

The forecasts of the Group's combined profit after taxation but before extraordinary items for the year ending 31 December 2004 are set out in the sub-section headed "Profit forecast, dividend policy and working capital" in the section headed "Financial information" in this prospectus.

## **BASES AND ASSUMPTIONS**

The Directors have prepared the forecast combined profit after taxation but before extraordinary items for the year ending 31 December 2004 based on the audited combined results of the Group for the five months ended 31 May 2004, the unaudited management accounts of the Group for the four months ended 30 September 2004 and a forecast of the Group's results for the remaining three months of the year ending 31 December 2004. The Directors are not aware of any extraordinary items which have arisen or are likely to arise in respect of the year ending 31 December 2004. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those currently adopted by the Group as summarised in the accountants' report on the Group as set out in Appendix I to this prospectus.

The Directors have adopted the following assumptions in the preparation of the profit forecast:

- (i) there will be no material changes in existing government policies or political, legal including changes in legislation or regulations or rules, fiscal, market or economic conditions in the PRC, Hong Kong and any of the countries in which the Group operates, where the Group's customers carry out business, to where the Group exports its products or from which it imports its raw materials;
- (ii) there will be no material changes in the bases or rates of taxation in Hong Kong, the PRC and any countries applicable to the Group's business activities; and
- (iii) there will be no significant fluctuations in exchange rates, interest rates and tariffs and duties in the respective countries in which the Group operates as at 31 December 2004

**(A) Letter from the Reporting Accountants**

*The following is the text of a letter, prepared for inclusion in this prospectus, received from PricewaterhouseCoopers in connection with the forecast of the Group's combined profit after taxation but before extraordinary items for the year ending 31 December 2004.*

PRICEWATERHOUSECOOPERS 

羅兵咸永道會計師事務所

PricewaterhouseCoopers  
22/F, Prince's Building  
Central, Hong Kong

30 November 2004

The Directors  
Texhong Textile Group Limited  
Goldbond Capital (Asia) Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the combined profit after taxation but before extraordinary items of Texhong Textile Group Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ending 31 December 2004 ("the Profit Forecast") as set out in the subsection headed "Profit forecast, dividend policy and working capital" in the section headed "Financial information" in the prospectus of the Company dated 30 November 2004 ("the Prospectus").

We conducted our work in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited combined results of the Group for the five months ended 31 May 2004, the unaudited management accounts of the Group for the four months ended 30 September 2004 and a forecast of the combined results of the Group for the remaining three months ending 31 December 2004, on the basis that the current Group structure had been in existence throughout the entire year ending 31 December 2004.

In our opinion, the Profit Forecast, so far as to the calculation and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on page 219 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in our accountants' report dated 30 November 2004, the text of which is set in Appendix I of the Prospectus.

Yours faithfully,  
**PricewaterhouseCoopers**  
Certified Public Accountants  
Hong Kong

**(B) Letter from Goldbond Capital (Asia) Limited****Goldbond Capital (Asia) Limited**

30 November 2004

The Directors  
Texhong Textile Group Limited

Dear Sirs,

We refer to the forecast of the combined profit after taxation but before extraordinary items of Texhong Textile Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ending 31 December 2004 (the “profit forecast”) as set out in the paragraph headed “Profit forecast, dividends and working capital” in the section headed “Financial information” in the prospectus of the Company dated 30 November 2004.

We have discussed with you the bases upon which the profit forecast has been made. We have also considered the letter dated 30 November 2004 addressed to yourselves and ourselves from PricewaterhouseCoopers 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 bases of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, 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 on behalf of  
**Goldbond Capital (Asia) Limited**  
**Stacey Wong**  
*Managing Director*