

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out herein to provide the prospective investors with further information to assess the financial performance of the Group after taking into account the adjusted net tangible assets of the Group to illustrate the financial position of the Group after completion of the Global Offering and to illustrate the performance of the Group had the Global Offering been completed on 31 December 2009.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma financial information has been prepared, on the basis of the notes set out below, to illustrate how the Global Offering may have affected the net tangible assets attributable to equity holders of the Company had it occurred as at 31 December 2009. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

	Audited combined net tangible assets attributable to equity holders of the Company as at 31 December 2009 <i>(Note 1)</i>	Estimated net proceeds from the Global Offering <i>(Note 2)</i>	Unaudited pro forma adjusted combined net tangible assets <i>(Note 3)</i>	Unaudited pro forma adjusted combined net tangible assets per Share <i>(Note 3)</i>	Unaudited pro forma adjusted combined net tangible assets per Share <i>(Note 4)</i>
	(RMB million)	(RMB million)	(RMB million)	(RMB)	(HK\$)
Based on an Offer Price of HK\$2.36 per Share .	<u>307.0</u>	<u>390.7</u>	<u>697.7</u>	<u>0.87</u>	<u>0.98</u>
Based on an Offer Price of HK\$3.26 per Share .	<u>307.0</u>	<u>542.4</u>	<u>849.4</u>	<u>1.06</u>	<u>1.20</u>

Notes:

- (1) The audited combined net tangible assets attributable to equity holders of the Company as at 31 December 2009 is arrived at based on the audited combined net assets of the Group of RMB307,000,870 as at 31 December 2009, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$2.36 per Share and HK\$3.26 per Share after deduction of underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme. If the Over-allotment Option is exercised in full, the estimated net proceeds from the Global Offering and the unaudited pro forma adjusted net tangible assets per Share will increase correspondingly.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share as at 31 December 2009 is arrived at after adjustments as described in note 2 above and on the basis that a total of 800,000,000 Shares expected to be in issue assuming that the Global Offering had been completed as at 31 December 2009 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme. The Group's property interests as at 31 December 2009 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix III "Property Valuation" to this prospectus. The above adjustment does not take into account the surplus arising from the revaluation of the Group's property interests amounting to approximately RMB1.2 million. The revaluation surplus was not incorporated in the Group's financial statements for the year ended 31 December 2009. If the revaluation surplus was recorded in the Group's financial statements, the annual depreciation expense would be increased by approximately RMB60,000.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share are translated at the exchange rate of RMB1 to HK\$1.13.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.

RSM Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

8 June 2010

The Board of Directors
COSTIN New Materials Group Limited

Dear Sirs,

We report on the unaudited pro forma adjusted combined net tangible assets (the “**Unaudited Pro Forma Financial Information**”) of COSTIN New Materials Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Global Offering (as defined in the prospectus of the Company dated 8 June 2010 (the “**Prospectus**”)) might have affected the combined net tangible assets of the Group as if the Global Offering had taken place at 31 December 2009, for inclusion in Appendix II to this Prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in part (A) of Appendix II to the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial

information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2009 or any future date.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong