

THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in WINDMILL Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained in this Composite Document.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

Standard Dynamic Enterprises Limited

(Incorporated in the British Virgin Islands with limited liability)

WINDMILL Group Limited

(海鑫集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1850)

**COMPOSITE DOCUMENT RELATING TO
THE MANDATORY UNCONDITIONAL CASH OFFER BY
ALTUS INVESTMENTS LIMITED FOR AND ON BEHALF OF
STANDARD DYNAMIC ENTERPRISES LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF WINDMILL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
STANDARD DYNAMIC ENTERPRISES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial Adviser to the Offeror

ALTUS CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

VEDA | CAPITAL
智略資本

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “DEFINITIONS” in this Composite Document.

A letter from Altus Investments containing, amongst other things, details of the terms and conditions of the Offer is set out on pages 6 to 14 of this Composite Document. A letter from the Board is set out on pages 15 to 22 of this Composite Document. A letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders on the Offer is set out on pages 23 to 24 of this Composite Document. A letter from Veda Capital containing its recommendation and advice to the Independent Board Committee on the Offer is set out on pages 25 to 44 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. The Form of Acceptance should be received by the Registrar by no later than 4:00 p.m. on 24 March 2020 or such later time(s) and/or date(s) as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Any person including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed “IMPORTANT NOTICES” contained in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.windmill.hk as long as the Offer remains open.

3 March 2020

CONTENTS

	<i>Page</i>
IMPORTANT NOTICES	ii
EXPECTED TIMETABLE	iii
DEFINITIONS	1
LETTER FROM ALTUS INVESTMENTS	6
LETTER FROM THE BOARD	15
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	23
LETTER FROM VEDA CAPITAL	25
APPENDIX I — FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER	I-1
APPENDIX II — FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION OF THE GROUP	III-1
APPENDIX IV — GENERAL INFORMATION OF THE OFFEROR	IV-1
ACCOMPANYING DOCUMENT — FORM OF ACCEPTANCE	

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Offer to persons with registered addresses outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror, the Offeror Concert Parties, the Company, Altus Investments, Altus Capital, Get Nice Securities and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please refer to the paragraph headed “Overseas Shareholders” in the “Letter from Altus Investments” in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Any change to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all times and dates contained in this Composite Document refer to Hong Kong local time and dates.

Despatch date of this Composite Document and the accompanying Form of Acceptance (<i>Note 1</i>)	3 March 2020
Commencement date of the Offer (<i>Note 1</i>).....	3 March 2020
Latest time and date for acceptance of the Offer (<i>Notes 2 and 3</i>).....	4:00 p.m. on 24 March 2020
Closing Date (<i>Note 4</i>)	24 March 2020
Announcement of the results of the Offer (or its extension or revision, if any) to be posted on the websites of the Stock Exchange and the Company (<i>Note 2</i>)	by 7:00 p.m. on 24 March 2020
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Note 5</i>).....	2 April 2020

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is open for acceptance on and from 3 March 2020 until 4:00 p.m. on 24 March 2020.
2. The latest time and date for acceptance of the Offer will be at 4:00 p.m. on 24 March 2020 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on 24 March 2020 stating whether the Offer has been extended, revised or has closed for acceptance. In the event that the Offeror decides to extend or revise the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for placing instructions with CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptance of the Offer shall be irrevocable and is not capable of being withdrawn, except in the circumstances as set out in the paragraph headed "5. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.
4. If there is a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal in force or "extreme conditions" caused by super typhoons exist in Hong Kong on the Closing Date and (i) it is not cancelled or they do not cease to exist in time for trading on the Stock Exchange to resume in the afternoon on the Closing Date, the time and date of the close of the Offer will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings or conditions in force or in existence in Hong Kong or such other day as the Executive may approve; or (ii) it is cancelled or they cease to exist in time for trading on the Stock Exchange to resume in the afternoon on the Closing Date, the time and date of the close of the Offer will be the same day, i.e. 4:00 p.m. on the Closing Date.

EXPECTED TIMETABLE

5. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be posted to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

In this Composite Document, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisitions”	the acquisitions of the Sale Shares by the Purchaser
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Altus Capital”	Altus Capital Limited, a corporation licensed by the SFC to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Altus Investments”	Altus Investments Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO
“associate”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited
“Closing Date”	24 March 2020, being the closing date of the Offer
“Company”	WINDMILL Group Limited (Stock Code: 1850), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board
“Completion”	completion of (i) the sale and purchase of the GP Sale Shares in accordance with the terms of the Sale and Purchase Agreement; and (ii) the sale and purchase of the SM Sale Shares, which took place on 20 January 2020
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company in connection with the Offer in compliance with the Takeovers Code
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

DEFINITIONS

“Facility”	a facility in the amount of up to HK\$45 million granted by Get Nice Securities as lender to the Offeror as borrower in accordance with the terms of the Facility Agreement for financing the payment of the consideration of the Offer Shares
“Facility Agreement”	the facility agreement dated 20 January 2020 entered into between Get Nice Securities as lender and the Offeror as borrower in respect of the Facility
“Form of Acceptance”	the form of acceptance and transfer of Offer Shares accompanying this Composite Document
“Get Nice Securities”	Get Nice Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the lender of the Facility and the placing agent of the Offeror
“Golden Page”	Golden Page Investments Limited, a company incorporated in the BVI with limited liability, being the vendor of the GP Sale Shares
“GP Sale Shares”	an aggregate of 420,060,000 Shares acquired by the Purchaser from Golden Page pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offer
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established for the purpose of making recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer
“Independent Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties

DEFINITIONS

“Joint Announcement”	the joint announcement dated 11 February 2020 jointly issued by the Offeror and the Company in relation to the Offer
“Last Trading Day”	20 January 2020, being the last trading day of the Shares on the Stock Exchange prior to the issuance of the Joint Announcement
“Latest Practicable Date”	28 February 2020, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“Marvel Paramount”	Marvel Paramount Investments Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Barry Ma
“Mr. Barry Ma”	Mr. Ma Ting Wai Barry, the ultimate beneficial owner of Marvel Paramount and Smart Million
“Mr. Li”	Mr. Li Shing Kuen Alexander, the Chairman and Chief Executive Officer of the Company, the sole ultimate beneficial owner of Golden Page and the guarantor to Golden Page under the Sale and Purchase Agreement
“Mr. TH Ma”	Mr. Ma Ting Hung, the sole director and the ultimate beneficial owner of the Offeror and the guarantor to the Offeror under the Sale and Purchase Agreement
“Offer”	the mandatory unconditional cash offer made by Altus Investments on behalf of the Offeror to acquire the Offer Shares on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code
“Offer Period”	the period commencing from 11 February 2020, being the date of the Joint Announcement, and ending on the Closing Date
“Offer Price”	HK\$0.268 per Offer Share
“Offer Shares”	all the issued Shares (other than those already owned by the Offeror and the Offeror Concert Parties)

DEFINITIONS

“Offeror”	Standard Dynamic Enterprises Limited, a company incorporated in the BVI, being the purchaser of the Sale Shares and the offeror in relation to the Offer
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code, including Mr. TH Ma, Mr. Barry Ma, Marvel Paramount and Smart Million immediately before Completion; and immediately after Completion, the aforementioned parties and Mr. Li and Golden Page
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is (are) outside Hong Kong
“Placing Agreement”	the placing agreement dated 20 January 2020 (as amended and supplemented by a letter agreement dated 10 February 2020) entered into between, amongst others, the Offeror as seller and Get Nice Securities as placing agent in relation to the placing of Shares for the purpose of satisfying the public float requirement under the Listing Rules which shall only take place after the close of the Offer
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing six months prior to the date of the Joint Announcement (i.e. 11 August 2019) and up to the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 January 2020 entered into among the Offeror as purchaser, Mr. TH Ma as the Offeror’s guarantor, Golden Page as vendor and Mr. Li as Golden Page’s guarantor in relation to the sale and purchase of the GP Sale Shares
“Sale Shares”	collectively, the GP Sale Shares and the SM Sale Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Share Charge”	the share charge executed by the Offeror as chargor in favour of Get Nice Securities as chargee dated 20 January 2020 pursuant to which the Offeror charged all its interests in the Shares (including any Offer Shares which may be acquired by the Offeror pursuant to the Offer) to Get Nice Securities as security for the Facility
“Shareholders”	holder(s) of the Share(s)
“SM Sale Shares”	an aggregate of 59,974,002 Shares acquired by the Offeror from Super Million
“Smart Million”	Smart Million (BVI) Limited, a company incorporated in the BVI with limited liability and wholly owned by Marvel Paramount
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	has the meaning ascribed to it under the Listing Rules
“Super Million”	Super Million Two (BVI) Limited, a company incorporated in the BVI with limited liability and the vendor of the SM Sale Shares
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	collectively, Golden Page and Super Million
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

ALTUS.

Altus Investments Limited
21 Wing Wo Street
Central
Hong Kong

3 March 2020

To the Independent Shareholders

Dear Sir or Madam,

**THE MANDATORY UNCONDITIONAL CASH OFFER BY
ALTUS INVESTMENTS LIMITED FOR AND ON BEHALF OF
STANDARD DYNAMIC ENTERPRISES LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF WINDMILL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
STANDARD DYNAMIC ENTERPRISES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 11 February 2020, the Offeror and the Company jointly announced that the Offeror had on 20 January 2020 acquired an aggregate of 480,034,002 Shares, representing approximately 60.00% of the total issued share capital of the Company, from the Vendors at an aggregate consideration of HK\$128,649,113 (equivalent to HK\$0.268 per Sale Share).

Immediately prior to the Acquisitions, the Offeror was interested in 32,300,000 Shares, representing approximately 4.04% of the total issued share capital of the Company and the Offeror and the Offeror Concert Parties (through the Offeror's interest in 32,300,000 Shares and Smart Million's interest in 119,965,998 Shares) were interested in 152,265,998 Shares, representing approximately 19.04% of the total issued share capital of the Company. Immediately after Completion, the Offeror was interested in 512,334,002 Shares, representing approximately 64.04% of the total issued share capital of the Company and the Offeror and the Offeror Concert Parties (through the Offeror's interest in 512,334,002 Shares and Smart Million's interest in 119,965,998 Shares) were in aggregate interested in 632,300,000 Shares, representing approximately 79.04% of the total issued share capital of the Company. As the interest of the Offeror in the voting rights of the Company increased from approximately 4.04% to approximately 64.04% and the aggregate interests of the Offeror and the Offeror Concert Parties in the voting rights of the Company increased from approximately 19.04% to approximately 79.04% as a result of the Acquisitions, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares other than those already owned by the Offeror and the Offeror Concert Parties in accordance with Rule 26.1 of the Takeovers Code.

LETTER FROM ALTUS INVESTMENTS

This letter sets out, among other things, the principal terms of the Offer, and contains information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and the "Letter from Veda Capital" to the Independent Board Committee as contained in this Composite Document.

THE OFFER

Securities of the Company

As at the Latest Practicable Date, the Company had 800,000,000 Shares in issue and did not have any outstanding options, warrants, derivatives or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, warrants, derivatives or securities which are convertible or exchangeable into Shares.

Principal terms of the Offer

Altus Investments, on behalf of the Offeror and in compliance with the Takeovers Code, makes the Offer to acquire all the Offer Shares on the terms set out in this Composite Document on the following basis:

for each Offer Share **HK\$0.268** in cash

The Offer Price of HK\$0.268 per Offer Share is the same as the purchase price per Sale Share.

The Offer is unconditional in all aspects when it is made and will not be conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

Comparison of value

The Offer Price of HK\$0.268 per Offer Share represents:

- (a) a discount of approximately 4.29% to the closing price of HK\$0.280 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 5.96% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.285 per Share;
- (c) a discount of approximately 6.62% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.287 per Share;
- (d) a discount of approximately 11.26% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.302 per Share;

LETTER FROM ALTUS INVESTMENTS

- (e) a premium of approximately 64.42% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.163 per Share as at 30 April 2019 (based on the Company's audited consolidated net assets of approximately HK\$130,559,000 as at 30 April 2019 and the total number of issued Shares as at the Latest Practicable Date);
- (f) a premium of approximately 59.52% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.168 per Share as at 31 October 2019 (based on the Company's unaudited consolidated net assets of approximately HK\$134,582,000 as at 31 October 2019 and the total number of issued Shares as at the Latest Practicable Date); and
- (g) a discount of approximately 4.29% to the closing price of HK\$0.280 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.370 per Share on 12 and 13 August 2019 and HK\$0.270 per Share on 23, 24, 25, 28 and 29 October 2019 respectively.

Value of the Offer

As at the Latest Practicable Date, there were 800,000,000 Shares in issue. Excluding the 632,300,000 Shares already owned by the Offeror and the Offeror Concert Parties and assuming there is no change in the number of issued Shares before the close of the Offer and on the basis of the Offer Price at HK\$0.268 per Offer Share, there are 167,700,000 Shares subject to the Offer and the value of the Offer is HK\$44,943,600.

Financial resources available for the Offeror

The Offeror intends to fund the consideration payable under the Offer in full by the Facility. The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facility will not depend to any significant extent on the business of the Group.

Pursuant to the arrangement of the Facility and the Share Charge, amongst others, the Offeror has pledged and will pledge its shareholdings in the aggregate of 512,334,002 Shares and such additional Shares which the Offeror may acquire pursuant to the Offer and the purchase of which is financed by the Facility (the "**Pledged Shares**") in favour of Get Nice Securities. Although the Pledged Shares are subject to the Share Charge, the voting rights of the Pledged Shares remain vested in the Offeror. As at the Latest Practicable Date, Get Nice Securities did not hold any Shares.

The Facility is available to satisfy the full acceptance of the Offer until seven Business Days following the close of the Offer. Pursuant to the Facility Agreement, commencing from the date of the Facility Agreement and up to seven Business Days following the close of the

LETTER FROM ALTUS INVESTMENTS

Offer, Get Nice Securities as the lender shall not be entitled to terminate or cancel the Facility Agreement or the Facility as well as to refuse, prevent or limit the making of drawdown of the Facility.

Altus Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the total consideration payable by the Offeror upon full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholder will constitute a warranty by such Independent Shareholder that all Offer Shares to be sold by him/her/it under the Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend, the record date of which falls on or after the expected date of despatch of the Composite Document; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offer.

Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Independent Shareholders are reminded to read the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser appointed by the Independent Board Committee in respect of the Offer.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders on acceptances of the Offer calculated at the rate of 0.10% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable by the Offeror to such Independent Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven Business Days following the date on which the duly completed acceptances of the Offer and all relevant documents of title in respect of such acceptances are received by the Offeror (or its agents acting on its behalf) to render each such acceptance complete and valid pursuant to the Takeovers Code.

LETTER FROM ALTUS INVESTMENTS

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror Concert Parties, the Company, Altus Investments, Altus Capital, Get Nice Securities and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The availability of the Offer to any Independent Shareholders who are not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to Overseas Shareholders may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that such Overseas Shareholders have observed and are permitted under all applicable laws and regulations to receive and accept the Offer and, where applicable, any revisions thereof, and that such Overseas Shareholders have obtained all requisite governmental, exchange control or other consents and have made all requisite registration and filing in compliance with all necessary formalities and regulatory or legal requirements and have paid all transfer or other taxes and duties or other required payments due from such Overseas Shareholders in connection with such acceptance in such jurisdictions, and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability and does not carry out any business activities other than the holding of Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the ultimate beneficial owner and the sole director of the Offeror was Mr. TH Ma.

Mr. TH Ma, aged 56, is a non-executive director and the Chairman of VCREDIT Holdings Limited (stock code: 2003), a company listed on the Main Board. He is also the Chairman of the nomination committee of VCREDIT Holdings Limited. Mr. TH Ma has over 27 years of experience in banking and finance, and the natural resources industry. Mr. TH Ma served as an executive director of CITIC Resources Holdings Limited (stock code: 1205), a

LETTER FROM ALTUS INVESTMENTS

company listed on the Main Board, from August 2000 to August 2007 and as a non-executive director of CITIC Resources Holdings Limited from August 2007 to June 2009 and from September 2015 to June 2018, as its Chief Executive Officer from August 2000 to September 2005, its Vice Chairman from August 2000 to August 2007 and a member of its remuneration committee from March 2006 to August 2007. He was also an independent non-executive director of Universe Entertainment and Culture Group Company Limited (stock code: 1046), formerly known as Universe International Holdings Limited, a company listed on the Main Board, from September 2004 to November 2008.

Mr. TH Ma received a Bachelor of Arts degree majoring in Economics from the University of Southern California in December 1985. Mr. TH Ma is a member of China Overseas Friendship Association and a member of The Hong Kong Independent Non-Executive Directors Association.

Mr. TH Ma has extensive experience and network in: banking and finance; natural resources; fintech; property investment and development, as well as experience in corporate and business management in listed companies. In light of Mr. TH Ma's experience and network as mentioned above, Mr. TH Ma considers that it is a value-creating opportunity to invest and acquire a controlling stake in the Company to enable the Group to further explore and develop its business in Hong Kong and other markets. It is the intention of Mr. TH Ma for the Group to leverage on his experience and business network to expand its existing business in Hong Kong and overseas. It is the current intention of Mr. TH Ma to retain the management and experienced staff of the Company to leverage on their expertise in operating the Group's existing businesses. Mr. TH Ma will review the business of the Group and may consider to hire more experienced management staff if deemed fit.

INTENTION OF THE OFFEROR ON THE GROUP

Following the close of the Offer, it is the intention of the Offeror that the Company will continue to focus on the development of its existing business. As at the Latest Practicable Date, the Offeror had no intention to introduce any major changes to the existing operations and businesses of the Group upon the close of the Offer.

Nevertheless, the Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had any significant discussions taken by the Offeror as to potential investments or business opportunities relating to the Company. Save as disclosed in the paragraph above, as at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation, arrangement or agreements on expanding, downsizing, or disposing of the existing

LETTER FROM ALTUS INVESTMENTS

businesses of the Company, and the Offeror had no intention to discontinue the employment of any employees of the Group or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprised Mr. Li and Mr. Poon Kwok Kay as executive Directors, Mr. Cheung Wai Hung as non-executive Director and Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis as independent non-executive Directors.

As at the Latest Practicable Date, the Offeror intends to nominate new Directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. It is also possible that certain existing Director(s) may leave the Board. As at the Latest Practicable Date, the Offeror had not reached any final decision as to who will be nominated and the final composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a separate announcement will be made in this regard as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25.00% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror, the existing Directors and the new Directors (if any) to be appointed will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Immediately after Completion and as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties were interested in 632,300,000 Shares, representing approximately 79.04% of the total issued share capital of the Company. Accordingly, the minimum public float requirement of 25.00% as set out in Rule 8.08(1)(a) of the Listing Rules is not satisfied. The Company has applied to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for a period up to 20 April 2020 (the “**Rule 8.08(1)(a) Waiver**”).

In order to satisfy the public float requirement under the Listing Rules, the Offeror has entered into the Placing Agreement and appointed Get Nice Securities as the placing agent of the Offeror (the “**Placing Agent**”). The Placing Agent shall place, on a best efforts basis, (a) 32,300,000 Shares, representing approximately 4.04% of the total issued share capital of the Company as at the Latest Practicable Date, owned by the Offeror and the Offeror Concert

LETTER FROM ALTUS INVESTMENTS

Parties; and (b) all the Offer Shares validly tendered for acceptance under the Offer (the “**Placing Shares**”) after the close of the Offer. The Placing Agent will place out the Placing Shares to independent third parties who are (a) not Shareholders and not connected with the Company, the Directors, chief executive, Substantial Shareholders or any of their respective subsidiaries or any of their respective associates; and (b) not connected with the Offeror or any Offeror Concert Parties, Following the placing, the Offeror and the Offeror Concert Parties will together hold not less than 75% of the total issued share capital of the Company.

In this connection, it should be noted that following the close of the Offer, the public float for the Shares will be less than 25.00%. If the public float of the Company should fall below 15.00% following the close of the Offer, trading in the Shares might be suspended until the public float of the Company is restored pursuant to Note 1 to Rule 8.08(1)(b) of the Listing Rules. The Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror, the existing Directors and the new Directors (if any) to be appointed will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. Further announcement(s) will be made by the Company regarding (a) the grant of the Rule 8.08(1)(a) Waiver; and (b) restoration of the public float in the Shares, as and when appropriate in accordance with the Listing Rules.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the paragraph headed “1. Procedures for Acceptance” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any powers of compulsory acquisition of any Offer Shares outstanding and not acquired by it under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominees’ names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in case of joint holders to the Independent Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Offeror Concert Parties, the Company, Altus Investments, Altus Capital, Get Nice Securities and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

LETTER FROM ALTUS INVESTMENTS

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the Appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the “Letter from Veda Capital” contained in this Composite Document.

Yours faithfully,
For and on behalf of
Altus Investments Limited

Sean Pey Chang
Executive Director

LETTER FROM THE BOARD

WINDMILL Group Limited
(海 鑫 集 團 有 限 公 司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1850)

Executive Directors:

Mr. Li Shing Kuen Alexander
Mr. Poon Kwok Kay

Non-executive Director:

Mr. Cheung Wai Hung

Independent Non-executive Directors:

Mr. Pun Kin Wa
Mr. Tsang Man Bui
Mr. Lee Kwok Tung Louis

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong:*

Unit 1603, 16/F, Tower 1,
Enterprise Square,
9 Sheung Yuet Road,
Kowloon Bay, Kowloon,
Hong Kong

3 March 2020

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ALTUS INVESTMENTS LIMITED FOR AND ON BEHALF OF
STANDARD DYNAMIC ENTERPRISES LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF WINDMILL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
STANDARD DYNAMIC ENTERPRISES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to the Offer.

The Company was informed by the Offeror that the Offeror has acquired an aggregate of 480,034,002 Shares, representing approximately 60.00% of the total issued share capital of the Company as at the Latest Practicable Date, pursuant to the Sale and Purchase Agreement and by way of an off-market purchase. Details of the Acquisitions are found in the Joint Announcement.

LETTER FROM THE BOARD

MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to the Acquisitions, the Offeror was interested in 32,300,000 Shares, representing approximately 4.04% of the total issued share capital of the Company and the Offeror and the Offeror Concert Parties (through the Offeror's interest in 32,300,000 Shares and Smart Million's interest in 119,965,998 Shares) were interested in 152,265,998 Shares, representing approximately 19.04% of the total issued share capital of the Company. Immediately after Completion and as at the Latest Practicable Date, the Offeror is interested in 512,334,002 Shares, representing approximately 64.04% of the total issued share capital of the Company and the Offeror and the Offeror Concert Parties (through the Offeror's interest in 512,334,002 Shares and Smart Million's interest in 119,965,998 Shares) are in aggregate interested in a total of 632,300,000 Shares, representing approximately 79.04% of the total issued share capital of the Company.

Upon Completion, the interest of the Offeror in the voting rights of the Company increased from approximately 4.04% to approximately 64.04% and the aggregate interests of the Offeror and the Offeror Concert Parties in the voting rights of the Company increased from approximately 19.04% to approximately 79.04%. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares, being all the issued Shares other than those Shares already owned by the Offeror and parties acting in concert with it, including the Offeror Concert Parties.

Securities of the Company

As at the Latest Practicable Date, the Company has 800,000,000 Shares in issue and does not have any outstanding options, warrants, derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Principal terms of the Offer

Altus Investments, on behalf of the Offeror and in compliance with the Takeovers Code, makes the Offer to acquire all the Offer Shares on the terms set out in this Composite Document issued in accordance with the Takeovers Code on the following basis:

for each Offer Share HK\$0.268 in cash

The Offer Price of HK\$0.268 per Offer Share is the same as the purchase price per Sale Share.

The Offer is unconditional in all aspects when it is made and will not be conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

Further details regarding the Offer, including terms and procedures for acceptance of the Offer are set out in the "Letter from Altus Investments" as set out on pages 6 to 14 of this Composite Document and "Further Terms and Procedures for Acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE BOARD

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for (i) the transfer of 32,300,000 Shares by the Offeror's shareholder, Mr. TH Ma, to the Offeror; (ii) the Acquisitions; and (iii) the Shares dealt with under the Share Charge, the Offeror and the Offeror Concert Parties have not dealt in any Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six month period prior to the date of the Joint Announcement, being the date of commencement of the Offer Period up to and including the Latest Practicable Date.

The Offeror and the Offeror Concert Parties confirm that, as at the Latest Practicable Date:

- (i) save for (a) the Offeror's interest in 512,334,002 Shares; and (b) Smart Million's interest in 119,965,998 Shares, the Offeror and the Offeror Concert Parties do not own, hold, have control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (ii) there is no outstanding derivative in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror or any of the Offeror Concert Parties;
- (iii) none of the Offeror or the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) save for the Acquisitions and the Share Charge executed pursuant to the Facility Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offer that has been entered into between the Offeror or any of the Offeror Concert Parties;
- (v) save for the Acquisitions, there is no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) none of the Offeror or the Offeror Concert Parties has received any irrevocable commitment(s) to accept or reject the Offer;
- (vii) save for the Acquisitions, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any of the Offeror Concert Parties on the one hand, and the Vendors and any parties acting in concert with any of them on the other hand;
- (viii) save for the Acquisitions, there is no understanding, arrangement or agreement which would constitute a special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder and the Offeror or any of the Offeror Concert Parties; and

LETTER FROM THE BOARD

- (ix) save for the total consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the Offeror Concert Parties to the Vendors and their respective parties acting in concert in respect of the Sale Shares.

The Company confirms, as at the Latest Practicable Date, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror or any of the Offeror Concert Parties; or (ii)(b) the Company, its subsidiaries or associated companies.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Altus Investments” as set out on pages 6 to 14 of this Composite Document.

Save for (a) the Offeror’s interest in 512,334,002 Shares; and (b) Smart Million’s interest in 119,965,998 Shares, the Offeror and the Offeror Concert Parties do not hold any Shares or any other securities of the Company as at the Latest Practicable Date.

INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board. The Company is an investment holding company and the Group is principally engaged in the design, supply and installation of fire safety systems for buildings under construction or re-development, maintenance and repair of fire safety systems for built premises and trading of fire service accessories.

Set out below is the summary of the financial information of the Group for the two years ended 30 April 2018 and 2019 as extracted from the annual report of the Company for the two years ended 30 April 2018 and 2019 and for the six months ended 31 October 2019 as extracted from the interim report of the Company for the six months ended 31 October 2019:

	Year ended 30 April		Six months ended 31 October
	2018	2019	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	(audited)	(audited)	(unaudited)
Revenue	223,407	248,289	83,865
Profit before taxation	29,259	23,410	4,615
Profit and total comprehensive income for the year/period attributable to owners of the Company	24,085	19,071	4,023
	As at 30 April		As at 31 October
	2018	2019	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	(audited)	(audited)	(unaudited)
Net assets	111,488	130,559	134,582

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

Shareholders	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>The Offeror and the Offeror Concert Parties (other than Golden Page):</i>				
The Offeror (<i>Notes 1 and 3</i>)	32,300,000	4.04	512,334,002	64.04
Smart Million (<i>Notes 2 and 3</i>)	<u>119,965,998</u>	<u>15.00</u>	<u>119,965,998</u>	<u>15.00</u>
<i>Sub-total</i>	152,265,998	19.04	632,300,000	79.04
<i>The Vendors:</i>				
Super Million (<i>Note 4</i>)	59,974,002	7.49	—	—
Golden Page (<i>Note 5</i>)	420,060,000	52.51	—	—
<i>Other public Shareholders</i>	<u>167,700,000</u>	<u>20.96</u>	<u>167,700,000</u>	<u>20.96</u>
<i>Total</i>	<u>800,000,000</u>	<u>100.00</u>	<u>800,000,000</u>	<u>100.00</u>

Notes:

1. The Offeror is wholly owned by Mr. TH Ma as at the Latest Practicable Date. Before Completion, the Offeror was interested in 32,300,000 Shares, which is counted towards the public float of the Company.
2. Smart Million is wholly owned by Marvel Paramount, which is in turn wholly and beneficially owned by Mr. Barry Ma.
3. Mr. TH Ma and Mr. Barry Ma are siblings. Hence Mr. Barry Ma, Marvel Paramount and Smart Million are parties acting in concert with the Offeror in accordance with the Takeovers Code.
4. As at the Latest Practicable Date, Super Million is wholly owned by Opus Special Situation Fund 1 LP.
5. Golden Page is wholly owned by Mr. Li who was deemed under the SFO to be interested in the 420,060,000 Shares held by Golden Page immediately prior to Completion. Pursuant to the Sale and Purchase Agreement, Golden Page will be receiving the consideration by installments, Golden Page is presumed to be acting in concert with the Offeror in accordance with class 9 of the definition of “acting in concert” under the Takeovers Code upon signing of the Sale and Purchase Agreement.

LETTER FROM THE BOARD

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25.00% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror, the existing Directors and the new Directors (if any) to be appointed will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Immediately after Completion and as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties are interested in 632,300,000 Shares, representing approximately 79.04% of the total issued share capital of the Company. Accordingly, the minimum public float requirement of 25.00% as set out in Rule 8.08(1)(a) of the Listing Rules is not satisfied. The Company has applied to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for a period up to 20 April 2020 (the “**Rule 8.08(1)(a) Waiver**”).

In order to satisfy the public float requirement under the Listing Rules, the Offeror has entered into a placing agreement with Get Nice Securities to act as the Placing Agent. The Placing Agent shall place, on a best efforts basis, (i) 32,300,000 Shares, representing approximately 4.04% of the total issued share capital of the Company as at the Latest Practicable Date, owned by the Offeror and the Offeror Concert Parties; and (ii) all the Offer Shares validly tendered for acceptance under the Offer after the close of the Offer. The Placing Agent will place out the Placing Shares to independent third parties who are (i) not Shareholders and not connected with the Company, the Directors, chief executive, Substantial Shareholders or any of their respective subsidiaries or any of their respective associates; and (ii) not connected with the Offeror or parties acting in concert with it, including the Offeror Concert Parties. Following the placing, the Offeror and the Offeror Concert Parties will together hold not less than 75% of the total issued share capital of the Company.

In this connection, it should be noted that following the close of the Offer, the public float for the Shares will be less than 25.00%. If the public float of the Company should fall below 15.00% following the close of the Offer, trading in the Shares might be suspended until the public float of the Company is restored pursuant to Note 1 to Rule 8.08(1)(b) of the Listing Rules. The Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror, the existing Directors and the new Directors (if any) to be appointed will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that

LETTER FROM THE BOARD

sufficient public float exists in the Shares. Further announcement(s) will be made by the Company regarding (i) the grant of the Rule 8.08(1)(a) Waiver; and (ii) restoration of the public float in the Shares, as and when appropriate in accordance with the Listing Rules.

INTENTION OF THE OFFEROR ON THE GROUP

Your attention is drawn to the section headed “Intention of the Offeror on the Group” in the “Letter from Altus Investments” as set out on pages 6 to 14 of this Composite Document.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

Your attention is drawn to the section headed “Proposed Change to the Board Composition of the Company” in the “Letter from Altus Investments” as set out on pages 6 to 14 of this Composite Document.

INDEPENDENT BOARD COMMITTEE

Rule 2.1 of the Takeovers Code requires the Company to establish an independent committee of the Board to give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer, and Rule 2.8 of the Takeovers Code requires that such independent committee should comprise all the non-executive Directors who have no direct or indirect interest in the Offer other than as a Shareholder.

Mr. Cheung Wai Hung is a non-executive Director as well as the director of Super Million. Hence, Mr. Cheung Wai Hung is considered as having an indirect interest in the Offer and was not appointed as a member of the Independent Board Committee in accordance with Rule 2.8 of the Takeovers Code. An Independent Board Committee which comprises all independent non-executive Directors, namely, Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis, has been established to advise the Independent Shareholders in respect of the Offer.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of Veda Capital has been approved by the Independent Board Committee.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Independent Shareholders and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and Veda Capital, respectively, which set out their recommendations and opinions in relation to the Offer and the principal factors considered by them before arriving at their recommendations.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is drawn to the additional information contained in the appendices to this Composite Document.

Yours faithfully,
By order of the Board
WINDMILL Group Limited
Li Shing Kuen Alexander
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer for inclusion in this Composite Document.

WINDMILL GROUP LIMITED

(海 鑫 集 團 有 限 公 司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1850)

3 March 2020

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ALTUS INVESTMENTS LIMITED FOR AND ON BEHALF OF
STANDARD DYNAMIC ENTERPRISES LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF WINDMILL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY STANDARD
DYNAMIC ENTERPRISES LIMITED AND PARTIES ACTING IN
CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document dated 3 March 2020 issued jointly by the Offeror and the Company (“**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the Offer and to make a recommendation to you as to whether, in our opinion, the Offer is, or is not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof.

Veda Capital has been appointed as the independent financial adviser to advise us in respect of the Offer. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “LETTER FROM VEDA CAPITAL” on pages 25 to 44 of the Composite Document.

We also wish to draw your attention to the “LETTER FROM THE BOARD”, the “LETTER FROM VEDA CAPITAL” and the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offer and the letter of advice and recommendation from the Independent Financial Adviser, we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. If the market price of the Shares exceeds the Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Offer, the Independent Shareholders should consider selling their Shares in the open market instead of accepting the Offer.

Independent Shareholders are recommended to read the full text of the “LETTER FROM VEDA CAPITAL” set out in the Composite Document. Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Pun Kin Wa
*Independent non-executive
Director*

Mr. Tsang Man Bui
*Independent non-executive
Director*

Mr. Lee Kwok Tung Louis
*Independent non-executive
Director*

LETTER FROM VEDA CAPITAL

The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee in respect of the terms of the Offer and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Composite Document.

VEDA | CAPITAL
智 略 資 本

Suites 1001–1002, 10/F., 299 QRC
299 Queen's Road Central
Hong Kong

3 March 2020

To: Independent Board Committee of WINDMILL Group Limited

Dear Sirs,

**THE MANDATORY UNCONDITIONAL CASH OFFER BY
ALTUS INVESTMENTS LIMITED FOR AND ON BEHALF OF
STANDARD DYNAMIC ENTERPRISES LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF WINDMILL GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
STANDARD DYNAMIC ENTERPRISES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the terms of the Offer, details of which are set out in the Composite Document dated 3 March 2020 jointly issued by the Company and the Offeror to the Independent Shareholders, of which this letter (this “**Letter**”) forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the letter from the Board (the “**Board Letter**”) contained in the Composite Document, where it was stated that the Company was informed by the Offeror that the Offeror has acquired an aggregate of 480,034,002 Shares, representing approximately 60.00% of the total issued share capital of the Company as at the Latest Practicable Date, pursuant to the Sale and Purchase Agreement and by way of an off-market purchase. The aggregate consideration for the Acquisitions was HK\$128,649,113 (equivalent to HK\$0.268 per Sale Share) and Completion took place on 20 January 2020.

Immediately prior to the Acquisitions, the Offeror was interested in 32,300,000 Shares, representing 4.04% of the total issued share capital of the Company and the Offeror and the Offeror Concert Parties (through the Offeror's interest in 32,300,000 Shares and Smart Million's interest in 119,965,998 Shares) were interested in 152,265,998 Shares, representing approximately 19.04% of the total issued share capital of the Company. Upon Completion, the interest of the Offeror in the voting rights of the Company increased from approximately 4.04% to approximately 64.04% and the aggregate interests of the Offeror and the Offeror

LETTER FROM VEDA CAPITAL

Concert Parties in the voting rights of the Company increased from approximately 19.04% to approximately 79.04%. In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares, being all the issued Shares other than those Shares already owned by the Offeror and parties acting in concert with it, including the Offeror Concert Parties.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. We, Veda Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated or connected with the Company or the Offeror or their respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them and accordingly, we are considered eligible to give independent advice on the Offer. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between us and the Group or the Offeror. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror or the Offeror Concert Parties. Accordingly, we considered that we are independent pursuant to Rule 2 of the Takeovers Code to act as the Independent Financial Adviser to give independent advices on the Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the representations made to us by the executive directors and the senior management of the Company.

We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Independent Shareholders will be notified of any material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors or the Offeror (as the case may be) in the Composite Document were reasonably made after due enquiries and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the

LETTER FROM VEDA CAPITAL

reasonableness of the opinions expressed by the Company, the Offeror, their respective advisers, the Directors and/or the director of the Offeror, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding between any person on the one hand and the Group and/or the Offeror on the other hand concerning the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Group, the Vendors and parties acting in concert with any of them), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors and the directors of the Vendors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this Letter. We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, the Vendors, the Offeror or their respective subsidiaries or associates (if applicable). We have also not considered the tax and regulatory implications on the Group or the Independent Shareholders as a result of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers. We will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer.

Our opinion is necessarily based on the prevailing financial, economic, market and other conditions and the information made available to us as at the Latest Practicable Date. Where information in this Letter has been extracted from published or otherwise publicly available sources, the sole responsibility of ours is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not used out of context. Should there be any material changes to the statements, information and/or representation affecting our opinion after the Latest Practicable Date, the Independent Shareholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

LETTER FROM VEDA CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee in respect of the Offer, we have taken into account the following principal factors and reasons:

1. Principal terms of the Offer

Altus Investments, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer to acquire all the Offer Shares on the following basis:

For each Offer Share. HK\$0.268 in cash

The Offer is extended to all the Independent Shareholders in accordance with the Takeovers Code. The Offer Price of HK\$0.268 per Offer Share is the same as the purchase price per Sale Share. The Offer is unconditional in all aspects when it is made and will not be conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

2. Information of the Group

Business of the Group

The Company is incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board. The Company is an investment holding company while its principal subsidiary is mainly engaged in the (i) design, supply and installation of fire safety systems for buildings under construction or re-development; (ii) maintenance and repair of fire safety systems for built premises; and (iii) trading of fire service accessories (collectively, the “**Fire Safety System Business**”).

LETTER FROM VEDA CAPITAL

Financial performances of the Group

Set out below is a summary of the Group's consolidated financial information extracted from the Company's interim reports for the six months ended 31 October 2018 and 2019 and the Company's annual reports for the financial years ended 30 April 2018 and 2019.

	For the six months ended		Year on year
	31 October		("YOY")
	2019	2018	change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Revenue	83,865	141,120	(40.57)
Gross profit	14,383	22,624	(36.43)
Profit/(loss) for the year attributable to Shareholders	4,023	11,095	(63.74)
	As at 31 October		
	2019	2018	YOY change
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Total assets	211,291	159,751	32.26
Net asset value attributable to Shareholders	134,582	122,583	9.79

For the six months ended 31 October 2019

The Group recorded revenue for the six months ended 31 October 2019 in the amount of approximately HK\$83.9 million, representing a decrease of approximately 40.6% as compared to that of the six months ended 31 October 2018 in the amount of approximately HK\$141.1 million. As advised by the Company, the Group recognizes its revenue according to the stage of completion of its projects and the progresses of certain projects that the Group were involved in suffered unexpected setback (the "**Setback of Projects**") by their respective developers (i.e. including both global and local developers, the "**Developers**"). The Directors suspected that the decisions of Setback of Projects by the Developers were due to, among other reasons, the recent economic slowdown in Hong Kong that reduced the urgency to complete these constructions to meet the original timeline and therefore delayed the Group's recognition of, and reduced, its revenue for the six months ended 31 October 2019.

The Group recorded a profit attributable to Shareholders for the six months ended 31 October 2019 in the amount of approximately HK\$4.0 million, representing a decrease of approximately 63.7% as compared to that of the six months ended 31

LETTER FROM VEDA CAPITAL

October 2018 in the amount of approximately HK\$11.1 million. As advised by the Company, the decrease in profit was mainly due to the decrease in revenue as the Group's projects were delayed and rescheduled due to reason mentioned above.

The Group's unaudited total assets as at 31 October 2019 amounted to approximately HK\$211.3 million. The Group's unaudited net asset value attributable to Shareholders increased by approximately 9.8% to approximately HK\$134.6 million as at 31 October 2019 from approximately HK\$122.6 million as at 31 October 2018.

	For the financial years			YOY changes	
	ended 30 April				
	2019	2018	2017	2018/19	2017/18
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%	%
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>		
Revenue	248,289	223,407	171,449	11.14	30.31
Gross profit	39,854	38,367	27,018	3.88	42.00
Profit/(loss) for the year attributable to Shareholders	19,071	24,085	1,649	(20.82)	1,360.58

	As at 30 April			YOY changes	
	2019				
	2019	2018	2017	2018/19	2017/18
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%	%
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>		
Total assets	199,730	164,711	145,455	21.26	13.24
Net asset value attributable to Shareholders	130,559	111,488	87,403	17.11	27.56

For the financial year ended 30 April 2019

The Group recorded revenue for the year ended 30 April 2019 in the amount of approximately HK\$248.3 million, representing an increase of approximately 11.1% as compared to that of the year ended 30 April 2018 in the amount of approximately HK\$223.4 million. As advised by the Company, the increase in revenue was mainly due to the increase in the number of tendering invitations in respect of projects of the Fire Safety System Business (the "FSS Projects") received by, and consequently awarded to, the Group. For the financial year ended 30 April 2019, new FSS Projects of the Group include but not limited to, fire service installation projects for several commercial buildings within the private sector as well as a fire service maintenance project for a governmental organization in Hong Kong. The increase in the number of tender invitations to the Group for FSS Projects was believed to (i) be associated

LETTER FROM VEDA CAPITAL

with its contractors' and customers' satisfactions of the previously completed FSS Projects by the Group; and (ii) has benefited from the active general construction activities in Hong Kong during the financial year ended 30 April 2019.

The Group recorded a profit attributable to Shareholders for the year ended 30 April 2019 in the amount of approximately HK\$19.1 million, representing a decrease of approximately 20.8% as compared to that for the year ended 30 April 2018 in the amount of approximately HK\$24.1 million. As advised by the Company, the decrease in profit was a result of the expenses accrued in the transfer of the Company's listing from the Growth Enterprises Market of the Stock Exchange to the Main Board (the "**Transfer to the Main Board**"). As extracted from the Company's annual report for the year ended 30 April 2019, excluding the non-recurring expenses relating to the aforementioned transfer for the year ended 30 April 2019, the Group would have recorded a profit and total comprehensive income attributable to Shareholders of approximately HK\$25.4 million for the year ended 30 April 2019, representing an increase of approximately HK\$1.3 million or approximately 5.4% from approximately HK\$24.1 million for the year ended 30 April 2018.

The Group's audited total assets as at 30 April 2019 amounted to approximately HK\$199.7 million. The Group's audited net asset value increased by approximately 17.1% to approximately HK\$130.6 million as at 30 April 2019 from approximately HK\$111.5 million as at 30 April 2018.

For the financial year ended 30 April 2018

The Group recorded revenue for the year ended 30 April 2018 in the amount of approximately HK\$223.4 million, representing an increase of approximately 30.3% as compared to that for the year ended 30 April 2017 in the amount of approximately HK\$171.4 million. As advised by the Company, the increase in revenue was mainly due to (i) the increase in the number of FSS Projects tendering opportunities received and participated by the Group that lead to the increase in the number of sizable FFS Projects including but not limited to, several fire service installation projects for commercial buildings and facilities within the private sector during the financial year; and (ii) the fact that more stages have been completed in respect of the Group's existing projects compared to that of the previous financial year as the Group recognizes its revenue according to the stage of completion of its projects. The increase in tendering invitations to the Group for FSS Projects was believed to (i) be associated with its contractors' and customers' satisfactions of the previously completed FSS Projects by the Group; and (ii) has benefited from the active general construction activities in Hong Kong during the financial year ended 30 April 2018.

LETTER FROM VEDA CAPITAL

The Group recorded a profit attributable to Shareholders for the year ended 30 April 2018 in the amount of approximately HK\$24.1 million, representing an increase of approximately 1,360.6% as compared to that for the year ended 30 April 2017 in the amount of approximately HK\$1.6 million. As advised by the Company, the significant increase in profit was a result of the expenses accrued in the listing on the Growth Enterprise Market of the Stock Exchange for the financial year ended 30 April 2017. As extracted from the Company's annual report for the year ended 30 April 2018, excluding the non-recurring listing expenses for the year ended 30 April 2017, the Group would have recorded profit and total comprehensive income attributable to Shareholders of approximately HK\$17.4 million for the year ended 30 April 2017 and the profit attributable to Shareholders for the year ended 30 April 2018 in the amount of approximately HK\$24.1 million would represent an increase of approximately 38.5%.

The Group's audited total assets as at 30 April 2018 amounted to approximately HK\$164.7 million. The Group's audited net asset value increased by approximately 27.6% to approximately HK\$111.5 million as at 30 April 2018 from approximately HK\$87.4 million as at 30 April 2017.

More details of the financial information of the Group are set out in Appendix II of the Composite Document.

Based on the above, we note that the Group has been continuously generating profit over the three financial years ended 30 April 2019 and its revenue and financial positions have also been steadily improving during the period. However, despite the historical stable financial performances, both the revenue and profit of the Group have decreased significantly for the six months ended 31 October 2019 as many of its existing projects have been rescheduled. As discussed with the Company, the Directors anticipated that the general economy of, along with the construction industry in, Hong Kong may be affected by, among other reasons, the ongoing extended trade frictions between the United States and China and certain anti-governmental activities in Hong Kong will continue to impose pressure on the Developers (especially the foreign property developers) in terms of their demands for construction activities and which ultimately would affect the performance of the Group's Fire Safety System Business.

Prospects of the business of the Group in Hong Kong

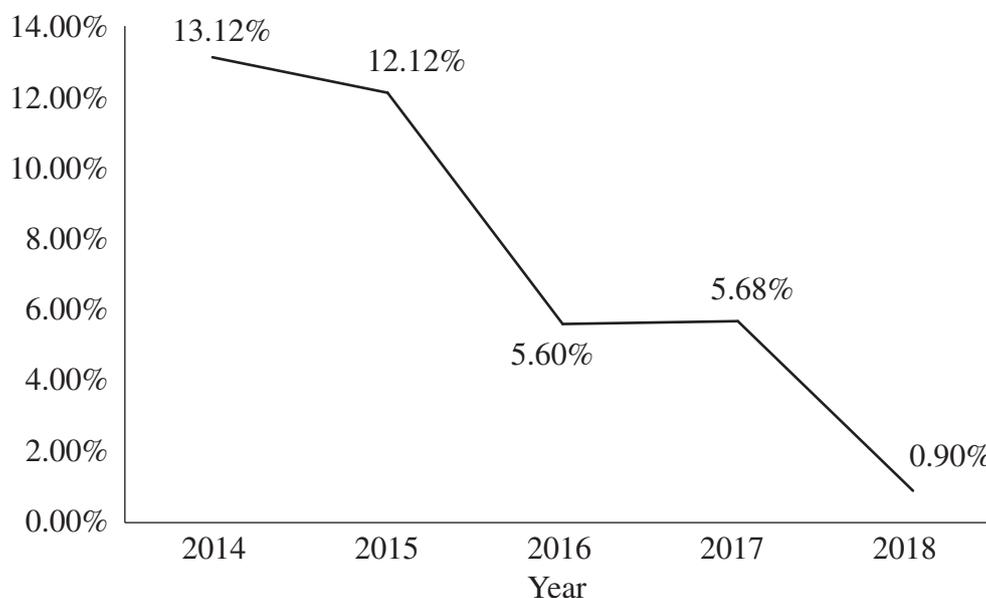
The Group is a registered fire service installation contractor, qualified to undertake works in respect of the installation, maintenance, repairs or inspection of fire safety systems in Hong Kong. As advised by the Company, fire safety systems mainly consist of fire alarm systems, water and gas expression systems, fire hydrant and hose reel systems, emergency lighting systems and portable fire equipment. The Group has been providing fire service installation and maintenance work for both the private and public sectors and projects in which the Group has been involved include infrastructure facilities, educational organizations, utility companies and commercial/composite buildings in Hong Kong obtained either by tender or quotation. The Group

LETTER FROM VEDA CAPITAL

receives progress payments from its customers based on the site work done pursuant to the tender documents and contracts for the relevant projects. In light of the above summary of the Fire Safety System Business, we have conducted our research mainly on the construction industry in Hong Kong and certain general economic indicators of Hong Kong in order to gain a better understanding of the prospect of the Fire Safety System Business.

According to the statistics published by the Census and Statistics Department of Hong Kong that was last revised on 12 December 2019, the growth rates of Hong Kong's construction industry in terms of gross value have been slowing down in recent years as illustrated in the graph below. The growth rate in terms of gross value of the construction work performed by main contractors in Hong Kong increased by approximately 13.12% from 2013 to 2014. However, the growth rates of Hong Kong's construction industry in terms of gross value dropped considerably in recent years and to approximately 0.90% in 2018. The decreasing trend has continued in the first three quarters of 2019, where Hong Kong's construction industry recorded a YOY decrease of approximately 8.6%.

Growth Rate of the construction industry in Hong Kong



Source: Census and Statistics Department, Hong Kong (<https://www.censtatd.gov.hk>)

According to the Census and Statistics Department of Hong Kong, the real gross domestic product of Hong Kong (the “**real GDP**”) is estimated to have contracted by approximately 2.9% in the fourth quarter of 2019 from a year earlier, marking the second consecutive quarter of YOY contraction. For the year 2019, the real GDP is estimated to record a YOY decline of approximately 1.2%, which would be the first annual decline since 2009. The decrease in real GDP in 2019 was also

LETTER FROM VEDA CAPITAL

believed to be caused by certain social and political activities including, among other matters, the ongoing anti-government related activities in Hong Kong since mid-2019.

In addition, on a macro-economic perspective, the open-ended US-Mainland trade relationship and the recent spread of the novel coronavirus (COVID-19) across Asia and the world, have further affected the economic activities in Hong Kong and caused the Developers to re-schedule their construction activities in Hong Kong that would directly affect the business operations of the Group's Fire Safety System Business.

Furthermore, in assessing the impact of the trade disputes and COVID-19 on the economy of Hong Kong which will in turn impact the construction activities in Hong Kong, we have also observed the Hang Seng Index, being a benchmark of the Hong Kong financial securities market, declined notably from as high as over 30,000 points in mid-2018 (prior to the news that the United States would begin imposing tariffs on China) to around 28,000 points at the end of December 2019 (prior to the first case of COVID-19 being reported from Wuhan, China) and to as low as approximately 26,300 points in February 2020. We expect potential investors and/or investors to endure relatively more risks and concerns in participating and investing in the Hong Kong financial market including but not limited to the securities of the Company, especially as these incidents remain unresolved.

Having considered the above, in particular (i) the financial performance of the Group, which is notably dependent and corresponds to the construction activities in Hong Kong which, in turn, are significantly influenced by the economy of Hong Kong; (ii) the negative impact of the ongoing issues in Hong Kong and China which are stagnating the development of the FSS Projects and the construction activities in Hong Kong in general; and (iii) the impair on confidences and increased difficulties in running businesses and investing in the Hong Kong market given the current underlying concerns, the Fire Safety System Business is expected to be affected, along with the construction industry in Hong Kong, and may not be prosperous in the foreseeable future.

3. Information on the Offeror

Reference is made to the letter from Altus Investments in the Composite Document, where it was stated that the Offeror is an investment holding company incorporated in the BVI with limited liability and does not carry out any business activities other than the holding of Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the ultimate beneficial owner and the sole director of the Offeror is Mr. TH Ma.

Mr. TH Ma has over 27 years of experience in banking and finance and the natural resources industry. He also has extensive experience and network in banking and finance, natural resources, fintech, property investment and development as well as experience in corporate and business management in listed companies. Please refer to the sub-section headed "INFORMATION ON THE OFFEROR" in the letter from Altus Investments of the Composite Document for more information in respect of Mr. TH Ma.

LETTER FROM VEDA CAPITAL

Mr. TH Ma, with his extensive experience and network in banking and finance, natural resources, fintech, property investment and development as well as experience in corporate and business management in listed companies, considers that it is a value-creating opportunity to invest and acquire a controlling stake in the Company to enable the Group to further explore and develop its business in Hong Kong and other markets.

It is the intention of Mr. TH Ma for the Group to leverage on his experience and business network to expand its existing business in Hong Kong and overseas. It is the current intention of Mr. TH Ma to retain the management and experienced staff of the Company to leverage on their expertise in operating the Group's existing businesses. Mr. TH Ma will review the business of the Group and may consider to hire more experienced management staff if deemed fit.

4. The Offeror's intention in relation to the Group

Following the close of the Offer, it is the intention of the Offeror that the Company will continue to focus on the development of its existing business. As at the Latest Practicable Date, the Offeror had no intention to introduce any major changes to the existing operations and businesses of the Group upon the close of the Offer.

Nevertheless, the Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has any significant discussions taken by the Offeror as to potential investments or business opportunities relating to the Company. Save as disclosed in the paragraph above, as at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation, arrangement or agreements on expanding, downsizing, or disposing of the existing businesses of the Company, and the Offeror had no intention to discontinue the employment of any employees of the Group or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

Proposed changes to the composition of the Board

As at the Latest Practicable Date, the Offeror intends to nominate new Directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. It is also possible that certain existing Director(s) may leave the Board. As at the Latest Practicable Date, the Offeror had not reached any final decision as to who will be nominated and the final composition of the Board.

LETTER FROM VEDA CAPITAL

Maintenance of the listing status of the Company

The Offeror intends for the issued Shares to remain listed on the Main Board. The director of the Offeror, the existing Directors and the new Directors (if any) to be appointed will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

It should be noted that, immediately after the Completion and as at the Latest Practicable Date, the Offeror and the Offeror Concert Parties were interested in 632,300,000 Shares, representing approximately 79.04% of the total issued share capital of the Company. Accordingly, the minimum public float requirement of 25.00% as set out in Rule 8.08(1)(a) of the Listing Rules is not satisfied. The Company has applied to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules for a period up to 20 April 2020.

In order to satisfy the public float requirement as stated above, the Offeror has entered into the Placing Agreement and engaged Get Nice Securities as its placing agent to place, on a best effort basis, (i) 32,300,000 Shares, representing approximately 4.04% of the total issued share capital of the Company as at the Latest Practicable Date, owned by the Offeror and the Offeror Concert Parties; and (ii) all the Offer Shares validly tendered for acceptance under the Offer, after the close of the Offer to independent third parties who are (a) not Shareholders and not connected with the Company, the Directors, chief executive, Substantial Shareholders or any of their respective subsidiaries or any of their respective associates; and (b) not connected with the Offeror or any Offeror Concert Parties. Following the Placing, the Offeror and the Offeror Concert Parties will together hold not less than 75% of the total issued share capital of the Company. Please refer to the sub-section headed “PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY” in the letter from Altus Investments of the Composite Document for more details.

It should also be noted that following the close of the Offer, if the public float of the Company should fall below 15.00%, trading in the Shares might be suspended until the public float of the Company is restored pursuant to the requirements of the Listing Rules.

Given that (i) Mr. TH Ma has no direct operational experience of the Fire Safety System Business; (ii) certain existing Directors may leave the Board and the decision on the composition of the Board has not been finalized; and (iii) the Offeror has yet to conduct a detailed review on the existing principal businesses, operations and financial position of the Group, we consider that the development of the business of the Group may be affected during the transitional period despite the extensive experience and network of Mr. TH Ma as described in this section as the

LETTER FROM VEDA CAPITAL

new management would have to adapt to the Fire Safety System Business and the employees would also have to adapt to the leadership and management of the new management and/or directors to be introduced.

5. Analysis on the Offer Price

Comparisons of the Offer Price

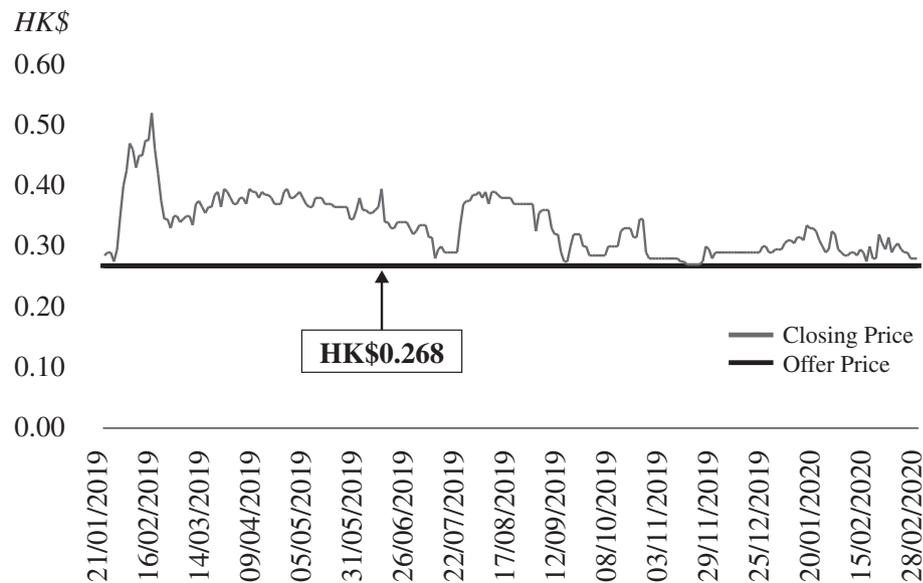
The Offer Price of HK\$0.268 per Offer Share is the same as the purchase price per Sale Share, which represents:

- (i) a discount of approximately 4.29% to the closing price of HK\$0.280 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.96% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.285 per Share;
- (iii) a discount of approximately 6.62% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.287 per Share;
- (iv) a discount of approximately 11.26% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day of approximately HK\$0.302 per Share;
- (v) a discount of approximately 4.29% to the closing price of HK\$0.280 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a premium of approximately 64.42% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.163 per Share as at 30 April 2019 (based on the Company's audited consolidated net assets of approximately HK\$130,559,000 as at 30 April 2019 and the total number of issued Shares as at the Latest Practicable Date); and
- (vii) a premium of approximately 59.52% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.168 per Share as at 31 October 2019 (based on the Company's unaudited consolidated net assets of approximately HK\$134,582,000 as at 31 October 2019 and the total number of issued Shares as at the Latest Practicable Date).

LETTER FROM VEDA CAPITAL

Historical price performance of the Shares

The graph below illustrates the historical closing prices of the Shares as quoted on the Stock Exchange during the period from 21 January 2019 (being the date one year prior to the Last Trading Day) and up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is fair, adequate, representative and sufficient to illustrate the general trend and level of movement of recent closing price of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Offer Price. The comparison of daily closing prices of the Shares and the Offer Price is illustrated as follows:



Source: Website of the Stock Exchange

As illustrated from the chart above, the closing prices of the Shares have fluctuated between a range from HK\$0.270 per Share to HK\$0.520 per Share with an average closing price of the Share of approximately HK\$0.334 per Share during the Review Period. The Offer Price represents a discount of approximately 19.76% to the average closing price of the Shares during the Review Period.

We noted that the closing prices of the Shares have spiked in the first quarter of 2019, and as advised by the Company, it is suspected that such increase was associated with the anticipation of the successful Transfer to the Main Board which took place on 14 February 2019.

Shareholders should note that the information set out above is not an indicator of the future performance of the Shares, and that the price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.

LETTER FROM VEDA CAPITAL

Historical trading liquidity of the Shares

Apart from the daily closing price of the Shares, we have also performed a review on the average daily trading volume per month (the “**Average Daily Volume**”) of the Shares in the Review Period, which is commonly used for analysis purpose to illustrate the liquidity of the Shares.

Month/Period	Number of trading days (days)	Average daily trading volume of Shares (approximate)	Average daily trading volume during the period as a percentage of the total number of Shares (note 1) (approximate%)	Average daily trading volume during the period as a percentage of the Shares held by public Shareholders (note 2) (approximate%)
2019				
21 January to 31 January	9	1,310,000	0.164	0.781
February	17	3,535,294	0.442	2.108
March	21	971,429	0.121	0.579
April	19	162,632	0.020	0.097
May	21	126,667	0.016	0.076
June	19	118,421	0.015	0.071
July	22	213,182	0.027	0.127
August	22	73,182	0.009	0.044
September	21	75,714	0.009	0.045
October	21	474,762	0.059	0.283
November	21	1,400,476	0.175	0.835
December	20	91,000	0.011	0.054
2020				
January and up to the Last Trading Day	13	77,692	0.010	0.046
12 February and up to the Latest Practicable Date	13	666,154	0.083	0.397

Source: Website of the Stock Exchange

Notes:

1. Based on a total of 800,000,000 Shares in issue as at the Latest Practicable Date.
2. Based on 167,700,000 Shares held by the public Shareholders as at the Latest Practicable Date.

As illustrated in the table above, the Average Daily Volume of Shares during the Review Period ranged from approximately 73,182 Shares in August 2019 to approximately 3,535,294 Shares in February 2019, representing approximately 0.009% to approximately 0.442% of the total number of issued Shares as at the Latest Practicable Date.

LETTER FROM VEDA CAPITAL

Given the Average Daily Volume as a percentage of the total number of issued Shares as at the Latest Practicable Date for each month (including the month of the release of the Joint Announcement) during the Review Period was less than 0.500%, we consider that the trading volume of the Shares was thin and the trading of the Shares did not appear to be active during the Review Period. Moreover, the sale of a significant number of the Shares in the market may result in downward pressure on the market price of the Shares given the low liquidity in trading of the Shares. Therefore, we consider that the Offer provides an assured exit alternative for the Independent Shareholders to realize their investments in the Shares at the Offer Price of HK\$0.268 per Share.

Comparable analysis

To further assess the fairness and reasonableness of the Offer Price, we have performed a price-to-earnings ratio (the “**PER**”) and a price-to-book ratio (the “**PBR**”) analysis, both being the most commonly used benchmark for valuation of companies, to compare the Offer Price against the market valuation of other comparable companies. While it should be noted that all the subject companies involved in the comparable analysis may have different market capitalization, financial positions and geographical operations as compared with those of the Company, the following comparable analysis is meant to cover a list of similar companies listed on the Stock Exchange and form an appropriate sample size to reflect the value of comparable companies in the same industry.

For the purpose of our analysis, we have conducted a search of comparables which meet the criteria of (i) being listed on the Main Board on the Last Trading Day; (ii) being principally engaged in, and with more than 50% (thus considered as the core revenue/profit contributor for that comparable(s)) of its respective revenue/profits generated from the design, supply, installation, maintenance and/or repair of building services engineering work such as ventilation, air-conditioning system, electrical system, plumbing and drainage system, fire safety systems or related services for built premises in Hong Kong (the “**Comparable Business**”), which is closely comparable with that of the Group; and (iii) having a market capitalization (“**Market Cap**”) comparable with that of the Company (i.e. of not more than HK\$500.00 million given that the implied Market Cap of the Offer is approximately HK\$214.40 million based on the Offer Price) as at the Latest Practicable Date.

LETTER FROM VEDA CAPITAL

Based on the aforesaid selection criteria and based on our search conducted through published information on the Stock Exchange's website, we have found an exhaustive list of 6 comparables (the "Comparable(s)") that share similar comparable businesses of the Group for us to form a view on the terms of the Offer and we are of the view that these Comparables are sufficient and representative as references to the terms of the Offer.

No.	Comparables	Principal business	Market Cap (HK\$ million) <i>(approximate)</i>	PER (times) <i>(note 1)</i>	Adjusted PER (times) <i>(note 2)</i>	PBR (times) <i>(note 3)</i>
1.	Accel Group Holdings Limited (1283)	Principally engaged in the provision of electrical and mechanical (E&M) engineering services	488.00	10.75	10.75 (no adjustment was made)	3.29
2.	Golden Faith Group Holdings Limited (2863)	Principally engaged in electric and maintenance (E&M) engineering service business and trading business	220.17	10.05	10.05 (no adjustment was made)	1.04
3.	Lap Kei Engineering (Holdings) Limited (1690)	Principally engaged in the engineering of building services systems and related businesses	103.74	5.82	5.82 (no adjustment was made)	0.81
4.	Man Shun Group (Holdings) Limited (1746)	Principally engaged in the provision of installation of heat, ventilation and air-conditioning system	450.00	35.77	15.87	2.77
5.	Milestone Builder Holdings Limited (1667)	Principally engaged in, among others, alteration, addition, fitting-out works and building services	134.40	9.16	9.16 (no adjustment was made)	0.94
6.	SH Group (Holdings) Limited (1637)	Principally engaged in electrical and mechanical engineering services	142.00	6.26	6.26 (no adjustment was made)	0.57
		Maximum		35.77	15.87	3.29
		Minimum		5.82	5.82	0.57
		Average		12.97	9.65	1.57
				Implied PER <i>(times)</i>	Adj Implied PER <i>(times)</i>	Implied PBR <i>(times)</i>
The	Company	The Fire Safety System Business	214.40	11.24	8.45	1.59

Notes:

- The PER of the Comparables are calculated by dividing their respective market capitalization as at the Latest Practicable Date by their respective profit attributable to shareholders of the companies according to their latest available annual results/reports or listing documents.

The PER of the Company is calculated by dividing its market capitalization as at the Latest Practicable Date based on the Offer Price by its profit attributable to Shareholders for the financial year ended 30 April 2019.

LETTER FROM VEDA CAPITAL

2. The Adjusted PER of comparable #3 is calculated by dividing its market capitalization as at the Latest Practicable Date by its profit attributable to its shareholders before the listing fees incurred during that financial year according to its latest available annual report for illustrative purposes. For the avoidance of doubt, no listing fees were incurred to the other Comparables such that adjustments are irrelevant and their respective PERs have also been used as their Adjusted PERs for our comparison purposes.

The Adjusted PER of the Company is calculated by dividing its market capitalization as at the Latest Practicable Date based on the Offer Price by its profit attributable to Shareholders before the listing fee incurred during the financial year ended 30 April 2019 for illustrative purposes.

3. The PBR of the Comparables are calculated by dividing their respective market capitalization as at the Latest Practicable Date by their respective equity attributable to shareholders of the companies according to their latest available interim/annual reports or results or listing documents.

The PBR of the Company is calculated by dividing its market capitalization as at the Latest Practicable Date based on the Offer Price by its equity attributable to Shareholders as at 31 October 2019.

We noted from the table above that:

- (i) the implied PER of the Company (the “**Implied PER**”) of 11.24 times falls within the range of the PERs of the Comparables from approximately 5.82 times to approximately 35.77 times, with an average of approximately 12.97 times;
- (ii) the adjusted implied PER of the Company (the “**Adj Implied PER**”) of 8.45 times (before the listing fee incurred for the financial year ended 30 April 2019) falls within the range of the Adjusted PERs of the Comparables from approximately 5.82 times to approximately 15.87 times, with an average of approximately 9.65 times; and
- (iii) the implied PBR of the Company (the “**Implied PBR**”) of 1.59 times falls within the range of the PBRs of the Comparables from approximately 0.57 times to approximately 3.29 times, with an average of approximately 1.57 times.

We consider an offer price comparable analysis, which compares the discount of the Offer Price against the premium/discount of the offer prices of other general cash offer transactions, to be less ideal as such analysis overlooks certain crucial factors, including but not limited to, the difference of valuation, business environment and outlook among different industries. There were no general cash offers involving any comparable Main Board listed companies engaging in the Comparable Business within one year prior to the Latest Practicable Date for us to make any meaningful comparison and thus assess the fairness and reasonableness of the Offer Price.

LETTER FROM VEDA CAPITAL

Although the Offer Price represents a discount of approximately 19.76% to the average closing prices of the Shares during the Review Period, we have considered all the factors as a whole, in particular that (i) the closing prices of the Shares during the Review Period have been fluctuating and while there is no guarantee that the closing prices of the Shares will remain at a level higher than the Offer Price during and after the Offer Period and the Offer Price provides an assured exit at a fixed price for Independent Shareholders if they wish to realize their investments in the Shares; (ii) the Offer Price represents a premium of approximately 64.42% over the audited consolidated net asset value attributable to Shareholders as at 30 April 2019 and a premium of approximately 59.52% over the unaudited consolidated net asset value attributable to Shareholders as at 31 October 2019; (iii) the Implied PER (and the Adj Implied PER) and the Implied PBR fall within the respective ranges of the Comparables' PER, Adjusted PER and PBR; (iv) the historical trading volume of the Shares is relatively thin; and (v) the uncertainties in the prospect of the Fire Safety System Business and the economy of Hong Kong as analyzed in the sub-section headed "Prospects of the business of the Group in Hong Kong" in this Letter, we consider the Offer Price to be justifiable and the Offer is fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Taking into consideration (i) the slow-down in growth rates of Hong Kong's construction industry; (ii) the contraction in real GDP; (iii) the US-Mainland trade disputes and the outbreak of COVID-19 which have increased the risks in investing in the financial securities market in Hong Kong; (iv) the Offeror has yet to conduct a detailed review on the existing principal businesses, operations and financial position of the Group and the decision of the composition of the Board has not been finalized; (v) the Offer Price represents a premium over the net asset value attributable to Shareholders as at 31 October 2019 and 30 April 2019; (vi) the historical trading volume of the Shares is relatively thin and the market price of the Shares are likely to be adversely affected by the sale of a significant number of Shares and the Offer represents an assured exit for realizing an investment in the Shares; and (vii) the Implied PER, the Adj Implied PER and the Implied PBR fall within the respective ranges and being close to the respective averages of the Comparables' PER, Adjusted PER and PBR, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to make recommendation to the Independent Shareholders to accept the Offer.

For those Independent Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offer.

For those Independent Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

LETTER FROM VEDA CAPITAL

For those Independent Shareholders who consider to retain their Shares, in full or in part, we would remind them that there is no guarantee that the prevailing Share price will sustain during and after the Offer Period.

Yours Faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital Limited which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 23 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "WINDMILL Group Limited — General Offer" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received

by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar).
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Share(s), the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Share(s) for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Share(s), you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Altus Investments and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar together with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code and the Registrar

has recorded that the acceptance and the relevant document(s) as required under this paragraph have been so received, and is:

- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Share(s); or
 - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Share(s) which are not taken into account under another subparagraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) Seller's ad valorem stamp duty payable by the relevant Independent Shareholders in connection with the acceptance of the Offer at the rate of 0.10% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Independent Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offer will be closed on the Closing Date. The Offer is unconditional.

- (b) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offer, at least fourteen (14) days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.
- (d) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

3. ANNOUNCEMENT

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.

Such announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or any Offeror Concert Parties before the Offer Period; and
- (iii) acquired or agreed to be acquired by the Offeror or any Offeror Concert Parties during the Offer Period.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any Offeror Concert Parties has borrowed or lent, save for any borrowed securities which have been either on-lent or sold and the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required by the Takeovers Code and the Listing Rules, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.windmill.hk).

4. NOMINEE REGISTRATION

To ensure equality of treatment to all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “3. Announcement” in this Appendix, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptances of the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

In such case, when the Independent Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares lodged with the Form(s) of Acceptance to the relevant Independent Shareholders at their own risk.

6. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Offer Shares tendered under the Offer (less seller's

ad valorem stamp duty payable by him/her/it) will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days after the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save in respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

No fractions of a cent will be payable and the amount of consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

7. OVERSEAS SHAREHOLDERS

The availability of the Offer to any Independent Shareholders who are not residents in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to Overseas Shareholders may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that such Overseas Shareholders have observed and are permitted under all applicable laws and regulations to receive and accept the Offer and, where applicable, any revisions thereof, and that such Overseas Shareholders have obtained all requisite governmental, exchange control or other consents and have made all requisite registration and filing in compliance with all necessary formalities and regulatory or legal requirements and have paid all transfer or other taxes and duties or other required payments due from such Overseas Shareholders in connection with such acceptance in such jurisdictions, and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Overseas Shareholders should consult their professional advisers if in doubt.

8. HONG KONG STAMP DUTY AND TAX IMPLICATIONS

Seller's ad valorem stamp duty at the rate of 0.10% of the market value of the Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad

valorem stamp duty on behalf of the accepting Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Law of Hong Kong).

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Offeror Concert Parties, the Company, Altus Investments, Altus Capital, Get Nice Securities and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Forms of Acceptance, certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Offeror Concert Parties, the Company, Altus Investments, Altus Capital, Get Nice Securities and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any liability for any loss or delay in postage or any other liabilities whatsoever which may arise as a result thereof.
- (b) Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person or persons to the Offeror and Altus Investments that the Offer Shares tendered under the Offer (together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by the Company on or after the date on which the Offer is made, i.e. the date of this Composite Document) are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Altus Investments that the number of Offer Shares in respect of which it has indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.
- (d) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

- (e) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (f) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (g) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (h) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Altus Investments and/or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares in respect of which such person has accepted the Offer.
- (i) The Offer is made in accordance with the Takeovers Code.
- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders and with registered address(es) outside Hong Kong or whom the Offeror or Altus Investments knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the accompanying Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, the Offeror Concert Parties, Altus Investments, Altus Capital, the Company, Veda Capital or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (l) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.
- (m) References to the Offer in this Composite Document and the Form of Acceptance shall include any extension and/or revision thereof.
- (n) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the Chinese text.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the financial years ended 30 April 2017, 2018 and 2019, respectively, as extracted from the audited consolidated financial statements of the Group set forth in the annual reports of the Company for the relevant years, and for the six months ended 31 October 2019 as extracted from the published interim report of the Company for the six months ended 31 October 2019.

The auditors of the Company for the three years ended 30 April 2017, 2018 and 2019 were SHINEWING (HK) CPA Limited. Their opinions on the consolidated financial statements of the Group for each of the three years ended 30 April 2017, 2018 and 2019 were unqualified.

There were no items of any income or expense which are material in respect of the consolidated financial results of the Group for each of the aforesaid periods.

	For the six months ended		For the year ended		
	31 October		30 April		
	2019	2018	2019	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	83,865	141,120	248,289	223,407	171,449
Gross profit	14,383	22,624	39,854	38,367	27,018
Profit before taxation	4,615	14,310	23,410	29,259	5,223
Income tax	(592)	(3,215)	(4,339)	(5,174)	(3,574)
Profit after tax	4,023	11,095	19,071	24,085	1,649
Profit attributable to					
— Equity shareholders of the Company	4,023	11,095	19,071	24,085	1,649
— Non-controlling interests	—	—	—	—	—
Total comprehensive income for the year attributable to					
— Equity shareholders of the Company	4,023	11,095	19,071	24,085	1,649
— Non-controlling interests	—	—	—	—	—
Dividend	—	—	—	—	—
Earnings per share					
— Basic and Diluted	<u>0.50</u>	<u>1.39</u>	<u>2.38</u>	<u>3.01</u>	<u>0.31</u>

2. AUDITED ANNUAL FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the year ended 30 April 2017 (the “**2017 Financial Statements**”), 30 April 2018 (the “**2018 Financial Statements**”) and 30 April 2019 (the “**2019 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2017 Financial Statements are set out from page 41 to page 96 in the Annual Report 2017 of the Company, which was published on 28 July 2017. The Annual Report 2017 was posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.windmill.hk), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2017/0728/gln20170728053.pdf>

<http://www.windmill.hk/wp-content/uploads/2017/01/GLN20170728053.pdf>

The 2018 Financial Statements are set out from page 48 to page 108 in the Annual Report 2018 of the Company, which was published on 30 July 2018. The Annual Report 2018 was posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.windmill.hk), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0730/gln20180730013.pdf>

<http://www.windmill.hk/wp-content/uploads/2018/07/e-180113-Windmill-8409-ar-Ess.pdf>

The 2019 Financial Statements are set out from page 52 to page 122 in the Annual Report 2019 of the Company, which was published on 29 August 2019. The Annual Report 2019 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.windmill.hk), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0829/ltn20190829291.pdf>

http://www.windmill.hk/wp-content/uploads/2019/08/E_1850_AR2019.pdf

3. UNAUDITED INTERIM FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the unaudited condensed consolidated interim financial statements of the Company for the six months ended 31 October 2019 (the “**2019 Interim Financial Statements**”), together with the notes to the relevant accounts which are of major relevance to the appreciation of the above financial information.

The 2019 Interim Financial Statements are set out from page 4 to page 8 in the Interim Report 2019 of the Company, which was published on 24 January 2020. The Interim Report 2019 of the Company is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.windmill.hk), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0124/2020012400191.pdf>

http://www.windmill.hk/wp-content/uploads/2020/01/E_1850IR_190472zip.pdf

4. INDEBTEDNESS

As at the close of business on 31 December 2019, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

1. The Group had bank borrowings of approximately HK\$32,371,000 which were secured by pledged bank deposits of the Group.
2. The Group had contingent liabilities of approximately HK\$3,411,000 related to guarantees in respect of performance bonds in favor of its clients.
3. The Group had lease liabilities of approximately HK\$681,000 related to payable by the Group for certain of its office premise and warehouse

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 31 December 2019, the Group did not have any outstanding mortgages, charges, debenture, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorized or otherwise created but unissued), guarantees or other material contingent liabilities.

5. MATERIAL CHANGE

The Directors confirm that save and except for the following, there was no material change in the financial or trading position or outlook of the Group since 30 April 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. On 25 October 2019, Golden Chariot International Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an individual to acquire the entire equity interest of Greenleaf Enterprises Pte. Ltd. at a consideration of US\$1,100,000, details of which were stated in the Company's announcement published on 25 October 2019.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

a. Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
2,000,000,000 Shares of HK\$0.01 each	20,000,000.0
<i>Issued and fully paid:</i>	
800,000,000 Shares of HK\$0.01 each	8,000,000.0

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting. As at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or securities carrying conversion or subscription rights that would affect the issued share capital of the Company. No Shares have been issued since 30 April 2019, being the date to which the latest audited financial statements of the Company were made up.

b. Listing

The Shares are listed and traded on the Main Board. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

a. Interests of the Directors in the Shares or securities of the Company and associated corporations of the Company

As at the Latest Practicable Date, none of the Directors and their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

b. Interests of the Substantial Shareholders in the Shares or securities of the Company

Name of Substantial Shareholder	Nature of interest	Total number of Shares interested	Approximate percentage of the existing issued share capital of the Company (%)
Standard Dynamic Enterprises Limited (Note 1)	Beneficial Owner	512,334,002	64.04
Mr. Ma Ting Hung ("Mr. TH Ma") (Note 1)	Interests in controlled corporation	512,334,002	64.04
Smart Million (BVI) Limited ("Smart Million") (Note 2)	Beneficial Owner	119,965,998	15.00
Marvel Paramount Investments Limited ("Marvel Paramount") (Note 2)	Interests in controlled corporation	119,965,998	15.00
Mr. Ma Ting Wai Barry ("Mr. Barry Ma") (Note 3)	Interests in controlled corporation (Note 3)	119,965,998	15.00
Ms. Leung Wing Ci Winnie ("Ms. Leung") (Note 4)	Interest of spouse (Note 4)	119,965,998	15.00

Notes:

1. Standard Dynamic Enterprises Limited is wholly and beneficially owned by Mr. TH Ma. By virtue of the SFO, Mr. TH Ma is deemed to be interested in all the shares in which Standard Dynamic Enterprises Limited is interested or deemed to be interested under the SFO. Mr. TH Ma is also the sole director of Standard Dynamic Enterprises Limited.
2. Smart Million is 100% beneficially owned by Marvel Paramount which is deemed to be interested in the shares held by Smart Million under the SFO.
3. Marvel Paramount is wholly and beneficially owned by Mr. Barry Ma. By virtue of the SFO, Mr. Barry Ma is deemed to be interested in all the shares in which Marvel Paramount is interested or deemed to be interested under the SFO.
4. Ms. Leung is the spouse of Mr. Barry Ma. By virtue of the SFO, Ms. Leung is deemed to be interested in all the shares in which Mr. Barry Ma is interested or deemed to be interested under the SFO.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Takeovers Code.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY AND THE OFFEROR

- (a) During the Relevant Period, (i) save for the sale of the Sale Shares, none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company; and (ii) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any securities, convertible securities, warrants, options or derivatives in respect of the shares or securities of the Offeror.
- (b) No relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was owned or controlled or dealt with by a subsidiary of the Company or by a pension fund of members of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) during the Relevant Period.
- (c) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code during the Relevant Period.

- (d) No relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was managed on a discretionary basis or dealt with by any fund managers (other than exempt fund managers) connected with the Company during the Relevant Period.
- (e) Neither the Company nor the Directors had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

5. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Sale and Purchase Agreement, there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

6. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into, or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, the members of the Group had not entered into any material contracts (being a contract not entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) after the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date, which are or may be material:

- (a) Golden Chariot International Limited (“**Golden Chariot**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**SP Agreement**”) dated 25 October 2019 with an individual (the “**Vendor**”), pursuant to which Golden Chariot conditionally agreed to purchase, and the Vendor conditionally agreed to sell the entire equity interest of Greenleaf Enterprises Pte. Ltd. at a consideration of US\$1,100,000 (equivalent to approximately HK\$8,635,000). Please refer to the Company’s announcement dated 25 October 2019 for details.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation or claims of material importance is pending or threatened by or against the Company or any of its subsidiaries.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its report, opinion or advice which are contained in this Composite Document:

Name	Qualifications
Veda Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Veda Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter and references to its name, in the form and context in which they are included.

10. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business in Hong Kong of the Company is at Unit 1603, 16/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon.
- (c) The company secretary of the Company is Ms. HO Wing Yan, an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The registered office of Veda Capital, the Independent Financial Adviser, is at Suites 1001-1002, 10/F., 299 QRC, 299 Queen's Road Central, Hong Kong.
- (f) The English texts of this Composite Document and the Form of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Unit 1603, 16/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.windmill.hk) during the period from the date of this Composite Document onwards for as long as the Offer remains open for acceptance:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual report of the Company for the financial year ended 30 April 2017;
- (c) the annual report of the Company for the financial year ended 30 April 2018;
- (d) the annual report of the Company for the financial year ended 30 April 2019;
- (e) the interim report of the Company for the six months ended 31 October 2019;
- (f) the letter from the Board, the text of which is set out on pages 15 to 22 of this Composite Document;
- (g) the letter from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this Composite Document;
- (h) the letter from the Independent Financial Adviser, the text of which is set out on pages 25 to 44 of this Composite Document; and
- (i) the letter of consent referred to in the paragraph headed “9. QUALIFICATION AND CONSENT OF EXPERT” in this Appendix.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information (other than that relating to the Group, the Vendors and parties acting in concert with any of them) contained in this Composite Document and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions (other than those expressed by the Directors and directors of the Vendors) expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the Last Trading Day; (ii) the Latest Practicable Date; and (iii) the last Business Day of each of the calendar months during the Relevant Period:

Date	Closing Price per Share (HK\$)
30 August 2019	0.320
30 September 2019	0.345
31 October 2019	0.300
29 November 2019	0.290
31 December 2019	0.320
20 January 2020 (being the Last Trading Day)	0.280
31 January 2020	suspended
10 February 2020 (being the last Business Day immediately preceding the date of the Joint Announcement)	suspended
28 February 2020 (being the Latest Practicable Date)	0.280

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.370 per Share on 12 and 13 August 2019 and HK\$0.270 per Share on 23, 24, 25, 28 and 29 October 2019 respectively.

3. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

- (a) As at the Latest Practicable Date, save for (i) the Offeror's interest in 512,334,002 Shares; and (ii) Smart Million's interest in 119,965,998 Shares, none of the Offeror and the Offeror Concert Parties owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).
- (b) As at the Latest Practicable Date, none of the persons with whom the Offeror or any Offeror Concert Parties had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).
- (c) As at the Latest Practicable Date, none of the Offeror and the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

- (d) Save for (i) the Acquisitions; (ii) the transfer of 32,300,000 Shares by Mr. TH Ma to the Offeror immediately prior to the Acquisitions; and (iii) the entering into of the Share Charge and the Placing Agreement, none of the Offeror and the Offeror Concert Parties had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period.
- (e) Save for the Acquisitions and the entering into of the Share Charge and the Placing Agreement, none of the persons with whom the Offeror or any Offeror Concert Parties had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period.
- (f) No benefit (other than statutory compensation) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the Offer.
- (g) Save for the Acquisitions and the transfer of 32,300,000 Shares by Mr. TH Ma to the Offeror immediately prior to the Acquisitions, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any Offeror Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer.
- (h) Save for the Acquisitions, there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Offer.
- (i) Save for the Acquisitions, the Share Charge and the Placing Agreement, there is no arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror or any Offeror Concert Parties and any other person. There is also no arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between any associate of the Offeror and any other person.

4. EXPERTS' QUALIFICATIONS AND CONSENTS

In addition to the Company's expert listed in the paragraph headed "9. Qualification and Consent of Expert" in Appendix III, the following is the qualification of the experts who have given opinion or advice, which is contained in this Composite Document:

Name	Qualification
Altus Capital	a corporation licensed by the SFC to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Altus Investments	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the text of its letter, report or opinion, as the case may be, and references to its name in the form and context in which it respectively appears.

5. MISCELLANEOUS

- (a) The correspondence address of the Offeror and Mr. TH Ma is at Suite 1918, 19/F, Two Pacific Place, 88 Queensway, Hong Kong.
- (b) The correspondence address of Marvel Paramount, Smart Million and Mr. Barry Ma is at Suite 1918, 19/F, Two Pacific Place, 88 Queensway, Hong Kong. Mr. Barry Ma is the sole director of Marvel Paramount and Smart Million.
- (c) The correspondence address of Golden Page and Mr. Li is at Unit 1603, 16/F, Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. Mr. Li is the sole director of Golden Page.
- (d) The registered office of Altus Capital is situated at 21 Wing Wo Street, Central, Hong Kong.
- (e) The registered office of Altus Investments is situated at 21 Wing Wo Street, Central, Hong Kong
- (f) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over the Chinese texts thereof in the case of inconsistency.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (a) during normal business hours from 10:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the office of Messrs. Iu, Lai & Li, the legal advisers of the Offeror as to Hong Kong laws, at Rooms 2201, 2201A and 2202, 22nd Floor, Tower I, Admiralty Centre, No.18 Harcourt Road, Hong Kong; (b) on the website of the SFC (www.sfc.hk); and (c) on the website of the Company (www.windmill.hk) during the period from the date of this Composite Document up to and including the Closing Date:

- (i) the Memorandum and Articles of Association of the Offeror;
- (ii) the Facility Agreement;
- (iii) the letter from Altus Investments, the text of which is set out in this Composite Document; and
- (iv) the written consents from Altus Capital and Altus Investments, as referred to in the paragraph headed “4. Experts’ Qualifications and Consents” in this Appendix.