

# *Sooner Holdings, Inc.*

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*OTCBB: SOON*



Investor Presentation

April 2011

# Safe Harbor Statement

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This presentation contains forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, the factors described in the section captioned "Risk Factors" in the Company's form 8-K filed with the SEC on February 14, 2011. In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "would" and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements include, among other things, statements relating to: our anticipated growth strategies and our ability to manage the expansion of our business operations effectively; our ability to maintain or increase our market share in the competitive markets in which we do business; our ability to keep up with rapidly changing technologies and evolving industry standards, including our ability to achieve technological advances; our dependence on the growth in demand for our products; our ability to diversify our product offerings and capture new market opportunities; our ability to source our needs for skilled labor, machinery and raw materials economically; the loss of key members of our senior management; and uncertainties with respect to the PRC legal and regulatory environment.

Also, forward-looking statements represent our estimates and assumptions only as of the date of this presentation. Actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

# Investment Highlights

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- ✓ High quality provider of PU leather to rapidly growing domestic /int'l footwear markets
  - Strategically located within one of the two largest PU leather markets in China with local demand exceeding supply
- ✓ Scalable operations with planned capacity expansion to meet customer demand
  - Plan to become the largest PU production company in Fujian province by year-end 2011
- ✓ Low-cost, high margin operation
  - Internal resin plant lowers costs
  - Ability to recycle leftover materials during production
  - Reduced headcount due to automated processes
  - High volume, distributor-oriented sales model results in lower capital costs
- ✓ Strong historic revenue growth (78% YOY growth in PU Leather ), improving margins and sustained profitability
- ✓ Opportunity for strategic and accretive acquisitions within highly fragmented market

# Company Overview

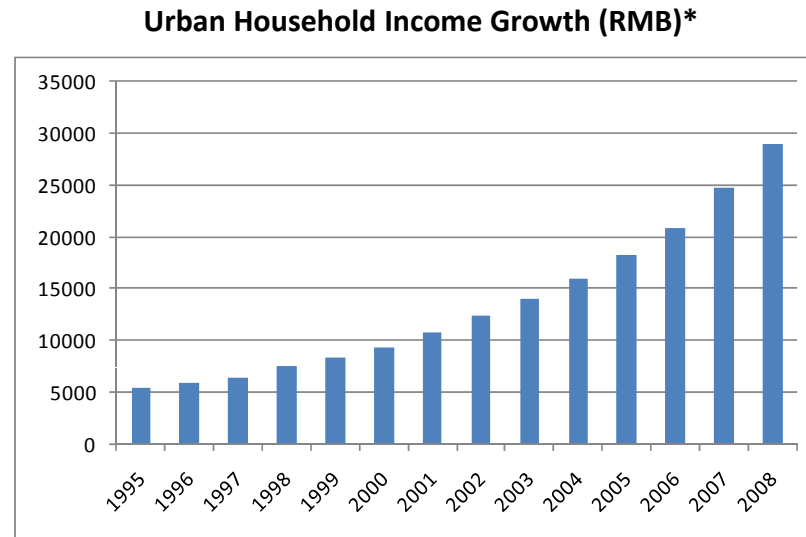
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- Founded in 2003 by Chairman Ang and began sales in 2006
- Believe we are one of the leading manufacturers of polyurethane synthetic leather (“PU leather”) for the shoe manufacturing industry in Fujian Province, China
  - Primary business is design, manufacturing and sale of PU leather
  - Manufacture flip-flops and slippers for sale in China and abroad
- Located in ShiShi City, Fujian, close to Jinjiang — one of China’s largest production base for sports shoes, sneakers and casual shoes
  - More than 3,000 shoe manufacturers producing over 1 billion pairs of shoes annually located in close proximity



# China Market: Rising Consumer Sales

- China is the world's largest shoe manufacturer, exporter and consumer
  - 2010 world retail shoe sales approached \$200 billion\*
- From 1999 to 2009, per capita disposable income of urban households in China grew at a CAGR of approximately 11.4%\*\*
  - Consumer spending grew at a CAGR of approximately 14.9%



Source: \*Packaged Facts, \*\*National Bureau of Statistics of China

# About PU Leather

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- World-wide supply of natural leather outstripped by global demand
- Artificial/synthetic leather in development and use for 50+ years
- PU leather is similar to genuine leather in terms of structure and performance
  - Superior durability, resilience, softness, tensile strength and solvent resistance
  - Lower cost than natural leather with similar handling characteristics
  - Widely used substitute for natural leather in clothing, furniture, luggage, luxury shoes, athletic equipment and automobiles
- PU leather industry is developing rapidly in terms of product quality, varieties and output



# PU Leather Market Overview

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- Artificial and synthetic leather market increased 11.2% to 58.7 billion RMB (US \$9.0B) in 2009
  - Chinese manufacturer demand for artificial and synthetic leather expected to reach 3.2 billion sq. meters by 2013 from 2.4 billion sq. meters in 2009\*
- Sports shoes are an important application area of synthetic leather
  - China's annual output of sneakers stands at about 3 billion pairs, which are mainly produced in Fujian and Guangdong
- Jinjiang of Fujian province is the largest production base of sports shoes
  - Over 3,000 shoe-making manufacturers in Jinjiang, with a total annual output of 1.2 billion pairs of sports shoes and sneakers
  - Accounts for 40% of China's output, or 20% of the world's total output
- Local production capacity insufficient to meet demand

Source: \*China Plastics Processing Industry Association and Chinese National Bureau of Statistics

# PU Leather Operations

- Manufacture a variety of PU leather products including conventional and high performance series
- High performance series uses high-density nonwoven fabric as base cloth
  - Superior hydrolysis resistance, peel and tear strength, durability, air permeability and moisture permeability
  - High-performance PU leather is mainly used to make high-grade athletic shoes
- Major customers include shoe factories concentrated in the area of Quanzhou
- Ability to rapidly react to client demands due to close proximity to customers and major markets



# PU Leather Manufacturing

- 66,700 square meter factory with five PU leather production lines
  - Three wet-process and two dry-process production lines.
  - Capacity to produce over 12M meters of PU leather/year
  - Currently operating at 100% capacity
- New Sanming facility expected to commence operation by H2 2011
  - Planned capacity over 10M meters of PU leather per year
  - Increases capacity by more than 80%
- Resin paste plant supports internal production needs
  - Currently produce 14,400 tons of resins/year used in the manufacturing process
  - Sell excess resins to other PU leather manufacturers
- Base cloth production line commencing operations in 2011



# Experienced Management Team

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## **Ang Kang Han, Chairman and President**

- Established Shishi Feiying Plastic Co. in 2003 and its predecessor company in 1997 to produce and sell PVC sandals to exploit int'l market opportunities
- Founded Chemistry Trade Company in 1985 involved in international sales and distribution of chemicals
- Senior business and management experience since 1979

## **Huang Jin Bei, Vice President, CFO and Director**

- Served as Vice General Manager since 2006
- 20 years working in PU industry with accumulated managerial and marketing experience in production manufacturing

## **Wu Li Cong, Chief Operating Officer**

- General manager of Shishi Changsheng Shoes Industry, Ltd. since 1998, where she also led slipper R&D and international sales
- Established Longshan Plastic Co. in 1994

## **Wu Hong Wei, Director**

- Investment and financing business professional also serving as director in High Reputation Assets Management since April 2010
- Graduated Leeds University, England majoring in accounting and finance
- Senior experience in both the domestic and int'l capital markets

# Growth Strategy

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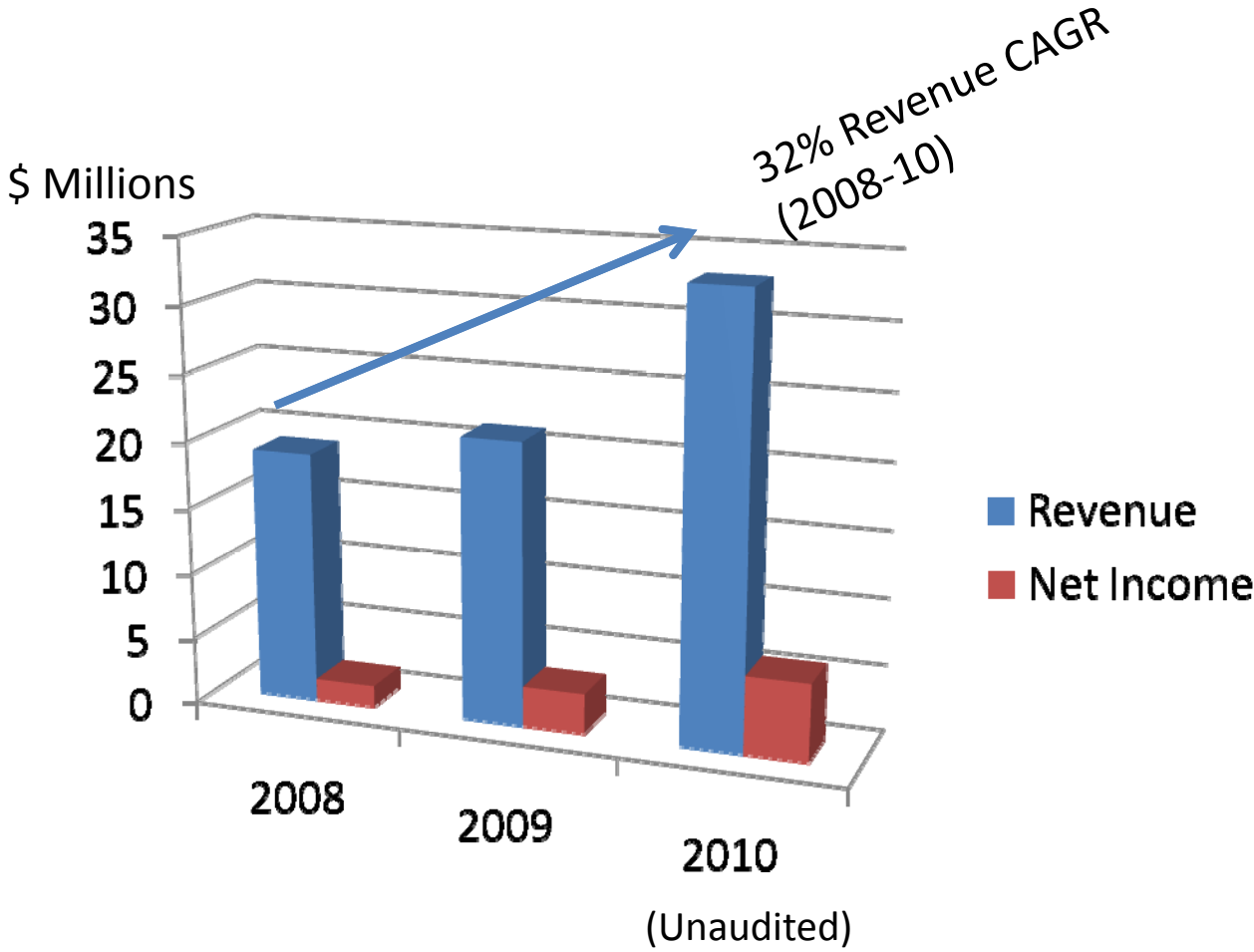
- Expand capacity by adding plants and equipment to meet demand
  - Build new manufacturing facilities in SanMing (Fujian)
  - Continue to improve quality, develop proprietary technologies, and upgrade aesthetic designs
- Capture market share as one of a few fully integrated companies in Fujian by end 2011
  - Resin plant, base cloth production line and PU leather plant
- Product/R&D focus on mid- to high-grade PU leather products
  - Designing formulas that exceed industry standards: peel strength, water repellent properties and tear strength
- Increase direct-to-customer sales to capture additional margin
- Enter new regional markets in China, such as Hunan and Jiangxi Provinces
- Increase presence in high-end overseas markets, i.e. Europe and America
- Enhance brand recognition, i.e. laser printing of corporate logo on products
- Expand sales beyond shoes to other industries that focus on high quality
- Growth through strategic and accretive acquisitions, with goal to acquire distributors by the end of 2011

# Competitive Advantages

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- Proximity to footwear production base reduces marketing and transportation costs
  - Located in Jinjiang, the largest production base of athletic shoes, sneakers and casual shoes in China; more than 3,000 shoemakers producing over 1B pairs of shoes annually
- Strong brand recognition in Jinjiang and Zhejiang area and established long-term distributor relationships
- Lower manufacturing costs result in lower prices and improved margins
  - Most vertically integrated PU company in Jinjiang
  - Advanced production lines & optimization equipment decrease cost by 6-7% annually
  - Internal resin plant for integration of the PU resin and PU synthetic leather processes;
    - PU leather products of medium/quasi-medium peel strength from high peel strength resins
    - No significant increase in cost but substantial improvement in quality and stability
  - Reduced headcount due to automated equipment and production processes
  - Distributor-oriented sales model; lower costs of mold replacement and process modification
- Ability to customize products to meet the needs of high-end customers, e.g. yellowing resistance and hydrolysis resistance
- R&D efforts supported by technical experts with years of experience
  - Engineers from South Korea with decades of PU leather manufacturing experience

# Historical Financial Performance



# 12-Mo. Financial Highlights

	Year ended December 31,		
	2010	2009	
	(Audited)		
Sales revenue	\$ 33,062,267	\$ 21,223,079	55.8%
Gross profit	\$ 8,344,131	\$ 4,732,363	76.3%
<i>Gross profit margin</i>	<i>25.2%</i>	<i>22.3%</i>	
Income from operations	\$ 7,216,382	\$ 3,768,871	91.5%
<i>Operating profit margin</i>	<i>21.8%</i>	<i>17.8%</i>	
Net income	\$ 5,802,855	\$ 3,047,249	90.4%
<i>Net profit margin</i>	<i>17.6%</i>	<i>14.4%</i>	

# Balance Sheet Highlights

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- Over \$1.2 million cash and equivalents, solid working capital and no long-term debt

	<b>December 31, 2010 (Audited)</b>	<b>December 31, 2009</b>
Cash, restricted cash and equivalents	\$ 1,221,892	\$ 2,105,723
Total current assets	\$ 16,251,398	\$ 8,968,224
<b>TOTAL ASSETS</b>	<b>\$ 37,860,981</b>	<b>\$ 20,755,879</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 16,972,369</b>	<b>\$ 10,322,702</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 20,888,612</b>	<b>\$ 10,433,177</b>

# 1<sup>st</sup> Quarter Financial Highlights

	Three-month ended		
	March 31,		
	2011	2010	
	(Reviewed)	(Reviewed)	
Sales revenue	\$ 7,209,831	\$ 4,159,115	73.4%
Gross profit	\$ 1,677,017	\$ 998,595	67.9%
<i>Gross profit margin</i>	<i>23.3%</i>	<i>24.0%</i>	
Income from operations	\$ 1,451,655	\$ 769,349	88.7%
<i>Operating profit margin</i>	<i>20.1%</i>	<i>18.5%</i>	
Net income	\$ 952,588	\$ 581,404	63.8%
<i>Net profit margin</i>	<i>13.2%</i>	<i>14.0%</i>	

# Balance Sheet Highlights

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- Solid working capital and no long-term debt

	<b>March 31, 2011 (Reviewed)</b>	<b>December 31, 2010 (Audited)</b>
Cash, restricted cash and equivalents	\$ 616,787	\$ 1,221,892
Total current assets	\$ 14,422,074	\$ 16,251,398
<b>TOTAL ASSETS</b>	<b>\$ 42,433,244</b>	<b>\$ 37,860,981</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 20,007,150</b>	<b>\$ 16,972,369</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 22,426,094</b>	<b>\$ 20,888,612</b>

# Operational Goals

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- Achieve organic revenue growth of at least 40-60% annually
- Plan to maintain gross margins of at least 25% and operating margins of at least 20%
- Plan to establish new production base in SanMing City in three phases
- Generate strong free cash flow to internally fund organic growth
- Highly selective and accretive acquisition
- Maintain clean capital structure
- Near term plan to list on a senior U.S. stock exchange

# Equity Snapshot

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• Ticker	SOON
• Exchange	OTCBB
• Recent share price (as of 4/11/11)	\$0.13
• Share price post proposed split (as of 4/11/11)*	\$2.38
• Fully diluted common share outstanding*	20.0 M
• Market capitalization*	\$47.6 M
• 2010 revenue	\$33.1 M
• 2010 net income	\$5.8 M
• 2010 pro forma EPS*	\$0.29
• Price-to-earnings ratio (2010)*	8.2 x
• Cash and equivalents (12/31/10)**	\$1.2 M
• Book value per share (BV@12/31/2010)*	\$1.04
• Fiscal year-end	December 31
• Insider ownership	83%

\* Assumes approved reverse split and conversion of Series A Preferred Stock into Common shares

\*\* Includes restricted cash of \$137,688

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**Thank you.**

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# Appendix:

## Capital Raise & Use of Proceeds

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Plans to raise \$8M through PIPE transaction or small public offering to fund:

- Capacity expansion: \$2M
- Increased working capital: \$2M
- R&D: \$2M
- M&A: \$2M

# Financial Forecast

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Year/Item	2010	2011	2012	2013	2014	2015
Operating Revenue (\$000)	33,062	50,293	65,380	79,682	103,587	134,663
Net Profit (\$000)	5,803	7,544	9,807	12,749	16,574	21,546
Profit Margin (%)	18	15	15	16	16	16

# Actual + Financial Forecast

