

The forecast of the combined profit attributable to the owners of the Company for the year ending 31 December 2010 is set out in the paragraph headed “Profit Forecast for the year ending 31 December 2010” under the section headed “Financial Information”

A. BASES AND ASSUMPTIONS

The Directors have prepared the forecast of the combined profit attributable to the owners of the Company for the year ending 31 December 2010 based on the audited combined results of the Group for the six months ended 30 June 2010, the results shown in the unaudited management accounts of the Group for the four months ended 31 October 2010 and a forecast of the combined results of the Group for the remaining two months ending 31 December 2010.

The forecast has been prepared on a basis consistent in all material respects with the accounting policies currently adopted by the Group as set out in note 3 of the Accountants’ Report dated 30 December 2010, the text of which is set forth in Appendix I to this document.

Assumptions with respect to change in fair value of our breeders

According to Hong Kong Accounting Standard 41, we are required to reassess the fair value of our biological assets less costs to sell at the end of each reporting period. As there is limited active market for our breeders, we determine the fair value of our breeders using an income approach based on the projected cash flows derived from the assets in the future. The fair value less costs to sell of chicken breeds, Parent Stock Day-Old Chicks and broiler eggs are determined using the direct comparison approach with reference to the selling prices less costs to sell. The gain or loss arising from changes in the fair value of such assets, less costs to sell, is recognized in profit or loss.

The changes in fair value less costs to sell of our breeders are dependent on market conditions and other factors that are beyond our control. While we have considered for the purpose of the Profit Forecast, what we believe is the best estimation of the fair value of our biological assets less costs to sell as at 30 June 2010 and 31 December 2010, and our Valuer is of the view that that assumptions upon which the forecast is based are reasonable, the fair value of our biological assets as at 30 June 2010 and 31 December 2010 may differ materially from our estimate.

The forecast profit for the Group of approximately RMB62.0 million and forecast profit attributable to the owners of the Company of approximately RMB54.0 million for the year ending 31 December 2010 includes an unrealized gain due to changes in fair value less costs to sell of breeders estimated at RMB2.6 million. In arriving at this estimated unrealized gain, we, in conjunction with our Valuer, used a basis of valuation which is, so far as practicable, consistent with the basis of valuation which has been adopted by our Valuer in valuing our breeders for the purposes of our audited combined financial statements for the year ended 30 June 2010.

We expect the fair value of our biological assets less costs to sell as at 30 June 2010 and 31 December 2010, and in turn any revaluation gain or loss on biological assets, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the valuation performed by our Valuer involving the use of assumptions are, by their nature, subjective and uncertain, including those described in “Financial Information – Principal Components of Combined Statements of Comprehensive Income – Change in fair value less costs to sell of biological assets, fair values of agricultural product on initial recognition and reversal of fair value of agricultural produce due to hatch and disposals”.

Key assumptions underlying valuation of the Group’s breeders as at 31 December 2010 are set out below:

| | |
|---|------------|
| Estimated fair value less cost to sell (<i>RMB</i>) | 10,679,000 |
| Estimated selling price of broiler egg (<i>RMB/per piece</i>) | 2.3 |
| Estimated direct production costs of broiler egg (<i>RMB/per egg laying cycle of mature breeders</i>) | 287 |
| Discount rate | 24.58% |

The following table illustrates the sensitivity of the combined profit attributable to the owners of the Company to levels of the estimated fair value less costs to sell of the Group’s breeders for the year ending 31 December 2010 by varying the discount rate:

| | Adjusting 500 basis points upward | Adjusting 200 basis points upward | Adjusting 100 basis points upward | Adjusting 100 basis points downward | Adjusting 200 basis points downward | Adjusting 500 basis points downward |
|--|--|--|--|--|--|--|
| Increase/(decrease) in profit attributable to owners of the Company (<i>RMB'000</i>) | (291) | (118) | (59) | 59 | 118 | 291 |

The following table illustrates the sensitivity of the combined profit attributable to the owners of the Company to levels of the estimated fair value less costs to sell of the Group's breeders for the year ending 31 December 2010 by varying the selling price of broiler egg:

| | 5% | 2% | 1 % | 1% | 2% | 5% |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | increase | increase | increase | decrease | decrease | decrease |
| | in the | in the | in the | in the | in the | in the |
| | selling | selling | selling | selling | selling | selling |
| | price of | price of | price of | price of | price of | price of |
| | broiler | broiler | broiler | broiler | broiler | broiler |
| | egg | egg | egg | egg | egg | egg |
| Increase/(decrease) in profit attributable to owners of the Company (<i>RMB'000</i>) | 1,462 | 585 | 292 | (292) | (585) | (1,462) |

The following table illustrates the sensitivity of the combined profit attributable to the owners of the Company to the levels of the estimated fair value less costs to sell of the Group's breeders for the year ending 31 December 2010 by varying the direct production costs of broiler egg:

| | 5% | 2% | 1 % | 1% | 2% | 5% |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | increase | increase | increase | decrease | decrease | decrease |
| | in the | in the | in the | in the | in the | in the |
| | direct | direct | direct | direct | direct | direct |
| | production | production | production | production | production | production |
| | costs of | costs of | costs of | costs of | costs of | costs of |
| | broiler | broiler | broiler | broiler | broiler | broiler |
| | egg | egg | egg | egg | egg | egg |
| Increase/(decrease) in profit attributable to owners of the Company (<i>RMB'000</i>) | (1,025) | (410) | (205) | 205 | 410 | 1,025 |

This sensitivity illustration is intended for reference only, and any variation could exceed the amounts indicated. Investors should note in particular that (i) this sensitivity illustration is not intended to be exhaustive and is limited to the impact of changes in key assumptions including the fair value of biological assets less costs to sell, the selling price of broiler eggs and the direct production costs of broiler egg; (ii) the profit forecast is subject to further and additional uncertainties. While we consider that for the purposes of the profit forecast what we believe is the best estimate of, among other assumptions, the change in fair value less costs to sell of biological assets for the year ending 31 December 2010, our actual revaluation on the change in fair value less costs to sell of biological assets for the year ending 31 December 2010 may differ materially from our estimate and is dependent on market conditions and other factors that are beyond our control.

General assumptions

Our directors have made the following further assumptions in the preparation of the profit forecast:

1. There will be no material changes in existing government policies, in political, legal (including changes in legislation, regulations or rules), fiscal or economic conditions in the PRC and in the industry in which the Group operates.
2. There will be no extraordinary items during the Profit Forecast Period.
3. There will be no material changes in inflation rates, interest rates and exchange rates from the current prevailing rates.
4. There will be no material changes in the basis or rates of taxation, both direct and indirect, in the PRC. In particular, pursuant to the PRC Enterprise Income Tax Law amended on 16 March 2007, the enterprise income tax for both domestic and foreign-invested enterprises had been unified at 25% from 1 January 2008 onwards. There would be a transitional period for enterprises that are currently receiving preferential tax treatments granted by the relevant tax authorities. Enterprises that are currently subject to an enterprise income tax rate of lower than 25% may continue to enjoy the lower rate and gradually subject to the new tax rate of 25% within five years after the effective date of the new law. Enterprises that are currently entitled to exemption or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until such fixed term expires.

As the new tax regime took effect on 1 January 2008, and as there is a transitional period of five years before the new tax rate of 25% would have to be adopted, we do not expect that there will be a material adverse effect on our results of operations during the Profit Forecast Period.

5. There will be no government actions or any other unforeseen circumstances beyond the control of the Company which will have a material adverse effect on the results of operations of the Company.
6. There will be no further capital raising after the Share Offer during the Profit Forecast Period.

B. LETTER FROM THE REPORTING ACCOUNTANTS ON THE PROFIT FORECAST

The following is the text of a letter received from the Company's reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus in connection with the profit forecast of our Group for the year ending 31 December 2010.



Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

30 December 2010

The Directors
Sumpo Food Holdings Limited
Kingston Corporate Finance Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the estimate of the combined profit attributable to owners of Sumpo Food Holdings Limited (the "Company", together with its subsidiaries, hereinafter collectively referred to as the "Group") for the year ending 31 December 2010 (the "Profit Forecast") as set out in the paragraph headed "Profit Forecast for the year ending 31 December 2010" of the section headed "Financial Information" in the prospectus of the Company dated 30 December 2010 (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 six months ended 30 June 2010, the results shown in the unaudited management accounts of the Group for the four months ended 31 October 2010 and an estimate of the combined results of the Group for the remaining two months ending 31 December 2010.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions adopted by the directors of the Company as set out Appendix II of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies currently adopted by the Group as set out in note 3 of the Accountants' Report dated 30 December 2010, the text of which is set forth in Appendix I to the Prospectus.

Yours faithfully

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

Hong Kong

C. LETTER FROM THE SPONSOR ON THE PROFIT FORECAST

The following is the text of a letter received from the Sponsor, prepared for the purpose of incorporation in this prospectus, in connection with the profit forecast of our Group for the year ending 31 December 2010.

**KINGSTON CORPORATE FINANCE LIMITED**

30 December 2010

The Directors
Sumpo Food Holdings Limited

Dear Sirs,

We refer to the estimate of the combined profit attributable to the owners of Sumpo Food Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) for the year ending 31 December 2010 (the “Profit Forecast”) as set out in the paragraph headed “Profit Forecast for the year ending 31 December 2010” of the section headed “Financial Information” in the prospectus of the Company dated 30 December 2010 (the “Prospectus”).

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 six months ended 30 June 2010, the results shown in the unaudited management accounts of the Group for the four months ended 31 October 2010 and an estimate of the combined results of the Group for the remaining two months ending 31 December 2010.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 30 December 2010 addressed to you and us from HLB Hodgson Impey Cheng 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 and assumptions of the accounting policies and calculations adopted by you and reviewed by HLB Hodgson Impey Cheng, we are of the opinion that the Profit Forecast, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully
Kingston Corporate Finance Limited
Eric Koo
Executive Director