

Our forecast consolidated profit attributable to equity holders of our Company for the year ending December 31, 2010 is set out in the section headed “Financial Information — Profit forecast for the year ending December 31, 2010” in this prospectus.

#### A. BASES AND ASSUMPTIONS

Our Directors have prepared the forecast of the consolidated profit attributable to our equity holders for the year ending December 31, 2010, based on the audited consolidated results of the Group for the five months ended May 31, 2010, the unaudited consolidated results in the management accounts of the Group for the four months ended September 30, 2010 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2010. The forecast has been prepared on a basis consistent in all material respects with the accounting policies currently adopted by the Group as summarised in the accountants’ report of our Company as set out in appendix I of this prospectus. The profit forecast has been prepared on the following principal bases and assumptions:

- there will be no material changes in the existing rules, laws, regulations, or government policies (economic, political or legal), including changes in legislation or rules, regulatory, fiscal, economic or market conditions in the PRC, Hong Kong, the Cayman Islands, the Independent State of Samoa, the British Virgin Islands, or any of the countries in which members of the Group currently operate or are established;
- there will be no material changes in inflation rate, interest rate or foreign currency exchange rate in the countries, regions or industries applicable to the business activities of the Group from those presently prevailing;
- there will be no material changes in the bases or rates of taxation or duties in the PRC, Hong Kong, the Cayman Islands, the Independent State of Samoa, the British Virgin Islands, or any of the countries in which members of the Group operate or are established, except as otherwise disclosed in this prospectus;
- there will be no wars, military incidents, pandemic diseases or natural disasters that would have a material impact on the Group’s business and operating activities;
- the Group’s operations and financial performance will not be materially and adversely impacted by any of the risk factors set out in the section headed “Risk factors” in this prospectus;
- the Group’s production and operation will not be significantly affected by interruptions as a result of shortage of raw materials supply, utilities supply, labour disputes, technical barrier and any other reasons that are beyond the control of the Directors; and
- there will be no changes in technology, industry, safety standards, and environmental protection regulations in connection with the Group’s products that would have a significant negative impact on the Group’s operation in the PRC, Hong Kong, the Cayman Islands, the Independent State of Samoa, the British Virgin Islands, any of the countries in which members of the Group currently operate or are established.

**B. LETTER FROM ERNST & YOUNG**

*The following is the text of a report received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the forecast consolidated profit attributable to equity holders of the Company.*



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 have reviewed the calculations of and the accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity holders of China New Materials Holdings Limited (the "Company", together with its subsidiaries, hereinafter collectively referred to as the "Group") for the year ending December 31, 2010 (the "Profit Forecast") as set out in the paragraph headed "Profit forecast for the year ending December 31, 2010" under the section headed "Financial Information" in the prospectus of the Company dated November 30, 2010 (the "Prospectus") for which the directors of the Company (the "Directors") are solely responsible.

We conducted our work with reference to Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast has been prepared by the Directors based on the audited consolidated results of the Group for the five months ended May 31, 2010, the unaudited consolidated results of the Group for the four months ended September 30, 2010 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2010.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions made by the Directors as set out in Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated November 30, 2010, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,  
**Ernst & Young**  
Certified Public Accountants  
Hong Kong

**C. LETTER FROM THE JOINT SPONSORS**

*The following is the text of a letter, prepared for inclusion in this prospectus, received by our Directors from the Joint Sponsors, in connection with the forecast of the consolidated profit attributable to our equity holders for the year ending December 31, 2010.*



**CCB International**

CCB International Capital Limited  
34th Floor, Two Pacific Place  
88 Queensway  
Admiralty  
Hong Kong

**Piper Jaffray**

Piper Jaffray Asia Limited  
Suite 1308, Two Pacific Place  
88 Queensway  
Admiralty  
Hong Kong

November 30, 2010

The Directors  
China New Materials Holdings Limited

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to equity holders of China New Materials Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ending December 31, 2010 (the “Profit Forecast”) as set out in the prospectus issued by the Company dated November 30, 2010 (the “Prospectus”).

We understand that the Profit Forecast, for which the directors of the Company are solely responsible, has been prepared based on the audited results of the Group for the five months ended May 31, 2010, the unaudited management accounts of the Group for the four months ended September 30, 2010 and a forecast of the results of the Group for the remaining three months ending December 31, 2010.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in section A of appendix III to the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated November 30, 2010 addressed to yourselves and ourselves from Ernst & Young regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Ernst & Young, we are of the opinion that the Profit Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and behalf of  
**CCB International Capital Limited**  
**Stanley Shih**  
*Executive Director*

For and behalf of  
**Piper Jaffray Asia Limited**  
**Stacey Wong**  
*Head of Investment Banking*