent Director

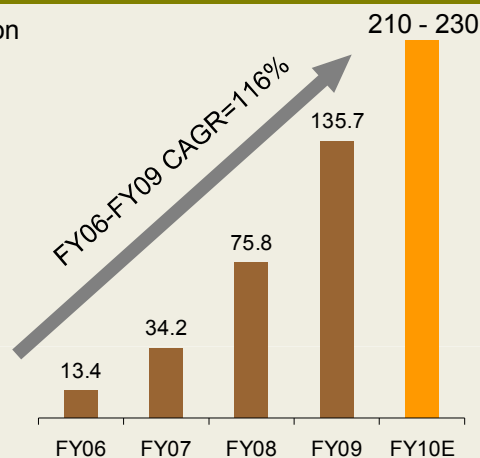
- Mr. Jin is a professor at Tsinghua University and an executive member of Chemical Industry and Engineering Society of China and Chinese society of particuology
- Lectureship Award recipient in fluidization by American Institute of Chemical Engineers (AIChE)



Successful Profit Growth

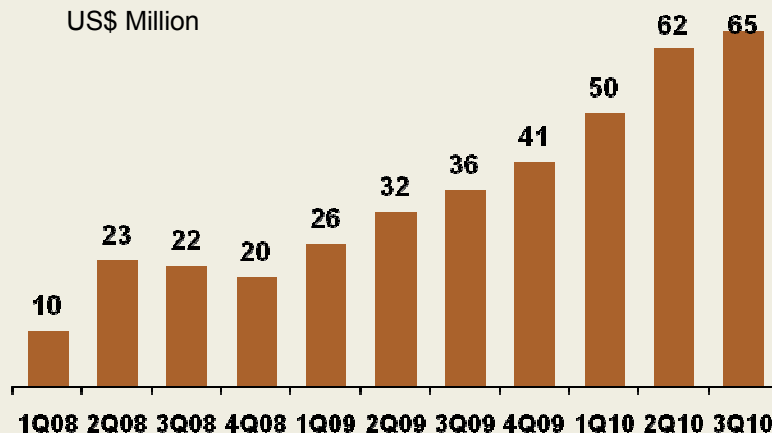
Profit Growth (FY06-10E)

US\$ Million



Quarterly Profit Growth (FY08-2Q10)

US\$ Million



- **Robust Profit Growth**

- FY06-FY09 CAGR– 116%
- 3Q10 YoY Growth– 81%

- **Strong Profit Capabilities**

- Consistent gross and net margins
- Non GAAP recurring net income (1) FY06-FY09 CAGR – 123%
- Non GAAP recurring net income (1) 3Q10 YoY growth– 84%

- **High Growth Visibility**

- Installed annual capacity of 100,000 MT in 2010
- 100% of our capacity has been contracted in 2010
- Production capacity increase to 135,000 MT in 2011
- 2010 revenue guidance of US\$ 210-230M with non GAAP net income guidance of US\$35-37M

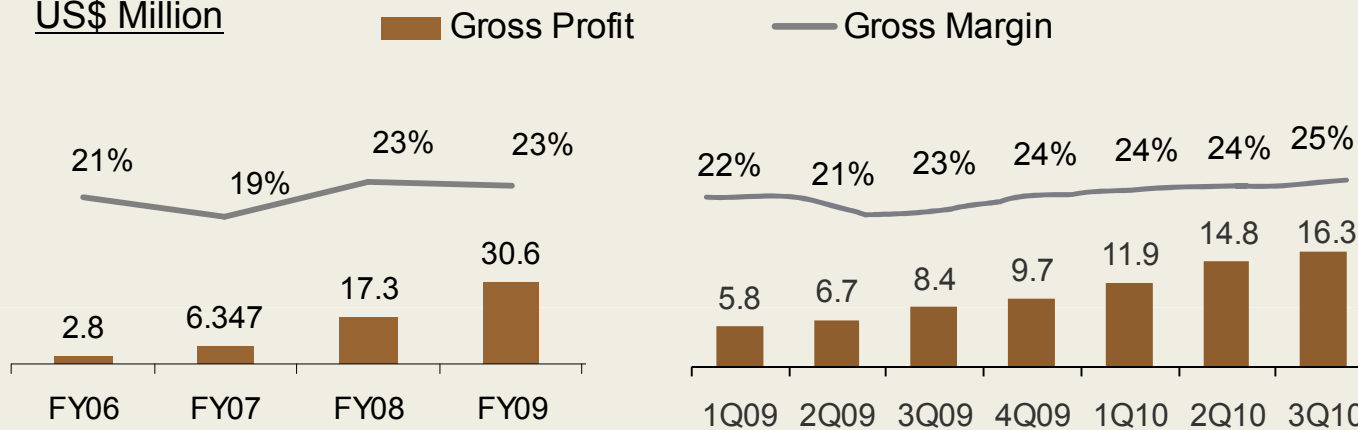
(1) Non GAAP Recurring Net Income is adjusted by excluding dividend to series C preferred stockholders, non-cash stock compensation and changes in fair value of warrants and embedded derivatives.



Enhanced Profitability and Sustainable Margins

Gross Profit and Margin

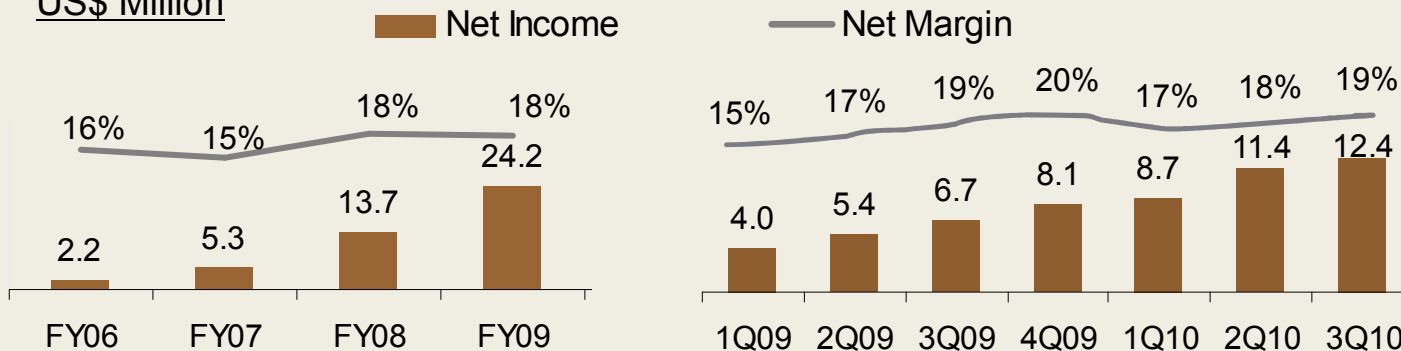
US\$ Million



We have been able to maintain a consistent gross margin despite variable raw material cost

Non-GAAP Recurring Net Income and Margin ⁽¹⁾

US\$ Million



A slight drop in 1Q10 net margin is due to an increase in R&D expenses

(1) Non GAAP Recurring Net Income is adjusted by excluding dividend to series C preferred stockholders, non-cash stock compensation and changes in fair value of warrants and embedded derivatives.



Healthy Balance Sheet

Key Balance Sheet Items

<i>(\$ in thousands)</i>	As of Mar 31 2010	As of Jun 30 2010	As of Sep 30 2010
Cash & Equivalents	5,128	21,633	15,475
Restricted Cash	8,790	8,848	-
Accounts Receivable	14,218	18,689	15,631
Inventories	21,713	25,794	27,666
Fixed Assets	30,254	29,585	35,302
Total Assets	101,881	129,885	123,200
Bank Acceptance Note Payable	5,860	5,898	-
Accounts Payable	4,510	9,888	1,473
Short Term Debt	21,243	20,645	20,923
Total Liabilities	40,435	56,271	35,869
Total Shareholders' Equity	60,758	73,612	87,329
Total Liabilities and Shareholders' Equity	101,881	129,885	123,200

Key Cash Flow Items

<i>(\$ in thousands)</i>	2009	9 Month'09	9 Month'10
Operating Cash Flow	17,138	15,130	15,427
Investing Cash Flow	(13,782)	(1,842)	(5,982)
Financing Cash Flow	(378)	(15,109)	(1,095)



Clear Growth Strategy

Long-term Growth Strategy

Increase Production Capacity

Reinvest internal capital source to grow production capacity, expected to reach 135,000 metric tons in early 2011 and 300,000 metric tons by 2015

Expand Customer Base and Geographic Distribution

To expand market share and customer base in existing sales markets and explore export opportunity to supplement domestic market and customer base

Enhance R&D Capability and Continue the Shift to High Margin Products

To increase investing in R&D and develop high value added products to further improve company's gross margin over time

Seek Strategic Acquisition

To accelerate the execution of the Company's growth strategy through selective acquisitions



Investment Highlights

1. **Leading position** in a large and fast-growing market
2. **High value** to cost ratio suitable for individual customer needs
3. **Strong customer-oriented R&D** capabilities
4. **Unique** business model and **strong** competitive advantages
5. **Seasoned** management team with local market knowledge
6. **Proven** Track Record of Revenue Growth and Profitability
7. **Defined** long term growth strategy



Contact Information

China XD Plastics Company Ltd.

Mr. Taylor Zhang, CFO

Phone: +1-212-747-1118 (New York)

Mr. Allan Lao, IR Director

Phone: +86-451-84346600 (China)

Email: cxdc@chinaxd.net

Website: www.chinaxd.net

Investor Relations Firm:

Taylor Rafferty

Mr. Mahmoud Siddig, Director

+1-212-889-4350

mahmoud.siddig@taylor-rafferty.com

SEC Attorney

Loeb & Loeb LLP

345 Park Avenue

New York, NY 10154

Phone: +1-212-407-4159

Fax: +1-212-504-3013

Email: mnussbaum@loeb.com

Auditors

Moore Stephens

905 Silvercord Tower 2,30 Canton Road,
Tsimshatsui, Kowloon, Hong Kong.

Tel: +852-2375-3180,

Fax: +852-2375-3828

Web: www.ms.com.hk

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International Limited