

To: Business Editor
[For immediate release]

COSTIN 海東青新材料集團有限公司
COSTIN NEW MATERIALS GROUP LIMITED

COSTIN NEW MATERIALS GROUP LIMITED
海東青新材料集團有限公司

COSTIN Announces Proposed Listing on the Main Board of SEHK
Offer Price at HK\$2.36 - HK\$3.26 per Offer Share

Pioneer in Environmental-friendly New Materials
Recognized as Textiles Development Enterprise – Filtration Materials
with Strong Competitive Strengths

[7 June 2010, Hong Kong] **COSTIN New Materials Group Limited** (“**COSTIN**” or the “**Company**”, together with its subsidiaries, the “**Group**”), the pioneer in environmental-friendly new materials, today announced its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”).

COSTIN plans to offer an aggregate of 240,000,000 Shares, comprising 200,000,000 New Shares and 40,000,000 Sale Shares (subject to the Over-allotment Option) which represents 30% of the Company’s enlarged issued share capital, at an Offer Price range of HK\$2.36 per Share and HK\$3.26 per Share. The Hong Kong public offer will open at 9 a.m on 8 June 2010 (Tuesday) and end at noon on 11 June 2010 (Friday). Dealings in Offer Shares of the Company are expected to commence on 21 June 2010 (Monday). The Shares, with the stock code 2228, will be traded in a board lot of 1,000 Shares each. The Over-allotment Option can be allotted and issued up to 36,000,000 additional new Shares, representing 15% of the total number of the Offer Shares initially available under the Global Offering.

Guotai Junan Capital Limited is the Sole Sponsor while Guotai Junan Securities (Hong Kong) Limited is the Sole Global Coordinator, Bookrunner and Lead Manager to the listing of the Group.

COSTIN is one of the fast growing enterprises based in Jinjiang, Fujian Province, mainly engaging in research and development, production and sales of non-woven fabrics and chemical fibres for industrial applications in the PRC. The Group manufactures a host of advanced functional non-woven fabrics along with chemical fibres developed from recycled raw materials. COSTIN’s non-woven fabrics provide various functions including liquid repellency, washability, filtering, stretch and cushioning and are widely applied as raw materials for the manufacture of footwear, apparels, apparel lining, texture products, hand-bag and suitcase lining, household decoration and filters, etc. The chemical fibres produced by the Group is recycled polyester staple fibre, which can be widely used as raw materials for production of synthetic leather, shoe materials and non-woven fabrics.

- more -

COSTIN has strong production capability. COSTIN's non-woven fabrics production facilities consisted of a total of 11 production lines with a total annual production capacity of 81.5 million yards; and 5 function-adding and ancillary lines with a total annual production capacity of 60 million yards. For chemical fibres, COSTIN has 2 production lines with a total production capacity of 30 thousand tons.

COSTIN has a diversified customer base from various industries, including trading companies and manufacturers of textiles, apparels, footwear, luggage and leather-ware, which are mainly located in Fujian, the PRC. The Group also sells its products to customers in Zhejiang, Jiangxi, Guangdong, Shandong and Shanghai in the PRC. The Group also exports its products to overseas customers including Hong Kong, India, Indonesia, Brazil, Egypt and Dubai. The exports of the Group accounts for approximately 42.9% of the total sales for the year ended 31 December 2009.

The non-woven fabrics industry in the PRC has experienced robust growth. According to CEIC data, the total output of non-woven fabrics climbed from 836.4 thousand tons in 2003 to over 2 million tons in 2008. Sustainable growth is seen in the total planned investment in the non-woven fabrics industry. Compared to 2007, the total planned investment rose 6.28% up to RMB10.8 billion in 2008.

Apart from non-woven fabrics, textile for industrial purposes is a significant segment to the whole textile industry. Textiles in this category are mainly applied as filtration materials, tarpaulin materials, textile for medical and hygienic uses, civil engineering, synthetic materials, textile for agricultural and fishery uses and framework materials. According to CEIC data, the output of filtration materials has increased more than double from approximately 200 thousand tons in 2003 to approximately 410 thousand tons in 2008.

The founder, Chairman and Executive Director of COSTIN, Mr. Chim Wai Kong, said, "We recorded an impressive profit growth, with the net profit in 2009 reached RMB148.6 million. This represented a CAGR of 48.9 % from 2007 to 2009. Such a robust growth is attributable to five major competitive strengths, including strong research and development capability, well-positioned expansion and development plans, diversified customer base with flexible product mix, recognitions for our high quality products and experienced management team and professional technical staff. These advantages offer us an edge to capture the market opportunities brought by the low-carbon economy."

COSTIN is committed to improving product quality through strong research and development. The Group has established a research and development centre and platform, which is mainly responsible for developing new products and upgrading the application functions of its existing products with an aim to enhance the quality and widen the application scope of the products. The Group's research centre meets the technology requirements and standards of the Provincial-level Corporate Technology Centre in the Fujian Province. It was recognized by China Textiles Development Centre ("CTDC"), as Textiles Development Enterprise - Filtration Materials, and Fujian Economic and Trading Bureau and others as Provincial-level Corporate Technology Centre in the Fujian Province. COSTIN has been cooperating with Tianjin Polytechnic University and established a joint research centre and conducted various research projects on non-woven fabrics with new functions and applications. The Group also entered into a co-operation agreement with Wuhan University of Science and Engineering to jointly conduct research projects.

COSTIN's expansion and development plans are well prepared. The Group believes that the ability to improve and upgrade the functions and applications of non-woven materials will be a crucial factor to sustain the Group's continuing growth and success. It is expected that the PRC government will highly regulate industries that traditionally release pollutants, such as the steel, cement and coal-fired power station industries, and in turn the demand for environmental protection products, such as filtration materials with special functions (e.g. high thermal-resistance), in these industries will increase. With the co-operation of Tianjin Polytechnic University and Wuhan University of Science and Engineering, the Group is in an advantageous position to capture the potential business opportunities by the development and production of non-woven fabrics which is able to deliver such functions.

In order to capture our business development, the Group plans to continue to upgrade and improve its production facilities by expanding its production facilities and importing advanced equipment and machinery. The Expanded Production Facilities are expected to commence operation in the end of the second quarter of 2010, and will occupy a site area of 6,666 sq.m. It consists of 6 production lines principally for the production of stitch-bonded non-woven fabrics with an estimated annual production capacity of approximately 40,800,000 yards. The Group is also planning to expand the New Production Facilities which are expected to commence operation in the first quarter of 2011, and will occupy a total site area of approximately 74,204 sq.m. It consists of 6 production lines and 10 function-adding and ancillary lines with an aggregate estimated annual production capacity of 50,500,000 sq.m.

Looking ahead, Mr. Chim Wai Shing, Chief Executive Officer and Executive Director of COSTIN, said, "Our mission is to become one of the market leaders in the non-woven fabrics and chemical fibre industries in the PRC. We will achieve this by expanding production capacity and diversifying product offerings. Our business strategies will focus on 4 aspects, include expanding production capacity, strengthening and emphasizing on R&D and product upgrade, continuing to improve production operation efficiency and continuing to expand sales network. With the Group's competitive strengths, as well as our deep knowledge in the applications and development of the non-woven fabrics for industrial purposes, we believe that COSTIN will be one of the leading enterprises in the non-woven new materials of chemical fibres industry of the PRC. "

- End -

This press release contains forward-looking statements which relate to future events or future financial performance and are subject to risks and uncertainties. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "feel," "potential" or "continue," the negative of such terms or other comparable terminology. Specifically, comments in this press release regarding COSTIN's future prospects, the strength of and demand for its brand and the success of its sales and marketing initiatives are forward-looking statements and are subject to inherent risks. These statements are only predictions. Actual events or results may differ materially. Factors that could cause actual results to differ materially from those contained in the forward-looking statements include, but are not limited to: the general economic conditions in COSTIN's major markets, COSTIN's ability to meet growing demand for their products, the level of consumer demand for COSTIN's products, COSTIN's ability to continually develop new designs and products and COSTIN's ability to source raw materials at favourable prices. Although, COSTIN believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results. Moreover, COSTIN assumes no responsibility for the accuracy or completeness of such forward-looking statements and undertakes no obligation to update any of these forward-looking statements.

Issued by Porda International (Finance) PR Company Limited for and on behalf of **COSTIN New Materials Group Limited**. For further information, please contact:

Porda International (Finance) PR Company Limited

Ms. Harriet Lau	+852 3150 6761	harriet.lau@pordafinance.com.hk
Ms. Kylie Yeung	+852 3150 6770	kylie.yeung@pordafinance.com.hk
Ms. Cara Pang	+852 3150 6736	cara.pang@pordafinance.com.hk
Ms. Christine Fong	+852 3150 6755	christine.fong@pordafinance.com.hk

Fax : +852 3150 6728



COSTIN NEW MATERIALS GROUP LIMITED
海東青新材料集團有限公司

Factsheet

Offering Summary:

Number of Offer Shares offered pursuant to the Global Offering	:	240,000,000 Shares, comprising 200,000,000 New Shares and 40,000,000 Sale Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	24,000,000 New Shares (subject to re-allocation)
Number of International Placing Shares	:	216,000,000 Shares, comprising 176,000,000 New Shares and 40,000,000 Sale Shares (subject to re-allocation and the Over-allotment Option)
Maximum Offer Price	:	HK\$3.26 per share, with brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005% (must be full-payment and is refundable)
Over-allotment Option	:	Up to 36,000,000 additional Shares, representing 15% of the initial number of Offer Shares
Board Lot	:	1,000 Shares
Subscription Amount per Board Lot	:	HK\$3,292.89 (brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%)
Hong Kong Public Offer Begins	:	9 a.m., 8 June 2010
Hong Kong Public Offer Ends	:	12 noon, 11 June 2010
Expected Price Determination Date	:	14 June 2010
Announcement of Allotment Results	:	18 June 2010
Expected Listing Date	:	21 June 2010
Stock Code	:	02228

Use of Proceeds:

Assuming an Offer Price of HK\$2.81 per Share (being the midpoint of the indicative Offer Price range of HK\$2.36 to HK\$3.26 per Share), the net proceeds of the Global Offering, after deducting the underwriting fees and estimated expenses payable by the Company in connection with the Global Offering, are estimated to be approximately HK\$528.8 million. The Group intends to apply such net proceeds as follows:

	Amount (HK\$ million)	As a Percentage of Net Proceeds (%)
The establishment of product facilities for the production of non-woven fabrics, which is used as the composite synthetic leather	228.4	approximately 43.2
The establishment of the production facilities for the production of non-woven fabrics, which is used as filtration materials	195.7	approximately 37.0
The expansion of the Group's existing technology centre and the establishment of the research centre for new materials	44.4	approximately 8.4
The construction of ancillary facilities	12.2	approximately 2.3
General working capital of the Group	48.1	approximately 9.1

Track Record:

Set out below is the summary of the consolidated financial results of the Company for the three financial years ended 31 December of 2007 to 2009.

	For the year ended 31 December		
	2007 <i>RMB million</i>	2008 <i>RMB million</i>	2009 <i>RMB million</i>
Turnover	460.1	619.4	746.6
Gross profit	133.9	184.3	220.7
Gross profit margin (%)	29.1	29.8	29.6
Profit for the year	67.0	106.2	148.6
Net profit margin (%)	14.6	17.1	19.9