



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

Private and Confidential

The Board of Directors
Pak Wing Group (Holdings) Limited
25/F, Progress Commercial Building,
9 Irving Street, Causeway Bay,
Hong Kong

28 April 2017

Dear Sirs

**PAK WING GROUP (HOLDINGS) LIMITED (the “Company”)
AND ITS SUBSIDIARIES (collectively referred to as the “Group”)
PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2017**

We refer to the following profit warning statement (the “Profit Estimate”) made by the Company in its announcement dated 7 April 2017, which is also set forth in the section headed “INFORMATION ON THE GROUP” of the letter from the board of the Company included in and the section headed “MATERIAL CHANGE” in Appendix II to the composite offer and response document in relation to the mandatory unconditional cash offer by Freeman Securities Limited for and on behalf of Steel Dust Limited to acquire all the issued shares of the Company (other than those shares already owned or agreed to be acquired by Steel Dust Limited and parties acting in concert with it) dated 28 April 2017 (the “Composite Document”), for which the directors of the Company are solely responsible.

“The board (the “Board”) of directors (the “Directors”) of the Company would like to inform the shareholders of the Company and potential investors, based on information currently available to the Board and a preliminary review of the latest unaudited consolidated management accounts of the Group for the year ended 31 March 2017, despite the fact that there was an increase in the Group’s revenue for the year ended 31 March 2017, the Group is expected to record an increase in net loss as compared to the net loss of approximately HK\$15.8 million recorded for the corresponding period in 2016 (exclusive of the impact of one-off listing expenses of approximately HK\$6.4 million).

Based on the relevant information currently available to the Board, the Board considers that such loss incurred was mainly attributable to the declined gross profit margin as a result of an increase in operating expenses incurred in order to meet additional requirements of certain foundation projects, and the increasing competition from other contractors seeking to tender projects at lower price.”

Pursuant to Rule 10 of the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”), the Profit Estimate constitute a profit forecast which is required to be reported on under the Takeovers Code.

Cont’d 2.../

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results based on the management accounts of the Group for the year ended 31 March 2017.

The Company's directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2016, which are set out in section 2 of Appendix II to the Composite Document. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Cont'd 3.../

Page 3

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2016, which are set out in section 2 of Appendix II to the Composite Document.

Yours faithfully
BDO Limited



ETT/FHT/kc (comfort letter - Profit Estimate)