

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 announcement.*

## **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 2022**

#### **FINANCIAL HIGHLIGHTS**

For the year ended 30 April 2022, 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\$231.3 million (2021: approximately HK\$197.6 million), representing an increase of approximately 17.0% from last year;
- Loss for the year was approximately HK\$7.0 million (2021: profit of approximately HK\$4.9 million). It was mainly due to the combined effects of a decrease in gross profit, a decrease in other income and an increase in administrative expenses during the year;
- Basic and diluted loss per share for the year based on weighted average number of ordinary shares of 803,945,000 shares (2021: 800,000,000 shares) in issue was 0.87 HK cents (2021: earnings per share of 0.61 HK cents); and
- The Directors do not recommend the payment of a final dividend for the year ended 30 April 2022 (2021: Nil).

## ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2022

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 2022 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 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>231,259</b>	197,598
Cost of sales		<u>(207,031)</u>	<u>(170,144)</u>
Gross profit		<b>24,228</b>	27,454
Other income		7	3,239
Other gain and loss		(243)	1,512
Impairment loss under expected credit loss on trade receivables and contract assets, net		(2,385)	(7,168)
Impairment loss on intangible asset		(236)	(2,641)
Administrative expenses		(27,795)	(15,234)
Finance costs		<u>(515)</u>	<u>(1,156)</u>
<b>(Loss)/profit before taxation</b>		<b>(6,939)</b>	6,006
Income tax expense	6	<u>(53)</u>	<u>(1,119)</u>
<b>(Loss)/profit and total comprehensive (expense)/income for the year attributable to owners of the Company</b>	7	<u><b>(6,992)</b></u>	<u>4,887</u>
<b>(Loss)/earnings per share</b>			
Basic and diluted (HK cents)	8	<u><b>(0.87)</b></u>	<u>0.61</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 April 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Plant and equipment		1,408	947
Intangible assets		22	1,185
Right-of-use assets		97	1,263
Deferred tax asset		2,321	2,374
Deposits		–	380
		<b>3,848</b>	6,149
<b>Current assets</b>			
Trade receivables	10	19,464	33,966
Contract assets		77,910	59,400
Deposits, prepayments and other receivables		9,204	8,598
Tax recoverable		381	381
Financial assets at fair value through profit or loss		3,605	–
Pledged bank deposits		21,104	21,097
Bank balances and cash		59,113	51,223
		<b>190,781</b>	174,665
<b>Current liabilities</b>			
Trade and retention payables	11	25,230	31,020
Contract liabilities		370	658
Accruals and other payables		13,707	1,979
Lease liabilities		96	1,131
Bank borrowings		18,166	31,137
		<b>57,569</b>	65,925
		<b>57,569</b>	65,925

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Net current assets</b>		<u>133,212</u>	<u>108,740</u>
<b>Total assets less current liabilities</b>		<u>137,060</u>	<u>114,889</u>
<b>Non-current liability</b>			
Lease liabilities		<u>–</u>	<u>96</u>
		<u>–</u>	<u>96</u>
<b>Net assets</b>		<u><b>137,060</b></u>	<u><b>114,793</b></u>
<b>Capital and reserves</b>			
Share capital	12	<b>9,600</b>	8,000
Reserves		<u><b>127,460</b></u>	<u>106,793</u>
<b>Total equity</b>		<u><b>137,060</b></u>	<u><b>114,793</b></u>

# NOTES TO THE AUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the year ended 30 April 2022*

## 1. CORPORATE INFORMATION

WINDMILL Group Limited (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 Company and its subsidiaries (collectively referred to as the “Group”).

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

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to the Group for the first time, which are mandatorily effective for the annual periods beginning on or after 1 May 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### New and amendments to HKFRSs in issue 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 the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

Except for amendments to HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

***Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)”***

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

***Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

***Amendments to HKAS 8 “Definition of Accounting Estimates”***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include all applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values 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:

	2022 <i>HK\$'000</i>	2021 <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	<b>210,392</b>	175,399
Revenue from maintenance and repair services	<b>20,732</b>	22,071
Trading of fire service accessories	<b>135</b>	128
	<u><b>231,259</b></u>	<u>197,598</u>

Disaggregation of revenue by timing of recognition:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	<b>135</b>	128
Over time	<b>231,124</b>	197,470
	<u><b>231,259</b></u>	<u>197,598</u>

#### **Transaction price allocated to the remaining performance obligations**

As at 30 April 2022, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$640,073,000 (2021: HK\$664,331,000). 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 (2021: 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:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	86,241	61,004
Customer B	24,500	—*

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

## 6. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Overprovision in prior years:		
Hong Kong Profits Tax	–	(51)
Deferred taxation	<u>53</u>	<u>1,170</u>
	<u>53</u>	<u>1,119</u>

Hong Kong Profits Tax was calculated under the two-tiered profits tax rates regime where the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million was taxed at 16.5%. Hong Kong Profits Tax of the qualified entity of the Group was calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

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. (LOSS)/PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Staff costs		
– Salaries, allowances and other benefits	29,311	23,899
– Contributions to the MPF Scheme	862	789
– Reversal of provision for long service payments	<u>–</u>	<u>(83)</u>
Total staff costs	<u>30,173</u>	<u>24,605</u>
Auditor's remuneration	500	530
Amount of inventories recognized as expenses	29,456	31,038
Amortisation of intangible assets (included in administrative expenses)	927	641
Depreciation of plant and equipment	422	326
Depreciation of right-of-use assets	1,166	1,216
Gain on disposal of plant and equipment	<u>(135)</u>	<u>(5)</u>

## 8. (LOSS)/EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(Loss)/earnings</b>		
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic (loss)/earnings per share	<u>(6,992)</u>	<u>4,887</u>
	2022 <i>In thousand</i>	2021 <i>In thousand</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<u>803,945</u>	<u>800,000</u>

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 30 April 2022 and 2021.

## 9. DIVIDEND

No dividend has been paid or proposed by the Company during the years ended 30 April 2021 and 2022, nor has any dividend been proposed since the end of the reporting period.

## 10. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables, gross	39,834	53,966
Less: impairment loss	<u>(20,370)</u>	<u>(20,000)</u>
Trade receivables, net	<u><u>19,464</u></u>	<u><u>33,966</u></u>

The Group generally allows a credit period of 30-60 days (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	17,958	18,570
31 to 60 days	291	745
61 to 90 days	1,109	122
91 to 180 days	106	14,429
181 to 365 days	–	66
Over 1 year	<u>–</u>	<u>34</u>
	<u><u>19,464</u></u>	<u><u>33,966</u></u>

## 11. TRADE AND RETENTION PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	13,863	15,725
Retention payables ( <i>note</i> )	<u>11,367</u>	<u>15,295</u>
	<u><u>25,230</u></u>	<u><u>31,020</u></u>

*Note:* Except for the amount of approximately HK\$5,852,000 (2021: HK\$6,271,000) as at 30 April 2022, 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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	<b>12,670</b>	14,471
31 to 60 days	<b>974</b>	735
61 to 90 days	–	55
91 to 180 days	–	2
Over 180 days	<b>219</b>	462
	<b>13,863</b>	15,725

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 (2021: 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

	<b>Number of ordinary shares</b>	<b>Share capital</b> <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 May 2020, 30 April 2021, 1 May 2021 and 30 April 2022	2,000,000,000	20,000
<b>Issued and fully paid:</b>		
At 1 May 2020, 30 April 2021 and 1 May 2021	800,000,000	8,000
Issue of shares upon placing of shares ( <i>note</i> )	160,000,000	1,600
At 30 April 2022	960,000,000	9,600

*Note:*

On 22 April 2022, 160,000,000 shares have been issued upon the successful placing price of HK\$0.185 per placing share. Details of the placing are disclosed in the announcements on 22 April 2022.

## **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 and other engineering and construction related aspects 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 continued 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 for both fire service installation and other engineering businesses.

In addition, the Group will also continuously 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 on the Main Board of the Stock Exchange in 2019, our brand name awareness has been further enhanced. The Group may leverage this to explore other new attractive business opportunities inside and outside Hong Kong which may be value-enhancing to the Group and its shareholders. Furthermore, the Group will also continue to look for 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 2022 recorded amounted to approximately HK\$231.3 million which represented an increase of approximately HK\$33.7 million or 17.0% from approximately HK\$197.6 million for the year ended 30 April 2021. The increase in total revenue was mainly due to the increase from installation services amounted to approximately HK\$35.0 million.

### Revenue

Analysis of revenue is as follows:

	Year ended 30 April			
	2022		2021	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Installation services	<b>210,392</b>	<b>90.98</b>	175,399	88.77
Maintenance services	<b>20,732</b>	<b>8.96</b>	22,071	11.17
	<b>231,124</b>	<b>99.94</b>	197,470	99.94
Others	<b>135</b>	<b>0.06</b>	128	0.06
Total	<b>231,259</b>	<b>100</b>	197,598	100

### Installation services

Revenue increased by approximately 20.0% from approximately HK\$175.4 million for the year ended 30 April 2021 to approximately HK\$210.4 million for the year ended 30 April 2022. The increase by approximately HK\$35.0 million was mainly due to gradually reached out the progress of the ongoing installation projects during the year.

### Maintenance services

Revenue decreased by approximately 6.1% from approximately HK\$22.1 million for the year ended 30 April 2021 to approximately HK\$20.7 million for the year ended 30 April 2022. The decrease by approximately HK\$1.4 million was mainly due to a decrease in revenue from repair and maintenance to the safety system of the premises of various government departments during the year ended 30 April 2022 as comprised to the corresponding year.



## **Others**

For the year ended 30 April 2022, revenue recorded amounted to approximately HK\$0.1 million (2021: HK\$0.1 million).

## **Cost of sales**

Our cost of sales increased by approximately 21.7% from approximately HK\$170.1 million for the year ended 30 April 2021 to approximately HK\$207.0 million for the year ended 30 April 2022. The increase was mainly attributed to the increase in subcontracting costs, direct labour and materials cost which were due to more revenue recognised by the Group during the year ended 30 April 2022.

## **Gross profit and gross profit margin**

Our gross profit decreased by approximately HK\$3.3 million or 11.8% from approximately HK\$27.5 million for the year ended 30 April 2021 to approximately HK\$24.2 million for the year ended 30 April 2022. Our gross profit margin has been decreased to 10.5%. 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 the continued outbreak and rapid spread of “COVID-19”.

## **Other income**

There was no material other income recorded by the Group for the year ended 30 April 2022 (2021: approximately HK\$3.2 million). The decrease was mainly due to the absence of the “Anti-epidemic Fund” of the “Employment Support Scheme” launched by the HKSAR Government with approximately HK\$2.8 million in last year.

## **Impairment loss under expected credit loss on trade receivables and contract assets**

The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward looking information. For the year ended 30 April 2022, net of an impairment allowance of HK\$2.4 million was made on the trade receivables and contract assets.

As at 30 April 2022, impairment allowance amounted to approximately HK\$22.4 million was made against the trade receivables and contract assets. Among the allowance made, HK\$20.0 million was made against a single customer.

The Group considered the allowances made were adequate since most of the Group’s clients are major contractors in the industry. As at the date of this announcement, 37% and 11% of trade receivables and contract assets as at 30 April 2022 are subsequently settled respectively.

**Impairment loss on intangible asset**

An impairment loss of approximately HK\$0.2 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 increased by approximately HK\$12.6 million or 82.5% from approximately HK\$15.2 million for the year ended 30 April 2021 to approximately HK\$27.8 million for the year ended 30 April 2022. The increase in administrative expenses was mainly due to the increase in professional fee and staff costs including directors emoluments.

**Other gain and loss**

Other gain and loss was approximately HK\$0.2 million for the year ended 30 April 2022 which was arose from the fair value changes of the financial assets at fair value through profit or loss and the gain on disposal of plant and equipment during the year.

**Finance costs**

Our finance costs decreased by approximately 55.4% from approximately HK\$1.2 million for the year ended 30 April 2021 to approximately HK\$0.5 million for the year ended 30 April 2022. The decrease was primarily attributed to the decrease in drawdown of bank borrowings for normal operation during the year.

**Income tax expense**

Our income tax expense was changed from approximately HK\$1.1 million for the year ended 30 April 2021 to approximately HK\$0.1 million for the year ended 30 April 2022. The decrease was primarily attributed to the net losses results for the year ended 30 April 2022.

**Loss and total comprehensive expense for the year attributable to owners of the Company**

Loss and total comprehensive expense for the year attributable to owners of the Company was approximately HK\$7.0 million for the year ended 30 April 2022.

## LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 30 April	
	2022	2021
Current ratio	3.3	2.6
Gearing ratio*	13.3%	28.2%

\* 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 and lease liabilities.

The current ratio of the Group as at 30 April 2022 was 3.3 times as compared to that of 2.6 times as at 30 April 2021. 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 2022 was 13.3% as compared to that of 28.2% as at 30 April 2021. Such decrease was primarily due to decrease in bank borrowings and the placements completed during the year ended 30 April 2022.

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 and placements, other reserve and bank borrowings.

### CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 April 2022 (2021: nil).

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

As at 30 April 2022, 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 2022, performance bonds of approximately HK\$4.8 million (2021: approximately HK\$5.5 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 2022, 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**

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**

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 30 April 2022.

## **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. Saved for the placing of Shares which were completed on 22 April 2022, 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 2022, there was no significant investment held by the Group (2021: 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 2022, 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 2022, the Group employed 56 employees (2021: 54 employees), the total staff costs amounted to approximately HK\$44.7 million (2021: HK\$29.1 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 2022.

## **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 2022.

## **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 2022.

## **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 30 April 2022 (2021: 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 2022, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 announcement pursuant to the Takeovers Code.

## **DIRECTORS’ RIGHT TO ACQUIRE SHARES**

At no time during the year ended 30 April 2022 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 2022, 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 required to be kept by the Company pursuant to Section 336 of the SFO.

Name of Substantial Shareholder	Nature of interest	Total number of Shares interested	Approximate percentage of the existing issued share capital of the Company (%)
Great Season Ventures Limited (Note 1)	Beneficial Owner	123,660,000	12.88
Mr. Jiang Jianhui (Note 1)	Interests in controlled corporation	123,660,000	12.88
Garden Wealth Investment Limited (Note 2)	Beneficial Owner	90,000,000	9.37
Ms. Li Minying (Note 2)	Interests in controlled corporation	90,000,000	9.37
Standard Chartered PLC	Beneficial Owner	88,080,000	9.17
Low Tuck Kwong	Beneficial Owner	88,000,000	9.17
Wong Kai Lai	Beneficial Owner	62,950,000	6.56

Notes:

1. Great Season Ventures Limited is wholly and beneficially owned by Mr. Jiang Jianhui. By virtue of the SFO, Mr. Jiang Jianhui is deemed to be interested in all the shares in which Great Season Ventures Limited is interested or deemed to be interested under the SFO. Mr. Jiang Jianhui is also the sole director of Great Season Ventures Limited.

2. Garden Wealth Investment Limited is wholly and beneficially owned by Ms. Li Minying. By virtue of the SFO, Ms. Li Minying is deemed to be interested in all the shares in which Garden Wealth Investment Limited is interested or deemed to be interested under the SFO. Ms. Li Minying is also the sole director of Garden Wealth Investment Limited.

Save as disclosed above, as at 30 April 2022, 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 2022.

### **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 2022, 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, 14 October 2022 to Friday, 21 October 2022, 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, 21 October 2022 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 (which will be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong with effect from 15 August 2022), for registration not later than 4:30 p.m. on Thursday, 13 October 2022.

## **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 three members comprising the Company’s three independent non-executive Directors, namely Mr. Yu Wai Chun, Mr. Li Ka Chun Gordon and Mr. Xian Gonghua. The chairman of the Audit Committee is Mr. Yu Wai Chun. The Audit Committee has reviewed the consolidated results of the Group for the year ended 30 April 2022.

## **SCOPE OF WORK OF CL PARTNERS 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 2022 as set out in this annual results announcement have been agreed by the Company’s auditor, CL Partners CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by CL Partners 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 CL Partners 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](http://www.hkex.com.hk)) and the Company ([www.windmill.hk](http://www.windmill.hk)). The annual report of the Company for the year ended 30 April 2022 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**  
**Liu Shihao**  
*Chairman*

Hong Kong, 22 July 2022

*As at the date of this announcement, the executive Directors are Mr. Liu Shihao, Mr. Li Shing Kuen Alexander and Ms. Wang Ya; and the independent non-executive Directors are Mr. Yu Wai Chun, Mr. Li Ka Chun Gordon and Mr. Xian Gonghua.*