

# **WINDMILL** **GROUP LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1850



**INTERIM**  
**REPORT**  
**2020**

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Li Shing Kuen Alexander  
*(Chairman and Chief Executive Officer)*  
Mr. Ma Ting Wai Barry

#### **Non-executive Director**

Mr. Chan Ming Fai

#### **Independent non-executive Directors**

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

### **AUDIT COMMITTEE**

Mr. Pun Kin Wa *(Chairman)*  
Mr. Tsang Man Biu  
Mr. Lee Kwok Tung Louis  
Mr. Chan Ming Fai

### **REMUNERATION COMMITTEE**

Mr. Tsang Man Biu *(Chairman)*  
Mr. Pun Kin Wa  
Mr. Lee Kwok Tung Louis  
Mr. Chan Ming Fai

### **NOMINATION COMMITTEE**

Mr. Li Shing Kuen Alexander *(Chairman)*  
Mr. Ma Ting Wai Barry  
Mr. Pun Kin Wa  
Mr. Tsang Man Biu  
Mr. Lee Kwok Tung Louis

### **RISK MANAGEMENT COMMITTEE**

Mr. Li Shing Kuen Alexander *(Chairman)*  
Mr. Ma Ting Wai Barry

### **COMPANY SECRETARY**

Ms. Ho Wing Yan *ACIS ACS (PE)*

### **AUTHORISED REPRESENTATIVES**

Mr. Li Shing Kuen Alexander  
Ms. Ho Wing Yan

## **REGISTERED OFFICE**

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

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

## **PRINCIPAL BANKERS**

The Hong Kong and Shanghai  
Banking Corporation Limited  
DBS Bank (Hong Kong) Limited

## **AUDITOR**

SHINEWING (HK) CPA Limited

## **SHARE REGISTRARS**

### ***Cayman Islands Share Registrar and Transfer Office***

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### ***Hong Kong Branch Share Registrar and Transfer Office***

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **STOCK CODE**

1850

## **COMPANY'S WEBSITE**

[www.windmill.hk](http://www.windmill.hk)

**FINANCIAL HIGHLIGHTS**

For the six months ended 31 October 2020, 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\$121.3 million (2019: HK\$83.9 million), representing an increase of 44.6% as compared with that of the corresponding period in 2019;
- Profit for the six months ended 31 October 2020 amounted to approximately HK\$14.9 million (2019: profit of approximately HK\$4.0 million) representing an increase of approximately 273% as compared with that of corresponding period in 2019;
- Basic and diluted earnings per share for the six months ended 31 October 2020 based on weighted average number of ordinary shares of approximately 800,000,000 shares (2019: approximately 800,000,000 shares) in issue was 1.86 HK cent per share (2019: 0.50 HK cent per share); and
- The Directors have resolved not to declare an interim dividend for the six months ended 31 October 2020 (2019: Nil).

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2020**

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 31 October 2020 together with the comparative unaudited figures for the corresponding period in 2019 as follows:

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

*For the six months ended 31 October 2020*

	<i>Notes</i>	<b>Six months ended</b>	
		<b>31 October</b>	
		<b>2020</b>	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Revenue</b>	3	<b>121,302</b>	83,865
Cost of sales		<u>(101,371)</u>	<u>(69,482)</u>
Gross profit		<b>19,931</b>	14,383
Other income		<b>3,800</b>	60
Administrative expenses		<b>(6,156)</b>	(9,449)
Other gain		<b>926</b>	—
Finance costs		<u>(829)</u>	<u>(379)</u>
<b>Profit before taxation</b>		<b>17,672</b>	4,615
Income tax expense	5	<u>(2,787)</u>	<u>(592)</u>
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>	6	<u><b>14,885</b></u>	<u>4,023</u>
<b>Earnings per share</b>	7		
Basic and diluted (HK cent)		<u><b>1.86</b></u>	<u>0.50</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***At 31 October 2020*

		<b>31 October 2020</b>	30 April 2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>Non-current assets</b>			
Plant and equipment	9	632	759
Intangible assets		119	152
Right-of-use assets		1,901	244
Deferred tax assets		757	3,544
Deposit		406	4,395
		<hr/>	<hr/>
		3,815	9,094
		<hr/>	<hr/>
<b>Current assets</b>			
Trade receivables	10	60,768	41,296
Contract assets		39,356	76,120
Deposits, prepayments and other receivables		12,029	4,972
Tax recoverable		330	330
Financial assets at fair value through profit or loss ("FVTPL")		—	14,053
Pledged bank deposits		5,090	5,066
Bank balances and cash		44,230	44,880
		<hr/>	<hr/>
		161,803	186,717
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and retention payables	11	16,408	31,174
Accruals and other payables		1,224	3,242
Lease liabilities		1,824	231
Bank borrowings		21,283	51,175
		<hr/>	<hr/>
		40,739	85,822
		<hr/>	<hr/>

		<b>31 October</b>	30 April
		<b>2020</b>	2020
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Net current assets</b>		<u>121,064</u>	<u>100,895</u>
<b>Total assets less current liabilities</b>		<u>124,879</u>	<u>109,989</u>
<b>Non-current liabilities</b>			
Long service payment obligations		83	83
Lease liabilities		<u>5</u>	<u>—</u>
		<u>88</u>	<u>83</u>
<b>Net assets</b>		<u><u>124,791</u></u>	<u><u>109,906</u></u>
<b>Capital and reserves</b>			
Share capital	12	8,000	8,000
Reserves		<u>116,791</u>	<u>101,906</u>
<b>Total equity</b>		<u><u>124,791</u></u>	<u><u>109,906</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 31 October 2020*

	<b>Share capital</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Other reserve</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 May 2020 (audited)	8,000	50,585	10,148	41,173	109,906
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,885</u>	<u>14,885</u>
At 31 October 2020 (unaudited)	<u>8,000</u>	<u>50,585</u>	<u>10,148</u>	<u>56,058</u>	<u>124,791</u>
At 1 May 2019 (audited)	8,000	50,585	10,148	61,826	130,559
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,023</u>	<u>4,023</u>
At 31 October 2019 (unaudited)	<u>8,000</u>	<u>50,585</u>	<u>10,148</u>	<u>65,849</u>	<u>134,582</u>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 31 October 2020*

	<b>For the six months ended</b>	
	<b>31 October</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Net cash generated from / (used in) operating activities</b>	<b>15,427</b>	(9,304)
<b>Investing activities</b>		
Purchase of plant and equipment	(24)	(171)
Purchase of intangible assets	—	(195)
Proceeds from disposal of plant and equipment	—	1
Bank interest received	—	57
Proceeds from sale of financial asset at FVTPL	<b>14,979</b>	—
Divident received	<b>325</b>	—
<b>Net cash generated from / (used in) investing activities</b>	<b>15,280</b>	(308)
<b>Financing activities</b>		
Placement of pledged bank deposit	—	(23)
Repayment of bank borrowings	<b>(106,294)</b>	(33,457)
Drawdown of bank borrowings	<b>76,402</b>	38,637
Payment of lease liabilities	<b>(636)</b>	(657)
Interest element of lease rentals paid	<b>(26)</b>	(26)
Bank interest paid	<b>(803)</b>	(366)
<b>Net cash (used in) / generated from financing activities</b>	<b>(31,357)</b>	4,108
<b>Net decrease in cash and cash equivalents</b>	<b>(650)</b>	(5,504)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>44,880</b>	25,778
<b>Cash and cash equivalents at the end of the period</b> <b>represented by bank balances and cash</b>	<b>44,230</b>	20,274

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 31 October 2020*

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

### 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 was Golden Page Investments Limited (“Golden Page”), which is incorporated in the British Virgin Islands (the “BVI”). On 20 January 2020, the ultimate holding company and immediate holding company changed to Standard Dynamic Enterprises Limited. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effective from 18 April 2017 and have been transferred from GEM to Main Board of Stock Exchange on 14 February 2019.

The address 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.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Group.

### Basis of Preparation

This unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provision of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited condensed consolidated interim financial information should be read in conjunctions with annual consolidated financial statements for year ended 30 April 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards, HKAS and interpretations (collectively, the “HKFRSs”) issued by the HKICPA.

## 2. PRINCIPAL ACCOUNTING POLICIES AND CHANGE IN ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information has been prepared on the historical cost basis.

The accounting policies used in this unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 April 2020.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation ("new HKFRSs") issued by 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

The directors of the Company anticipate that the application of other new and amendments to HKFRSs in the current interim period 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 these unaudited condensed consolidated interim financial information.

### 3. REVENUE

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

	<b>Six months ended</b>	
	<b>31 October</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from design, supply and installation services	<b>97,855</b>	67,640
Revenue from maintenance and repair services	<b>23,376</b>	16,013
Trading of fire service accessories	<b>71</b>	212
	<b>121,302</b>	83,865
Timing of revenue recognition		
At a point in time	<b>71</b>	212
Over time	<b>121,231</b>	83,653
	<b>121,302</b>	83,865

### 4. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on the design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs that is regularly reviewed by the directors of the Company, being 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 period of the Group as a whole for performance assessment.

**Geographical information**

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

**Information about major customers**

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

	<b>Six months ended</b>	
	<b>31 October</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Customer A	<b>23,756</b>	11,403
Customer B	<b>12,533</b>	9,903
Customer C	<b>N/A<sup>1</sup></b>	8,427

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

**5. INCOME TAX EXPENSE**

	<b>Six months ended</b>	
	<b>31 October</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax:		
Hong Kong Profits Tax	<b>2,787</b>	622
Deferred tax	<b>—</b>	(30)
	<b>2,787</b>	592

Hong Kong Profits Tax is 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 will be taxed at 16.5% for the six months ended 31 October 2020. Hong Kong profits tax of the qualified entity of the Company is calculated in accordance with the two-tiered profits tax rates regime. For six months ended 31 October 2020, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

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.

**6. PROFIT FOR THE PERIOD**

	<b>Six months ended</b>	
	<b>31 October</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period has been arrived at after crediting:</b>		
Interest expense on lease liabilities	26	26
Amortisation of intangible asset	33	11
Depreciation of plant and equipments	151	125
Depreciation of right-of-use assets	577	598
Gain on fair value change of financial asset at FVTPL	(926)	—
Government subsidy (note)	(2,843)	—
	<u>14,885</u>	<u>4,023</u>

Note:

The amount primarily represents a cash subsidy of HK\$2,843,000 (2019: Nil) granted by The Government of the Hong Kong Special Administrative Region (the “HKSAR Government”) under the Anti-Epidemic Fund for relieving financial burdens of the businesses. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

**7. EARNINGS PER SHARE**

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

	<b>Six months ended</b>	
	<b>31 October</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>14,885</u>	<u>4,023</u>
<b>Number of shares</b>		
	<b>2020</b>	<b>2019</b>
	<b>'000</b>	<b>'000</b>
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 per share is the same as the basic earnings per share as there were no diluted potential ordinary shares outstanding during the six months ended 31 October 2020 (2019: nil).

**8. DIVIDEND**

The Directors do not declare the payment of interim dividend for the six months ended 31 October 2020 (2019: nil).

No dividend has been paid or proposed by the Company since the end of the reporting period.

**9. PLANT AND EQUIPMENT**

During the six months ended 31 October 2020, the Group acquired approximately HK\$24,000 (2019: HK\$171,000) of plant and equipment.

**10. TRADE RECEIVABLES**

	<b>31 October 2020 HK\$'000 (Unaudited)</b>	30 April 2020 HK\$'000 (Audited)
Trade receivables	73,600	54,128
Less: impairment loss	<u>(12,832)</u>	<u>(12,832)</u>
	<b><u>60,768</u></b>	<b><u>41,296</u></b>

The Group does not hold any collateral over these balances.

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

	<b>31 October 2020 HK\$'000 (Unaudited)</b>	30 April 2020 HK\$'000 (Audited)
0 to 30 days	35,154	25,347
31 to 60 days	7,447	2,198
61 to 90 days	609	31
91 to 180 days	3,508	876
181 to 365 days	2,417	5,011
Over 1 year	<u>11,633</u>	<u>7,833</u>
	<b><u>60,768</u></b>	<b><u>41,296</u></b>

**11. TRADE AND RETENTION PAYABLES**

	<b>31 October</b>	30 April
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
Trade payables	<b>3,613</b>	22,134
Retention payables	<b>12,805</b>	9,040
	<b><u>16,418</u></b>	<u>31,174</u>

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

	<b>31 October</b>	30 April
	<b>2020</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
0 to 30 days	<b>1,325</b>	17,872
31 to 60 days	<b>1,600</b>	2,643
61 to 90 days	<b>44</b>	7
91 to 180 days	<b>432</b>	678
Over 180 days	<b>212</b>	934
	<b><u>3,613</u></b>	<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 (30 April 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**

Authorised and issued share capital of the Company are as follows:

	<b>Number of ordinary shares</b>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 30 April 2020 (audited) and 31 October 2020 (unaudited)	<u><b>2,000,000,000</b></u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
At 30 April 2020 (audited) and 31 October 2020 (unaudited)	<u><b>800,000,000</b></u>	<u>8,000</u>

**13. CONTINGENT LIABILITIES**

At the end of the reporting period, the Group had provided the following guarantees:

	<b>31 October 2020 <i>HK\$'000</i> (Unaudited)</b>	30 April 2020 <i>HK\$'000</i> (Audited)
Guarantees in respect of performance bonds in favour of its clients	<u><b>6,308</b></u>	<u>3,843</u>

In the opinion of the Directors, it was not probable that a claim would be made against the Group under the guarantees. Therefore, no provision for such guarantee was made for the six months ended 31 October 2020 (30 April 2020: nil).

## 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”).

Despite the generally challenging environment in Hong Kong due to the effect of the rapid spread of “COVID-19”, Windmill Group Limited (the “Company”, together with the subsidiary the “Group”) managed to deliver a better result compared to the last comparable period.

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 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 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 six months ended 31 October 2020 recorded amounted to approximately HK\$121.3 million which represented an increase of approximately HK\$37.4 million or 44.6% from approximately HK\$83.9 million for the six months ended 31 October 2019. The increase in total revenue was mainly due to an increase from installation services and maintenance services amounted to approximately HK\$97.9 million and HK\$24.4 million respectively.

### Revenue

Analysis of revenue is as follows:

	Six months ended 31 October		2019	
	2020	% of total	2019	% of total
	<i>HK\$'000</i>	<i>revenue</i>	<i>HK\$'000</i>	<i>revenue</i>
Installation services	<b>97,855</b>	<b>80.7</b>	67,640	80.7
Maintenance services	<b>23,376</b>	<b>19.3</b>	16,013	19.1
	<b>121,231</b>	<b>100.0</b>	83,653	99.8
Others	<b>71</b>	<b>0.0</b>	212	0.2
Total	<b>121,302</b>	<b>100.0</b>	83,865	100.0

### Installation services

Revenue increased by approximately 44.8% from approximately HK\$67.6 million for the six months ended 31 October 2019 to approximately HK\$97.9 million for the six months ended 31 October 2020. The increase by approximately HK\$30.3 million was mainly due to the gradually catching up on the progress of the on-going projects by the Group during the six months ended 31 October 2020 as compared to the corresponding 2019 reporting period.

**Maintenance services**

Revenue increased by approximately 46.3% from approximately HK\$16.0 million for the six months ended 31 October 2019 to approximately HK\$23.4 million for the six months ended 31 October 2020. The increase by approximately HK\$7.4 million was mainly due to the increase in revenue from the premises of various government departments during the six months ended 31 October 2020 as compared to the corresponding 2019 reporting period.

**Others**

For the six months ended 31 October 2020, revenue recorded amounted to approximately HK\$0.07 million (2019: HK\$0.2 million).

**Cost of sales**

Our cost of sales increased by approximately 45.9% from approximately HK\$69.5 million for the six months ended 31 October 2019 to approximately HK\$101.4 million for the six months ended 31 October 2020. The increase was mainly attributed to the increase in subcontracting costs resulting from the catch up progress of last year delayed's projects undertaken by the Group during the six months ended 31 October 2020.

**Gross profit and gross profit margin**

Our gross profit increased by approximately HK\$5.5 million or 38.2% from approximately HK\$14.4 million for the six months ended 31 October 2019 to approximately HK\$19.9 million for the six months ended 31 October 2020. During the six months ended 31 October 2020, the gross profit margin was approximately 16.4% (2019: 17.2%).

**Other income**

The Group recorded other income of approximately HK\$3.8 million for the six months ended 31 October 2020 (2019: HK\$60,000). 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 period.

### **Administrative expenses**

Administrative expenses mainly represented the salaries and benefits of the administrative and management staff, rental expenses, insurance, legal and professional fees, depreciation of plant and equipments and other miscellaneous administrative expenses. Our administrative expenses decreased by approximately HK\$3.3 million or 35.0% from approximately HK\$9.4 million for the six months ended 31 October 2019 to approximately HK\$6.1 million for the six months ended 31 October 2020. The decrease was mainly attributable to a decrease in staff costs for the six months ended 31 October 2020.

### **Other gain**

Other gain was approximately HK\$0.9 million for the period ended 31 October 2020 which was arose from the fair value change of the financial assets at fair value through profit or loss during the period.

### **Finance costs**

Our finance costs increased by approximately 1.19 times from approximately HK\$379,000 for the six months ended 31 October 2019 to approximately HK\$829,000 for the six months ended 31 October 2020. The increase was primarily attributed to our increased level of bank borrowings.

### **Income tax expense**

Our income tax expense increased from approximately HK\$0.6 million for the six months ended 31 October 2019 to approximately HK\$2.8 million for the six months ended 31 October 2020. The increase was due to the increase in taxable profits.

### **Profit for the period attributable to owners of the Company**

As a result of the foregoing, the profit attributable to owners of the Company increased from approximately HK\$4.0 million for the six months ended 31 October 2019 to approximately HK\$14.9 million for the six months ended 31 October 2020.

**LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY**

	<b>As at 31 October 2020</b>	As at 30 April 2020
Current ratio	<b>4.0</b>	2.2
Gearing ratio*	<b>17.1%</b>	46.6%

\* Calculated based on total debts at the end of the period/year divided by total equity at the end of the period/year. Total debts are defined as bank borrowings.

The current ratio of the Group as at 31 October 2020 was 4.0 times as compared to that of 2.2 times as at 30 April 2020. The gearing ratio of the Group as at 31 October 2020 was 17.1%, which is decreased of 29.5% as at 30 April 2020. The increase in current ratio and decrease in gearing ratio were mainly due to the decrease in bank borrowings.

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, pledged bank deposit, bank borrowings, bank balances and cash, 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 borrowing from the international banks.

**CAPITAL COMMITMENTS**

As at 31 October 2020, the Group has no capital commitments (30 April 2020: Nil).

**PLEDGE OF ASSETS**

As at 31 October 2020, the Group pledged its bank deposit to banks of HK\$21 million as collateral 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 31 October 2020, performance bonds of approximately HK\$6.3 million (30 April 2020: HK\$3.8 million), were given by the bank in favour of some of our customers as a security for the due performance and observance of our obligations under the contracts entered into between us and our customers. If the 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. The 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 31 October 2020, 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**

The wide spread of the novel Coronavirus since the beginning of 2020 is a fluid and challenging situation facing all the industries of the society. The Group has already assessed the overall impact of the situation on the operation of the Group and taken all possible effective measures to limit and keep the impact in control. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.

## **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 six months ended 31 October 2020.

## **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 31 October 2020, there was no significant investment held by the Group (30 April 2020: Nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

On 17 July 2019, the Group and All Blue Capital (“AB Capital”) entered into a memorandum of understanding (the “MOU”) in relation to a strategic cooperation between the parties to assist the Company in expanding its existing business operations domestically and globally. The Group and AB Capital will also explore new synergistic and other attractive proprietary business and investment opportunities which aim to enhance shareholders’ value for the Company. By leveraging on AB Capital’s extensive global network of investors and partners, it aims to broaden and strengthen the Company’s shareholder and investor base and profile with the potential introduction of sophisticated, professional and overseas investors and partners.

Save as disclosed herein, the Group currently does not have any future plans for material investments or capital assets.

## **FOREIGN CURRENCY EXPOSURE**

During the six months ended 31 October 2020, 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 increase 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 the 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 a 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 31 October 2020, the Group employed 51 employees, the total staff costs amounted to approximately HK\$14.1 million (2019: HK\$15.6 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 report, no option has been granted under the Share Option Scheme.

## **OTHER INFORMATION**

### **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. After specific enquiries have been made with all Directors, all Directors declared that they have complied with the required standards as set out in the Model Code throughout the six months ended 31 October 2020.

## **DIVIDENDS**

The Board does not recommend the payment of dividend for the six months ended 31 October 2020 (2019: nil).

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

As at 31 October 2020, 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 corporations (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") <i>(Note)</i>	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") <i>(Note)</i>	Beneficial owner	Long position	100%

*Note:* Smart Million is 100% beneficially owned by Mr. Ma.

Save as disclosed above, as at 31 October 2020, 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 six months ended 31 October 2020 was the Company, or its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors and chief executives 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 31 October 2020, 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.

<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Long/Short position</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding in the Company</b>
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 4</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 31 October 2020, 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 period or at any time during the six months ended 31 October 2020.

## **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 six months ended 31 October 2020.

## **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\$14,977,000, 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.

## **DISCLOSURE OF INFORMATION ON DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of information on the Directors are as follows:

An independent non-executive Director, Mr. Lee Kwok Tung Louis has been appointed as an independent non-executive director of TUS International Limited (a company listed on the main board of Stock Exchange, stock code: 00872) since 10 August 2020.

## 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 six months ended 31 October 2020, no share option was granted, exercised, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme.

## 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 six months ended 31 October 2020 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.

## 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 and one non-executive Director, namely Mr. Pun Kin Wa, Mr. Tsang Man Biu, Mr. Lee Kwok Tung Louis and Mr. Chan Ming Fai. The chairman of the Audit Committee is Mr. Pun Kin Wa. The unaudited condensed consolidated results of the Group for the six months ended 31 October 2020 have not been audited by the auditor of the Company but have been reviewed by the Audit Committee.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This report will be 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 interim report for the six months ended 31 October 2020 containing all the information required by the Listing Rules will be published on the website of the Company and the Stock Exchange and despatched to the Company's shareholders in due course.

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

Hong Kong, 16 December 2020

*As at the date of this report, 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 Biu and Mr. Lee Kwok Tung Louis.*