

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 March 2010 of the property interests of the Group.



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8 June 2010

The Board of Directors
COSTIN New Materials Group Limited
Suites 2703-04
27th Floor, Tower 6
The Gateway
Harbour City
Kowloon
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which COSTIN New Materials Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 March 2010 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Due to the nature of the buildings and structures of Part A of property no. 1 in Group I and the particular location in which it is situated, there are unlikely to be relevant market comparables sales readily available. The property interest has therefore been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

In valuing the property interest Part B of property no.1 in Group I which is currently under construction as at the date of valuation, we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have taken into account the construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Group II and III, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties published from time to time by the Hong Kong Institute of Surveyors; and the IVS published from time to time by International Valuation Standard Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been provided with a copy of tenancy agreement relating to the property interest and have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — King & Wood, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong and the United Kingdom as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interest owned and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	Capital value in existing state as at 31 March 2010
		RMB
1.	8 parcels of land, various buildings and structures located at the Xinhua Industrial Garden Niancuopu Longhu Town Jinjiang City Fujian Province The PRC	159,800,000
	Sub-total:	<u><u>159,800,000</u></u>

Group II — Property interests rented and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	Capital value in existing state as at 31 March 2010
		RMB
2.	Building Nos. 8 and 9 Xinhua Industrial Garden Niancuopu Longhu Town Jinjiang City Fujian Province The PRC	No commercial value
3.	Building Nos. 10, 14 to 17 Xinhua Industrial Garden Niancuopu Longhu Town Jinjiang City Fujian Province The PRC	No commercial value
	Sub-total:	<u><u>Nil</u></u>

Group III — Property interest rented and occupied by the Group in Hong Kong

<u>No.</u>	<u>Property</u>	Capital value in existing state as at 31 March 2010
		RMB
4.	Units 2703–4 on 27th Floor Tower 6, The Gateway Harbour City 25 Canton Road Kowloon Hong Kong	No commercial value
	Sub-total:	<u>Nil</u>
	Grand total:	<u><u>159,800,000</u></u>

VALUATION CERTIFICATE

Group I — Property interest held and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u> <u>RMB</u>
1.	8 parcels of land, various buildings and structures located at the Xinhua Industrial Garden Niancuopu Longhu Town Jinjiang City Fujian Province The PRC	<p>The property comprises 8 parcels of land with a total site area of approximately 177,522.48 sq.m. and 19 buildings and various ancillary structures erected thereon which were completed in various stage between 2004 and 2009. (“Part A”)</p> <p>The buildings have a total gross floor area of approximately 54,783.56 sq.m.</p> <p>The buildings mainly include industrial buildings and ancillary office building.</p> <p>The property also comprises 11 industrial buildings which was being constructed on the parcels of land of the property as at the date of valuation (the “CIP”). (“Part B”)</p> <p>The CIP is scheduled to be completed by end of 2010. Upon completion, the CIP will have a total planned gross floor area of approximately 33,024 sq.m.</p> <p>The total construction cost is estimated to be approximately RMB32,900,000. As advised by the Company, no payment has been made as at the date of valuation.</p> <p>The structures mainly include water tank, boundary fences, roads and gates.</p> <p>The land use rights of the property have been granted for various terms of 50 years (with the expiry date between 5 May 2053 and 26 November 2058) for industrial uses.</p>	<p>The property is currently occupied by the Group for production, storage and ancillary office purposes except for portions of the land area of approximately 20,728.45 sq.m. and buildings area of approximately 22,371.51 sq.m. which are currently rented to an independent third party and 2 connected parties. (see notes 5–7)</p>	<p>159,800,000</p> <p>100% interest attributable to the Group: RMB159,800,000</p>

Notes:

1. Xinhua Share Co., Ltd. Fujian (“Xinhua Company”) (福建鑫華股份有限公司) is a wholly-owned subsidiary of the Company.
2. Pursuant to 8 State-owned Land Use Rights Certificates — Jin Guo Yong (2003) Di No. 01212, Jin Guo Yong (2006) Di No. 00787 (the land premium was RMB3,048,360), Jin Guo Yong (2009) Di Nos. 00001, 00002, 00003, 00004 and 00005 (the total land premium was RMB63,680,000) and Jin Guo Yong (2009) Di No. 00393 (the land premium was RMB1,448,000) the land use rights of 8 parcels of land with a total site area of approximately 177,522.48 sq.m. have been granted to Xinhua Company for various terms of 50 years (with the expiry date between 5 May 2053 and 26 November 2058) for industrial uses.
3. Pursuant to 8 Building Ownership Certificates — Jin Fang Quan Zheng Long Hu Zi Di Nos. 12-200152, 12-200191, 12-200192, 12-200210, 12-200245, 12-200321, 12-200322 and 12-200323-001, 12 buildings with total gross floor area of approximately 32,412.05 sq.m. are owned by Xinhua Company and occupied by the Group for production, storage and ancillary office purposes.
4. Pursuant to a Construction work commencement Permit — No. 350582200907290101 in favour of Xinhua Company, permission by the relevant local authority was given to commence the construction work.
5. Pursuant to a Tenancy Agreement, 6 buildings of the property with a total lettable area of approximately 20,290.68 sq.m. is rented to Hua Xin Weaving Development Co., Ltd. Jinjiang (“Hua Xin Weaving”) (晉江市華鑫織造發展有限公司), (a connected party) for a term of 1 year from 1 January 2010 and expiring on 31 December 2010 at a total monthly rent of RMB223,197.48, exclusive of management fees, water and electricity charges.
6. Pursuant to another 2 Tenancy Agreements, 1 building of the property with a lettable area of approximately 2,080.83 sq.m. and with a land area of approximately 13,334 sq.m. is rented to Jinjiang An Fa Motors Training Limited (晉江安發機動車培訓有限公司), (an independent third party) for a term both expiring on 31 May 2011 at a total annual rent of RMB939,640, exclusive of relevant taxes, management fees, water and electricity charges.
7. Pursuant to 2 Tenancy Agreements, two portions of land under Land Use Rights Certificate Jin Guo Yong (2009) Di No. 00003 with total area of 7,394.45 sq.m. are rented to Gerfalcon Industrial (Nonwoven) Investment Company Limited (海東青工業(非織)投資有限公司) (a subsidiary of the Company) for a common term of 3 years expiring on 30 June 2012 and 10 March 2013 at an annual rent of RMB155,600 and RMB100,000 respectively.
8. Pursuant to a Mortgage Contract of Maximum Amount — No.14080121-2009 (Jin Jiang Di) Zi Di No. 0253 dated 20 November 2009, the land use rights of a parcel of land with an area of approximately 6,156.97 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong 2003 Di No. 01212 and buildings under the Building Ownership Certificate — Jin Fang Quan Zheng Long Hu Zi Nos. 12-200191 and 12-200322 are subject to a mortgage in favour of Jinjiang Branch of Industrial and Commercial Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB13,678,000 with security term from 23 November 2009 to 22 November 2012.
9. Pursuant to a Mortgage Contract of Maximum Amount — No. 14080121-2010 (Jin Jiang Di) Zi Di No. 0012 dated 21 January 2010, the land use rights of a parcel of land with a site area of approximately 5,989.73 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong (2003) Di No. 01212 and buildings under the Building Ownership Certificate Jin Fang Quan Zheng Long Hu Zi No. 12-200245 are subject to a mortgage in favour of Jinjiang Branch of Industrial and Commercial Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB5,980,000 with the security term from 21 January 2010 to 20 January 2013.
10. Pursuant to a Mortgage Contract of Maximum Amount — No. 35906201000001215 dated 11 January 2010, the land use rights of a parcel of land with an area of approximately 6,156.97 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong 2003 Di No. 01212 and total building area of approximately 15,543.58 sq.m. under the Building Ownership Certificate — Jin Fang Quan Zheng Long Hu Zi Nos. 12-200192 and 12-200152 are subject to a mortgage in favour of Jinjiang Branch of Agricultural Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB17,100,000 with the security term from 11 January 2010 to 10 January 2013.

11. Pursuant to a Mortgage Contract of Maximum Amount — No.14080121-2009 (Jin Jiang Di) Zi Di No. 0047 dated 23 March 2009, a parcel of land with a site area of approximately 14,516 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong (2006) Di No. 00787 and buildings under the Building Ownership Certificate — Jin Fang Quan Zheng Long Hu Zi Nos. 12-200210 are subject to a mortgage in favour of Jinjing Branch of Industrial and Commercial Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB12,090,000 with security term from 23 March 2009 to 22 March 2012.
12. Pursuant to a Mortgage Contract of Maximum Amount — No. 35906200900019756 dated 3 September 2009, a parcel of land with a site area of approximately 3,047 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong (2009) Di No. 00001 is subject to a mortgage in favour of Jinjing Branch of Agricultural Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB1,800,000 with security term from 3 September 2009 to 2 September 2011.
13. Pursuant to a Mortgage Contract of Maximum Amount — No. 35906200900019753 dated 3 September 2009, a parcel of land with a site area of approximately 14,642 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong (2009) Di No. 00002 is subject to a mortgage in favour of Jinjing Branch of Agricultural Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB8,950,000 with security term from 3 September 2009 to 2 September 2011.
14. Pursuant to a Mortgage Contract of Maximum Amount — No. 35906200900019755 dated 3 September 2009, a parcel of land with a site area of approximately 31,120 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong (2009) Di No. 00003 and total building area of 9,227.89 sq.m. under the Building Ownership Certificate — Jin Fang Quan Zheng Long Hu Zi No. 12-200323-001 are subject to a mortgage in favour of Jinjing Branch of Agricultural Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB25,600,000 with security term from 3 September 2009 to 2 September 2011.
15. Pursuant to a Mortgage Contract of Maximum Amount — No. 35906200900019754 dated 3 September 2009, a parcel of land with a site area of approximately 34,336 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong (2009) Di No. 00004 is subject to a mortgage in favour of Jinjing Branch of Agricultural Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB21,080,000 with security term from 3 September 2009 to 2 September 2011.
16. Pursuant to a Mortgage Contract of Maximum Amount — No. 35906200900009519 dated 27 May 2009, a parcel of land with a site area of approximately 36,982 sq.m. under the State-owned Land Use Rights Certificate — Jin Guo Yong (2009) Di No. 00005 and buildings under the Building Ownership Certificate — Jin Fang Quan Zheng Long Hu Zi No. 12-200321 are subject to a mortgage in favour of Jinjing Branch of Agricultural Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB24,590,000 with security term from 27 May 2009 to 26 May 2011.
17. Pursuant to a Mortgage Contract of Maximum Amount — No. 35906200900019758 dated 3 September 2009, a parcel of land under the State-owned Land Use Rights Certificate — Jin Guo Yong (2009) Di No. 00393 is subject to a mortgage in favour of Jinjing Branch of Agricultural Bank of China Limited, as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB2,400,000 with security term from 3 September 2009 to 2 September 2011.
18. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Xinhua Company has obtained the land use rights certificates and is the sole owner of the property with legal protection under the PRC law;
 - b. Subject to note 14(c) below, Xinhua Company has the right to occupy, use, lease, transfer, mortgage or otherwise dispose of the property;
 - c. For the land use rights of the property and ownership rights of the buildings which are subject to mortgage mentioned above, Xinhua Company should obtain prior written consent from the Mortgage when transferring, sell, lease, re-mortgaging or otherwise disposing of such land use rights and ownership rights of the buildings; and
 - d. Expect for the aforesaid mortgage, the property is not subject to any restrictions arising from any other mortgage sequestration or any third parties rights.

VALUATION CERTIFICATE

Group II — Property interests rented and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u> RMB
2.	Building Nos. 8 and 9 Xinhua Industrial Garden Niancuopu Longhu Town Jinjiang City Fujian Province The PRC	<p>The property comprises two industrial buildings, building No. 8 and building No. 9 are completed in various stage between 2004 and 2009.</p> <p>The property has a total lettable area of approximately 3,374.16 sq.m.</p> <p>Pursuant to a Tenancy Agreement made between Xinhua Share Co., Ltd. Fujian (“Xinhua Company”) (福建鑫華股份有限公司), as lessee and Jinjiang Wah Hing Plastic & Rubber Co., Ltd. (“Xua Xin Plastic”) (晉江華鑫塑料橡膠製品有限公司) as lessor a connected party, the property is leased by the Group for a term of 3 years expiring on December 2011 at a rental of RMB46,103.5 per month, exclusive of water and electricity charges.</p>	The property is currently occupied by the Group for industrial purpose.	No commercial value

Notes:

1. Xinhua Company is a wholly-owned subsidiary of the Company.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. The property is owned by Hua Xin Plastic and Jianjiang City Wei Da Electronic Research Development Limited (“Wei Da Electronic”);
 - b. Hua Xin Plastic has obtained consent from Wei Da Electronic regarding to lease the property;
 - c. The Tenancy Agreement has been registered in accordance with Laws;
 - d. The contents of Tenancy Agreement is valid, legally binding and enforceable for both parties; and
 - e. The property is subject to a Mortgage. Lessor has obtained consent from Jinjiang Branch of Agricultural Bank of China.

VALUATION CERTIFICATE

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u> RMB
3.	Building Nos. 10, 14 to 17 Xinhua Industrial Garden Niancuopu Longhu Town Jinjiang City Fujian Province The PRC	The property comprises five industrial buildings, building nos. 10, 14 to 17 are completed in various stage between 2004 and 2009. The property has a total lettable area of approximately 7,059.41 sq.m.. Pursuant to a Tenancy Agreement made between Xinhua Share Co., Ltd. Fujian (“Xinhua Company”) (福建鑫華股份有限公司), as lessee and Hua Xin Weaving Development Co., Ltd. Jinjiang (晉江市華鑫織造有限公司) as lessor a connected party, the property is leased by the Group for a term of 3 years expiring on December 2011 at a rental of RMB70,594.1, exclusive of water and electricity charges.	The property is currently occupied by the Group for industrial purpose.	No commercial value

Notes:

1. Xinhua Company is a wholly-owned subsidiary of the Company.
2. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Lessor is a legal owner of the property;
 - b. The Tenancy Agreement has been registered in accordance with Laws;
 - c. The contents of Tenancy Agreement is valid, legally binding and enforceable for both parties; and
 - d. The property is subject to a Mortgage. Lessor has obtained consent from Jinjiang Branch of Agricultural Bank of China.

VALUATION CERTIFICATE

Group III — Property interest rented and occupied by the Group in Hong Kong

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u> RMB
4.	Units 2703–4 on 27th Floor Tower 6, The Gateway Harbour City 25 Canton Road Kowloon Hong Kong	The property comprises a unit on 27th Floor of a 33-storey office building completed in about 1999. The property has a total gross floor area of approximately 2,109 sq.ft. (195.93 sq.m.) Pursuant to a Tenancy Agreement made between Gerfalcon Industrial (Nonwoven) Investment Company Limited (“Gerfalcon Hong Kong”), as Tenant and Harbour City Estate Limited as agent of Landlord an independent third party, the property is leased by the Group for a term of 3 years commencing from 16 March 2010 and expiring on 15 March 2013 at a rental of HKD90,687 per month.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gerfalcon Hong Kong is a wholly-owned subsidiary of the Company.
2. The registered owner of the property is Wharf Properties Limited vide Memorial No. UB2646920 dated 27 September 1989.