

The information set forth in this appendix does not form part of the accountants' report prepared by the reporting accountants of our Group, Ernst & Young, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" and "Appendix I – Accountants' Report" in the prospectus.

The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out here to provide investors with further information about (i) how the Listing might have affected the consolidated net tangible assets after completion of the Global Offering; and (ii) how the Listing might have affected the forecast earnings per share of the Group for the year ending December 31, 2010 as if the Global Offering had taken place on January 1, 2010. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions of the financial periods concerns.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an unaudited pro forma statement of our adjusted consolidated net tangible assets which is based on our consolidated net tangible assets attributable to the owners of our Company as at May 31, 2010 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our financial position.

	Consolidated net tangible assets of our Group as at May 31, 2010 RMB'000 (Note 1)	Adjusted estimated net proceeds from the Global Offering RMB'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets RMB'000	Unaudited pro forma adjusted consolidated net tangible assets per Share RMB (Note 3)	HK\$ (Note 4)
Based on a minimum indicative Offer Price of HK\$2.33 per Share	842,926	460,904	1,303,830	1.11	1.30
Based on a maximum indicative Offer Price of HK\$3.33 per Share	842,926	710,839	1,553,765	1.33	1.55

Notes:

1. The consolidated net tangible assets attributable to the owners of our Company as at May 31, 2010 is approximately RMB842,926,000, which represents our net assets derived from the audited consolidated financial statements of the Group as set out in the Accountants' Report set out in Appendix I to this prospectus.
2. The adjusted estimated net proceeds from the Global Offering is based on the indicative Offer Price range of HK\$2.33 and HK\$3.33 per Share, after deduction of the estimated underwriting fees and related expenses we incurred and does not take into account of any Shares which may be issued upon exercise of the Over-allotment Option or upon exercise of any options which may be granted upon the Share Option Scheme.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share has been arrived at after making the adjustments as described in note 2 above and on the basis of a total of 1,170,000,000 Shares in issue immediately following completion of the Global Offering and Capitalization Issue. It does not take into account of any Shares which may be issued upon exercise of the Over-allotment Option or upon exercise of any options which may be granted under the Share Option Scheme.
4. The unaudited pro forma adjusted net tangible assets per share amount in RMB are converted to HK\$ with exchange rate at HK\$1.1703 to RMB1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
5. Our property interests (including our prepaid land lease payments and buildings only) as at August 31, 2010 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer. By comparing the valuation of our property interests (including our prepaid land lease payments and buildings only) of approximately RMB208,948,000 as set out in Appendix IV of this prospectus and the unaudited carrying amounts of these properties (including our prepaid land lease payments and buildings only) of approximately RMB187,390,000 as at August 31, 2010, the valuation surplus is approximately RMB21,558,000, which has not been included in our net tangible assets set forth above. The revaluation surplus will not be incorporated in our consolidated financial statements. If the revaluation surplus was recorded in our consolidated financial statements, our annual depreciation and amortization would be increased by approximately RMB447,000.

(B) UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share for the year ending December 31, 2010 has been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on January 1, 2010. The unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Global Offering.

**Forecast for
the year ending
December 31,
2010**

Forecast consolidated profit attributable to equity holders of the Company ⁽¹⁾	not less than RMB201 million
Unaudited pro forma forecast earnings per Share ⁽²⁾	RMB0.17 (HK\$0.20)

Notes:

- (1) The bases on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010, on the basis that 1,170,000,000 Shares were in issue, assuming that the Shares to be issued pursuant to the Capitalization Issue and the Global Offering had been in issue on January 1, 2010. It does not take into account of any Shares which may be issued upon exercise of the Over-allotment Option or upon exercise of any options which may be granted under the Share Option Scheme.

**(C) LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO
FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants of our Group, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.



18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

November 30, 2010

The Directors
China New Materials Holdings Limited
CCB International Capital Limited
Piper Jaffray Asia Limited

Dear Sirs,

We report on the unaudited pro forma adjusted consolidated net tangible assets and unaudited pro forma forecast earnings per share (the “Unaudited Pro Forma Financial Information”) of China New Materials Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which have been prepared by the directors of the Company (the “Directors”) for illustrative purposes only, to provide information about how the global offering and placing of 292,500,000 shares of HK\$0.01 each in the capital of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated November 30, 2010 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING
ACCOUNTANTS**

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 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 4.29(7) 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 the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma 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 on the bases stated, that such bases are 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 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, 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 May 31, 2010 or any future dates; or
- the forecast earnings per share of the Group for the year ending December 31, 2010 or any future periods.

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;
- (b) such bases are 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 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong