



China Sun Group High-Tech Co.
(OTC BB: CSGH)

*One of the largest non-government manufacturers
of hi-tech cobalt products in Asia*

Safe Harbor Statements

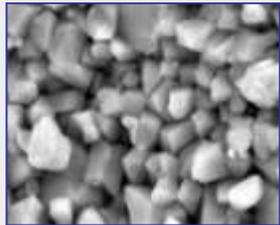


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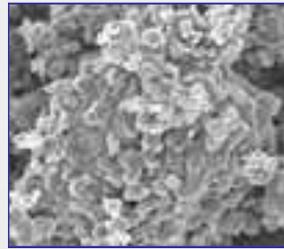
Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, and other factors.

Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company assumes no obligation to update the forward-looking information contained in this presentation.

What we do



Raw Materials of
Lithium Iron Phosphate



Lithium Iron Phosphate



Power Battery
Pack

Develop, manufacture, and
distribute Lithium Iron
Phosphate primarily for use in
the Power Li-Battery.



Auto Makers



Cobalt Ore

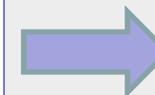


Lithium Cobalt Oxide



Portable Battery

Develop, manufacture, and
distribute Lithium Cobalt Oxide
primarily for the use in the
Portable Battery.



Mobile etc.
Accessories

Company Overview



Key Facts

- Founded in August 2000
- Headquarters and operations in Dalian, PRC
- Total usable area of 24,000 m² property
- Annual production capacity of 2,500 tons with 12 production lines
- 258 employees as of May 31, 2010
- Listed on OTC BB in April 2007

Products

- Nano-level Cobaltic Oxide (Co₃O₄)
- Lithium Cobalt Oxide (LiCoO₂)
- Lithium Iron Phosphate (LiFePO₄)

Applications and customers

- Used as core anode materials for high capacity lithium ion rechargeable batteries
- Leading lithium ion battery market is in PRC



Fiscal year end May 31



Stock Summary



OTC BB	CSGH
Share Price (as of 9/17/2010)	\$ 0.88
Market Capitalization	\$47.0M
Shares Outstanding (fully diluted)	53.42M
Net Revenues (FY 2010)	\$41.2M
Gross Profit (FY 2010)	\$13.1M
Net Income (FY 2010)	\$8.6M
Earnings per Common Share (FY 2010)	\$0.16
P/E (FY 2010)	5.5x
Fiscal Year End	May 31, 2010

Investment Highlights



Leading Market Position

One of the largest non-government manufacturers of Cobalt based anode materials in Asia

High barriers to entry due to heavy capital investment and strict certifications

Strong Market Demand

Demand in China growing at 40% / year, on pace to become world's largest producer and consumer of Li batteries

China represents about 40% of the total global Li-ion battery market

Industry-Leading R&D Force

Patented technology

Proprietary manufacturing processes

State-of-the-art equipment and experienced research team

Sound Financial Situation

Strong top and bottom line growth

No debt

Well Defined Growth Strategy

New lithium iron phosphate (LIP) for power Li battery targeted to reach 600 tons by May 2011

Plan to launch Li battery products at the end of 2011



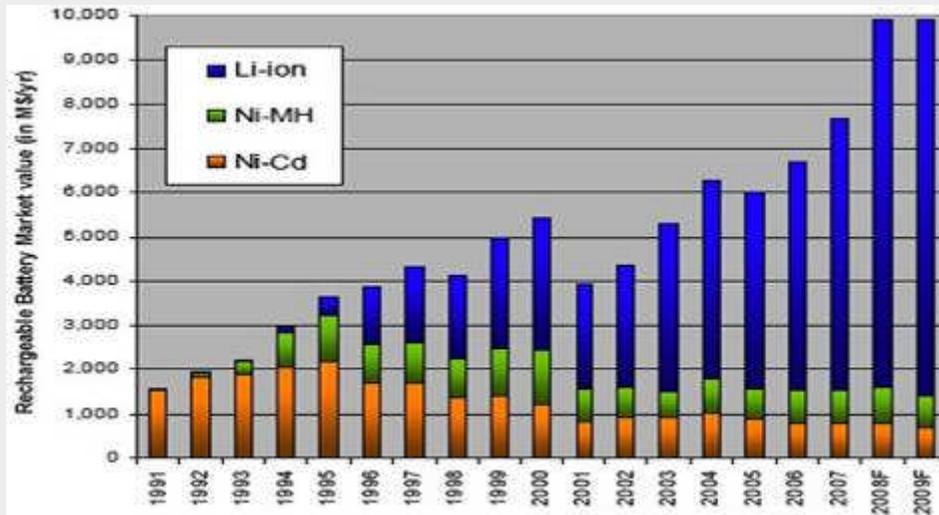
CSGH



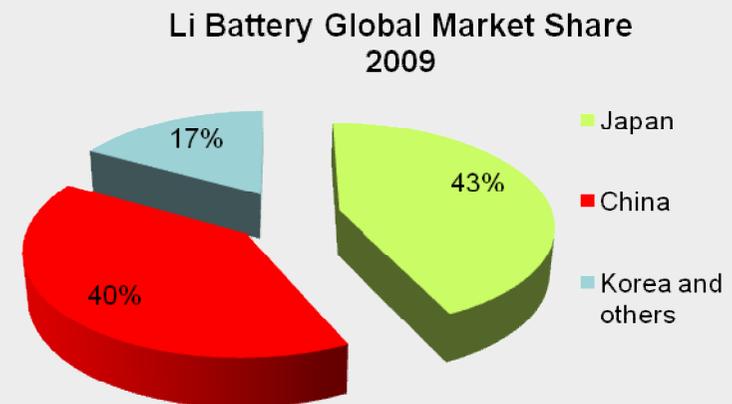
Lithium-ion (Li) Battery Market



- ◆ Lithium-ion (Li) batteries are currently the prevailing battery type for portable electronics. Li has been gaining significant market share in the past ten years, steadily replacing rechargeable nickel metal hydride (NiMH) batteries
- ◆ China is the largest Li battery manufacturing country as well as the second largest Li battery exporting country in the world. Currently, China produces about 40% of the global Li battery and Li related products
- ◆ In 2009, Li-ion battery output in China reached 1.875 billion units, up 82% from 2008



Source: Umicore



Source: Research in China

Product – Anode Materials for Li Battery



Nanometer Cobaltic Oxide(Co_3O_4)

- Nanometer Co_3O_4 producer in China
- Nanometer technology leads to higher stability, purer, and longer life cobalt powder
- Proprietary production procedure results in competitive product price

Lithium Cobalt Oxide (LiCoO_2)

- Patented LiCoO_2 production procedure
- Nanometer technology

Lithium Iron Phosphate (LiFePO_4)

- Lower raw material cost using purified water to replace oil/alcohol during production
- Proprietary production procedure
- The highest daily production capacity in China (500Kg/day/production line)

	Production Lines	Total annual capacity	Actual output	Utilization rate
Cobaltic Oxide	4	1500 tons	1064 tons (FY10)	71%
Lithium Cobalt Oxide	2	500 tons	0 tons (FY10)	0%
Lithium Iron Phosphate	3	500 tons	205 tons (FY 10)	41%

Production Process



Lithium Cobalt Oxide Process



Cobalt Carbonate



Cobaltic Oxide



Lithium Cobalt Oxide

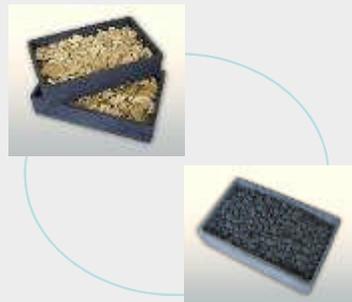


Portable Batteries

Lithium Iron Phosphate Process



Raw material of Lithium Iron and Phosphate



Chemical Process



Lithium Iron Phosphate Powder



Lithium Iron Phosphate



Power Li Batteries

Competitive Advantages



Leading technology and production procedure

- ◆ Patented technology for Lithium Cobalt Oxide and state-of-the-art LIP manufacturing process
- ◆ Proprietary production process enhances internal efficiency, ensures higher quality and realizes better cost control

Performance advantage

- ◆ China Sun's anode battery materials possess longer usage life and higher stability
- ◆ China Sun's LIP advantages include higher security, environmentally friendly, longer usage life (can recharge minimum 2,000 times), and larger energy storage

Strict quality control system

- ◆ China Sun applies unified quality control measures from raw material procurement through the each step of the production process
- ◆ Research institute level quality inspection equipment
- ◆ ISO 9001 certified

Scale advantage

- ◆ One of the largest non-government manufacturers of Cobalt based anode materials in Asia
- ◆ Total annual production capacity of 2,500 tons



Strong R&D Force



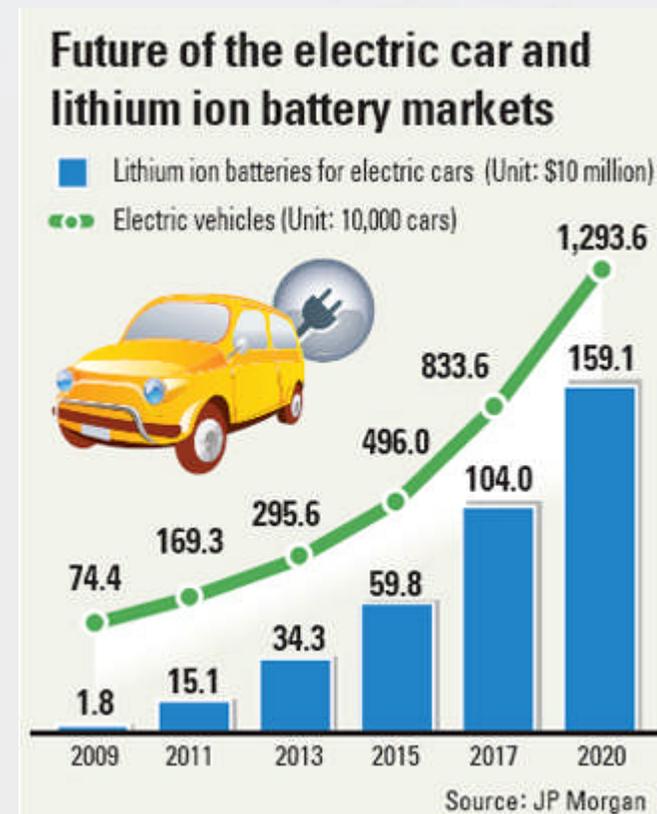
- ◆ Institutional level R&D lab with cutting-edge test and detection apparatus and instruments
- ◆ 18 R&D staff lead by Mr. Yijing Cheng, Chief Engineer of the Company. Mr. Cheng enjoys Special Allowance by State Council for his outstanding contributions in several national level projects
- ◆ Strategic alliance with Northeastern University, Dalian Jiaotong University to jointly research and develop new generation anode materials of lithium ion power battery
- ◆ Established in 2003, key research results include nano-meter series anode materials, optimized production procedure, new battery anode materials (i.e. LIP)



Lithium Iron Phosphate (LIP)



- ◆ LIP, or nano-lithium (LiFePO_4), was discovered in 1996 as an anode material for rechargeable lithium batteries. Its features include low cost, non-toxicity, high abundance of iron, excellent thermal stability, safer, good electrochemical performance, and high specific capacity
- ◆ LIP battery is the most likely replacement of Hydrogen as the power engine of next generation electronic vehicle
- ◆ China Sun launched LIP production in 2010 after passing all of the 32 government required tests and launched LIP production in 2010. The top three customers of LIP are: Jiuli Li_Ion battery, KP Power and Beijing Shuangsheng Battery company.
- ◆ The gross margins of LIP are in the 38% - 42% range, which is higher than the Company's other products, including cobaltosic oxide and lithium cobalt oxide, which have gross margins in the 30% - 33% range.

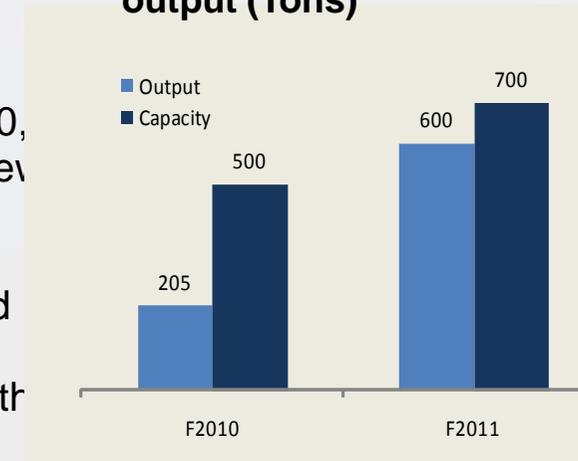


China Sun LIP – Today and Tomorrow

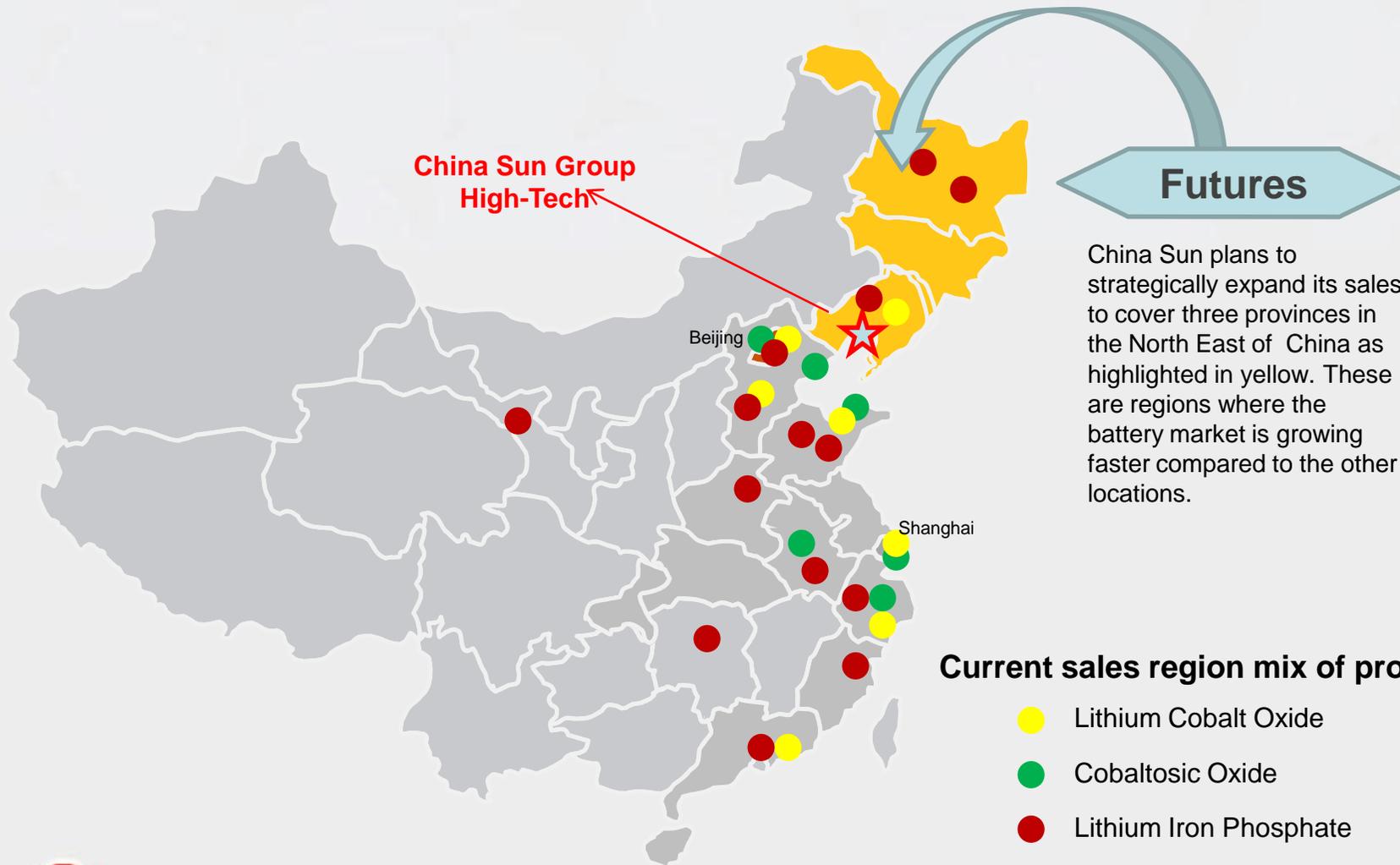


- ◆ Completed the LIP research, trial production, testing, and authority certification in 2008 and 2009.
- ◆ Officially launched three LIP production lines in March 2010, with current annual production capacity of 500 tons, with new added production value of \$10 million
- ◆ Plan to launch six new LIP production lines in the 2011 and 2012, with two lines by 2011 and four lines by 2012. Total LIP production capacity to reach 700 tons by May 2011, with new added production value of \$15 million.
- ◆ Plan to manufacture 600 tons LIP in fiscal 2011
- ◆ Plan to start to produce LIP power battery at the end of 2011 with 50 million A/H annual production capacity
- ◆ The first phase investment of the LIP production will be \$12 million, and has invested \$8 million so far. The company expect to reach 2000 tons LIP production by 2013, and the total investment of the whole project will be \$36 million.

LIP Production capacity and output (Tons)



Growth Strategies



Seasoned Management Team



Mr. Wang Bin – Chairman, President of China Sun

Mr. Wang is a senior-level economist with experience in business management and he is the founder of DaLian Xinyang High-Tech Development Co., Ltd. In March 2008, he was elected Vice Chairman of Dalian Heilongjiang Trade Union. He received his bachelor's degree in Business Management from Harbin University of Science and Technology.

Mr. Fu Guosheng – Chief Executive Officer of China Sun

Recently appointed Chief Executive Officer of China Sun Group High-Tech Co. From May 2002 until August 2003, Mr. Fu was a general manager of DLX – subsidiary of China Sun. From April 2003 to December 2007, he was appointed Assistant to the Chairman of the Board. In January 2008, he was appointed Vice President and General Manager of DLX, in charge of day-to-day operations. Mr. Fu graduated in 1986 with a degree in International Business Management. He worked at several well-known enterprises and was recognized twice as Star Entrepreneur of Heilongjiang Province and Northeast China.

Ms. Liu Mingfen – Chief Financial Officer of Dalian Xinyang High-tech

Since 2004, Ms. Liu has been the Chief Financial Officer of DLX. Prior to that, in 2003, Ms. Liu was the financial manager of Sun Group Investment Company. She is a Finance graduate from Dongbei Finance & Economics University. Ms. Liu has extensive experience in financial regulations, company management, and capital raising.

Mr. Cheng Yijing – Chief Engineer, Technical Deputy General Manager of Dalian Xinyang High-tech

Mr. Cheng Yijing joined DLX in 2003 as chief of engineer. He was a university professor and has received recognition from the State Council for his great scientific contribution to the country. Subsequent to graduating from Dalian University of Technology, he worked in large national enterprises as technical advisor, responsible for the design and production of key national projects. In addition, Mr. Cheng works as an adviser in charge of technical management in a technical project team of Xinyang High-tech.

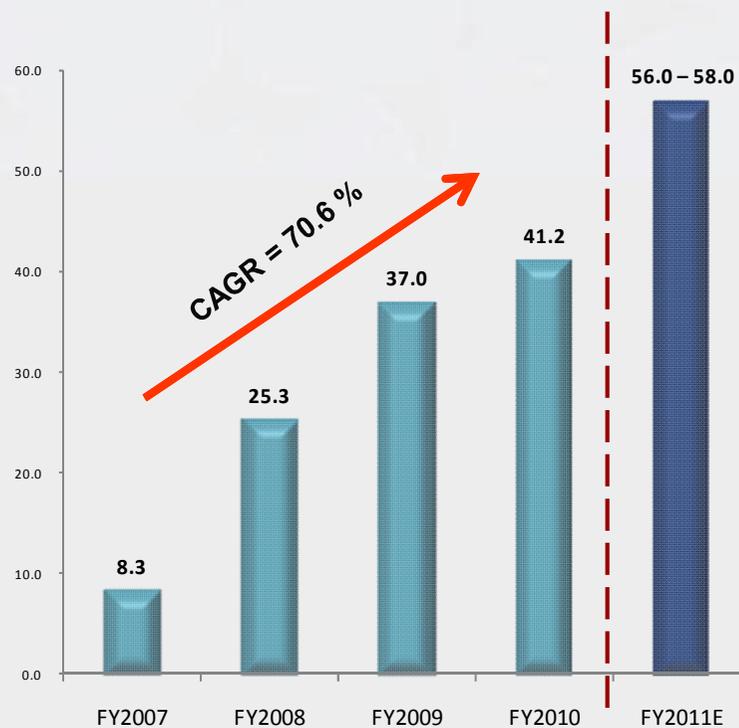
Mr. Xu Shiguo – Vice Chief Engineer of Dalian Xinyang High-tech

Mr. Xu joined China Sun as vice chief engineer at the beginning of 2010, in charge of the Company's technical research, quality control and in a managerial role. Previously, he worked as chief engineer and project director in a state-owned enterprise chemical company. Mr. Xu graduated from Shen Yang Chemical University in Liaoning province, and currently holds the title of sr. chemical processing engineer.

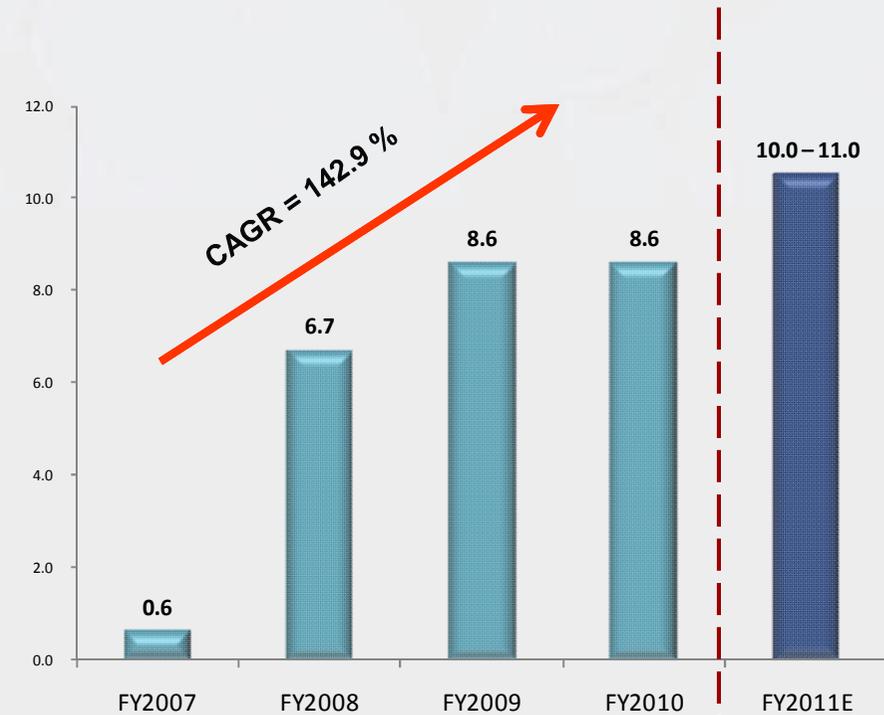
Rapid Financial Growth



Revenue (\$ millions)



Net Income (\$ millions)



Fiscal year end May 31,

FY 2011 Guidance: Revenue \$56.0 - \$58.0 million
Net Income \$10.0 - \$11.0 million

Balance Sheet



(In Millions of \$U.S. Dollars)

As of May 31, 2010

As of May 31, 2009

Current Assets:

Cash and cash equivalents

\$18.0

\$9.2

Accounts Receivable

2.8

1.6

Inventories

1.2

1.7

Other

0.0

0.4

Total Current Assets

22.0

13.0

Total Assets

45.1

35.3

Total Liabilities

4.6

3.3

Total Liabilities and Stockholders' Equity

45.1

35.3

Income Statement



<i>(In Millions of \$U.S. Dollars)</i>	Three months		Year Ended May 31	
	FQE 5/31/10	FQE 5/31/09	2010	2009
Revenues:	\$11.0	\$9.6	\$41.2	\$37.0
Gross Profit	3.6	3.4	13.1	13.6
Income from Operations	3.1	3.1	11.5	11.5
Net Income	2.3	2.4	8.6	8.6
Diluted Earning per Share	0.04	0.04	0.16	0.16
Weighted Average Number of Shares Outstanding — Diluted	53,422,971	53,422,971	53,422,771	53,422,771

CSGH Undervalued Relative to Peers



Price as of 17th Sep 2010

Company Name	Ticker	Price (Prev. Close)	Revs(M) (TTM)	EPS (TTM)	P/E Ratio (TTM)
CHINA BAK BATTERY INC	CBAK	\$1.77	216.8	-0.42	-
ENERGIZER HOLDINGS INC	ENR	\$69.02	4,268.0	5.05	13.7x
HONGKONG HIGHPOWER TECHNOLOGY	HPJ	\$3.33	92.8	0.46	7.2x
ULTRALIFE CORP.	ULBI	\$4.34	168.2	0.03	144.7x
EXIDE TECHNOLOGIES	XIDE	\$4.87	369.6	0.44	11.1x
PEER GROUP AVERAGE			73.93	1.104	44.2x
CHINA SUN GROUP HIGH-TECH CO.	CSGH	\$0.88	41.2	0.16	5.5x

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CSGH



Contact Information



China Sun Group High-Tech Co., Ltd.

Mr. Guosheng Fu, Vice President

Tel: +86 411 8288 9800/8289 2736 (China)

Email: IR@china-sun.cn

www.china-sun.cn

Investor Relations Firm:

CCG Investor Relations Inc.

Mr. Mark Collinson, Partner

Phone: +1 310-954-1343 (Los Angeles)

Email: mark.collinson@ccgir.com

Mr. Crocker Coulson, President

+1-646-213-1915 (New York)

Email: crocker.coulson@ccgir.com

Auditor

Zhong Yi (Hong Kong) C.P.A. Company Limited

Pufina Pang, Director

Tel:+852 2573 2296 (Hong Kong)

Email: rufina@zy-cpa.com

Legal Council

The Crone Law Group

Matthew Zhang

Tel: +1 415-955-8900 (San Francisco)

Email: mchang@cronelaw.com



Thanks

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