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WINDMILL GROUP LIMITED
(海鑫集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1850)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 30 APRIL 2021

FINANCIAL HIGHLIGHTS

For the year ended 30 April 2021, operating results of WINDMILL Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) were as follows:

- Revenue reached to approximately HK\$197.6 million (2020: approximately HK\$152.9 million), representing an increase of approximately 29.2% from last year;
- Profit for the year was approximately HK\$4.9 million (2020: Loss of approximately HK\$20.7 million). It was mainly due to the combined effects of an increase in gross profit, an increase in other income and a decrease in administrative expenses during the year;
- Basic and diluted loss per share for the year based on weighted average number of ordinary shares of 800,000,000 shares (2020: 800,000,000 shares) in issue was 0.61 HK cents (2020: loss 2.58 HK cents); and
- The Directors do not recommend the payment of a final dividend for the year ended 30 April 2021 (2020: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2021

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the audited condensed consolidated results of the Group for the year ended 30 April 2021 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	197,598	152,851
Cost of sales		<u>(170,144)</u>	<u>(143,100)</u>
Gross profit		27,454	9,751
Other income		3,825	490
Impairment loss on trade receivables		(7,168)	(12,832)
Impairment loss on intangible asset		(2,641)	–
Administrative expenses		(15,234)	(18,258)
Other gain/(loss)		926	(1,698)
Finance costs		<u>(1,156)</u>	<u>(1,249)</u>
Profits/(loss) before taxation		6,006	(23,796)
Income tax (expense)/credit	6	<u>(1,119)</u>	<u>3,143</u>
Profit/(loss) and total comprehensive income/ (expense) for the year attributable to owners of the Company		<u>4,887</u>	<u>(20,653)</u>
Earnings/(loss) per share			
Basic and diluted (HK cents)	8	<u>0.61</u>	<u>(2.58)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Plant and equipment		947	759
Intangible assets		1,185	152
Right-of-use assets		1,263	244
Deferred tax asset		2,374	3,544
Deposits		380	4,395
		<u>6,149</u>	<u>9,094</u>
Current assets			
Trade receivables	10	33,966	41,296
Contract assets		59,400	76,120
Deposits, prepayments and other receivables		8,598	4,972
Tax recoverable		381	330
Financial assets at fair value through profit or loss		–	14,053
Pledged bank deposits		21,097	5,066
Bank balances and cash		51,223	44,880
		<u>174,665</u>	<u>186,717</u>
Current liabilities			
Trade and retention payables	11	31,020	31,174
Contract liabilities		658	–
Accruals and other payables		1,979	3,242
Lease liabilities		1,131	231
Bank borrowings		31,137	51,175
		<u>65,925</u>	<u>85,822</u>

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Net current assets		<u>108,740</u>	<u>100,895</u>
Total assets less current liabilities		<u>114,889</u>	<u>109,989</u>
Non-current liabilities			
Long service payment obligations		–	83
Lease liabilities		<u>96</u>	<u>–</u>
		<u>96</u>	<u>83</u>
Net assets		<u>114,793</u>	<u>109,906</u>
Capital and reserves			
Share capital	12	8,000	8,000
Reserves		<u>106,793</u>	<u>101,906</u>
Total equity		<u>114,793</u>	<u>109,906</u>

NOTES TO THE AUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the year ended 30 April 2021

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 August 2016. Its ultimate holding company and immediate holding company is Standard Dynamic Enterprises Limited, which is incorporated in the British Virgin Islands (the “BVI”). The shares of the Company were listed on Main Board of The Stock Exchange of Hong Kong (the “Stock Exchange”) on 14 February 2019.

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 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 consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“HKFRSs”) and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning 1 May 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. In particular, the Group has elected to apply the concentration test to an acquisition during the year and concluded that such acquisition is not accounted for as a business.

Amendments to HKAS 1 and HKAS 8, Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The application of these amendments in the current year had no impact on the consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ⁵
Amendments to HKFRS 3	Reference to Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	COVID-19-Related Rent Concessions ¹
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non- current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use ⁴
Amendments to HKAS 37	Onerous contracts – Cost of Fulfilling a Contract ⁴
Amendment to HKFRSs	Annual improvement to HKFRSs 2018-2020 cycle ⁴

¹ Effective for annual periods beginning on or after 1 June 2020.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after 1 April 2021.

⁴ Effective for annual periods beginning on or after 1 January 2022.

⁵ Effective for annual periods beginning on or after 1 January 2023.

⁶ Effective for annual periods beginning on or after a date to be determined.

The directors of the Group anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include all applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on historical basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimate using another valuation technique.

4. REVENUE

Revenue represents the revenue arising on services provided and sales of goods in the normal course of business. An analysis of the Group's revenue for the year is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines:		
Revenue from design, supply and installation services	175,399	132,894
Revenue from maintenance and repair services	22,071	19,711
Trading of fire service accessories	128	246
	<u>197,598</u>	<u>152,851</u>

Disaggregation of revenue by timing of recognition:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	128	246
Over time	197,470	152,605
	<u>197,598</u>	<u>152,851</u>

Transaction price allocated to the remaining performance obligations

As at 30 April 2021, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$664,331,000 (2020: HK\$477,144,000). The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 12-36 months.

5. 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 executive directors of the Company, being the 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 year 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 analysis by geographical information is presented.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	61,004	N/A*
Customer B	N/A*	50,267
Customer C	N/A*	19,366
Customer D	N/A*	16,690

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. INCOME TAX EXPENSE/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	–
(Over)/under provision in prior years:		
Hong Kong Profits Tax	(51)	430
Deferred taxation	<u>1,170</u>	<u>(3,573)</u>
	<u><u>1,119</u></u>	<u><u>(3,143)</u></u>

No tax is payable on the profit for the year ended 30 April 2021 arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. No Hong Kong Profits Tax has been provided since no assessable profits have been generated during the year ended 30 April 2020.

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

7. PROFIT/(LOSS) FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	4,531	7,849
Other staff:		
– Salaries, allowances and other benefits	23,899	20,181
– Contributions to the Mandatory Provident Fund Scheme	789	711
– (Reversal of)/provision for long service payments	<u>(83)</u>	<u>14</u>
Total staff costs	<u>29,136</u>	<u>28,755</u>
Auditor's remuneration	530	530
Amount of inventories recognized as expenses	31,038	38,389
Amortisation of intangible assets	641	43
Depreciation of plant and equipment	326	278
(Gain)/loss on disposal on plant and equipment	(5)	19
Depreciation of right-of-use assets	<u>1,216</u>	<u>1,316</u>

8. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>4,887</u>	<u>(20,653)</u>
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>800,000</u>	<u>800,000</u>

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 April 2021 and 2020.

9. DIVIDEND

No dividend has been paid or proposed by the Company during the years ended 30 April 2020 and 2021, nor has any dividend been proposed since the end of the reporting period.

10. TRADE RECEIVABLES

	30 April 2021 <i>HK\$'000</i>	30 April 2020 <i>HK\$'000</i>
Trade receivables	53,966	54,128
Less: impairment loss	(20,000)	(12,832)
	33,966	41,296

The Group generally allows a credit period of 30-60 days (2020: 30-60 days) to its customers. The following is an ageing analysis of trade receivables, net of impairment, presented based on the date of progress certificates or completion certificates and invoice date which approximates the respective revenue recognition dates, at the end of the reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	18,570	25,347
31 to 60 days	745	2,198
61 to 90 days	122	31
91 to 180 days	14,429	876
181 to 365 days	66	5,011
Over 1 year	34	7,833
	33,966	41,296

11. TRADE AND RETENTION PAYABLES

	30 April 2021 <i>HK\$'000</i>	30 April 2020 <i>HK\$'000</i>
Trade payables	15,725	22,134
Retention payables (<i>note</i>)	15,295	9,040
	31,020	31,174

Note: Except for the amount of approximately HK\$6,271,000 (2020: HK\$3,221,000) as at 30 April 2021, which was expected to be paid or settled after one year, all of the remaining balances are expected to be paid or settled within one year. Retention payables are included in current liabilities as the Group expects to pay or settle within its normal operating cycle.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	14,471	17,872
31 to 60 days	735	2,643
61 to 90 days	55	7
91 to 180 days	2	678
Over 180 days	462	934
	<u>15,725</u>	<u>22,134</u>

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by suppliers and subcontractors were stipulated in the relevant contracts and the payables were usually due for the settlement within 30-60 days (2020: 30-60 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time-frame.

12. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 May 2019, 30 April 2020, 1 May 2020 and 30 April 2021	<u>800,000,000</u>	<u>8,000</u>

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”).

It is still in a challenging year for Windmill Group Limited (the “Company”, together with its subsidiaries the “Group”) due to the outbreak and rapid spread of “COVID-19”.

Having said that, we will continue to explore the opportunities to further expand and increase its capacity in providing our services by identifying suitable business opportunities with potential customers and the Group has also committed to undertake new installation and maintenance projects.

In addition, the Group will also continually seek potential opportunities to expand and develop our business further to other overseas markets by seeking strategic and financial partners which can potentially assist the Group in various aspects to achieve this goal.

As the Group has successfully been listed in the Main Board of the Stock Exchange in last year, our brand name awareness has been further enhanced. The Group may leverage this to explore other new attractive business opportunities outside Hong Kong which may be value-enhancing to the Group and its shareholders. Furthermore, the Group will also continue to look at opportunities to strengthen our investor and shareholder base to support our Group’s business and expansion plans.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 April 2021 recorded amounted to approximately HK\$197.6 million which represented an increase of approximately HK\$44.7 million or 29.3% from approximately HK\$152.9 million for the year ended 30 April 2020. The increase in total revenue was mainly due to the combined effects of an increase from (i) installation services amounted to approximately HK\$175.4 million and (ii) maintenance services amounted to approximately HK\$22.1 million respectively.

Revenue

Analysis of revenue is as follows:

	Year ended 30 April			
	2021		2020	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Installation services	175,399	88.77	132,894	86.94
Maintenance services	22,071	11.17	19,711	12.90
	197,470	99.94	152,605	99.84
Others	128	0.06	246	0.16
Total	197,598	100	152,851	100.00

Installation services

Revenue increased by approximately 32.0% from approximately HK\$132.9 million for the year ended 30 April 2020 to approximately HK\$175.4 million for the year ended 30 April 2021. The increase by approximately HK\$42.5 million was mainly due to gradually reached out the progress of the ongoing installation projects during the year.

Maintenance services

Revenue increased by approximately 12.2% from approximately HK\$19.7 million for the year ended 30 April 2020 to approximately HK\$22.1 million for the year ended 30 April 2021. The increase by approximately HK\$2.4 million was mainly due to an increase in revenue from repair and maintenance to the safety system of the premises of various government departments during the year ended 30 April 2021 as comprised to the corresponding year.

Others

For the year ended 30 April 2021, revenue recorded amounted to approximately HK\$0.1 million (2020: HK\$0.2 million).

Cost of sales

Our cost of sales increased by approximately 18.9% from approximately HK\$143.1 million for the year ended 30 April 2020 to approximately HK\$170.1 million for the year ended 30 April 2021. The increase was mainly attributed to the increase in subcontracting costs, direct labour and materials cost which were in line with more revenue recognised by the Group during the year ended 30 April 2021.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$17.7 million or 180.6% from approximately HK\$9.8 million for the year ended 30 April 2020 to approximately HK\$27.5 million for the year ended 30 April 2021. The increase was in line with the increase in revenue. Our gross profit margin has been increased to 13.9%. It is because of a significant delay in major ongoing projects with an inevitable running costs incurred during the year due to an extremely challenging operational environment arose from a social unrest in Hong Kong as well as the outbreak and rapid spread of “COVID-19”.

Other income

The Group recorded other income of approximately HK\$3.8 million for the year ended 30 April 2021 (2020: approximately HK\$0.49 million). The increase was mainly due to an “Anti-epidemic Fund” of the “Employment Support Scheme” launched by the HKSAR Government with approximately HK\$2.8 million during the year.

Impairment loss on trade receivables

The Group's one of the customers has a significant outstanding trade receivables balance due to the Group with gross carrying amount of HK\$20 million as at 30 April 2021 was assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. As at 30 April 2021, net of an impairment allowance of HK\$7.2 million was made on the receivables due from that customer.

Impairment loss on an intangible asset

An impairment loss of approximately HK\$2.6 million has been recognised in respect of suppliers relationship, which will be used in the Group's health supplements products business. The recoverable amount of the relevant asset has been determined on the basis of its value-in-use. It is determined that suppliers relationship were impaired, due to the amount of value-in-use lower than its carrying value.

Administrative expenses

Our administrative expenses decreased by approximately HK\$3.1 million or 16.9% from approximately HK\$18.3 million for the year ended 30 April 2020 to approximately HK\$15.2 million for the year ended 30 April 2021.

Other gain/(loss)

Other gain was approximately HK\$0.9 million for the year and 30 April 2021 which was arose from the disposal of the financial assets at fair value through profit or loss during the year.

Finance costs

Our finance costs decreased by approximately 7.4% from approximately HK\$1.2 million for the year ended 30 April 2020 to approximately HK\$1.1 million for the year ended 30 April 2021. The decrease was primarily attributed to the decrease in drawdown of bank borrowings for normal operation during the year.

Income tax (expense)/credit

Our income tax expense was changed from income tax credit of approximately HK\$3.1 million for the year ended 30 April 2020 to approximately income tax expense of HK\$1.1 million for the year ended 30 April 2021. The increase was primarily attributed to the net profits results for the year ended 30 April 2021.

Profit/loss and total comprehensive income/expense for the year attributable to owners of the Company

Profit/loss and total comprehensive income/expense for the year attributable to owners of the Company was approximately HK\$4.9 million for the year ended 30 April 2021.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 30 April	
	2021	2020
Current ratio	2.6	2.2
Gearing ratio*	28.2%	46.8%

* Calculated based on total debts at the end of the year divided by total equity at the end of the year. Total debts are defined to include bank borrowings.

The current ratio of the Group as at 30 April 2021 was 2.6 times as compared to that of 2.2 times as at 30 April 2020. The increase in current ratio was mainly due to decrease in bank borrowings and increase in bank balances and cash and pledged bank deposits. The gearing ratio of the Group as at 30 April 2021 was 28.2% as compared to that of 46.8% as at 30 April 2020. Such increase was primarily due to increase in bank borrowings during the year ended 30 April 2021.

The Group's finance department closely monitors the Group's cash flow position to ensure the Group has sufficient working capital available to meet the operational needs. The finance department takes into account the trade receivables, trade payables, cash on hand, bank borrowings, administrative and capital expenditures to prepare the cash flow forecast to forecast the Group's future financial liquidity.

The Group generally finance its operations through a combination of owner's equity, internally generated cash flows net proceeds from the share offer of the Company's shares in listing, other reserve and bank borrowings from the international banks, other reserve and bank borrowing.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 April 2021 (2020: nil).

PLEDGE OF ASSETS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OF LOSS

As at 30 April 2021, the Group pledged its bank deposit to a bank of HK\$21.1 million as collaterals to secure bank facilities granted to the Group. Save for the above disclosed, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 30 April 2021, performance bonds of approximately HK\$5.5 million (2020: approximately HK\$3.8 million), were given by the bank in favour of some of our customers as security for the due performance and observance of our obligations under the contracts entered into between us and our customers. If our Group fails to provide satisfactory performance to our customers to whom performance bonds have been given, such customers may demand the bank to pay to them the sum or sums stipulated in such demand. Our Group will then become liable to compensate such bank accordingly. The performance bonds will be released upon completion of the contract work. The performance bonds were granted under the banking facilities. As at 30 April 2021, in the opinion of the Directors, it was not probable that a claim would be made against our Group under the guarantees, and hence no provision for such guarantees was made in respect of the aforesaid performance bonds.

EVENT AFTER THE REPORTING PERIOD

On 28 June 2021, Standard Dynamic Enterprises Limited (the “Selling Shareholder”), the controlling shareholder (as defined under the Listing Rules) of the Company entered into a memorandum of understanding (the “MOU”) with two individuals (the “Potential Purchasers”, a term which shall include their respective nominees), regarding the possible sale and purchase of 480,034,002 shares in the issued share capital of the Company, representing 60.00% of the total issued shares of the Company as at the date of this announcement. The MOU sets forth the understanding between the Selling Shareholder and the Potential Purchasers (collectively, the “Parties”) and certain preliminary terms in relation to the Possible Share Disposal. For further details of the Disposal, please refer to the Company’s announcement dated 28 June 2021.

Saved as disclosed in this announcement, there were no important events after the Reporting Period and up to the date of this announcement.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Discloseable Transactions

On 20 February 2020, the Company entered into a subscription agreement with The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) pursuant to which the Company agreed to subscribe for an investment fund (AB American Income Portfolio (Fund Code: U62381)) (the “Portfolio”) from HSBC for an aggregate amount of HK\$16,000,000 with no fixed term, which was financed by the temporary idle internal funds of the Company. Details of the subscription of an investment fund has been set out in the announcement of the Company dated 30 July 2020.

On 25 September 2020, the Company redeemed the interest in the Portfolio. HSBC paid the Company at a total amount of approximately HK\$14,979,000, which represents the latest available net asset value attributable to the Portfolio invested by the Company. Subject to the fulfillment of the conditions precedent, completion of the above mentioned redemption took place on 25 September 2020. Details of the redemption of an investment fund has been set out in the announcement of the Company dated 25 September 2020.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the above mentioned transactions exceeded 5% but were below 25%, the transactions constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

During the year, the Group completed the acquisition of the entire equity interests in Greenleaf Enterprises Pte. Ltd. (“Greenleaf”).

Save as disclosed herein, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 30 April 2021.

CAPITAL STRUCTURE

The Group’s shares were successfully listed on GEM on the Listing Date and have been transferred from GEM to the Main Board of the Stock Exchange on 14 February 2019. There has been no change in the capital structure of the Group since that Listing Date. The capital of the Group only comprises of bank borrowings, net of bank balances and cash, issued share capital and reserves.

SIGNIFICANT INVESTMENTS

As at 30 April 2021, there was no significant investment held by the Group (2020: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently does not have any future plans for material investments or capital assets.

FOREIGN CURRENCY EXPOSURE

During the year ended 30 April 2021, the Group’s monetary assets and transactions were mainly denominated in HK\$. The Group’s exposure to exchange rate fluctuation was not significant and therefore the Group currently does not have a foreign currency hedging policy.

EMPLOYEES AND EMOLUMENT POLICY

The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to employees have contributed to build good staff relations and retention. The Group continues to provide training for new staff and existing staff to enhance their technical knowledge. The Directors believe such initiatives have contributed to increasing productivity and efficiency.

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability and the staff performance, the Group may also provide a discretionary bonus to employees as an incentive for their contributions to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company adopted the share option scheme (the "Share Option Scheme") to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

As at 30 April 2021, the Group employed 54 employees, the total staff costs amounted to approximately HK\$29.1 million (2020: HK\$28.8 million). The Company maintains the Share Option Scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this announcement, no option has been granted under the Share Option Scheme.

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 year ended 30 April 2021.

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 14 of the Listing Rules during the year ended 30 April 2021 except the code provision A.2.1.

Deviation from code provision of the CG Code

The 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 Shing Kuen Alexander (“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 the Group since 1985 when the Group was founded by him and taking into consideration our 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 and leader of the Board for more efficient management and strategic planning of the Group. Therefore, the Board considers that the deviation from the 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.

Further information on the Company’s corporate governance practices will be set out in the Corporate Governance Report contained in the Company’s annual report for the year ended 30 April 2021, which will be dispatched to the shareholders of the Company in due course.

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 10 to the 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 the Model Code. 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 year ended 30 April 2021.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2021 (2020: Nil).

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

As at 30 April 2021, 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 Model Code as set out in Appendix 10 to the 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. Ma Ting Wai Barry ("Mr. Ma") (Note)	Interests in controlled corporation	Long position	119,965,998	15.00%

(ii) Associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Long/Short position	Approximate percentage of shareholding in the associated corporation
Mr. Ma	Smart Million (BVI) Limited ("Smart Million") (Note)	Beneficial owner	Long position	100%

Note: Smart Million is 100% beneficially owned by Marvel Paramount who is deemed to be interested in the shares held by Smart Million under the SFO. 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.

Save as disclosed above, as at 30 April 2021, 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 Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the year ended 30 April 2021 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 AND UNDERLYING SHARES

As at 30 April 2021, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the shares and underlying shares 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.

Name of Shareholder	Capacity/ Nature of interest	Long/Short position	Number of shares held	Approximate percentage of shareholding in the Company
Standard Dynamic Enterprises Limited (<i>Note 1</i>)	Beneficial Owner	Long position	480,034,002	60.00%
Mr. Ma Ting Hung (<i>Note 2</i>)	Interests in controlled corporation	Long position	480,034,002	60.00%
Smart Million (BVI) Limited ("Smart Million") (<i>Note 3</i>)	Beneficial Owner	Long position	119,965,998	15.00%
Ms. Leung Wing Ci Winnie ("Ms. Leung")	Interests of spouse (<i>Note 5</i>)	Long position	119,965,998	15.00%

Notes:

1. The entire issued share capital of Standard Dynamic Enterprises Limited is wholly and beneficially owned by Mr. Ma Ting Hung who is deemed to be interested in the shares held by Standard Dynamic Enterprises Limited.
2. Standard Dynamic Enterprises Limited is wholly and beneficially owned by Mr. Ma Ting Hung.
3. Smart Million is wholly and beneficially owned by Mr. Ma.
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 at 30 April 2021, 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 and underlying shares 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 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 year ended 30 April 2021.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 27 March 2017. The Share Option Scheme will remain effective following the Transfer of Listing. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Main Board 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 year ended 30 April 2021, no share option was granted, exercised, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 22 October 2021 to Friday, 29 October 2021, both days inclusive, during the period no transfer of shares will be registered. The holders of shares whose names appear on the register of members of the Company on Friday, 29 October 2021 will be entitled to attend and vote at the annual general meeting of the Company (the "AGM"). In order to determine the entitlement to attend and vote at the forthcoming AGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 21 October 2021.

AUDIT COMMITTEE

The Company has established its audit committee (the “Audit Committee”) on 27 March 2017 with terms of reference in compliance with the Listing Rules and CG Code as set out in Appendix 14 to the 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 four members comprising the Company’s three independent non-executive Directors and one non-executive Director, namely Mr. Pun Kin Wa, Mr. Tsang Man Bui, Mr. Lee Kwok Tung Louis and Mr. Chan Ming Fai. The chairman of the Audit Committee is Mr. Pun Kin Wa. The Audit Committee has reviewed the consolidated results of the Group for the year ended 30 April 2021.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 April 2021 as set out in this annual results announcement have been agreed by the Company’s auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.windmill.hk). The annual report of the Company for the year ended 30 April 2021 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

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

Hong Kong, 29 July 2021

As at the date of this announcement, the executive Directors are Mr. Li Shing Kuen Alexander and Mr. Ma Ting Wai Barry; the non-executive Director is Mr. Chan Ming Fai; and the independent non-executive Directors are Mr. Pun Kin Wa, Mr. Tsang Man Bui and Mr. Lee Kwok Tung Louis.