

WINDMILL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8409



Third Quarterly Report

2017/2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of WINDMILL Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FINANCIAL HIGHLIGHTS

For the nine months ended 31 January 2018, operating results of the Company and its subsidiaries (collectively referred to as the “Group”) were as follows:

- Revenue reached to approximately HK\$141.9 million (2017: HK\$115.4 million), representing an increase of 23.0% as compared with that of the corresponding period in 2017;
- Profit for the nine months ended 31 January 2018 amounted to approximately HK\$12.6 million (2017: HK\$2.6 million), representing an increase of 384.6% as compared with that of the corresponding period in 2017. The improvement was primarily attributable to no listing expenses were incurred during the nine months ended 31 January 2018 as compared with the amount of approximately HK\$9.1 million incurred in the corresponding period in 2017;
- Basic and diluted earnings per share for the nine months ended 31 January 2018 based on weighted average number of ordinary shares of 800,000,000 shares (2017: approximately 496,338,913 shares) in issue was 1.58 HK cent (2017: 0.52 HK cent); and
- The Directors have resolved not to declare an interim dividend for the nine months ended 31 January 2018 (2017: HK\$628,000).

**THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED
31 JANUARY 2018**

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 January 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the three and nine months ended 31 January 2018

	Notes	Three months ended 31 January		Nine months ended 31 January	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	3	50,645	57,494	141,894	115,356
Cost of sales		<u>(42,763)</u>	<u>(47,981)</u>	<u>(119,336)</u>	<u>(96,065)</u>
Gross profit		7,882	9,513	22,558	19,291
Other income		39	—	101	—
Administrative expenses		(1,598)	(4,837)	(7,093)	(14,299)
Finance costs		<u>(2)</u>	<u>(18)</u>	<u>(6)</u>	<u>(48)</u>
Profit before taxation		6,321	4,658	15,560	4,944
Income tax expense	4	<u>(1,113)</u>	<u>(1,227)</u>	<u>(2,935)</u>	<u>(2,372)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>5,208</u>	<u>3,431</u>	<u>12,625</u>	<u>2,572</u>
Earnings per share	5				
Basic and diluted (HK cent)		<u>0.65</u>	<u>0.57</u>	<u>1.58</u>	<u>0.52</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

For the nine months ended 31 January 2018

	Share capital	Share premium	Other reserve	Retained profits	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the nine months ended 31 January 2017					
At 1 May 2016 (audited)	2,148	—	—	17,649	19,797
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,572</u>	<u>2,572</u>
Dividend recognised as distribution	—	—	—	(628)	(628)
Issue of shares Arising from the reorganisation	8,000	—	—	—	8,000
	(10,148)	—	10,148	—	—
Issue of shares to the pre-IPO investor	—	12,000	—	—	12,000
At 31 January 2017 (unaudited)	<u>—</u>	<u>12,000</u>	<u>10,148</u>	<u>19,593</u>	<u>41,741</u>
For the nine months ended 31 January 2018					
At 1 May 2017 (audited)	8,000	50,585	10,148	18,670	87,403
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,625</u>	<u>12,625</u>
At 31 January 2018 (unaudited)	<u>8,000</u>	<u>50,585</u>	<u>10,148</u>	<u>31,295</u>	<u>100,028</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 January 2018

1. CORPORATE INFORMATION

The Company is an investment holding company while the principal subsidiary, Windmill Engineering Company Limited (“Windmill Engineering”), is mainly engaged in 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. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit 1603, 16/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong, respectively.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2016. Pursuant to the group reorganisation (the “Reorganisation”) to rationalise the structure of the Group in preparation of the listing of the Company’s shares on GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 31 March 2017 (the “Prospectus”) and Note 2 to the consolidated financial statements in the annual report of the Company for the year ended 30 April 2017.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which include Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants, and the applicable disclosures required by the GEM Listing Rules.

The accounting policies adopted in the preparation of the unaudited condensed consolidated information for the nine months ended 31 January 2018 are consistent with those adopted in the consolidated financial statements for the year ended 30 April 2017, except for the adoption of the new and revised HKFRSs, which are effective for the financial year beginning on or after 1 May 2017. The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. The unaudited condensed consolidated information for the nine months ended 31 January 2018 do not include all the information and disclosures required in the consolidated financial statements for the year ended 30 April 2017 and should be read in conjunction the consolidated financial statements for the year ended 30 April 2017.

The unaudited condensed consolidated financial information for the nine months ended 31 January 2018 have been prepared on the historical cost basis.

The unaudited condensed consolidated financial information for the nine months ended 31 January 2018 have are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Group.

3. REVENUE AND SEGMENT RESULTS

Revenue represent the amounts received and receivable arising on services provided and sales of goods in the normal course of business, net of discounts. An analysis of the Group's revenue for the period is as follows:

	Three months ended		Nine months ended	
	31 January		31 January	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from design, supply and installation services	42,995	47,721	116,574	92,078
Revenue from maintenance and repair services	7,484	9,727	25,050	23,126
Trading of fire service accessories	<u>166</u>	<u>46</u>	<u>270</u>	<u>152</u>
	<u>50,645</u>	<u>57,494</u>	<u>141,894</u>	<u>115,356</u>

Segment information

The Group's operating activities are attributable to a single operating segment focusing on the design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the directors of the Company, being chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance. The CODM monitors the revenue from the engagement in design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises with no discrete information available to the CODM. The CODM reviews the profit for the period of the Group as a whole for performance assessment.

Geographical information

The Group's revenue from external customers based on the location of the operation is derived solely in Hong Kong (place of domicile). Non-current assets of the Group based on the location of assets are all located in Hong Kong. Accordingly, no segment analysis by geographical information is presented.

4. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the three months and nine months ended 31 January 2018 and 2017.

Pursuant to the rules and regulation of the BVI and the Cayman Island, the Group is not subject to any income tax in these jurisdictions.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a registered fire service installation contractor, qualified to undertake works in respect of the installation, maintenance, repair or inspection of fire safety systems in Hong Kong. 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.

Our services mainly include (i) design, supply and installation of fire safety systems for building under construction or re-development (referred to as “installation services”); (ii) maintenance and repair of fire safety systems for built premises (referred to as “maintenance services”); and (iii) trading of fire service accessories including branded fire services equipment under a distributorship agreement with an internationally branded fire service equipment supplier (referred to as “others”).

According to an independent market research report prepared by CIC, it is expected that the total revenue of Hong Kong fire safety industry will reach HK\$15,423.7 million in 2020, with a compound annual growth rate of 11.9% from 2015 to 2020. For details, please refer to the section headed “Industry Overview” in the Prospectus.

In light of growing business opportunities, the Group intends to further expand and increase its capacity in providing our services. To achieve this, the Group will continue to identify suitable business opportunities with potential customers and the Group has also committed to undertake new installation and maintenance projects.

FINANCIAL REVIEW

Revenue

The Group’s revenue for the nine months ended 31 January 2018 recorded amounted to approximately HK\$141.9 million which represented an increase of approximately HK\$26.5 million or 23.0% from approximately HK\$115.4 million for the nine months ended 31 January 2017. The increase in total revenue was mainly due to an increase from installation services and maintenance services amounted to approximately HK\$24.5 million and HK\$2.0 million respectively.

Revenue

Analysis of revenue is as follows:

	Nine months ended 31 January			
	2018		2017	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Installation services	116,574	82.2	92,078	79.8
Maintenance services	<u>25,050</u>	<u>17.6</u>	<u>23,126</u>	<u>20.1</u>
	141,624	99.8	115,204	99.9
Others	<u>270</u>	<u>0.2</u>	<u>152</u>	<u>0.1</u>
Total	<u>141,894</u>	<u>100</u>	<u>115,356</u>	<u>100</u>

Installation services

Revenue increased by approximately 26.6% from approximately HK\$92.1 million for the nine months ended 31 January 2017 to approximately HK\$116.6 million for the nine months ended 31 January 2018. The increase by approximately HK\$24.5 million was mainly due to the increase in the number of sizable projects during the nine months ended 31 January 2018 as compared to the corresponding period of the previous year.

Maintenance services

Revenue increased by approximately 8.7% from approximately HK\$23.1 million for the nine months ended 31 January 2017 to approximately HK\$25.1 million for the nine months ended 31 January 2018. The increase by approximately HK\$2.0 million was mainly due to increase in revenue from repair and maintenance to fire safety system of the premises of various Government departments during the nine months ended 31 January 2018 as compared to the corresponding period of the previous year.

Others

For the nine months ended 31 January 2018, revenue recorded amounted to approximately HK\$270,000 (2017: HK\$152,000).

Cost of sales

Our cost of sales increased by approximately 24.1% from approximately HK\$96.1 million for the nine months ended 31 January 2017 to approximately HK\$119.3 million for the nine months ended 31 January 2018. The increase was mainly attributed to the increase in subcontracting costs resulting from more projects undertaken by our Group during the nine months ended 31 January 2018.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$3.3 million or 17.1% from approximately HK\$19.3 million for the nine months ended 31 January 2017 to approximately HK\$22.6 million for the nine months ended 31 January 2018. During the nine months ended 31 January 2018, the gross profit margin was approximately 15.9% (2017: 16.7%).

Other income

The Group recorded other income of approximately HK\$101,000 for the nine months ended 31 January 2018 (2017: HK\$Nil).

Administrative expenses

Administrative expenses mainly represented the salaries and benefits of the administrative and management staff, rental expenses, insurance, legal and professional fees, depreciation of plant and equipment and other miscellaneous administrative expenses. Our administrative expenses decreased by approximately HK\$7.2 million or 50.3% from approximately HK\$14.3 million for the nine months ended 31 January 2017 to approximately HK\$7.1 million for the nine months ended 31 January 2018. The decrease was attributable to the non-recurring listing expenses for the nine months ended 31 January 2017.

Finance costs

Our finance costs decreased by approximately 87.5% from approximately HK\$48,000 for the nine months ended 31 January 2017 to approximately HK\$6,000 for the nine months ended 31 January 2018. The decrease was primarily attributed by our decreased level of bank borrowing.

Income tax expense

Our income tax expense increased by approximately 20.8% from approximately HK\$2.4 million for the nine months ended 31 January 2017 to approximately HK\$2.9 million for the nine months ended 31 January 2018. The increase was primarily attributed to the increase in taxable profits.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit attributable to owners of the Company increased from approximately HK\$2.6 million for the nine months ended 31 January 2017 to approximately HK\$12.6 million for the nine months ended 31 January 2018.

EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code set out in Appendix 15 to the GEM Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made with all Directors, all Directors declared that they have complied with the required standard of dealings as set out in the Model Code throughout the nine months ended 31 January 2018.

DIVIDEND

The Board has resolved not to declare an interim dividend for the nine months ended 31 January 2018 (2017: HK\$628,000).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 January 2018, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules as follows:

(i) The Company

Name of Director	Capacity/ Nature of Interest	Long/Short position	Number of shares held	Approximate percentage of shareholding in the Company
Mr. Li Shing Kuen Alexander ("Mr. Li") <i>(Note)</i>	Interests in controlled corporation	Long position	420,060,000	52.51%

(ii) Associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Long/Short position	Number of shares held	Approximate percentage of shareholding in the associated corporation
Mr. Li	Golden Page Investments Limited (<i>Note</i>)	Beneficial owner	Long position	3	100%

Note: The entire issued share capital of Golden Page Investments Limited (“Golden Page”) is wholly and beneficially owned by Mr. Li who is deemed to be interested in 420,060,000 shares held by Golden Page under the SFO.

Save as disclosed above, as at 31 January 2018, none of the Directors or chief executive of the Company had or was deemed to have 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 were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS’ RIGHT TO ACQUIRE SHARES

At no time during the nine months ended 31 January 2018 was the Company, or its holding company, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures, of the Company or its associated corporations (with the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 January 2018, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules on the Stock Exchange:

Name of Shareholder	Capacity/ Nature of interest	Long/ Short position	Number of shares held	Approximate percentage of shareholding in the Company
Golden Page (<i>Note 1</i>)	Beneficial Owner	Long position	420,060,000	52.51%
Smart Million (BVI) Limited ("Smart Million")	Beneficial Owner	Long position	179,940,000	22.49%
Marvel Paramount Investments Limited ("Marvel Paramount") (<i>Note 2</i>)	Interests in controlled corporation	Long position	179,940,000	22.49%
Mr. Ma Ting Wai Barry ("Mr Ma")	Interests in controlled corporation (<i>Note 3</i>)	Long position	179,940,000	22.49%
Ms. Leung Wing Ci Winnie ("Ms. Leung")	Interests of spouse (<i>Note 4</i>)	Long position	179,940,000	22.49%

Notes:

1. The entire issued share capital of Golden Page is wholly and beneficially owned by Mr. Li who is deemed to be interested in the shares held by Golden Page under the SFO.
2. Smart Million is 66.67% beneficially owned by Marvel Paramount. By virtue of the SFO, Marvel Paramount is deemed to be interested in all such shares held by Smart Million.
3. Marvel Paramount is wholly and beneficially owned by Mr. Ma. By virtue of the SFO, Mr. 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. Ma. By virtue of the SFO, Ms. Leung is deemed to be interested in all the shares in which Mr. Ma is interested or deemed to be interested under the SFO.

Save as disclosed above, as 31 January 2018, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company, any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director and a connected entity of a Director had a material interest, subsisted at the end of the year or at any time during the nine months ended 31 January 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 January 2018.

SHARE OPTION SCHEME

The Company conditionally adopted a Share Option Scheme on 27 March 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. Further details of the Share Option Scheme are set in the paragraph headed "Share Option Scheme" under the section headed "Statutory and General Information" of the Prospectus.

For the nine months ended 31 January 2018, no share option was granted, exercised, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme.

INTERESTS OF THE COMPLIANCE ADVISOR

As confirmed by the Group's compliance advisor, Dakin Capital Limited (the "Compliance Advisor"), save as the compliance advisor agreement entered into between the Company and the Compliance Advisor, none of the Compliance Advisor or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the nine months ended 31 January 2018 except code provision A.2.1.

Deviation from code provision of the CG Code

Code provision A.2.1 of the CG Code states that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li is the chairman of the Board and the chief executive officer of the Company. Given that Mr. Li has been leading the operations and management of our Group since 1985 when the Group was founded by him and taking into consideration the current scale of operations and management structure, the Board believes that it is more appropriate to have Mr. Li performing both functions of the chief executive officer of the Company and leader of the Board for more efficient management and strategic planning of the Group. Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in the circumstances and currently does not propose to separate the functions of chairman and chief executive officer of the Company.

AUDIT COMMITTEE

The Company has established its audit committee (the “Audit Committee”) on 27 March 2017 with terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to, without limitation, to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee has three members comprising the Company’s three independent non-executive Directors, namely Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis. The chairman of the Audit Committee is Mr. Pun Kin Wa. The unaudited condensed consolidated results of the Group for the nine months ended 31 January 2018 have not been audited by the auditor of the Company but have been reviewed by the Audit Committee.

By order of the Board
WINDMILL Group Limited
Mr. Li Shing Kuen Alexander
Chairman and chief executive officer

Hong Kong, 12 March 2018

As at the date of this report, the executive Directors are Mr. Li Shing Kuen Alexander and Mr. Poon Kwok Kay; the non-executive Director is Mr. Cheung Wai Hung; and the independent non-executive Directors are Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis.

This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting. This report will also be published on the website of the Company at www.windmill.hk.

This report is prepared in both English and Chinese. In the event of inconsistency, the English text of the report shall prevail over the Chinese text.