

The forecast of the consolidated profit attributable to our equity holders but before extraordinary items of our Group for the year ending December 31, 2011 is set out in the paragraph headed “Profit Forecast” in the section headed “Financial Information” in this prospectus.

A. BASIS AND ASSUMPTIONS

The forecast of the consolidated profit attributable to our equity holders but before extraordinary items of our Group for the year ending December 31, 2011 is prepared by the Directors based on the unaudited consolidated results for the one month ended January 31, 2011 and a forecast of the consolidated results of our Group for the remaining eleven months ending December 31, 2011. The Directors are not aware of any extraordinary items which have arisen or are likely to arise during the year ending December 31, 2011. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarised in the accountants’ report, the text of which is set out in Appendix I to this Prospectus and is based on the following principal assumptions:

- (a) there will be no material changes in existing government policies or political, legal (including changes in legislation or regulations or rules), fiscal or economic conditions in the PRC, Hong Kong or any other place in which any member of our Group is incorporated, carries on business;
- (b) there will be no material changes in the bases or rates of taxation or duties applicable to the activities of our Group in the PRC, in Hong Kong, or any other place in which our Group operates or in which any member of our Group is incorporated, except as otherwise disclosed in this Prospectus; and
- (c) there will be no material adverse changes in the inflation rates, foreign currency exchange rates and interest rates from those currently prevailing.

SENSITIVITY ANALYSIS

The average sales prices of our products and the average purchase prices of our raw materials fluctuated during the Track Record Period. The average sales prices of our products were RMB10,610 per ton, RMB8,845 per ton and RMB11,362 per ton for the years ended December 31, 2008, 2009 and 2010, respectively. Our average purchase price of PTA was RMB6,223 per ton, RMB5,913 per ton and RMB6,741 per ton and our average purchase price of MEG was RMB6,330 per ton, RMB4,395 per ton and RMB6,108 per ton for the years ended December 31, 2008, 2009 and 2010, respectively. The changes in the average sales prices of our products and the average purchase prices of our raw materials have affected our results of operations in the past and may have an impact on our profit in the future. For details of such historical effect, please see “Financial Information — Factors Affecting Our Results of Operations and Financial Condition” and “Financial Information — Results of Our Operations” in this Prospectus. The following sensitivity analysis illustrates the impact of hypothetical changes in the average sales price per ton of our products, the average purchase price per ton of PTA and the average purchase price per ton of MEG on our forecast profit after taxation and the resulting forecast profit after taxation for the year ending December 31, 2011.

% change in average sales price per ton of our products . . .	-15%	-10%	-5%	+5%	+10%	+15%
Impact on our forecast profit after taxation (RMB million)	(676.5)	(451.0)	(225.5)	225.5	451.0	676.5
Resulting forecast profit after taxation (RMB million)	171.1	396.5	622.0	1,073.0	1,298.5	1,524.0
% change in average purchase price per ton of PTA	-15%	-10%	-5%	+5%	+10%	+15%
Impact on our forecast profit after taxation (RMB million)	312.7	208.5	104.2	(104.2)	(208.5)	(312.7)
Resulting forecast profit after taxation (RMB million)	1,160.2	1,056.0	951.8	743.3	639.0	534.8
% change in average purchase price per ton of MEG	-15%	-10%	-5%	+5%	+10%	+15%
Impact on our forecast profit after taxation (RMB million)	100.4	66.9	33.5	(33.5)	(66.9)	(100.4)
Resulting forecast profit after taxation (RMB million)	947.9	914.5	881.0	814.0	780.6	747.1

The table above includes forward-looking information and is for illustrative purposes only. Please see “Forward-looking Statements” in this prospectus. For risks related to the average sales prices of our products and the average purchase prices of our raw materials see “Risk Factors — Risks Relating to Our Business — Our business and profitability may be affected by fluctuations in raw material prices as we may not always be able to pass on the increase in raw material costs to our customers” and “Risk Factors — Risks Relating to Our Business — We may not be able to maintain the increasing trend of our gross profit margins or to maintain our profit margins at the levels we recorded during the Track Record Period.”

B. LETTERS

Set out below are texts of letters received from (i) the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, and (ii) the Joint Sponsors prepared for the purpose of incorporation in this Prospectus and in connection with the profit forecast of our Group for the year ending December 31, 2011.

(i) Letter from the reporting accountants



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

May 5, 2011

The Directors
Billion Industrial Holdings Limited

Merrill Lynch Far East Limited
CCB International Capital Limited

Dear Sirs

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit attributable to equity shareholders of Billion Industrial Holdings Limited (the "Company") for the year ending December 31, 2011 (the "Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated May 5, 2011 (the "Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the one month ended January 31, 2011 and a forecast of the consolidated results of the Group for the remaining 11 months ending December 31, 2011.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the 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 May 5, 2011, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully

KPMG

Certified Public Accountants

Hong Kong

(ii) Letter from the Sponsors

May 5, 2011

The Board of Directors
Billion Industrial Holdings Limited
Fenglin Industrial Zone,
Longhu Town, Jinjiang,
Fujian, China

Dear Sir

We refer to the forecast of the consolidated profit attributable to equity holders, of Billion Industrial Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ending December 31, 2011 (the “**Profit Forecast**”) as set out in the prospectus issued by the Company dated May 5, 2011 (the “**Prospectus**”).

We understand that the Profit Forecast has been prepared by the directors of the Company based on the unaudited consolidated results of the Group for the one month ended January 31, 2011 and a forecast of the consolidated results of the Group for the remaining eleven months ending December 31, 2011.

We have discussed with you the basis made by the directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated May 5, 2011 addressed to yourselves and ourselves from KPMG 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 KPMG, we are of the opinion that the Profit Forecast, for which you as directors of our company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
Merrill Lynch Far East Limited
John Lee
Managing Director

For and on behalf of
CCB International Capital Limited
Lai Voon Wai
Managing Director, Corporate Finance