



HOPKINS CPA LIMITED

浩勤會計師事務所有限公司

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Appendix VIII Letters in relation to the profit forecast

31st August 2010

Mr. Fok Hei Yu and Mr. Roderick John Sutton
Joint and Several Provisional Liquidators
Tack Fat Group International Limited (Provisional Liquidators Appointed)
14th Floor, The Hong Kong Club Building
3A Chater Road, Central
Hong Kong

Dear Sirs,

We have performed the procedures agreed with the joint and several provisional liquidators (without personal liabilities) of the Company (the “**Provisional Liquidators**”) and the directors (including the proposed directors) of the Company (the “**Directors**”) and stated below with respect to the consolidated profit forecast of Tack Fat Group International Limited (Provisional Liquidators Appointed) (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the two financial years ending 31 March 2012 (the “**Profit Forecast**”) which is in accordance with the specific requirement in the Resumption Conditions and is set out in the Appendix VII “Profit Forecast for the Two Years Ending 31 March 2012” in the circular of the Company dated 31 August 2010 (the “**Circular**”). The Profit Forecast, for which the Provisional Liquidators and the Directors are solely responsible, has been prepared by the Provisional Liquidators and the Directors based on the consolidated audited accounts for the year ended 31 March 2010 and a forecast of the consolidated results of the Group for the 24 months ending 31 March 2012.

Our engagement was undertaken in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” and adopting the same procedures under Auditing Guideline 3.341 “Accountants’ Report on Profit Forecasts” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as follows:

- a) Checked whether Profit Forecast under review was based on forecasts regularly prepared for the purpose of management purposes, or whether it has been separately and specifically prepared for immediate purpose;

- b) Checked whether Profit Forecast was regularly prepared for management purposes, the degree of accuracy and reliability previously achieved, and the frequency and thoroughness with which estimates were revised;
- c) Checked whether the Profit Forecast represented the management's best estimate of results which they reasonably believed can and will be achieved as distinct from targets which the management had set as desirable;
- d) Checked the extent to which Profit Forecast results for expired periods are supported by reliable interim accounts;
- e) Reviewed the details of procedures followed to generate the Profit Forecast and the extent to which it was built up from detailed Profit Forecast of activity and cash flow;
- f) Reviewed the extent to which profits were derived from activities having a proven and consistent trend and those of a more irregular, volatile or unproven nature;
- g) Checked how the Profit Forecast took account of any material extraordinary items and prior year adjustments, their nature, and how they were presented;
- h) Checked whether adequate provision was made for foreseeable losses and contingencies and how the Profit Forecast took account of factors which may cause it to be subject to a high degree of risk, or which may invalidate the assumptions;
- i) Checked whether working capital appears adequate for requirements; normally this would require the availability of properly prepared cash-flow forecasts; and where short-term or long-term finance is to be relied on, whether the necessary arrangements have been made and confirmed;
- j) Checked whether the forecasts have been prepared and presented on acceptable bases consistent with the accounting principles and practices adopted by the Company in previous years, and if not, whether the fact and effects of any material change of basis were made clear; and
- k) Checked the arithmetical accuracy of the Profit Forecast and the supporting information and whether forecast balance sheets and statements of changes in financial position have been prepared – these help to highlight arithmetical inaccuracies and inconsistent assumptions.

Based on information and documents made available to us and so far as the calculations and accounting policies are concerned, in our opinion, the Profit Forecast has been properly compiled in accordance with the bases and assumptions made by the Provisional Liquidators and the Directors as set forth in part (B) of Appendix VII to the Circular, and is prepared on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in Note 4 of section 5 "Audited Financial Information for the year ended 31 March 2010" in Appendix III – Financial Information of the Group to the Circular.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Albert Lam". The signature is fluid and cursive, with the first name "Albert" written in a larger, more prominent script than the last name "Lam".

Hopkins CPA Limited
Certified Public Accountants
Albert Man-Sum Lam
Practising Certificate Number – P02080
Hong Kong