

To: Business Editor
[For immediate release]



COSTIN Announces 2011 Interim Results

*****Turnover Increased 54% to RMB650.7 Million*****

***** Net Profit up 33% to RMB128.9 Million*****

Financial Highlights

	For the Six Months Ended 30 June		
	2011 RMB million	2010 RMB million	Changes %
Turnover	650.7	421.7	+54.3%
Gross profit	203.5	146.4	+39.0%
Profit from operations	164.8	124.7	+32.1%
Profit for the period attributable to owners of the Company	128.9	97.1	+32.7%
Basic earnings per share	RMB16.11 cents	RMB15.52 cents	+3.8%

(22 August 2011, Hong Kong) COSTIN New Materials Group Limited (“COSTIN” or the “Company”, together with its subsidiaries, the “Group”, stock code: 2228), which is principally engaged in the research and development, production and sales of non-woven materials and recycled chemical fibres, is pleased to announce its interim results for the six months ended 30 June 2011 (the “Reporting Period”).

During the Reporting Period, the Group achieved remarkable growth in results with turnover up approximately 54.3% to approximately RMB650.7 million, which was mainly attributable to an increase in the overall selling price of the Group’s products, and growth in the sales quantities of non-woven materials and recycled chemical fibres. Gross profit also increased 39.0% from the

same period of last year to approximately RMB203.5 million. Profit attributable to owners of the Company rose 32.7% to approximately RMB128.9 million. Basic earnings per share was RMB16.11 cents. The Board recommends the payment of an interim dividend of HK\$3.5 cents per share for the six months ended 30 June 2011.

Commenting on the results, Mr. Chim Wai Kong, Chairman and Executive Director of COSTIN said, “In the first half of 2011, global economy was still on a rocky road to recovery marked by many uncertainties and structural adjustments such as the spread of the sovereign debt crisis in the Europe and the increasing risk of global economic stagflation as a result of higher energy prices. Despite these negative economic conditions, the Group stepped up its R&D efforts to enhance product quality, varieties and applications, which helped expand its customer base and strengthen its business structure and profitability successfully. As a result, the Group achieved outstanding growth in both turnover and profits during the period under review.”

Business Review

During the Reporting Period, the turnover of non-woven fabrics and recycled chemical fibres reached RMB508.4 million and RMB141.8 million, respectively, representing increases of 53.9% and 55.1% over the same period of last year. During the six-month period under review, the Group sold approximately 43.6 million yards of non-woven materials, an increase of approximately 33.2% from the same period of last year, while its sales of recycled chemical fibres amounted to approximately 14,600 tons, an increase of approximately 21.7% from the same period of last year.

During the Reporting Period, sales in the PRC market accounted for approximately 68.0% of the Group’s turnover while export sales to Hong Kong and overseas markets accounted for approximately 32.0%.

Given the rapid growth in market demand for non-woven materials and recycled chemical fibres, the Group made consistent efforts to expand production capacity during the period under review, which helped enhance economies of scale and maintained competitiveness and market share. In non-woven materials, the Group’s 3 new needle-punching production lines and 6 new stitch-bonded production lines commenced production in the second quarter of the year, adding 12 million yards and 26 million yards of capacity per annum, respectively. Currently, the Group has 26 production lines for non-woven materials, including 17 stitch-bonded production lines and 9 needle-punching production lines, with a total production capacity of 160.3 million yards per annum. In recycled chemical fibres, the Group completed the expansion of production lines during the first half of 2011 resulting in a 40% increase in annual production capacity from 30,000 tons to 42,000 tons. The Group currently has 2 production lines of recycled chemical fibres.

COSTIN’s new centre for research and development of products and materials commenced operations in June 2011. This will boost the Group’s research abilities and production

efficiency. The Group also started to cooperate with a number of higher education institutions including Wuhan Textile University, Tianjin Polytechnic University, Donghua University and Zhejiang Sci-Tech University with an aim to boost its technological research capabilities.

In July 2011, the Company issued US\$30,000,000 (equivalent to approximately HK\$233,400,000) convertible bond to CITIC Capital China Access Fund Limited, an investment fund managed by a subsidiary of CITIC Capital Holdings Limited. Apart from helping the Group to obtain sufficient funding to support its business expansion, the issue of the convertible bond will also strengthen its shareholder base in the future.

Prospects

Looking ahead, Mr. Chim said, “In response to insatiable market demand for high quality non-woven materials and recycled chemical fibres, the Group will continue to expand its production capacity with new production facilities, which will strengthen its competitiveness and leadership in the industry. The Group’s new production line with an annual production capacity of 18,000,000 square meters of high-thermal resistance filtration materials is expected to commence operation in September this year. Moreover, the Company expects to commence production of composite materials in the third quarter of 2012, with a targeted annual production capacity of 22,500,000 square meters. In addition, the Group already purchased land with a site area of approximately 600 mu in Yongan City in Fujian Province. This land is reserved for the establishment of new production facilities for recycled chemical fibres, which aims to boost annual production capacity from the current 42,000 tons per annum to approximately 162,000 tons per annum after its commencement of operation in 2014.”

Mr. Chim continued, “According to the PRC’s National 12th Five-Year Plan launched in 2011, the new materials industry is recognized by the State Council as one of the “Seven Strategic Emerging Industries” to propel the country’s economic growth and prosperity in future. As the Group is engaged in the production of recycled materials and high-end eco-friendly filtration products that are categorized as new materials, it is strategically positioned to capture the growing opportunities resulting from these favourable policies and massive market demand. Therefore, COSTIN intends to gradually shift from household consumer goods to industrial consumables, while continuing its exploration into the high-end filtration materials and recycled materials markets. Given the continuous growth of the PRC’s GDP and its people’s disposable income, the Group expects that market demand will continue to grow at a rapid pace and, therefore, will increase its efforts to develop new products with better characteristics to cater to various customer needs, thereby increasing its domestic sales. COSTIN is striving to become a leading enterprise in the non-woven materials and recycled chemical fibres markets in the PRC and to provide attractive returns to our investors.”

- End -

About COSTIN New Materials Group Limited

With its production centre in Jinjiang, Fujian Province and headquarters in Hong Kong, COSTIN is principally engaged in the research and development, production and sales of non-woven materials and recycled chemical fibres which are mainly for industrial applications. The advanced, highly automated production facilities backed by strong technical know-how and impressive economies of scale give the Group a huge competitive edge for producing high quality products customised to meet specific customer needs, including advanced non-woven materials with liquid repellent, anti-bacterial, aroma, oil-resistant and thermal resistant functions. The Group's non-woven materials are widely applied in various areas, including as filtration materials for heavy industrial enterprises including steel, cement, power generation, chemical and coal processing industries as well as raw materials for the manufacture of consumer products such as textiles, apparels, footwear, luggage, leather-ware, automobiles and household decorations. In addition, the Group's recycled chemical fibres can be used as raw materials for the production of synthetic leather, shoe materials and other non-woven materials.

Investor and Media Enquiries:

Mr. Eric Yip
Christensen
Tel: 852-2117 0861 / 852-9621 5918
Fax: 852-2117 0869
E-mail: eyip@ChristensenIR.com

Mr. Winston Yau
Christensen
Tel: 852-2117 0861/ 852-9773 2596
Fax: 852-2117 0869
E-mail: wyau@ChristensenIR.com