

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) relating to the Hong Kong Public Offer, or where the context so requires, any of them
“Articles” or “Articles of Association”	the amended and restated articles of association of the Company, adopted on 12 May 2010, a summary of certain provisions of which is set out in Appendix IV to this prospectus, and as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 599,700,000 Shares to be made upon capitalisation of certain sum standing to the credit of the share premium account of the Company as referred to in the paragraph headed “Written resolutions passed by all the Shareholders” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“chief executive”	the chief executive (as defined in the SFO) of the Company

DEFINITIONS

“CNITA”	China Nonwovens and Industrial Textiles Association (中國產業用紡織品行業協會), registered and confirmed by Ministry of Civil Affairs of the PRC, the national association in non-woven and industrial textiles industry in the PRC. Zhu Min Ru, an independent non-executive Director, is its president and legal representative
“CTDC”	China Textiles Development Centre (國家紡織產品開發中心), which works together with China Textile Information Centre (中國紡織信息中心) as one organisation targeting at upgrading the textile industry. China Textile Information Centre is an intermediary organisation of the textile trade and was established during the PRC’s reform of governmental institutions and the national scientific research system
“Companies Law” or “Cayman Companies Law”	the Companies Law (2009 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	COSTIN New Materials Group Limited, an exempted company incorporated in the Cayman Islands under the Companies Law with limited liability on 26 August 2009
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the case of the Company, means Nian’s Holding, Nian’s Investment, Chim Wai Kong and Chim Wai Shing Jackson, individually and as a group of persons
“Costin BVI”	COSTIN Investment Limited, a company incorporated in the BVI on 25 August 2009 and is a wholly-owned subsidiary of the Company
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Eleventh Five Years Framework”	the Textile Industry “Eleventh Five Years” Development Framework (《紡織工業“十一五”發展綱要》) issued by NDRC in 2006, which sets out the development direction of the textile industry

DEFINITIONS

“Expanded Production Facilities”	the new production facilities of the Group expected to commence operation in the end of the second quarter of 2010, details of which are set out in the paragraph headed “Business — Production facilities — Expanded Production Facilities” of this prospectus
“Executive Directors”	Chim Wai Kong, Chim Wai Shing Jackson, Chim Fo Che and Hong Ming Qu
“Founders”	Chim Wai Kong, Chim Wai Shing Jackson, Chim Fo Che, Nian Wei Deng, Hong Lian Qiao, Hui Cheung Mau, Sze Fo Chau and Hong Ming Qu
“GDP”	gross domestic product
“Gerfalcon Hong Kong”	Gerfalcon Industrial (Nonwoven) Investment Company Limited (海東青工業(非織)投資有限公司), a company incorporated in Hong Kong on 13 November 2008 and is an indirect wholly-owned subsidiary of the Company
“Gerfalcon Holding”	Gerfalcon Holding Limited, a company incorporated in the BVI on 25 August 2009 and is owned 50% by Sze Fo Chau and 50% by Hui Cheung Mau
“Gerfalcon International”	Gerfalcon International Limited, a company incorporated in the BVI on 31 August 2009 and is a wholly-owned subsidiary of Costin BVI
“Gerfalcon PRC”	海東青非織工業(福建)有限公司 (Gerfalcon Nonwoven Industrial (Fujian) Co., Ltd.), a wholly foreign-owned enterprise established in the PRC on 14 September 2009 and is an indirect wholly-owned subsidiary of the Company
“Gerfalcon Trading”	晉江海東青貿易有限公司 (Gerfalcon Trade Co., Ltd. Jinjiang), a wholly foreign-owned enterprise established in the PRC on 17 March 2010 and is an indirect wholly-owned subsidiary of the Company
“Green application form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider
“Global Offering”	the Hong Kong Public Offer and the International Placing
“Group”	the Company and its subsidiaries, or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the business operated by such subsidiaries

DEFINITIONS

“Sponsor”	Guotai Junan Capital Limited, a licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activities under the SFO
“Global Coordinator” or “Bookrunner” or “Lead Manager”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) regulated activities under the SFO
“Hao Li Oil Station”	Jinjiang Long Hu Hao Li Oil Station (晉江市龍湖豪利加油站), a company established in the PRC on 12 October 2005 and its sole proprietor is Nian Wei Deng
“HK\$” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 24,000,000 New Shares initially offered for subscription under the Hong Kong Public Offer, representing 10% of the initial number of the Offer Shares, subject to the re-allocation as described in the section headed “Structure of the Global Offering” of this prospectus
“Hong Kong Public Offer”	the offer of the Hong Kong Offer Shares for subscription by the members of the public in Hong Kong (subject to re-allocation as described in the section headed “Structure of the Global Offering” of this prospectus) for cash at the Offer Price, payable in full on application, and subject to the terms and conditions stated in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offer listed in the paragraph headed “Underwriting — Hong Kong Underwriters” of this prospectus
“Hong Kong Underwriting Agreement”	the conditional Hong Kong Public Offer underwriting agreement dated 7 June 2010 entered into between, among others, the Company and the Hong Kong Underwriters relating to the Hong Kong Public Offer, particulars of which are summarised in the section headed “Underwriting” of this prospectus

DEFINITIONS

“Hua Xin Non-weaving”	COSTIN Plastic Rubber Products Co., Ltd. Jinjiang (晉江華鑫無紡纖維實業有限公司), a company established in the PRC on 15 July 1998 and was owned by Wah Hing Trading Co until 31 July 2009 when its entire equity interest was disposed to an Independent Third Party
“Hua Xin Plastic”	Jinjiang Wah Hing Plastic & Rubber Products Co., Ltd. (晉江華鑫塑料橡膠製品有限公司), a limited liability company established in the PRC on 7 December 1995 and is a wholly-owned subsidiary of Wah Hing Trading Co which in turn is wholly owned by Chim Wai Kong
“Hua Xin Weaving”	Huaxin Weaving Development Co., Ltd. Jinjiang (晉江市華鑫織造發展有限公司), a limited liability company established in the PRC on 11 March 1994 and is a wholly-owned subsidiary of Costin Int’l Trade (H.K.) Company Limited which in turn is owned by Chim Wai Kong as to 99.75% and Chim Wai Shing Jackson as to 0.25%
“IFRSs”	The International Financial Reporting Standards, which include standards amendments and interpretations issued by the International Accounting Standards Board
“Independent Third Parties”	persons or companies which are independent of and not connected with any of the directors, chief executive, Substantial Shareholders of the Company or any of its subsidiaries and their respective associates, and “Independent Third Party” means any of them
“International Placing”	the conditional placing of the International Placing Shares at the Offer Price to selected professional, institutional and private investors as set out under the section headed “Structure of the Global Offering” of this prospectus
“International Placing Shares”	the 216,000,000 Offer Shares, comprising 176,000,000 New Shares and 40,000,000 Sale Shares, expected to be initially offered for subscription pursuant to the International Placing, representing 90% of the initial number of the Offer Shares, subject to re-allocation and the Over-allotment Option as described in the section headed “Structure of the Global Offering” of this prospectus
“International Underwriters”	the underwriters of the International Placing, who are expected to enter into the International Underwriting Agreement to underwrite the International Placing

DEFINITIONS

“International Underwriting Agreement”	the conditional international placing underwriting agreement relating to the International Placing and expected to be entered into by, among others, the Company, the Selling Shareholder and the International Underwriters on or about the Price Determination Date
“Issue Mandate”	the general unconditional mandate given to the Directors by the Shareholders relating to the issue of new Shares, particulars of which are set forth in the paragraph headed “Written resolutions passed by all the Shareholders” in Appendix V to this prospectus
“Latest Practicable Date”	1 June 2010, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	the date on which dealings of the Shares on the Main Board of the Stock Exchange first commence, which is currently expected to be on 21 June 2010
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Hu Collection”	Jinjiang Long Hu Long Da Waste Product Collection Co., Ltd. (晉江龍湖龍達廢品回收有限公司), a company established in the PRC on 23 August 2005 and is owned as to 60% by Nian Wei Deng and 40% by Hong Ming Qu
“Main Board”	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of the Company, adopted on 12 May 2010, a summary of certain provisions of which is set out in Appendix IV to this prospectus, and as amended from time to time
“Modern Creative”	Modern Creative Group Limited, a company incorporated in the BVI on 12 February 2002 and is owned by Liu Shu Fa as to 50% and Wang Juan as to 50%, both being Substantial Shareholders
“Nan Fang Weaving”	Jinjiang Nan Fang Weaving Co., Ltd. (晉江南方織造有限公司), a company established in the PRC on 4 August 1997 and is owned by Nian Sha Sha, the daughter of Chim Wai Kong
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

DEFINITIONS

“New Production Facilities”	the new production facilities to be established by the Group to cater for its expansion and development plan, and details of which are set out in the paragraph headed “Business — Production facilities — New Production Facilities” of this prospectus
“New Shares”	200,000,000 new Shares being offered for subscription at the Offer Price under the Global Offering and the new Shares that may be issued pursuant to the exercise of the Over-allotment Option
“Nian’s Brother Trust”	a discretionary trust set up by Chim Wai Kong and Chim Wai Shing Jackson on 16 February 2010 for the benefits of their family members, namely, Chim Wai Kong, Chim Wai Shing Jackson, Chim Fo Che, Nian Wei Deng, Hong Lian Qiao and Hong Ming Qu
“Nian’s Holding”	Nian’s Brother Holding Limited, a company incorporated in the BVI on 25 August 2009 and is a wholly-owned subsidiary of Nian’s Investment
“Nian’s Investment”	Nian’s Brother Investment Limited, a company incorporated in the BVI on 9 October 2009, whose only issued share is held by JMJ Holdings Limited as nominee in favour of RBS Coutts Trustees (Switzerland) Ltd., the trustee of the Nian’s Brother Trust
“No. 75 Notice”	the Notice on Issues Relating to Foreign Exchange Control on Fund-raising by Domestic Residents through Offshore Special Purpose Vehicles and Round-trip Investments (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) promulgated on 21 October 2005 by SAFE
“Offer Price”	the final price per Share in Hong Kong dollars (exclusive of brokerage, SFC transaction levy, and the Stock Exchange trading fee) at which the Offer Shares are to be subscribed for, purchased and issued pursuant to the Global Offering, to be determined as further described in the paragraph headed “Structure of the Global Offering — Determination of the Offer Price” of this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by the Company to the Global Coordinator (for itself and on behalf of the International Underwriters), exercisable at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offer, to require the Company to allot and issue up to an aggregate of 36,000,000 additional new Shares representing 15% of the initial Offer Shares, at the Offer Price per Share to cover, among other things, over-allocations in the International Placing, if any
“PBOC”	People’s Bank of China
“PRC” or “China”	the People’s Republic of China which, for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Legal Adviser”	King & Wood, PRC, the legal adviser to the Company as to PRC laws
“Pre-IPO Investment Agreements”	the agreement dated 23 July 2007, the investment agreement dated 23 September 2009 and the supplemental agreement dated 18 October 2009 entered into, among others, Chim Wai Kong, Chim Wai Shing Jackson, Chim Fo Che and the Pre-IPO Investor, particulars of which are set out in the paragraph headed “History and development — Pre-IPO Investment” of this prospectus
“Pre-IPO Investor”	Headwell Investments Limited, a company incorporated in the BVI on 2 July 2009 and is a wholly-owned subsidiary of Modern Creative
“Price Determination Agreement”	the agreement expected to be entered into between the Company, the Global Coordinator (for itself and on behalf of the Underwriters) and the Selling Shareholder on or before the Price Determination Date to record the agreement on the Offer Price
“Price Determination Date”	the date, expected to be on or around 14 June 2010 or such later date as may be agreed between the Global Coordinator (for itself and on behalf of the Underwriters), the Company and the Selling Shareholder, on which the Offer Price is fixed for the purpose of the Global Offering and in any event no later than 17 June 2010
“Reorganisation”	the corporate reorganisation of the Group in preparation for the Listing, particulars of which are set out in the paragraph headed “History and development — the Reorganisation” and the paragraph headed “Further information about the Group” in Appendix V to this prospectus

DEFINITIONS

“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to the Directors by the Shareholders, particulars of which are set forth in the paragraph headed “Written resolutions passed by all the Shareholders” in Appendix V to this prospectus
“SAFE”	The State Administration of Foreign Exchange of the PRC
“Sale Shares”	40,000,000 Shares being offered for sale by the Selling Shareholder at the Offer Price under the International Placing
“Selling Shareholder”	the Pre-IPO Investor
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 12 May 2010, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in Appendix V to this prospectus
“Stock Borrowing Agreement”	the stock borrowing agreement dated 7 June 2010 entered into between Nian’s Holding and the Global Coordinator pursuant to which the Global Coordinator may borrow up to 36,000,000 Shares from Nian’s Holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structure Contracts”	the exclusive management and technical consultancy agreement, the exclusive business/assets acquisition agreement, the share pledge agreements, the option agreements and the operational agreement in respect of obtaining the control of Xinhua Company by Gerfalcon PRC and the supplemental agreements in respect thereof, all of the above having been already terminated prior to the date of this prospectus
“subsidiary(ies)”	has the meaning ascribed to it under section 2 of the Companies Ordinance and when construed in the context of the Listing Rules, has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the context of the Company, means Nian’s Holding, Nian’s Investment, Chim Wai Kong, Chim Wai Shing Jackson, the Pre-IPO Investor, Modern Creative, Liu Shu Fa and Wang Juan
“Tian Wei Import”	Xiamen Tian Wei Import and Export Trading Co., Ltd. (廈門天唯進出口貿易有限公司), a company established in the PRC on 28 June 2004. It was owned as to 95% by Hong Lian Qiao and as to 5% by an Independent Third Party
“Tianjin Polytechnic University”	Tianjin Polytechnic University (天津工業大學), formerly known as Tianjin Industrial College of Textile (天津紡織工學院), a tertiary-education institution jointly established by the Ministry of Education of the PRC (中華人民共和國教育部) and Tianjin Municipal, the PRC, which is an Independent Third Party
“Track Record Period”	the period comprising the three financial years ended 31 December 2007, 2008 and 2009
“Underwriters”	collectively, the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Wuhan University of Science and Engineering”	Wuhan University of Science and Engineering (武漢科技學院), a university jointly established by the PRC government and the Hubei Provincial government, which is an Independent Third Party
“Xin Hua Import”	Fujian Xin Hua Import and Export Co., Ltd. (福建鑫華進出口有限公司), a company established in the PRC on 19 July 2006 and is owned as to 65% by Chim Wai Shing Jackson and 35% by Hong Lian Qiao
“Xinhua Company”	福建鑫華股份有限公司 (Xinhua Share Co., Ltd. Fujian), a joint stock company incorporated in the PRC on 22 June 1999 and is owned as to 99% by Gerfalcon PRC and 1% by Gerfalcon Trading

DEFINITIONS

“Xin Sen Engineering”	Fujian Xin Sen Engineering Design and Development Co., Ltd. (福建鑫森工程設計開發有限公司), a company established in the PRC on 30 May 2005 and is owned as to 40% by Hong Ming Qu and as to 60% by Chim Wai Kong respectively
“RMB”	Renminbi, the lawful currency of the PRC
“US”	the United States of America
“US\$” and “US cents”	United States dollars and cents, respectively, the lawful currency of the United States of America
“%”	per cent.

Unless the context requires otherwise, amounts denominated in RMB have been converted into HK\$, for the purpose of illustration only, using the exchange rate of HK\$1.13 = RMB1. No representation is made that any amount in RMB or HK\$ could have been or could be converted at the above rates or at any other rates or at all.

For ease of reference, the names of certain PRC entities have been included in this prospectus in both English and Chinese languages. The English names are the unofficial translation of their respective Chinese name, and in the event of any inconsistency, the Chinese version shall prevail.

Unless otherwise specified, all references to any shareholding in the Company assume no exercise of the Over-allotment Option.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.