

The forecast of the consolidated profit attributable to equity shareholders of our Company for the six months ending June 30, 2011 is set out in the paragraph headed “Financial information — Profit Forecast for Six Months Ending June 30, 2011” in this prospectus.

(1) BASES AND ASSUMPTIONS

The Directors have prepared the forecast of the consolidated profit attributable to equity shareholders of the Company for the six months ending June 30, 2011, based on the audited consolidated results of our Group for the year ended December 31, 2010, the unaudited consolidated results of the Group for the three months ended March 31, 2011 and a forecast of the consolidated results of our Group for the remaining three months ending June 30, 2011. The profit forecast has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as summarized in the Accountant’s Report as set out in Appendix I to this prospectus. The profit forecast has been prepared on the following principal assumptions:

- (1) There will be no material change in the existing government policies or political, legal, fiscal, market or economic conditions in the PRC, Hong Kong, Macau and other countries in which the Group operates.
- (2) There will be no material change in legislation or regulations or rules in the operating regions.
- (3) There will be no material change in exchange rates and inflation rates during the Profit Forecast Period.
- (4) There will be no material change in the tax base or rates of taxation applicable to the activities of the Group in the operating regions.
- (5) There will be no material changes in the landscape of the China wood flooring industry in which the Group operates in and the conditions of the markets in which the Group operates. The Group’s operations and business will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, supply failure, labor dispute, significant lawsuit and arbitration.
- (6) The Group can substantially maintain the business relationship and substantially similar business terms with its major customers.
- (7) The historical performance, historical trend of the distributors typically placing substantial orders in the last month of the quarter, contracts entered into with distributors, future development plans of the Group’s business, the practice of the Group to settle receipts, as well as the forecast sales amount will be maintained.
- (8) The net proceeds from the initial public offering will be received in June 2011.

(2) LETTERS

The following is the text of a letter received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in connection with the profit forecast and for the purpose of incorporation in this prospectus.

(I) Letter from KPMG

8/F, Prince's Building
10 Chater Road
Central, Hong Kong

The Directors
China Flooring Holding Company Limited

Morgan Stanley Asia Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Securities (Hong Kong) Limited

May 16, 2011

Dear Sirs,

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit attributable to equity shareholders of China Flooring Holding Company Limited ("the Company") for the six months ending June 30, 2011 ("the Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated May 16, 2011 ("the Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the unaudited consolidated management accounts of the Company and its subsidiaries (collectively referred to as "the Group") for the three months ended March 31, 2011 and a forecast of the consolidated results of the Group for the remaining three months ending June 30, 2011.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated May 16, 2011, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

(II) Letter from the Joint Sponsors

The following is text of a letter prepared by the Joint Sponsors, for the purpose of incorporation in this prospectus, in connection with the forecast of the consolidated profit attributable to the equity shareholders of the Company for the six months ending June 30, 2011.

Morgan Stanley

Morgan Stanley Asia Limited

46/F, International
Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

HSBC 

**The Hongkong and Shanghai
Banking Corporation Limited**

1 Queen's Road Central
Hong Kong

**Standard
Chartered** 

**Standard Chartered Securities
(Hong Kong) Limited**

15/F, Two International
Finance Centre
8 Finance Street
Central, Hong Kong

The Directors
China Flooring Holding Company Limited

May 16, 2011

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to the equity shareholders of China Flooring Holding Company Limited (the "Company") for the six months ending June 30, 2011 (the "Profit Forecast") as set out in the prospectus issued by the Company dated May 16, 2011 (the "Prospectus").

The Profit Forecast for which the directors of the Company are solely responsible has been prepared by them based on the basis of the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2010, the unaudited consolidated results of the Group for the three months ended March 31, 2011 and a forecast of the consolidated results of the Group for the remaining three months ending June 30, 2011.

We have discussed with you the bases and assumptions made by the directors of the Company upon which the Profit Forecast has been made. We have also considered, and relied upon, the letter dated May 16, 2011 addressed to yourselves and ourselves from KPMG 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 of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Forecast, for which you are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
Morgan Stanley Asia Limited

Terence Keyes
Managing Director

For and on behalf of
The Hongkong and Shanghai Banking Corporation Limited

William Tang
Managing Director

For and on behalf of
Standard Chartered Securities (Hong Kong) Limited

Kenneth Tseung
Managing Director