



红日资本有限公司
RED SUN CAPITAL LIMITED

28 April 2017

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

Dear Sirs,

We refer to the statement made by the Company under the profit warning announcement dated 7 April 2017 (the “**Profit Estimate**”), 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.”

We note that the Profit Estimate constituted a profit forecast pursuant to Rule 10 of the Takeovers Code and must be reported on by the financial advisers and the auditors or consultant accountants. Capitalised terms used herein have the same meanings as defined in the Composite Offer Document of the Company dated 28 April 2017 (the “**Composite Offer Document**”), unless otherwise stated.

We have reviewed the Profit Estimate and other relevant information and documents (in particular, the management accounts of the Group for the year ended 31 March 2017 (the “**Management Accounts**”) which you as the Directors are solely responsible for and discussed with you and the senior management of the Company the information and documents (in particular, the Management Accounts) provided by you which formed the key bases upon the Profit Estimate has been made. In respect of the accounting policies and calculations concerned, upon which the Profit Estimate has been made, we have relied upon the report as contained in Appendix III to the Composite Offer Document addressed to the Board from BDO Limited, being the reporting accountant of the Company. BDO Limited is of the opinion that so far as the accounting policies and calculations are concerned, the estimate of the unaudited consolidated net loss of the Group for the year ended 31 March 2017 as referred to in the Company’s Profit Estimate dated 7 April 2017 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.

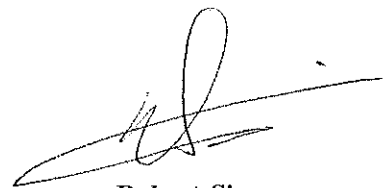
Based on the above, we are satisfied that the Profit Estimate, for which you as the Directors are solely responsible, has been made with due care and consideration.

We hereby give and have not withdrawn our consent to the issue of the Composite Offer Document with the inclusion therein of this report.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with the Group. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Group. Save as provided in this letter, we do not express any other opinion or views on the Profit Estimate and the financial results of the Group for the year ended 31 March 2017 (the “**Annual Report 2017**”). The Board remains solely responsible for the Profit Estimate and the Annual Report 2017.

This letter is provided to the Company solely for the purpose of complying with Note 1(c) to Rules 10.1 and 10.2 and Rule 10.4 of the Takeovers Code and not for any other purpose. We do not accept any responsibility to any person(s), other than the Company, in respect of, arising out of, or in connection with this letter.

Your faithfully,
For and on behalf of
Red Sun Capital Limited

A handwritten signature in black ink, appearing to be 'R. Siu', written over a horizontal line.

Robert Siu
Managing Director