

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.

This announcement is for information purpose only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for any securities of the Company.

WINDMILL GROUP LIMITED

(海鑫集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code on Main Board: 1850)

(Stock Code on GEM: 8409)

TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Sponsor



紅日資本有限公司

RED SUN CAPITAL LIMITED

Financial adviser to the Company



Opus Capital Limited
創富融資有限公司

On 16 August 2018, an application was made by the Company to the Stock Exchange for the transfer of listing from GEM to the Main Board.

The Company has applied for the listing of and permission to deal in (i) all the Shares in issue; and (ii) the new Shares which may fall to be issued upon the exercise of all options which may be granted under the Share Option Scheme, on the Main Board by way of transfer of the listing from GEM to the Main Board.

The approval-in-principle has been granted by the Stock Exchange on 31 January 2019 for the Shares to be listed on the Main Board and de-listed from GEM. Immediately prior to the listing of the Shares on the Main Board, the listing of the Shares on GEM will be withdrawn. The last day of dealings in the Shares on GEM (Stock code: 8409) will be 13 February 2019. Dealings in the Shares on the Main Board (Stock code: 1850) will commence at 9:00 a.m. on 14 February 2019.

As at the date of this announcement, all the applicable pre-conditions for the Transfer of Listing have been fulfilled.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.

The price and trading volume of the Shares has been volatile during July to November 2018. After conducting reasonable enquiries and to the best of its knowledge, the Board is not aware of any reason for such volatility and the price and trading volume of the Shares may continue to be volatile. Attention of the Shareholders and potential investors of the Company is drawn to the potential risks and they are advised to exercise caution when dealing in the Shares.

Reference is made to the announcement issued by the Company dated 16 August 2018 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing.

TRANSFER OF LISTING

On 16 August 2018, an application was made by the Company to the Stock Exchange for the Transfer of Listing.

The Company has applied for the listing of and permission to deal in (i) all the Shares in issue; and (ii) the new Shares which may fall to be issued upon the exercise of all options which may be granted under the Share Option Scheme, on the Main Board by way of transfer of the listing from GEM to the Main Board.

The approval-in-principle has been granted by the Stock Exchange on 31 January 2019 for the Shares to be listed on the Main Board and to be de-listed from GEM.

As at the date of this announcement, all the applicable pre-conditions for the Transfer of Listing have been fulfilled in relation to the Company and the Shares.

REASONS FOR THE TRANSFER OF LISTING

The Company has been listed on GEM since 18 April 2017. The principal operating subsidiary of the Group is a registered fire service installation contractor and the Group is qualified to undertake works in respect of the installation, maintenance, repairs or inspection of fire safety systems in Hong Kong.

The Board considers that the Transfer of Listing will enhance the profile of the Group, strengthen its recognition among public investors and customers and enhance its financing flexibility, and hence will be beneficial to the future growth and business development of the Group in the long run.

As at the date of this announcement, the Board has no immediate plans to change the nature of the business of the Group following the Transfer of Listing. The Transfer of Listing will not involve any issue of new Shares.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from 18 April 2017, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (stock code: 8409) will be 13 February 2019. Dealings in the Shares on the Main Board (stock code: 1850) will commence at 9:00 a.m. on 14 February 2019.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in board lots of 10,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

SHARE PRICE VOLATILITY

The price and trading volume of the Shares has been volatile during July to November 2018. After conducting reasonable enquiries and to the best of its knowledge, the Board is not aware of any reason for such volatility and the price and trading volume of the Shares may continue to be volatile. Attention of the Shareholders and potential investors of the Company is drawn to the potential risks and they are advised to exercise caution when dealing in the Shares.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 27 March 2017. The Share Option Scheme will remain effective following the Transfer of Listing and will be implemented in full compliance with the requirements of Chapter 17 of the Main Board Listing Rules.

Pursuant to the Share Option Scheme, the Board may, at its discretion, grant options to eligible participants (including Directors and employees of the Group) entitling them to subscribe for Shares. The total number of Shares in respect of which options may be granted under the Share Option Scheme shall not exceed 80,000,000 Shares (representing 10% of the Shares in issue as at the GEM Listing Date). As at the date of this announcement, no share option has been granted. The listing of the Shares to be issued pursuant to the Share Option Scheme will also be transferred to the Main Board.

PUBLIC FLOAT

The Directors confirm that 25% of the total issued share capital of the Company was held by the public (as defined in the Main Board Listing Rules) as at the date of this announcement. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules.

CONTROLLING SHAREHOLDERS' INFORMATION

As at the Latest Practicable Date, Mr. Li, through Golden Page, was interested in approximately 52.51% of the issued share capital of the Company. Mr. Li and Golden Page are hence the controlling shareholders of the Company within the meaning of the GEM Listing Rules and the Main Board Listing Rules. Mr. Li acquired Windmill Engineering on 30 June 1985 to engage in the business of fire services installation and maintenance services in Hong Kong. Mr. Li has more than 30 years of experience in the fire services installation industry and is currently an executive Director, Chairman and chief executive officer of the Company. Please refer to section headed "Biographical Information of Directors and Senior Management" in this announcement for the details of the biography of Mr. Li. Golden Page is a company incorporated in the BVI with limited liability on 26 July 2016 and is wholly-owned by Mr. Li. Golden Page is an investment company.

COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or Controlling Shareholders or their respective close associates has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10(1) and 8.10(2) of the Main Board Listing Rules.

FINANCIAL INDEPENDENCE

The Group has an independent financial system and makes financial decisions according to its own business needs. There is no financial assistance, guarantee and/or security provided by the Controlling Shareholders and their respective close associates for the Group since GEM Listing and up to the Latest Practicable Date. The Directors believe that the Company is capable of obtaining financing from third parties without reliance on the Controlling Shareholders.

COMPLIANCE ADVISER AFTER TRANSFER OF LISTING

Dakin Capital Limited has been appointed as the compliance adviser of the Group subsequent to the GEM Listing pursuant to Rule 6A.19 of the GEM Listing Rules. The engagement of Dakin Capital Limited as the compliance adviser of the Group will end on the date on which the Company sends to the Shareholders a copy of the Directors' report and the consolidated financial statements in respect of the financial results for the year ending 30 April 2019 together with a copy of the auditors' report.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 19 October 2018 to the Directors to allot and issue new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by laws or regulations of Cayman Islands or the Articles to be held; or
- (c) the date on which such authority is revoked or varied by an ordinary resolution of Shareholders in general meeting.

PUBLICATION OF RESULTS

The annual results for the year ended 30 April 2018, the first quarterly results for the three months ended 31 July 2018 and the interim results for the six months ended 31 October 2018 have been published. Please refer to the results announcement, annual report, first quarterly report and the interim report of the Company dated 12 July 2018, 30 July 2018, 10 September 2018 and 7 December 2018, respectively, for details.

Upon the Transfer of Listing, the Company will cease the practice of reporting financial results on a quarterly basis and will follow the relevant requirements of the Main Board Listing Rules, which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively. The Board is of the view that the potential investors and Shareholders will continue to have access to relevant information of the Company following the reporting requirements under the Main Board Listing Rules.

BUSINESS REVIEW

Overview

With the Group's principal operating subsidiary, Windmill Engineering being a registered fire service installation contractor in Hong Kong, the Group is qualified to undertake works in respect of the installation, maintenance, repairs or inspection of fire safety systems in Hong Kong.

During the Track Record Period and up to the Latest Practicable Date, the Group continues to offer fire safety system related services which mainly include (i) design, supply and installation of fire safety systems for buildings under construction or re-development (referred to as “installation services” or “installation projects” hereunder); and (ii) maintenance and repair of fire safety systems for built premises (referred to as “maintenance services” or “maintenance projects” hereunder). The Group also trades fire service accessories including branded fire services equipment under a distributorship agreement with an internationally branded fire service equipment supplier (referred to as “Others” hereunder). For business segment breakdowns and reviews, please refer to the subsection headed “Revenue” under the section headed “Management discussion and analysis” in this announcement.

The Group has been included in the List of Approved Suppliers of Materials and Specialist Contractors for Public Works administered by the Works Branch of the Development Bureau as an approved specialist contractor for Fire Service Installations (Group II) undertaking relevant works at an unlimited contract sum since 1994. The Group has also been on an approved fire service contractor (with “Confirmed” Status) of the Housing Authority since 2002.

The Group’s projects

Since GEM Listing, the Group has continued to participate in and been responsible for fire service installation and maintenance work for various departments of the Government, Government-related organisations and numerous large scale infrastructure projects in Hong Kong.

The following table sets out the movement of the number of the Group’s projects during the Track Record Period:

	For the year ended 30 April			For the six months ended
	2016	2017	2018	31 October 2018
Opening number of projects				
● Installation projects	32	33	52	46
● Maintenance projects	12	9	10	7
Number of new projects				
● Installation projects	133	113	88	34
● Maintenance projects	4	15	15	11
Number of completed projects				
● Installation projects	132	94	94	36
● Maintenance projects	7	14	18	8
Ending number of projects				
● Installation projects	33	52	46	44
● Maintenance projects	9	10	7	10

The following table sets out the movement of backlog of the Group's projects during the Track Record Period:

	For the year ended 30 April			For the six months ended
	2016	2017	2018	31 October
	HK\$'000	HK\$'000	HK\$'000	2018 HK\$'000
Opening value of backlog				
● Installation projects	30,675	33,446	91,027	106,101
● Maintenance projects	84,440	56,818	56,075	53,236
Contract sum of new projects				
● Installation projects	94,313	196,336	205,182	124,775
● Maintenance projects	3,833	31,725	30,061	1,924
Revenue recognised				
● Installation projects	91,542	138,755	190,108	119,698
● Maintenance projects	31,455	32,468	32,900	21,343
Ending value of backlog				
● Installation projects	33,446	91,027	106,101	111,178
● Maintenance projects	56,818	56,075	53,236	33,817

Notes:

1. Contract sum of new projects represents the total contract sum of new projects awarded to the Group during the relevant year indicated, including contract sum of those projects tendered in the preceding year which are awarded in the relevant year. The contract sum takes into account the additional works or variation orders (if any) certified by the architect appointed by the Group's customers.
2. Ending value of backlog equals to the opening value of backlog plus contract sum of new projects minus revenue recognised during the relevant year indicated.

Leveraging on the Group's GEM listing status and its experience in the fire safety service industry, it had been able to obtain contracts with sizable value. During the year ended 30 April 2018, the Group entered into more contracts with sizable contract value than during the years ended 30 April 2016 and 2017. Contracts with larger contract value tend to have contract term of more than one year and with longer credit periods. Hence, although there was a decrease in the number of new projects and the ending number of projects from the year ended 30 April 2018 as compared to the previous year, the value of the Group's backlog projects increased over the years, in particular from the year ended 30 April 2017 to the year ended 30 April 2018.

The following table sets out a breakdown of the contracts by range of contract value for the on-going projects as at the dates indicated:

	2016	As at 30 April 2017	2018	As at 31 October 2018
	<i>Number of projects</i>	<i>Number of projects</i>	<i>Number of projects</i>	<i>Number of projects</i>
Installation — contract value				
HK\$5,000,000 or above	4	13	11	13
HK\$1,000,000 to below HK\$5,000,000	6	11	8	8
Below HK\$1,000,000	<u>23</u>	<u>28</u>	<u>27</u>	<u>23</u>
Total	<u>33</u>	<u>52</u>	<u>46</u>	<u>44</u>
Maintenance — contract value				
HK\$5,000,000 or above	3	3	3	3
HK\$1,000,000 to below HK\$5,000,000	2	1	0	1
Below HK\$1,000,000	<u>4</u>	<u>6</u>	<u>4</u>	<u>6</u>
Total	<u>9</u>	<u>10</u>	<u>7</u>	<u>10</u>
Installation and maintenance — contract value				
HK\$5,000,000 or above	7	16	14	16
HK\$1,000,000 to below HK\$5,000,000	8	12	8	9
Below HK\$1,000,000	<u>27</u>	<u>34</u>	<u>31</u>	<u>29</u>
Total	<u>42</u>	<u>62</u>	<u>53</u>	<u>54</u>

Tender success rate

During the Track Record Period, most of the Group's revenue was attributable to projects secured through tender process. The following table sets forth the Group's overall tender success rate for the projects (inclusive of both installation projects and maintenance projects) for the years/periods indicated:

	For the year ended			For the six		From
	30 April			months ended		1 November
	2016	2017	2018	31 October	2018	Latest
				2017	2018	Practicable
						Date
Number of tenders submitted	422	348	386	188	202	95
Number of contracts awarded	110	117	102	50	37	17
Tender success rate	26.1%	33.6%	26.4%	26.6%	18.3%	17.9%

Note: Tender success rate is calculated as the number of contracts awarded in respect of the tenders submitted during a year/period, divided by the number of tenders submitted during the respective year/period.

The higher tender success rates for the year ended 30 April 2017 compared to the tender success rates for the year ended 30 April 2016 and the year ended 30 April 2018 was mainly because the Group was awarded with more small-scale installation projects during the year ended 30 April 2017 as compared to the year ended 30 April 2016 and 2018. The decrease in the tender success rate for the six months ended 31 October 2018 compared to 31 October 2017 was because it requires more time to review some of the tenders with larger contract sums, which the Group submitted during the six months ended 31 October 2018, and the results have not yet been announced as at the Latest Practicable Date.

Customers

Since GEM Listing, the Group has continued to maintain a diversified customer portfolio in both public and private sectors which includes well-established main contractors, Government departments and Government-related organisations.

The Group's aggregate sales to its five largest customers amounted to HK\$90.4 million, HK\$113.6 million, HK\$160.0 million and HK\$101.3 million for each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively, which accounted for 72.9%, 66.2%, 71.6% and 71.8% of the Group's total revenue during the corresponding periods, respectively. Sales to the Group's largest customer amounted HK\$34.9 million, HK\$36.4 million, HK\$51.1 million and HK\$30.8 million for each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively, which accounted for 28.1%, 21.2%, 22.9% and 21.8% of the Group's total revenue for the corresponding years/period, respectively.

The following tables set out the information of the Group's five largest customers during the Track Record Period:

For the year ended 30 April 2016

Customers	Services provided to the customer	Revenue contribution to the Group <i>HK\$'000</i>	Percentage to the total revenue of the Group %	Commencement year of business relationship
Customer A	Installation of fire safety systems of data centres	34,872	28.1	2014
Customer B	Installation of fire safety systems of railway stations	16,781	13.5	2014
Customer C	Repair and maintenance of fire safety systems of the premises of the Government-related organisation	15,046	12.1	2011
Customer D	Installation of fire safety systems of electricity power stations, redeveloped residential building and industrial buildings	12,678	10.2	2014
Customer E	Maintenance of fire safety systems for airport premises, hospitals, Transport Department and Highway Department	11,001	8.9	2014

For the year ended 30 April 2017

Customers	Services provided to the customer	Revenue contribution to the Group <i>HK\$'000</i>	Percentage to the total revenue of the Group %	Commencement year of business relationship
Customer B	Installation of fire safety systems of railway stations	36,410	21.2	2014
Customer F	Installation of fire safety systems of data centres	26,400	15.4	2016
Customer A	Installation of fire safety systems of data centres	23,233	13.6	2014
Customer E	Maintenance of fire safety systems for airport premises, hospitals, Transport Department and Highway Department	15,827	9.2	2014
Customer C	Repair and maintenance of fire safety systems of the premises of the Government-related organisation	11,708	6.8	2011

For the year ended 30 April 2018

Customers	Services provided to the customer	Revenue contribution to the Group <i>HK\$'000</i>	Percentage to the total revenue of the Group %	Commencement year of business relationship
Customer B	Installation of fire safety systems of railway stations	51,100	22.9	2014
Customer G	Installation of fire safety systems for data centres	41,606	18.6	2018
Customer H	Installation of fire safety systems for railway station	25,530	11.4	2004
Customer E	Maintenance of fire safety systems for airport premises, hospitals, Transport Department and Highway Department	24,996	11.2	2014
Customer I	Installation of fire safety systems for public housing	16,724	7.5	2016

For the six months ended 31 October 2018

Customers	Services provided to the customer	Revenue contribution to the Group <i>HK\$'000</i>	Percentage to the total revenue of the Group %	Commencement year of business relationship
Customer F	Installation of fire safety systems for airport premises, hospitals, Transport Department and Highway Department	30,802	21.8	2016
Customer G	Installation of fire safety systems for data centres	27,737	19.7	2018
Customer E	Maintenance of fire safety systems of data centres	19,227	13.6	2014
Customer J	Installation of fire safety systems of public housing	13,878	9.8	2016
Customer I	Installation of gas extinguishing system for a data centre	9,646	6.8	2016

Notes:

- (1) Customer A represents two private companies incorporated in Hong Kong, who are ultimately controlled by the same shareholder. The principal business of these two private companies is project management, design, supply, installation, testing and commissioning, and facilities management for electrical and mechanical infrastructures, data centres and telecommunication utilities.

- (2) Customer B represents two Hong Kong subsidiaries of an Australia listed company, who are specialising in providing engineering and construction services.
- (3) Customer C is a Government-related organisation providing vocational and professional education and training.
- (4) Customer D is a subsidiary of a Hong Kong listed company specialising in design and construction of buildings and civil engineering works.
- (5) Customer E is a Government department providing electrical and mechanical engineering services.
- (6) Customer F represents two subsidiaries of a joint venture company ultimately owned by two listed companies, one of which is listed in London, Singapore and Bermuda and the other is listed in London. Customer F primarily provides engineering and construction services.
- (7) Customer G is a private company incorporated in Hong Kong providing engineering and construction services.
- (8) Customer H is a private company incorporated in Hong Kong providing building services and other professional services in design, equipment sourcing, installation, testing and commissioning, and maintenance.
- (9) Customer I is a subsidiary of a Hong Kong listed company providing construction services.
- (10) Customer J is a subsidiary of a Hong Kong listed company providing constructions and maintenance services.

Customer G is a private company incorporated in Hong Kong with registered capital of HK\$50 million. It is primarily engaged in the provision of engineering services undertaking works such as network design and installation of copper and optical-fibre cables, customer premises equipment, antennae and radio frequency devices in commercial and residential buildings, and telecommunications infrastructure management services for commercial and residential buildings. To the best information and knowledge of the Directors, as the Group has built its portfolio with the required expertise in the installation of fire safety systems for data centres, which requires the installation of a special gas system, compared to the usage of water sprinklers for indoor areas such as warehouses, coupled with the plans by Customer G of constructing data centres, the Group received the relevant invitation for tenders in October 2017 for the relevant subcontracting works relating to fire safety system installations, and the Group was awarded two installation projects for data centres in Tsing Yi and Kwai Chung by Customer G in December 2017 with contract sum of HK\$35.2 million and HK\$34.1 million, respectively. The end customers are the property owners of the relevant two data centres. To the best information and knowledge of the Directors, the data centre in Tsing Yi is owned by companies controlled by the holding company and ultimate controlling shareholders of Customer G whereas the property owner of data centre in Kwai Chung is wholly-owned by the holding company of Customer G. The project periods of the two installation projects are both from December 2017 to October 2018. As substantial part of the works has been performed by the Group in the first half of 2018, Customer G became one of the Group's major customers for the year ended 30 April 2018 and for the six months ended 31 October 2018.

To the best of the knowledge of the Directors, none of the Directors, their close associates or any Shareholder who owns more than 5% of the issued share capital of the Company has any interest in any of the five largest customers during the Track Record Period. All these five largest customers are Independent Third Parties.

SUPPLIERS

The Group's major raw materials are fire service equipment such as fire control panels, pump panels, sprinklers, heat/thermal/gas detectors, pumps, fire hydrants, hose reels, alarm bells and alarm call points and water piping etc. The Group purchases raw materials from suppliers in Hong Kong. During the Track Record Period, the Group's suppliers generally allowed a credit period of 30 days to 60 days to settle the Group's payments and the Group usually settled the payments to its suppliers by way of cheques.

The aggregate purchases from the Group's five largest suppliers amounted to HK\$12.5 million, HK\$16.8 million, HK\$13.7 million and HK\$6.2 million for the three years ended 30 April 2018 and for the six months ended 31 October 2018, respectively, which accounted for 52.8%, 63.4%, 52.8% and 51.9% of the Group's total purchases during the corresponding years/period, respectively. Purchases from the Group's largest supplier amounted to HK\$5.6 million, HK\$6.9 million, HK\$4.5 million and HK\$1.7 million for the three years ended 30 April 2018 and for the six months ended 31 October 2018, respectively, which accounted for 23.7%, 26.1%, 17.5% and 14.0% of the Group's total purchases for the corresponding years/period, respectively.

The following tables set out the information of the Group's five largest suppliers during the Track Record Period:

For the year ended 30 April 2016

Suppliers	Products purchased by the Group	Material costs <i>HK\$'000</i>	Percentage to the total purchases %	Commencement year of business relationship
Supplier A	Devices for gas extinguishing systems	5,630	23.7	2014
Supplier B	Water pipes and fittings	2,261	9.5	2014
Supplier C	Devices for gas extinguishing systems	1,956	8.2	2013
Supplier D	Devices for fire alarms systems	1,476	6.2	2009
Supplier E	Fire detectors and fire alarms	1,214	5.1	2006

For the year ended 30 April 2017

Suppliers	Products purchased by the Group	Material costs <i>HK\$'000</i>	Percentage to the total purchases %	Commencement year of business relationship
Supplier F	Water pipes and fittings	6,884	26.1	2014
Supplier G	Pipe brackets	3,258	12.3	2005
Supplier B	Water pipes and fittings	2,558	9.7	2014
Supplier H	Water pipes and fittings	2,356	8.9	2008
Supplier I	Fire control panels	1,701	6.4	2017

For the year ended 30 April 2018

Suppliers	Products purchased by the Group	Material costs <i>HK\$'000</i>	Percentage to the total purchases %	Commencement year of business relationship
Supplier F	Water pipes and fittings	4,534	17.5	2014
Supplier A	Devices for gas extinguishing systems	3,198	12.3	2014
Supplier B	Water pipes and fittings	2,512	9.7	2014
Supplier J	Devices for fire detection and fire alarm, and firefighting equipment	2,139	8.2	2009
Supplier K	Pre-action system equipments	1,296	5.0	2014

For the six months ended 31 October 2018

Suppliers	Products purchased by the Group	Material costs <i>HK\$'000</i>	Percentage to the total purchases %	Commencement year of business relationship
Supplier H	Water pipes and fittings	1,675	14.0	2008
Supplier B	Water pipes and fittings	1,597	13.3	2014
Supplier L	Water pipes and fittings	1,203	10.1	2012
Supplier C	Devices for gas extinguishing systems	1,021	8.5	2013
Supplier M	Water pipes and fittings	715	6.0	2016

Notes:

- (1) Supplier A is a private company incorporated in Hong Kong supplying devices for fire services protection systems and technical support.
- (2) Supplier B is a private company incorporated in Hong Kong distributing pipes and fittings systems covering a broad cross-section of markets such as fire services, plumbing and drainage, gas, electrical, power and telecommunications.
- (3) Supplier C is a private company incorporated in Hong Kong supplying devices for fire alarm, fire extinguishing, smoke detection and heat detection systems.
- (4) Supplier D is a private company incorporated in Hong Kong engaging in the retail of fire alarm equipment.
- (5) Supplier E is a private company incorporated in Hong Kong supplying fire detection and alarm systems.
- (6) Supplier F is a private company incorporated in Hong Kong importing and supplying water pipes and fittings.
- (7) Supplier G is a private company incorporated in Hong Kong supplying pipe brackets.
- (8) Supplier H is a private company incorporated in Hong Kong supplying water pipes and fittings.
- (9) Supplier I is a private company incorporated in Hong Kong supplying fire control panels.
- (10) Supplier J is a subsidiary of a New York listed company providing fire detection and fire extinguishing systems and related devices.
- (11) Supplier K is a private company incorporated in Singapore supplying pre-action system equipment.
- (12) Supplier L is a subsidiary of a Hong Kong listed company supplying a comprehensive range of pipes and fittings.
- (13) Supplier M is a private company incorporated in Hong Kong supplying various construction related products.

Subcontractors

For flexible manpower management and minimising the fixed costs for employing large teams of technicians, the Group may delegate part of the labour intensive installation work to selected subcontractors depending on the scale, availability of resources, labour-intensiveness of the work involved and cost effectiveness.

The Group's total subcontracting fees attributable to its five largest subcontractors amounted to HK\$47.0 million, HK\$59.8 million, HK\$76.5 million and HK\$33.3 million for the three years ended 30 April 2018 and for the six months ended 31 October 2018, respectively, which accounted for 72.2%, 54.2%, 55.5% and 63.4% of the Group's total subcontracting fees during the corresponding years/period, respectively. Subcontracting fees attributable to the Group's largest subcontractor amounted to HK\$19.5 million, HK\$25.2 million, HK\$33.8 million and HK\$16.6 million for the three years ended 30 April 2018 and for the six months ended 31 October 2018, respectively, which accounted for 29.9%, 22.9%, 24.5% and 31.5% of the Group's total subcontracting fees for the corresponding years/period, respectively.

The following tables set out the information of the Group's five largest subcontractors during the Track Record Period:

For the year ended 30 April 2016

Subcontractor	Services provided to the Group	Subcontracting charges <i>HK\$'000</i>	Percentage to the total subcontracting fees %	Commencement year of business relationship
Subcontractor A	Maintenance of fire safety systems	19,516	29.9	2014
Subcontractor B	Installation of fire safety systems	14,176	21.7	2013
Subcontractor C	Installation of fire safety systems	6,345	9.7	2014
Subcontractor D	Installation of fire safety systems	3,599	5.5	2014
Subcontractor E	Installation of fire safety systems	3,410	5.2	2015

For the year ended 30 April 2017

Subcontractor	Services provided to the Group	Subcontracting charges <i>HK\$'000</i>	Percentage to the total subcontracting fees %	Commencement year of business relationship
Subcontractor A	Maintenance of fire safety systems	25,213	22.9	2014
Subcontractor B	Installation of fire safety systems	11,400	10.3	2013
Subcontractor F	Installation of fire safety systems	8,408	7.6	2017
Subcontractor E	Installation of fire safety systems	8,113	7.4	2015
Subcontractor G	Installation of fire safety systems	6,661	6.0	2016

For the year ended 30 April 2018

Subcontractor	Services provided to the Group	Subcontracting charges <i>HK\$'000</i>	Percentage to the total subcontracting fees %	Commencement year of business relationship
Subcontractor H	Installation of fire safety systems	33,784	24.5	2018
Subcontractor A	Maintenance of fire safety systems	13,661	9.9	2014
Subcontractor I	Installation of fire safety systems	11,634	8.4	2016
Subcontractor J	Installation of fire safety systems	9,001	6.5	2017
Subcontractor K	Installation of fire safety systems	8,466	6.1	2016

For the six months ended 31 October 2018

Subcontractor	Services provided to the Group	Subcontracting charges <i>HK\$'000</i>	Percentage to the total subcontracting fees %	Commencement year of business relationship
Subcontractor H	Installation of fire safety systems	16,554	31.5	2018
Subcontractor I	Installation of fire safety systems	6,693	12.7	2016
Subcontractor L	Installation of fire safety systems	4,782	9.1	2012
Subcontractor M	Installation of fire safety systems	2,838	5.4	2018
Subcontractor A	Maintenance of fire safety systems	2,450	4.7	2014

Notes:

- (1) Subcontractor A is a private company incorporated in Hong Kong specialising in engineering and maintenance of fire services systems, electrical and electronic system; and plumbing and drainage system.
- (2) Subcontractor B is a private company incorporated in Hong Kong providing construction and engineering works, and specialising in design, supply and installation of commercial kitchens and laundry equipment.
- (3) Subcontractor C is a private company incorporated in Hong Kong providing engineering and construction services.
- (4) Subcontractor D is a private company incorporated in Hong Kong providing electronic parts and equipment.
- (5) Subcontractor E is a private company incorporated in Hong Kong providing engineering and construction services.
- (6) Subcontractor F is a private company incorporated in Hong Kong providing engineering and construction services.
- (7) Subcontractor G is a partnership established in Hong Kong providing engineering and construction services.
- (8) Subcontractor H is a private company incorporated in Hong Kong providing engineering and construction services specialising in the engineering and maintenance of fire services systems in data centres.
- (9) Subcontractor I is a private company incorporated in Hong Kong providing engineering and construction services.
- (10) Subcontractor J is a private company incorporated in Hong Kong providing engineering and construction services.
- (11) Subcontractor K is a private company incorporated in Hong Kong providing engineering and construction services.
- (12) Subcontractor L is a sole proprietorship registered in Hong Kong providing engineering and construction services.
- (13) Subcontractor M is a private company incorporated in Hong Kong providing engineering and construction services.

To the best of the knowledge of the Directors, none of the Directors, their close associates or any Shareholder who owns more than 5% of the issued share capital of the Company has any interest in any of the Group's five largest suppliers and subcontractors during the Track Record Period. All these five largest suppliers and subcontractors are Independent Third Parties.

Overlapping customers, suppliers and subcontractors

During the three years ended 30 April 2018 and the six months ended 31 October 2018, there were three suppliers or subcontractors of the Group who were also its customers or vice versa.

The Group purchased certain fire safety devices and components from a supplier who offers the relevant products under a global brand from time to time. The purchase amounts from such supplier amounted to HK\$0.7 million, HK\$0.1 million, HK\$1.0 million and HK\$0.02 million for each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively, representing 3.0%, 0.5%, 2.6% and 0.2% of the Group's total purchases during the corresponding years/period. For the year ended 30 April 2017, the relevant supplier engaged the Group to undertake a project for installation gas extinguishing system at Tseung Kwan O. Some of the devices were designated to be in the relevant supplier's brand for the project. The revenue attributable to the relevant supplier amounted to nil, HK\$6.0 million, HK\$3.0 million and HK\$5.8 million for each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively, representing nil, 3.5%, 1.4% and 4.1% of the Group's total revenue during the corresponding years/period.

The Group purchased certain devices for fire alarms systems from another supplier who offered relevant products from time to time. The purchase amounts from such supplier amounted to HK\$2.0 million, HK\$0.5 million, HK\$0.2 million and nil for each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively, representing 8.4%, 1.9%, 0.4% and nil of the Group's total purchases during the corresponding years/period. For the year ended 30 April 2017, the relevant supplier was awarded with an additional installation project of fire safety system for a data centre at Tseung Kwan O which the Group had been the contracted fire safety system maintenance service supplier for the same data centre. The relevant supplier had to engage the Group to modify the relevant interfacing control panel of the new fire safety system to be installed. The revenue attributable to the relevant supplier for the services rendered by the Group amounted to nil, HK\$0.5 million, HK\$0.2 million and nil for each of the three years ended 30 April 2016, 2017 and 2018 and for the six months ended 31 October 2018, respectively, representing nil, 0.3%, 0.1% and nil of the Group's total revenue during the corresponding years/period.

The Group engages a subcontractor for installation projects from time to time. The subcontracting fees attributable to the relevant subcontractor amounted to HK\$0.3 million, HK\$2.2 million, HK\$0.5 million and nil for each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively, representing 0.4%, 2.3%, 0.4% and nil of the Group's total subcontracting costs during the corresponding years/period. Given the Group is a non-exclusive distributor of a multinational branded fire service equipment and devices, the relevant subcontractor purchased such equipment and devices from the Group from time to time. The revenue attributable to the relevant subcontractor for the sale of trading products amounted to HK\$0.3 million, HK\$0.03 million, HK\$0.3 million and nil of the Group's total revenue for each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, respectively, representing 0.1%, 0.02%, 0.2% and nil of the Group's total revenue during the corresponding years/period.

MANAGEMENT DISCUSSION AND ANALYSIS

For illustrative purposes, the table below sets forth the key items of the Group's consolidated statement of profit or loss and other comprehensive income during the Track Record Period, as extracted from the Prospectus, the annual reports of the Company for the two years ended 30 April 2017 and 2018 and the interim report of the Company for the six months ended 31 October 2018.

	For the year ended 30 April			For the six months ended 31 October	
	2016	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	(Unaudited)
Revenue	123,989	171,449	223,407	91,249	141,120
Cost of sales	(104,344)	(144,431)	(185,040)	(76,573)	(118,496)
Gross profit	19,645	27,018	38,367	14,676	22,624
Other income	7	3	122	62	28
Administrative expenses	(4,036)	(21,742)	(9,223)	(5,495)	(8,275)
Finance costs	(144)	(56)	(7)	(4)	(67)
Profit before taxation	15,472	5,223	29,259	9,239	14,310
Income tax expenses	(2,636)	(3,574)	(5,174)	(1,822)	(3,215)
Profit and total comprehensive income for the year attributable to owners of the Company	12,836	1,649	24,085	7,417	11,095
Earnings per share					
Basis and diluted (<i>cents</i>)	3.06	0.31	3.01	0.93	1.39

Revenue

	For the year ended 30 April						For the six months ended 31 October			
	2016		2017		2018		2017		2018	
	Revenue HK\$'000	% of revenue	Revenue HK\$'000	% of revenue	Revenue HK\$'000	% of revenue	Revenue HK\$'000	% of revenue	Revenue HK\$'000	% of revenue
Installation services	91,542	73.8	138,755	81.0	190,108	85.1	73,579	80.6	119,698	84.8
Maintenance services	31,455	25.4	32,468	18.9	32,900	14.7	17,566	19.3	21,343	15.1
Others	992	0.8	226	0.1	399	0.2	104	0.1	79	0.1
Total:	123,989	100.0	171,449	100.0	223,407	100.0	91,249	100.0	141,120	100.0

For each of the three years ended 30 April 2016, 2017 and 2018, the Group's total revenue was HK\$124.0 million, HK\$171.4 million and HK\$223.4 million, respectively, representing an increase of 38.2% from the year ended 30 April 2016 to the year ended 30 April 2017 and an increase of 30.3% from the year ended 30 April 2017 to the year ended 30 April 2018. For the six months ended 31 October 2018, the Group's revenue was HK\$141.1 million, representing an increase of 54.7% compared to the six months ended 31 October 2017. The increase in total revenue was mainly due to the increase in revenue generated from installation service projects and maintenance projects.

Installation and maintenance of fire safety system

Since GEM Listing, the Group has continued to maintain a diversified customer portfolio in both public and private sectors which includes well-established main contractors, Government departments and Government-related organisations. The table below sets forth the Group's revenue by customer sector and the percentage of total revenue generated from services rendered for the years indicated:

	For the year ended 30 April						For the six months ended 31 October			
	2016		2017		2018		2017		2018	
	Revenue HK\$'000	% of revenue	Revenue HK\$'000	% of revenue	Revenue HK\$'000	% of revenue	Revenue HK\$'000 (Unaudited)	% of revenue	Revenue HK\$'000 (Unaudited)	% of revenue
Public sector	59,676	48.5	104,141	60.8	153,401	68.8	72,040	79.0	75,001	53.1
Private sector	63,321	51.5	67,082	39.2	69,607	31.2	19,209	21.0	66,119	46.9
Total:	122,997	100.0	171,223	100.0	223,008	100.0	91,249	100.0	141,120	100.0

For each of the three years ended 30 April 2016, 2017 and 2018, the Group's revenue from public sector was HK\$59.7 million, HK\$104.1 million and HK\$153.4 million, respectively, representing an increase of 74.5% from the year ended 30 April 2016 to the year ended 30 April 2017 and an increase of 47.3% from the year ended 30 April 2017 to the year ended 30 April 2018, while the Group's revenue from private sector remained stable during the corresponding years. The increase in revenue from public sector was mainly due to the increase of the number of public housing projects.

For the six months ended 31 October 2018, the Group's revenue from public sector slightly increased by HK\$3.0 million or 4.2% compared to the six months ended 31 October 2017. For the six months ended 31 October 2018, the Group's revenue from private sector increased significantly by HK\$46.9 million or 244.2% compared to the six months ended 31 October 2017, which was mainly attributed to three major private sector projects for the installation of data centres.

For each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, there were 146, 160, 154 and 85 installation and maintenance projects, respectively, contributing HK\$123.0 million, HK\$171.2 million, HK\$223.0 million and HK\$141.0 million to the Group's revenue, respectively. The table below sets forth the number of projects and breakdown of such contracts based on their respective revenue recognised for the years/periods as indicated:

	For the year ended 30 April						For the six months ended 31 October			
	2016		2017		2018		2017		2018	
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>
Installation — revenue recognised										
HK\$5,000,000 or above	3	51,604	8	95,389	11	156,452	4	48,778	9	93,282
HK\$1,000,000 to below HK\$5,000,000	8	27,963	14	31,307	11	21,440	10	20,379	10	20,012
Below HK\$1,000,000	121	11,975	113	12,059	104	12,216	57	4,422	44	6,404
Total	132	91,542	135	138,755	126	190,108	71	73,579	63	119,698
Maintenance — revenue recognised										
HK\$5,000,000 or above	2	21,890	2	20,072	2	21,232	1	7,797	2	15,431
HK\$1,000,000 to below HK\$5,000,000	5	8,010	4	8,683	4	10,328	3	9,363	3	5,267
Below HK\$1,000,000	7	1,555	19	3,713	22	1,340	10	406	17	645
Total	14	31,455	25	32,468	28	32,900	14	17,566	22	21,343
Installation and maintenance — revenue recognised										
HK\$5,000,000 or above	5	73,494	10	115,461	13	177,684	5	56,575	11	108,713
HK\$1,000,000 to below HK\$5,000,000	13	35,973	18	39,990	15	31,768	13	29,742	13	25,279
Below HK\$1,000,000	128	13,530	132	15,772	126	13,556	67	4,828	61	7,049
Total	146	122,997	160	171,223	154	223,008	85	91,145	85	141,041

For each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, the Group's revenue attributed to installation projects was HK\$91.5 million, HK\$138.8 million, HK\$190.1 million and HK\$119.7 million, respectively, representing an increase of 51.7% from the year ended 30 April 2016 to the year ended 30 April 2017, an increase of 37.1% from the year ended 30 April 2017 to the year ended 30 April 2018 and an increase of 62.7% from the six months ended 31 October 2017 to the six months ended 31 October 2018, respectively. The increase was mainly due to the increase in the number of sizeable projects during Track Record Period, specifically, four new projects awarded to the Group during the year ended 30 April 2018 with contract sum ranging from HK\$25.4 million to HK\$35.2 million and four new projects awarded to the Group during the six months ended 31 October 2018 with contract sum ranging from HK\$10.5 million to HK\$38.5 million, where the Group performed a substantial amount of work and recognised the respective revenue.

Major projects completed during the Track Record Period

The Group's revenue is affected by the number, size, nature of services provided and stage of completion of the projects. The table below sets forth the summary of sizeable projects with contract sum of over HK\$10 million during the Track Record Period that were completed or the contract terms of which had expired:

Particulars and location (HK)	Type and particulars of works	Category (Note 1)	Awarded contract sum HK\$'000	Revenue recognised			For the six months ended 31 October 2018 HK\$'000	Total HK\$'000
				For the year ended 30 April				
				2016 HK\$'000	2017 HK\$'000	2018 HK\$'000		
The premises of a Government related organisation in various districts	Repair and maintenance, alteration and addition to the fire safety systems and water pump systems	Public	39,948	14,326	11,708	2,957	—	28,991 (Note 3)
A data centre at Tsing Yi	Installation of the fire system	Private	35,236	—	—	21,141	14,095	35,236
A data centre of Kwai Chung	Installation of the fire system	Private	34,108	—	—	20,465	13,643	34,108
Specified premises at Hong Kong airport	Repair and maintenance, alteration and addition to the fire safety system	Public	33,802	7,564	8,363	12,115	1,674	29,716 (Note 3)
A data centre at Tseung Kwan O	Design, installation, testing, commissioning and maintenance of fire safety system	Private	32,518	26,463	6,055	—	—	32,518
A data centre at Tseung Kwan O	Design, installation, testing, commissioning and maintenance of fire safety system	Private	38,713	—	26,400	12,313	—	38,713
A railway station along the Express Rail Link	Installation of fire safety system	Public	39,517	—	28,118	11,399	2,280	41,797 (Note 2)

Particulars and location (HK)	Type and particulars of works	Category (Note 1)	Awarded contract sum HK\$'000	Revenue recognised			For the six months ended 31 October 2018 HK\$'000	Total HK\$'000
				For the year ended 30 April				
				2016 HK\$'000	2017 HK\$'000	2018 HK\$'000		
A railway station at Kai Tak	Installation, testing and commissioning the fire safety system and corresponding accessories in the railway station, including provision of technical information and support, immediate repair works and necessary replacement of accessories	Public	29,386	16,781	6,177	6,362	1,065	30,385 (Note 3)
A railway station along the Express Rail Link	Installation of fire safety system	Public	25,386	—	—	25,386	419	25,805 (Note 2)
A railway station along Shatin to Central Link	Installation of fire safety system	Public	22,527	—	5,446	14,126	4,057	23,629
A data centre at Tseung Kwan O	Design, installation, testing, commissioning and maintenance of fire safety system	Private	18,311	4,064	1,524	—	—	5,588 (Note 3)
The premises of two Government departments	Repair and maintenance of, alterations and additions to the fire safety systems	Public	15,805	1,934	900	—	—	2,834 (Note 3)
A railway depot in Kowloon Bay	Enhancement of a drencher system in a railway depot	Public	13,316	735	—	383	—	1,118 (Note 3)
A railway station along the East Rail Line	Installation of fire safety system, including automatic fire alarm and detection system, sprinklers, and total gaseous flooding system	Public	13,504	3,620	2,794	2,701	102	9,217 (Note 3)
Sub-total of the projects with contract sum over HK\$10 million	—	—	369,550	75,487	97,485	129,348	37,335	339,655
Other projects with contract sum less than HK\$10 million	—	—	—	47,510	73,738	93,660	103,706	318,614
Total	—	—	—	122,997	171,223	223,008	141,041	658,269

Notes:

1. The Group classifies public sector contracts as contracts in which the ultimate employer is a Government department or Government-related organisations.
2. The amount of revenue recognised included variation orders.

- Amount recognised during Track Record Period appears less than the awarded contract sum as some of the revenue were recognised prior to the Track Record Period.

Major on-going projects as at the Latest Practicable Date

The below table sets forth the summary of major on-going projects with contract sum over HK\$10 million as at the Latest Practicable Date:

Particulars and location (HK)	Type and particulars of works	Category (Note 1)	Awarded contract sum HK\$'000	Revenue recognised				For the six months ended 31 October 2018 HK\$'000 (Unaudited)	Total HK\$'000	Revenue to be recognised			Expected to be completed by (year/ month) (Note 3) HK\$'000
				For the year ended 30 April			For the year ending 30 April 2019 HK\$'000 (Note 2)			For the year ending 30 April 2020 HK\$'000 (Note 2)	For the year ending 30 April 2021 HK\$'000 (Note 2)		
				2016 HK\$'000	2017 HK\$'000	2018 HK\$'000							
Public housing estates at Sheung Shui	Installation of fire safety system	Public	56,000	—	2,219	16,724	23,523	42,466	13,534	—	—	2019/02	
Public housing estates at Pak Tin	Installation of fire safety system	Public	30,674	—	—	695	1,493	2,188	6,507	10,000	11,979	2020/07	
The premises of four Government departments of HK Island and Outlying Islands	Repair and maintenance of, alterations and additions to the fire safety systems	Public	28,994	—	—	1,950	1,950	3,900	10,050	13,500	1,544	2020/07	
A data centre in Tseung Kwan O	Installation of fire safety system	Private	26,709	—	—	313	19,032	19,345	7,364	—	—	2019/03	
The premises of various Government departments	Repair and maintenance of, alteration and addition to fire safety system	Public	25,439	—	2,538	9,118	7,385	19,041	3,615	2,783	—	2019/07	
A clubhouse at Happy Valley	Installation of fire safety system	Private	18,300	—	—	252	11,771	12,023	6,277	—	—	2019/04	
Subsidised sale flats at Tung Chung	Installation of fire safety system	Private	17,539	—	—	177	1,468	1,645	5,232	10,662	—	2020/02	
Cultural Centre at East Kowloon	Installation of fire safety system	Private	38,500	—	—	—	501	501	14,471	23,528	—	2020/03	

Notes:

- The Group classifies public sector contracts as contracts in which the ultimate employer is a Government department or Government-related organisations.
- The amount of revenue to be recognised is an estimate based on information available to the Company as at the Latest Practicable Date. Such amount is subject to, among others, variation orders, actual project progress and audit.
- The expected completion date was estimated based on the relevant contract, which is subject to variation based on the actual completion progress.

Trading of fire services equipment

The Group sells various fire service equipment to cater the needs of its customers. During the Track Record Period, the Group entered into a non-exclusive distributorship agreement with a multinational engineering and electronics company for the sale and distribution of branded fire service equipment. For each of the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018, the revenue from the trading of fire services equipment amounted to HK\$1.0 million, HK\$0.2 million, HK\$0.4 million and HK\$0.08 million, respectively.

Cost of sales

The table below sets forth a breakdown of the Group's cost of sales by each category and the percentage of total cost of sales for each category represented, during the Track Record Period:

	For the year ended 30 April						For the six months ended 31 October			
	2016		2017		2018		2017		2018	
	<i>Cost of sales</i>	<i>% of cost of sales</i>	<i>Cost of sales</i>	<i>% of cost of sales</i>	<i>Cost of sales</i>	<i>% of cost of sales</i>	<i>Cost of sales</i>	<i>% of cost of sales</i>	<i>Cost of sales</i>	<i>% of cost of sales</i>
	HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
							(Unaudited)		(Unaudited)	
Subcontracting costs	69,225	66.3	96,049	66.5	126,136	68.1	43,607	56.9	88,299	74.5
Material costs	23,342	22.4	26,412	18.3	37,020	20.0	15,665	20.5	11,964	10.1
Direct labour costs	8,383	8.0	18,106	12.5	16,040	8.7	9,375	12.2	8,866	7.5
Others	3,394	3.3	3,864	2.7	5,844	3.2	7,926	10.4	9,367	7.9
Total:	<u>104,344</u>	<u>100.0</u>	<u>144,431</u>	<u>100.0</u>	<u>185,040</u>	<u>100.0</u>	<u>76,573</u>	<u>100.0</u>	<u>118,496</u>	<u>100.0</u>

The Group's cost of sales increased by 38.4% or HK\$40.0 million and 28.1% or HK\$40.6 million from the year ended 30 April 2016 to the year ended 30 April 2017 and from the year ended 30 April 2017 to the year ended 30 April 2018, respectively. For the six months ended 31 October 2018, the cost of sales increased by HK\$41.9 million or 54.7% compared to the six months ended 31 October 2017. The increase in cost of sales of the Group over the Track Record Period was mainly due to the increase in subcontracting costs, direct labour and materials cost which were in line with the increase in the revenue of the Group.

Gross profit

The table below sets forth the Group's gross profit and gross profit margin by types of business for the years indicated:

	For the year ended 30 April			For the six months ended 31 October						
	2016	2017		2018	2017	2018				
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit			
	margin	margin	margin	margin	margin	margin	margin			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
	%	%	%	%	%	%	%			
					(Unaudited)	(Unaudited)				
Installation	14,827	16.2	22,875	16.5	33,648	17.7	11,820	16.1	19,416	16.2
Maintenance	<u>4,637</u>	14.7	<u>4,102</u>	12.6	<u>4,647</u>	14.1	<u>2,831</u>	16.1	<u>3,141</u>	14.7
	19,464	15.8	26,977	15.8	38,295	17.2	14,651	16.1	22,557	16.0
Trading of fire services equipment	<u>181</u>	18.2	<u>41</u>	18.1	<u>72</u>	18.0	<u>25</u>	24.0	<u>67</u>	84.8
Total:	<u><u>19,645</u></u>	15.8	<u><u>27,018</u></u>	15.8	<u><u>38,367</u></u>	17.2	<u><u>14,676</u></u>	16.1	<u><u>22,624</u></u>	16.0

The Group's gross profit increased by 37.5% or HK\$7.4 million and 42.0% or HK\$11.3 million from the year ended 30 April 2016 to the year ended 30 April 2017 and from the year ended 30 April 2017 to the year ended 30 April 2018, respectively. For the six months ended 31 October 2018, the Group's gross profit increased by HK\$7.9 million or 53.8% compared to the six months ended 31 October 2017. The Group's gross profit margin remained stable at 15.8% for the year ended 30 April 2016 and the year ended 30 April 2017 and increased to 17.2% for the year ended 30 April 2018. The increase was attributed to the increase in revenue and the improvement in controlling subcontracting costs from certain projects undertaken by the Group. For the six months ended 31 October 2018, the Group's gross profit margin remained stable as compared to the six months ended 31 October 2017.

Other income

The Group's other income decreased from HK\$7,000 for the year ended 30 April 2016 to HK\$3,000 for the year ended 30 April 2017. The Group recorded an increase in other income from HK\$3,000 for the year ended 30 April 2017 to HK\$122,000 for the year ended 30 April 2018 which is mainly due to the increase in sales of scrap materials and bank interest income. The Group's other income of HK\$28,000 for the six months ended 31 October 2018 was mainly attributable to bank interest income.

Administrative expenses

The table below shows the breakdown of administrative expenses incurred by the Group for the years/periods as indicated:

	For the year ended 30 April			For the six months ended 31 October	
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Staff costs	1,754	2,604	4,497	2,293	2,129
Rent and rates	677	728	813	772	430
Depreciation of plant and equipment	112	130	145	67	74
Insurance	334	319	377	199	212
Legal and professional fees	503	581	1,527	1,056	717
Travelling and entertainment expenses	326	380	426	148	218
Listing expenses	—	15,859	—	—	3,647
Others	330	1,141	1,438	960	848
Total:	<u>4,036</u>	<u>21,742</u>	<u>9,223</u>	<u>5,495</u>	<u>8,275</u>

The substantial increase in administrative expenses in the year ended 30 April 2017 as compared to the year ended 30 April 2016 and the six months ended 31 October 2018 as compared to the six months ended 31 October 2017 was mainly due to the incurring of listing expenses of HK\$15.8 million during the year ended 30 April 2017 and the listing expenses relating to the application for the Transfer of Listing in the amount of HK\$3.6 million for the six months ended 31 October 2018.

The increase in staff costs to HK\$2.6 million for the year ended 30 April 2017 from HK\$1.8 million for the year ended 30 April 2016 was mainly due to the additional staff hired, namely a financial controller and two accounting managers. The amount further increased to HK\$4.5 million for the year ended 30 April 2018 mainly due to the fees paid to independent non-executive Directors after the Group's listing on GEM and salary paid to a newly hired senior procurement officer.

The legal and professional fees remained stable at HK\$0.5 million and HK\$0.6 million for the year ended 30 April 2016 and 30 April 2017, respectively. The amount increased to HK\$1.5 million for the year ended 30 April 2018 mainly due to the fees paid to the company secretary and compliance adviser.

Finance costs

The Group's finance costs decreased by 61.1% and 87.5% from HK\$144,000 for the year ended 30 April 2016 to HK\$56,000 for the year ended 30 April 2017 and HK\$56,000 for the year ended 30 April 2017 to HK\$7,000 for the year ended 30 April 2018, respectively. The decrease was primarily attributed to the decreased level of bank borrowing. The Group's finance costs of HK\$67,000 for the six months ended 31 October 2018 was primarily attributable to its bank borrowings.

Income tax expenses

The Group's income tax expense increased by 38.5% and 44.4% from HK\$2.6 million for the year ended 30 April 2016 to HK\$3.6 million for the year ended 30 April 2017 and from HK\$3.6 million for the year ended 30 April 2017 to HK\$5.2 million for the year ended 30 April 2018, respectively. The increase was primarily attributed to the increase in taxable profits.

The Group's effective income tax rate for the three years ended 30 April 2018 was 17.0%, 68.4% and 17.7%, respectively. The high effective income tax rate for the year ended 30 April 2017 was mainly attributed to the recognition of listing expenses of HK\$15.8 million during the year ended 30 April 2017, which was a non-deductible item for income tax purposes.

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

The Group's profit attributable to owners of the Company decreased by HK\$11.2 million from HK\$12.8 million for the year ended 30 April 2016 to HK\$1.6 million for the year ended 30 April 2017, the decrease was mainly due to the non-recurring listing expenses of HK\$15.8 million incurred by listing activities during the year ended 30 April 2017. Excluding such non-recurring expenses, the Group's profits attributable to owners of the Company would be HK\$17.4 million for the year ended 30 April 2017.

Profit attributable to owners of the Company reached HK\$24.1 million for the year ended 30 April 2018, which represented an increase of HK\$6.7 million from HK\$17.4 million for the year ended 30 April 2017, excluding the non-recurring listing expenses of HK\$15.8 million.

As a result of the aforesaid factors, profit attributable to owners of the Company increased from approximately HK\$7.4 million for the six months ended 31 October 2017 to approximately HK\$11.1 million for the six months ended 31 October 2018.

Liquidity and capital resources

Set out below is the breakdown of the Group's current assets and current liabilities for the years/period indicated:

	2016	As at 30 April	2018	As at
	<i>HK\$'000</i>	<i>2017</i>	<i>HK\$'000</i>	31 October
		<i>HK\$'000</i>	<i>HK\$'000</i>	2018
				<i>HK\$'000</i>
				(Unaudited)
CURRENT ASSETS				
Trade and retention receivables	18,168	33,625	63,996	65,553
Amounts due from customers for contract work	15,553	37,962	64,476	—
Contract assets	—	—	—	59,611
Deposits, prepayments and other receivables	2,009	3,230	2,658	6,379
Amount due from a director	628	—	—	—
Bank balances and cash	3,499	69,926	32,481	13,716
Pledged bank deposits	—	—	—	13,500
	<u>39,857</u>	<u>144,743</u>	<u>163,611</u>	<u>158,759</u>
Total current assets				
CURRENT LIABILITIES				
Trade and retention payables	12,472	35,292	41,460	15,532
Amounts due to customers for contract work	2,350	6,807	3,652	—
Contract liabilities	—	—	—	3,596
Receipts in advance, accruals and other payables	452	10,476	1,588	1,305
Amount due to a related company	17	—	—	—
Tax payable	3,828	4,941	6,089	9,304
Obligation under a finance lease	—	97	101	51
Bank borrowing	939	—	—	7,047
	<u>20,058</u>	<u>57,613</u>	<u>52,890</u>	<u>36,835</u>
Total current liabilities				
Net current assets	<u><u>19,799</u></u>	<u><u>87,130</u></u>	<u><u>110,721</u></u>	<u><u>121,924</u></u>

Trade and retention receivables

The following table is a summary for the Group's trade and retention receivables as at the dates indicated and the turnover days of trade receivables for the years/period indicated:

	2016	As at 30 April	2018	As at
	<i>HK\$'000</i>	<i>2017</i>	<i>2018</i>	31 October
		<i>HK\$'000</i>	<i>HK\$'000</i>	2018
				<i>HK\$'000</i>
				(Unaudited)
Trade receivables	11,664	23,594	48,583	45,739
Retention receivables	6,504	10,031	15,413	19,814
Total	<u>18,168</u>	<u>33,625</u>	<u>63,996</u>	<u>65,553</u>

Note: Except for the amount of HK\$9,368,000 (2017: HK\$649,000, 2016: HK\$1,622,000) as at 30 April 2018, which was expected to be recovered or settled after one year, all of the remaining balances are expected to be recovered or settled within one year. Retention receivables are included in the current assets as the Group expects to realise these within its normal operating cycle.

The Group's trade receivable increased by HK\$11.9 million from HK\$11.7 million as at 30 April 2016 to HK\$23.6 million as at 30 April 2017, and increased by HK\$25.0 million from HK\$23.6 million as at 30 April 2017 to HK\$48.6 million as at 30 April 2018. The increase in trade receivable of the Group was in line with the increase in the Group's revenue during the corresponding years and an aggregate amount of work done of HK\$41.6 million certified by one of our major customers relating to two installation projects near the year end of 30 April 2018. As at 31 October 2018, the Group's trade receivable decreased slightly by HK\$2.8 million to HK\$45.7 million, which was due to settlements by customers during the six months ended 31 October 2018.

The Group's retention receivables increased by HK\$3.5 million from HK\$6.5 million as at 30 April 2016 to HK\$10.0 million as at 30 April 2017, and further increased by HK\$5.4 million from HK\$10.0 million as at 30 April 2017 to HK\$15.4 million as at 30 April 2018. As at 31 October 2018, the Group's retention receivables increased to HK\$19.8 million. The increase trend of the Group's retention receivables was in line with the progress of its projects during the Track Record Period.

	For the year ended 30 April			For the six
	2016	2017	2018	months
				ended 31
				October
				2018
Average trade receivable turnover days (<i>Note</i>)	<u>24.5</u>	<u>37.6</u>	<u>59.1</u>	<u>61.2</u>

Note: Average trade receivables turnover days are derived by dividing the arithmetic mean of the opening and closing balances of trade receivables by revenue for the relevant period and multiplying by 365 days (for each of the three years ended 30 April 2016, 2017 and 2018) or 183 days (for the six months ended 31 October 2018).

The Group's average trade receivable turnover days increased from 24.5 days for the year ended 30 April 2016 to 37.6 days for the year ended 30 April 2017, and increased to 59.1 days for the year ended 30 April 2018, which was mainly because there was an aggregate amount of HK\$41.6 million certified by one of the Group's major customers relating to two projects just before the year end of 30 April 2018.

For the six months ended 31 October 2018, the Group's average trade receivable turnover days further increased to 61.2 days, which was mainly because of an aggregate amount of HK\$13.9 million certified by one of the Group's major customers relating to two projects shortly prior to 31 October 2018.

The following is an ageing analysis of trade receivables, presented based on the date of progress certificates or completion certificates which approximates the respective revenue recognition dates, as at the dates indicated:

	2016	As at 30 April		As at
	2017	2018	2018	31 October
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)
0 to 30 days	1,442	19,814	42,177	28,364
31 to 60 days	1,422	172	3,432	1,158
61 to 90 days	7,658	2,480	1,460	921
91 to 180 days	202	1,128	1,514	15,296
Over 180 days	940	—	—	—
	<u>11,664</u>	<u>23,594</u>	<u>48,583</u>	<u>45,739</u>

The following table sets out the amounts of trade receivables that were neither past due nor impaired and an ageing analysis of trade receivables that were past due but not impaired as at the dates indicated:

	2016	As at 30 April 2017	2018	As at 31 October 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Unaudited)
Past due:				
0 to 30 days	1,422	172	3,432	1,158
31 to 60 days	7,658	2,480	1,460	921
61 to 90 days	92	1,128	1,514	15,296
More than 90 days	<u>1,050</u>	<u>—</u>	<u>—</u>	<u>—</u>
	10,222	3,780	6,406	17,375
Neither past due nor impaired	<u>1,442</u>	<u>19,814</u>	<u>42,177</u>	<u>28,364</u>
	<u><u>11,664</u></u>	<u><u>23,594</u></u>	<u><u>48,583</u></u>	<u><u>45,739</u></u>

As at 30 April 2016, 2017 and 2018 and 31 October 2018, the trade receivables that were past due but not impaired were HK\$10.2 million, HK\$3.8 million, HK\$6.4 million and HK\$17.4 million, respectively. The balance of trade receivables past due for 61 to 90 days as at 31 October 2018 (i.e. HK\$15.3 million) was mainly attributable to the amount due from Customer G arising from the certified works for two data centre projects in Tsing Yi and Kwai Chung. Up to the date of this announcement, it has been fully settled. No impairment was made was either because the relevant balances have been subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable. As at the Latest Practicable Date, HK\$32.2 million or 70.4% of the Group's trade receivables as at 31 October 2018 were settled. The Directors confirm that the Group does not have any disputes with its customers in respect of the work performed and the outstanding receivables will be fully recoverable.

Amounts due from/to customers for contract works and contract assets/contract liabilities

The following table sets out the details of the Group's amounts due from/to customers for contract work and contract assets/contract liabilities as at the dates indicated:

	2016	As at 30 April 2017	2018	As at 31 October 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Unaudited)
Contract costs incurred plus recognised profits less recognised losses	170,554	252,111	332,571	567,552
Less: Progress billings	<u>(157,351)</u>	<u>(220,956)</u>	<u>(271,747)</u>	<u>(511,537)</u>
	<u>13,203</u>	<u>31,155</u>	<u>60,824</u>	<u>56,015</u>
Represented by:				
Amounts due from customers for contract work/contract assets	15,553	37,962	64,476	59,611
Amounts due to customers for contract work/contract liabilities	<u>(2,350)</u>	<u>(6,807)</u>	<u>(3,652)</u>	<u>(3,596)</u>
	<u>13,203</u>	<u>31,155</u>	<u>60,824</u>	<u>56,015</u>

The Group's amounts due from customers for contract work increased by HK\$22.4 million or 144.1% from HK\$15.6 million as at 30 April 2016 to HK\$38.0 million as at 30 April 2017, and further increased by HK\$26.5 million or 69.8% from HK\$38.0 million as at 30 April 2017 to HK\$64.5 million as at 30 April 2018. The increase in amounts due from customers for contract work was mainly due to the large-scale projects undertaken by the Group. Part of the work performed for the projects during the relevant year was certified by the customers subsequent to year end. As at 31 October 2018, the Group's amount due from customers was presented in the interim report in terms of contract assets, which decreased to HK\$59.6 million, as more workdone for projects were certified by the customers during the six months ended 31 October 2018. As at the Latest Practicable Date, HK\$16.8 million or 28.2% of the amount due from customers as at 31 October 2018 was settled.

The increase in amount due to customers for contract work by HK\$4.5 million or 189.6% from the year ended 30 April 2016 to the year ended 30 April 2017 was mainly due to the increase in revenue. The decrease in amounts due to customers for contract work by HK\$3.2 million or by 46.3% from the year ended 30 April 2017 to the year ended 30 April 2018 was mainly attributed to small-scale projects which the Group had billed them an up-front amount for the costs of materials for application in projects. As at 31 October 2018, the Group's amount due to customers was presented in the interim report in terms of contract liabilities, which amount to HK\$3.6 million and was stable as compared to 30 April 2018. As at the Latest Practicable Date, HK\$0.3 million or 7.8% of the amount due to customers as at 31 October 2018 was settled.

Trade and retention payables

The following table is a summary of the Group's trade and retention payables as at the dates indicated and the turnover days of trade payables for the years/period indicated:

	2016	As at 30 April		As at
	2016	2017	2018	31 October
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
				<i>HK\$'000</i>
				(Unaudited)
Trade payables	7,370	27,911	35,291	9,734
Retention payables	<u>5,102</u>	<u>7,381</u>	<u>6,169</u>	<u>5,798</u>
	<u>12,472</u>	<u>35,292</u>	<u>41,460</u>	<u>15,532</u>
				For the six
				months
				ended 31
				October
				2018
Average trade payable turnover days (<i>Note</i>)	<u>25.0</u>	<u>44.6</u>	<u>62.3</u>	<u>34.8</u>

Note: Average trade payables turnover days are derived by dividing the arithmetic mean of the opening and closing balances of trade payables by cost of sales for the relevant year and multiplying by 365 days (for each of the three years ended 30 April 2016, 2017 and 2018) or 183 days (for the six months ended 31 October 2018).

The following is an ageing analysis of trade payables presented based on the invoice date as at the dates indicated:

	2016	As at 30 April		As at
	2017	2018	2018	31 October
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)
0 to 30 days	4,321	21,250	34,012	2,756
31 to 60 days	2,471	5,891	34	4,176
61 to 90 days	368	723	264	579
91 to 365 days	210	47	730	1,270
Over 180 days	—	—	251	953
	<u>7,370</u>	<u>27,911</u>	<u>35,291</u>	<u>9,734</u>

The increase in trade and retention payables as at 30 April 2017 compared to 30 April 2016 was in line with the increase in the cost of sales during the year ended 30 April 2017. The trade and retention payables as at 30 April 2018 increased slightly as compared to 30 April 2017. As at 31 October 2018, the Group's trade and retention payables decreased significantly, which was mainly due to the settlement by the Group to a subcontractor for work performed for two data centre projects amounting to a total of HK\$22.5 million. As at the Latest Practicable Date, HK\$8.8 million or 90.7% of the Group's trade payables as at 31 October 2018 were settled.

The Group's average trade payables turnover days increased from 25.0 days for the year ended 30 April 2016 to 44.6 days for the year ended 30 April 2017, and further increased to 62.3 days for the year ended 30 April 2018. The increase in average trade payables turnover days was mainly due to the increase in purchase made by the Group, which was in line with the increase in the contract value of projects undertaken by the Group during the three years ended 30 April 2016, 2017 and 2018. As at 31 October 2018, the Group's average trade payables turnover days decreased to 34.8 days, which was due to the same reason for the decrease in trade and retention payables as mentioned above.

Tax payable

The Group's tax payable as at 30 April 2016, 2017 and 2018 and 31 October 2018 amounted to HK\$3.8 million, HK\$4.9 million, HK\$6.1 million and HK\$9.3 million, respectively. The tax paid for the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018 amounted to HK\$0.8 million, HK\$2.4 million, HK\$4.0 million and nil, respectively. The increase in the tax payables over the three years ended 30 April 2018 and the six months ended 31 October 2018 was in line with the revenue recognised for the corresponding years. The decrease in tax paid for the six months ended 31 October 2018 was because the tax payable of HK\$4.3 million was due on 1 November 2018.

Obligation under a finance lease

The Group leases one of its motor vehicles under a finance lease with fixed interest rate of 2.5% per annum. The lease term was 3 years. The obligation under a finance lease carried effective interests rate at 6.21% per annum.

Bank borrowings

As at 30 April 2016, 2017 and 2018 and 31 October 2018, the Group's outstanding bank borrowings were HK\$0.9 million, nil, nil and HK\$7.0 million, respectively. The increase in bank borrowings as at 31 October 2018 was due to a drawdown of a loan for settling a subcontractor's fees. As at the Latest Practicable Date, the Group had an unutilised banking facilities of HK\$25.5 million.

Contingent liabilities

As at 30 April 2016, 2017 and 2018 and 31 October 2018, performance bonds of HK\$0.9 million, HK\$2.6 million, HK\$3.7 million and HK\$3.7 million were given by the bank in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its 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. As at the Latest Practicable Date, the Directors do not consider it probable that a claim will be made against the Group, and hence no provision was made for the guarantees in respect of the aforesaid performance bonds.

Major financial ratios

The table below sets forth the Group's major financial ratios as at the dates indicated:

	<i>Note</i>	2016	As at 30 April 2017	2018	As at 31 October 2018 (Unaudited)
Current ratio (times)	1	2.0	2.5	3.1	4.3
Gearing ratio (%)	2	4.7%	0.2%	0.1%	5.8%
Debt to equity ratio	3	N/A	N/A	N/A	N/A
Return on assets (%)	4	31.8%	1.1%	14.6%	N/A
Return on equity (%)	5	64.8%	1.9%	21.6%	N/A

Notes:

1. Current ratio is calculated by dividing current assets by current liabilities.
2. Gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include payables incurred not in the ordinary course of business.

3. Debt to equity ratio is calculated by dividing net debt by total equity. Net debt is defined to include all borrowings net of cash and cash equivalents.
4. Return on assets is calculated by dividing net profit for the relevant year by the closing balance of total assets.
5. Return on equity is calculated by dividing net profit for the relevant year by the closing balance of total equity.

Current ratio

The current ratio of the Group as at 30 April 2016, 2017, 2018 and 31 October 2018 was 2.0, 2.5, 3.1 and 4.3, respectively. The increase in current ratio was mainly due to increase in bank balances and cash as a result of the receipts of proceeds from GEM Listing. The increase in current ratio as at 31 October 2018 was mainly due to the decrease in trade and other payables.

Gearing ratio

The gearing ratio of the Group as at 30 April 2018 and 30 April 2017 was 0.1% and 0.2%, respectively, as compared to that of 4.7% as at 30 April 2016. Such decrease was primarily due to decrease in bank borrowings as a result of the repayment of bank borrowing during the year ended 30 April 2017. The gearing ratio of the Group increased to 5.8% as at 31 October 2018 due to the drawdown of bank borrowing during the period.

Debt to equity ratio

The Group had a net cash position as at 30 April 2016, 2017 and 2018.

Return on assets

Return on assets was 31.8 %, 1.1% and 14.6% for the three years ended 30 April 2018, respectively. The decrease for the year ended 30 April 2017 was due to the decrease in net profit caused by the non-recurring listing expenses, whereas no such expenses was incurred for the year ended 30 April 2018.

Return on equity

Return on equity was 64.8%, 1.9% and 21.6% for the three years ended 30 April 2016, 2017 and 2018, respectively. The reasons for the fluctuations were similar to the fluctuations for the return on assets as stated above.

COMPLIANCE AND LITIGATION MATTERS

The Group has obtained all license, permits, approvals and certificates necessary to conduct its business operations.

Since the GEM Listing Date and up to the Latest Practicable Date, the Group (i) has complied with all applicable laws, rules and regulations in all material respects for its business; and (ii) has not been subject to any disciplinary action or investigation by regulators in respect of serious or potentially serious breach of any GEM Listing Rules.

As at the Latest Practicable Date, no litigation or claims of material importance were ongoing, pending or threatened against any member of the Group.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources and existing banking facilities available to the Group, the Group has sufficient working capital for its requirements for at least next 12 months from the date of this announcement.

USE OF PROCEEDS

The net proceeds from the Share Offer were HK\$31.8 million. The use of the net proceeds from the GEM Listing Date to 30 April 2018 had been disclosed in the annual reports of the Company for the two years ended 30 April 2018. The use of proceeds were intended to be applied for the purposes set out in the subsection headed "Future Plans and Use of Proceeds — Use of proceeds" in the Prospectus.

Reference is made to the announcement of the Company dated 17 April 2018 ("**Change in Use of Proceeds Announcement**") on change in use of proceeds which sets out the revised allocation of the net proceeds and the reasons for the changes. As at the Latest Practicable Date, the Company utilised HK\$22.0 million of the net proceeds from the Share Offer.

	Original allocation at GEM Listing HK\$ million	Amount utilized as at the date of the change in the Use of Proceeds HK\$ million	Revised allocation as set out in the Change in the Use of Proceeds HK\$ million	Actual use of proceeds subsequent to the reallocation and up to the Latest Practicable Date HK\$ million	Remaining balance as at the Latest Practicable Date HK\$ million
Performance bonds	11.0	1.7	—	—	—
To finance net cash outflows required in early stage of execution of projects	6.1	6.1	9.3	9.3	—
Salary payment to new staff	6.5	3.8	2.7	2.7	—
Purchase of ERP system	1.9	0.3	1.6	0.2	1.4
Increase the Group's marketing resources	0.4	0.1	0.3	0.1	0.2
Develop central pre-fabrication piping workshop	5.9	0.1	5.8	0.6	5.2
Total	31.8	12.1	19.7	12.9	6.8

As mentioned in the Change in Use of Proceeds Announcement, in view of the growth in the fire safety service industry and the strong prospects for both public and private development projects, the Group intends to expand its business capacity and scale to capture more sizeable and profitable projects. Having considered that (i) performance bonds are required in certain project; (ii) the Group has unused banking facilities which enable the Group to have sufficient resources to finance the performance bonds for its projects upon request; and (iii) the market prospect, the Board has resolved to change the original use of proceeds and

reallocate HK\$9.3 million of the unused net proceeds from the Share Offer to finance net cash outflows required in early stage of execution of projects. The Group does not intend to further change the purpose of the use of proceeds from the Share Offer.

The Directors consider the above change in the use of the net proceeds from the Share Offer is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY SINCE GEM LISTING

There has been no fund raising activities since GEM Listing.

RECENT DEVELOPMENT AND FUTURE PROSPECTS

Since 31 October 2018, the Group had 55 fire safety system installation and maintenance projects on hand (including the three large-scale public and private sector projects abovementioned) and these projects are expected to contribute revenue of HK\$157.5 million after the Track Record Period. As at the Latest Practicable Date, the Group was awarded four large-scale public and private sector projects. These include (i) a private sector project for a data centre at Chai Wan with a contract sum of HK\$62.0 million; (ii) a public sector project for a cultural centre at East Kowloon with a contract sum of HK\$38.5 million; (iii) a private sector project for a data centre at Tseung Kwan O with a contract sum of HK\$35.5 million; and (iv) Police Officers' Club with a contract sum of HK\$12.5 million.

Based on our Group's unaudited management accounts made up to the seven months ended 30 November 2018, the unaudited monthly average revenue for the seven months ended 30 November 2018 was higher than the monthly average revenue for the year ended 30 April 2018, which were mainly due to the increase in revenue generated from three installation service projects in the private sector namely, three data centre projects, during the seven months ended 30 November 2018. For further details, please refer to section headed "Major projects completed during the Track Record Period" above.

To the best information and knowledge of the Directors, there had been no material changes to the market condition of the fire safety industry and there had been no material regulatory updates which would have material adverse impact on the business operation or prospect of the Group since GEM Listing.

The Group will continue to focus on the its principal business of providing fire safety system installation services and maintenance services.

NO MATERIAL ADVERSE CHANGE

The Directors confirmed that since 30 April 2018, being the date to which the latest published consolidated audited accounts of the Group were made up, and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group and there have been no trends or development which may have a material adverse impact on the Group's business operations or financial performance.

FULLY EXEMPTED CONTINUING CONNECTED TRANSACTIONS

As at the date of this announcement, the Group has the following continuing connected transactions pursuant to the Master Supply Agreement (as defined below) entered into with one of its suppliers, Tradetech Supplies Limited (“**Tradetech**”), which is a company incorporated in Hong Kong and owned as to 70% by Mr. Poon, an executive Director, and the remaining 30% by an Independent Third Party. Tradetech is an associate of Mr. Poon and hence is a connected person of the Company.

Master Supply Agreement

On 29 November 2016, Windmill Engineering (for itself and other members of the Group) and Tradetech entered into the master supply agreement (“**Master Supply Agreement**”) pursuant to which Tradetech agreed to sell and/or supply to Windmill Engineering and Windmill Engineering (for itself and other members of the Group) agreed to purchase on a non-exclusive basis certain branded fire services installation parts including valves, flexible and expansion joints (“**Supplied Products**”) procured by Tradetech in accordance with the specifications provided by the Group, at the purchase price set out in each individual purchase order (“**Purchase Order**”) as may from time to time be offered by the Group and accepted by Tradetech. The Supplied Products are all branded products with two out of the three brands in respect of which Tradetech is the sole distributor in Hong Kong.

The purchase price in each Purchase Order placed by the Group to Tradetech shall be determined after arm’s length negotiations between Tradetech and the Group from time to time with reference to the then prevailing market price of similar products in the market. The Directors confirm that there is neither a government-prescribed price nor a government-guidance price for the Supplied Products or similar products. Before the placement of each Purchase Order, the Group would obtain quotations from two Independent Third Party suppliers of similar products and compare their quotations with the price quoted by Tradetech. The Group will not place the Purchase Order if it can purchase similar products from Independent Third Party suppliers at a lower price than products of Tradetech.

The terms of the Master Supply Agreement commenced on the GEM Listing Date, i.e. 18 April 2017, and will expire on 30 April 2019. Either party may terminate the Master Supply Agreement by serving a written notice of not less than three months to the other.

Details of the terms of the Master Supply Agreement were disclosed in the Prospectus and the annual caps in respect of the transactions under the Master Supply Agreement for the three financial years ending 30 April 2019 were HK\$0.5 million, HK\$0.5 million and HK\$0.5 million, respectively.

During the Track Record Period, the actual transaction amounts under the Master Supply Agreement were approximately HK\$137,000, HK\$412,000 and HK\$66,000, respectively. The balance increased from HK\$137,000 for the year ended 30 April 2016 to HK\$412,000 for the year ended 30 April 2017 as the Group was engaged in a project where the materials supplied by Tradetech were specifically requested by the customer. The amount decreased to HK\$66,000 for the year ended 30 April 2018 as the project with the said customer has been completed in 2017.

The Directors confirmed that the transactions with Tradetech during the Track Record Period were (i) conducted on normal commercial terms or better terms to the Group; (ii) carried out in the Group's ordinary and usual course of business; and (iii) fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

GEM Listing Rules Implications

Since all the percentage ratios (other than the profits ratio) calculated using the largest annual cap are less than 5% and the annual caps for the transactions contemplated under the Master Supply Agreement for each of the three financial years ending 30 April 2017, 2018 and 2019 are less than HK\$3.0 million, the transactions contemplated thereunder will be de minimis transactions under Rule 20.74 of the GEM Listing Rules and hence are fully exempt from all the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

There had been no change to the composition of Board and senior management of the Group since GEM Listing. The Company discloses below the biographical information of each Director and senior management:

Directors

Executive Directors

Mr. LI Shing Kuen Alexander (李誠權), aged 58, is an executive Director, Chairman and the chief executive officer of the Company. Mr. Li is responsible for the strategic planning and overall management of business operations and development of the Group. Mr. Li founded the Group when he acquired Windmill Engineering on 30 June 1985. Mr. Li was appointed as a Director on 25 August 2016, and re-designated as an executive Director and appointed as Chairman on 29 November 2016. He is also the sole director of Success Chariot and Windmill Engineering.

Mr. Li graduated from the Institution of Fire Engineers in July 1988. Prior to joining the Group, Mr. Li had served an apprenticeship as an electrical fitter from August 1977 to August 1980 and had been awarded a certificate of completion of apprenticeship by Hong Kong Electric Company Limited. From October 1980 to November 1980, he worked as an electrician on probation in the scientific and technical services department of CLP Power HK Limited. From December 1980 to November 1982, he worked as a technician in the operations engineering department of MTR Corporation Limited. Mr. Li has over 30 years of managerial experience in the fire services installation and maintenance industry gained from managing and developing the Group's business. He oversees the project planning, project management and execution of the Group's fire services installation and maintenance projects, directs its business development and acts as a representative in the Group's communications with industry associations, key customers, government representatives and regulatory agencies. Mr. Li is an electrical worker (Grade B) registered with the Electrical and Mechanical Services Department (EMSD). He was appointed as the Chairman of District Fire Safety Committee (Wan Chai District) of the Home Affairs Department from 2010 to 2013 and a non-official member of the Advisory Committee under the Fire Safety (Buildings) Ordinance (Chapter 572 of the Laws of Hong Kong) appointed by the Director

of Fire Services from 2011 to 2017. Mr. Li is a member of the General Committee of the Business Enterprise Management Centre, the Hong Kong Management Association and Friends of Bauhinia, the Bauhinia Foundation Research Centre.

Mr. Li was awarded the Chief Executive's Commendation for Community Service in 2007 and the Medal of Honour (MH) by The Chief Executive of the HKSAR in 2012 for his outstanding and dedicated community service in Wan Chai District. Mr. Li has been appointed as the Chairman of the District Fight Crime Committee (Wan Chai District) of the Home Affairs Department since 2014 and the Honorary Chairman of the Hong Kong Aided Primary School Heads Association since March 2018.

Mr. Li is a Controlling Shareholder and the sole shareholder and sole director of Golden Page, a Controlling Shareholder. As at the Latest Practicable Date, Mr. Li is deemed by the SFO to be interested in the 420,060,000 Shares held by Golden Page (100% beneficially owned by Mr. Li), which is equivalent to 52.51% of the total number of issued Shares. Save as disclosed above, Ms. Li does not have any other interest in the Shares and other securities of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Mr. Li had been a director of Painting International Beauty (Central) Limited (娉婷國際(中環)有限公司) (“**PIBL**”), a private company incorporated in Hong Kong on 31 January 2000 which was dissolved by compulsory winding up on 21 July 2010. Mr. Li was a director of PIBL at the time of its dissolution. Mr. Li confirmed that, according to the best of his knowledge, information and belief, PIBL had been engaged in the operation of beauty salon business in Hong Kong. Upon the petition of King Honor Investment Limited filed at the High Court of Hong Kong on 3 June 2008 (“**Petition**”), it was ordered by Master Ho of the High Court in court that PIBL be wound up by the Court of First Instance of the High Court under the provisions of the Predecessor Companies Ordinance and a provisional liquidator was appointed for the purpose of winding up of PIBL. By an order made by Master Hui of the High Court in chambers dated 21 July 2010, PIBL was dissolved from 21 July 2010. According to the Petition, PIBL was unable to pay a debt owing to the petitioning creditor, King Honor Investment Limited, in the total sum of HK\$1.25 million being the outstanding mesne profits, management fees, water charges, extra air-conditioning charges and rates under a tenancy agreement entered into between PIBL as the tenant and the petitioning creditor as the landlord.

In relation to the Petition, at the time of the preparation of the GEM Listing, the Directors were of the view that Mr. Li was suitable to act as a Director due to the following reasons: (a) although Mr. Li was one of the four directors of PIBL, he did not have any expertise in beauty salon business and was not involved in the day-to-day management and business operations of PIBL, and he suffered loss from his investment in PIBL as a passive investor; (b) Mr. Li had not been disqualified from acting as a director; (c) the Petition brought did not involve any act of dishonesty, fraud, or wrongful act committed on his part leading to the Petition or raise any concern on the integrity of Mr. Li; and (d) he attended a directors training course provided by the Company's legal advisers as to Hong Kong law relating to the responsibility as a director and continuing obligations of a director of listed companies, and attended a test provided by the sole sponsor to the GEM Listing demonstrating his understanding of the laws and regulations applicable to companies listed in Hong Kong and their directors.

Mr. Li has entered into a service agreement with the Company which has no fixed term commencing from 18 April 2017 and may be terminated in accordance with the terms of the individual service agreement and he is subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles. Pursuant to his service agreement, Mr. Li was entitled to an annual salary of HK\$644,956 for his appointment as an executive Director and may also be entitled to a commission based on business performance and discretionary bonus to be determined by the Group.

Mr. POON Kwok Kay (潘國基), aged 47, is an executive Director and is principally responsible for overseeing the daily operations of the Group and overall management of the Group's business operations and development. Mr. Poon joined the Group as a Senior Business Development Manager since April 2014 and was appointed as a Director on 7 October 2016, and re-designated as an executive Director on 29 November 2016.

Mr. Poon graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a Higher Certificate in Mechanical Engineering in November 1993. Mr. Poon has over 20 years of managerial experience in the fire engineering services field, specialising in tender estimation, managing client relationship and products promotion. Prior to joining the Group, Mr. Poon had worked at Thorn Security (Hong Kong) Limited between 1995 and 2013 and his last position held was sales manager, during which he was responsible for supervising the sales team, promoting fire safety products and developing business opportunities. He is also a majority shareholder and director of Tradetech Supplies Limited, one of the Group's suppliers since December 2015.

Mr. Poon has entered into a service agreement with the Company which has no fixed term commencing from 18 April 2017 and may be terminated in accordance with the terms of the individual service agreement and he is subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles. Pursuant to his service agreement, Mr. Poon was entitled to an annual salary of HK\$824,000 for his appointment as an executive Director and may also be entitled to a commission based on business performance and discretionary bonus to be determined by the Group.

Non-executive Director

Mr. CHEUNG Wai Hung (張偉雄), aged 47, is a non-executive Director. Mr. Cheung was appointed as a Director on 7 October 2016 and was re-designated as a non-executive Director on 29 November 2016. Mr. Cheung is one of the members of the Board to assist in formulating the Group's overall corporate strategies and does not participate in the day-to-day management of the Group. Mr. Cheung will be subject to the retirement and rotation requirements under the Articles and the GEM Listing Rules.

Mr. Cheung graduated from the University of Sydney, Australia with a Bachelor of Economics degree in June 1993. Mr. Cheung has over 20 years of managerial experience in direct investment, private equity, fund management, mergers and acquisitions, real estate portfolio management and finance, covering both Hong Kong and China markets. Mr. Cheung was certified as a Chartered Financial Analyst by the CFA Institute, Virginia in September 2004. He has been a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 1997.

Mr. Cheung is a founding member of Opus Financial Group Limited and its subsidiaries (together the “**Opus Financial Group**”), a specialised niche financial group focusing on corporate finance, asset management, mezzanine financing and principal investment. Prior to founding Opus Financial Group, Mr. Cheung served in various positions in several international and local companies, which include (i) Teamtop Investment Co. Ltd, a wholly-owned subsidiary of Shanghai State-owned Assets Operation Co. Ltd; (ii) Dresdner Bank Group; (iii) Thornton Asset Management; and (iv) Kwan Wong Tan & Fong, Certified Public Accountants between 1993 and 2006. Mr. Cheung has been the Senior Investment Manager and the Senior Investment Director of Orion Partners between 2006 and 2014, a private equity firm with assets under management of over US\$1.3 billion (formerly known as Ajia Partners).

Mr. Cheung has entered into a letter of appointment with the Company for a fixed term of three years commencing from 18 April 2017 and may be terminated in accordance with its terms and he is subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles. Pursuant to his letter of appointment, Mr. Cheung would not receive any Director’s fee or any other remuneration for holding his office as a non-executive Director.

Independent Non-Executive Directors

Mr. PUN Kin Wa (潘建華), aged 56, was appointed as an independent non-executive Director on 27 March 2017. Mr. Pun graduated from The University of Hong Kong with a Bachelor of Social Sciences degree with a major in Management Studies in November 1984 and obtained a Master of Science in Electronic Commerce and Internet Computing degree in December 2003. Mr. Pun has been a member of the Hong Kong Institute of Certified Public Accountants since February 1988.

Mr. Pun has over 30 years of experience in auditing, advising on financial investments and managing operations of various financial institutions. He started working as an Audit Assistant of Peat Marwick International from 1984 to 1986. He was an Assistant Manager of International Bank of Asia Limited from 1986 to 1987 and Citicorp Scrimgeour Vickers Hong Kong Limited from 1987 to 1989. From 1989 to 1997, Mr. Pun worked at Morgan Stanley Asia Limited and his last position held was vice president, during which he took on major management tasks in regional expansion. Between 1997 and 2003, Mr. Pun served as the Chief Financial Officer and a director of KG Investments Holdings Limited, a holding company of a financial group engaging in the provision of financial services and investment products. Between 2003 and 2006, Mr. Pun served as the responsible officer or licensed representative for various companies, which include KGI Asia Limited, Sage Asset Management (HK) Limited and Pine Street Partners Limited. Between 2006 and 2008, Mr. Pun served as a director of Sage Capital Limited. Mr. Pun has been the chief advisor of KGI Asia Limited, a regional financial services group in Hong Kong, since 2008.

From 2006 to 2015, Mr. Pun served as a non-executive director of Advanced Engine Components Limited (now known as Ookami Limited), a company listed on the Australian Securities Exchange.

Mr. Pun had been a director of Long Peak Limited, a private company incorporated in Hong Kong, which was dissolved by striking off on 11 October 2002 pursuant to section 291 of the Predecessor Companies Ordinance. Prior to its dissolution, Long Peak Limited had never commenced any business operation and it was struck off for not carrying on business or in operation pursuant to section 291 of the abovementioned ordinance. As confirmed by Mr. Pun, Long Peak Limited was dormant and solvent at the time of it being struck off and its dissolution has not resulted in any liability or obligation imposed against Mr. Pun.

Mr. Pun has entered into a letter of appointment with the Company for a fixed term of three years commencing from 18 April 2017 and may be terminated in accordance with its terms and he is subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles. Pursuant to his letter of appointment, Mr. Pun was entitled to an annual Director's fee of HK\$180,000 for his appointment as an independent non-executive Director.

Mr. TSANG Man Biu (曾文彪), aged 55, was appointed as an independent non-executive Director on 27 March 2017. Mr. Tsang graduated from The University of Hong Kong with a Bachelor of Arts degree in Architectural Studies in November 1985 and a Bachelor of Architecture degree in November 1987. Mr. Tsang has over 30 years of experience in the architectural service industry, focusing on architectural design for new buildings, large scale alteration projects, statutory submissions, building contract administration, interior fitting out design and building works supervision in Hong Kong.

Mr. Tsang has been a Registered Architect in Hong Kong since January 1991 and an Authorised Person (List of Architects) under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) since March 1990. He was qualified as Class 1 Registered Architect in the PRC in August 2004 and as an ISO 9001:2000 and ISO 9001:2002 series Lead Auditor since April 2006. He was accredited as a BEAM Professional by the Hong Kong Green Building Council Limited in September 2014. He has been a member of the Hong Kong Institute of Architects since December 1989 and an associate member of the Hong Kong Institute of Arbitrators since April 2001. Mr. Tsang passed the Guangdong Province Building Code Examination in October 2011.

Mr. Tsang acquired TMB Architects Ltd (formerly known as City Resources Development Limited) in December 1992 and he has been serving as its director in the architectural practice since then. Mr. Tsang has gained extensive project experience from acting as an Architect and an Authorised Person for numerous development projects and renovation projects in Hong Kong.

Mr. Tsang has been the professional advisor to seven Hong Kong and international design competitions held by the Housing Department, Water Supplies Department, Architectural Services Department and Civil Engineering Development Department. Mr. Tsang is currently a member of the Authorized Persons', Registered Structural Engineers' and Registered Geotechnical Engineers' Disciplinary Board Panel appointed by Planning and Lands Branch of Development Bureau. Mr. Tsang was a member of Wan Chai District Fight Crime Committee in 2016. He was appointed as an observer of the Independent Police Complaints Council by the Security Bureau of the Government from April 2017 to March 2019. He was appointed a convener of Panel of Advisers on Building Management Disputes, a member of the Town Planning Appeal Boards and the Appeal Tribunal Panel under the Buildings Ordinance, the Authorized Persons Registration Committee Panel, the Contractors Registration Committee Panel and the School Management Committee of King's College. He was a director of Pok Oi Hospital for the years of 1998 and 1999.

Mr. Tsang has entered into a letter of appointment with the Company for a fixed term of three years commencing from 18 April 2017 and may be terminated in accordance with its terms and he is subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles. Pursuant to his letter of appointment, Mr. Tsang was entitled to an annual Director's fee of HK\$180,000 for his appointment as an independent non-executive Director.

Mr. LEE Kwok Tung Louis (李國棟), aged 51, was appointed as an independent non-executive Director on 27 March 2017. Mr. Lee was awarded by Macquarie University Australia a Bachelor of Economics degree in April 1993. He has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since October 1999 and a Certified Practising Accountant of the CPA Australia since June 1996.

Mr. Lee has over 25 years of experience with unlisted groups, listed groups and professional firms in finance, accounting and auditing since 1993. Mr. Lee worked at Deloitte Touche Tohmatsu, an international CPA firm from 1993 to 1999 and his last position held was senior accountant. He worked at Bright & Shine Corporate Finance Limited from October 1999 to May 2003 and his last position held was director. Mr. Lee worked at Deloitte Touche Tohmatsu between May 2003 and June 2008 and his last position held was senior manager. From July 2008 to June 2010, Mr. Lee worked at Meadville Holdings Limited, a company formerly listed on the Main Board that was privatised and voluntarily delisted in 2010, and his last position held was vice president of finance. Mr. Lee has been the financial controller of Lung Ming Mining Co. Limited since September 2010.

Mr. Lee is currently an independent non-executive director of four listed companies, namely CGN Mining Company Limited (stock code: 1164), Worldgate Global Logistics Limited (stock code: 08292), China Singyes New Materials Holding Limited (stock code: 8073) and Redsun Properties Group Limited (stock code: 1996), which are listed on the Stock Exchange. He was an independent non-executive director of Winto Group (Holdings) Limited (stock code: 8238), Zhong Ao Home Group Limited (stock code: 1538), which are listed on the Stock Exchange, from January 2015 to May 2016 and November 2015 to July 2017, respectively.

Mr. Lee has entered into a letter of appointment with the Company for a fixed term of three years commencing from 18 April 2017 and may be terminated in accordance with its terms and he is subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Articles. Pursuant to his letter of appointment, Mr. Lee was entitled to an annual Director's fee of HK\$180,000 for his appointment as an independent non-executive Director.

Save as disclosed in this announcement, each of the Directors (i) did not hold other positions in the Company or other members of the Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of the Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed above, each of the Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters relating to the appointment of the Directors that need to be brought to the attention of the Shareholders, nor is there any other information relating to the Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and Rule 13.51(2) of the Main Board Listing Rules as at the Latest Practicable Date.

Senior management

Mr. YIM Ping Kuen (嚴炳權), aged 56, is the financial controller of the Group since September 2016. He is primarily responsible for financial reporting and planning, treasury and financial control. Mr. Yim is a fellow member of the Association of Chartered Certified Accountants since November 1995 and is currently a practicing member of the Hong Kong Institute of Certified Public Accountants.

Mr. Yim graduated from The University of Hong Kong with a bachelor's degree of Social Sciences in November 1986 and The Hong Kong Polytechnic University with a master's degree of Corporate Finance in November 2003. He has over 30 years of work experience in accounting and setting up financial operations for various companies. Mr. Yim had been the financial controller, company secretary and chief financial officer for various international companies in different industries including listed companies in Hong Kong and Singapore, which include Afasia Group from August 1986 to March 1999, SinoCloud Group Limited, formerly Armarda Group Limited, a company listed on SESDAQ of the Singapore Exchange from July 2003 to August 2004 and Wanji Pharmaceutical Holdings Limited, a company listed on the Stock Exchange (stock code: 835) between September 2004 and November 2005. Mr. Yim is one of the directors of Centalent CPA Limited, a CPA firm providing audit, taxation and accounting services to SMEs in various industries (formerly practising as Lau, Yim, Chiu and Co.) since April 1999. Mr. Yim had been an independent non-executive director of Glorious Property Holdings Limited, a company listed on the Stock Exchange (stock code: 845) from October 2009 to May 2014.

Mr. LAM Tai Ming (林泰銘), aged 48, has been a senior project manager of the Group since April 2014. Mr. Lam is primarily responsible for project execution which includes site supervision, and liaison with customers and relevant site agents, etc.

Mr. Lam has over 20 years of experience in the fire engineering field. Mr. Lam joined the Group in January 1995 as an assistant engineer and he was promoted to his current position in April 2014. Mr. Lam obtained from the Vocational Training Council an Ordinary Certificate in Electrical Engineering in September 1999 and a Higher Certificate in Building Services Engineering in July 2005. Mr. Lam is a holder of the Certificate for Safety and Health Supervisor (Construction) awarded by the Occupational Safety & Health Council in November 1999. He is a Class 3 Registered Fire Service Installation Contractor registered

with the Fire Services Department since June 2012, an electrical worker (Grade B) registered with the Electrical and Mechanical Services Department (EMSD). Mr. Lam received from the Labour Department an Attendance Certificate in legal requirements of working in confined space in August 1996 and an Attendance Certificate in construction sites safety regulations in November 1996.

Mr. SIN Kam Hung (洗錦雄), aged 50, has been a project manager of the Group since June 2014. Mr. Sin is primarily responsible for project execution which includes site supervisory, liaison with customers and relevant site agents. Mr. Sin obtained a Higher Certificate in Building Services Engineering from the Vocational Training Council in July 2001. He is an electrical worker (Grade H) registered with the Electrical and Mechanical Services Department (EMSD).

Mr. Sin has over 20 years of experience in fire engineering field. Mr. Sin joined the Group in June 1989 as a technician and he was promoted to project engineer in 1995. Mr. Sin had left the Group in December 2001 and worked for Guardian Property Management Limited as a technical supervisor from February 2002 to October 2005 and The Hong Kong Jockey Club as a technical services engineer from November 2005 to May 2014.

Mr. TANG Wai Yin (鄧偉賢), aged 46, joined the Group as a project manager in March 2016 and was promoted to the position of construction manager in March 2018. Mr. Tang is primarily responsible for overall project management which includes quality control, master progress monitoring, value enhancement, overall site administration and site safety.

Mr. Tang graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a Higher Certificate in Mechanical Engineering in November 1993. Mr. Tang has over 15 years of experience in the fire engineering field. Mr. Tang is a holder of the Construction Industry Safety Training Certificate. Mr. Tang joined the Group in February 1996 as a project engineer and was responsible for handling various systems of fire services installation, site supervision, design, testing and commissioning. Mr. Tang left the Group in August 2007 and worked for Thorn Security (Hong Kong) Limited as project engineer and senior project engineer from September 2008 to September 2013. Mr. Tang was the Group's project manager from October 2013 to 2014. He worked for Tyco Fire, Security & Services (Macau) Limited as an assistant project manager from May 2014 to December 2015.

Ms. LEUNG Wan Yi (梁尹儀), aged 51, has been an administration manager of the Group since November 2016. Ms. Leung is primarily responsible for overseeing daily support operations and performing administrative duties. She joined the Group in October 1986 as a junior accounts clerk and was promoted to accounts clerk in February 1989. She was the Group's account manager from January 2012 to October 2016.

Ms. Leung completed a 9-month full-time business secretarial studies course and received a diploma in business secretarial studies from the Professional & Business Youth Department of the Hong Kong Young Women's Christian Association in May 1986. She attended a higher accounting course organised by Caritas Adult Educational Centre from July 1986 to January 1987. She obtained a Certificate of Internal QMS Auditor from SGS United Kingdom Limited in April 2003 and a Certificate of Achievement — Integrated Management System: Internal Auditor for ISO 9001, ISO 14001 and OHSAS 18001 from SGS Hong Kong Limited in July 2012.

Company secretary

Ms. HO Wing Yan (何詠欣), aged 37, was appointed as our company secretary on 29 November 2016. She is responsible for corporate secretarial duties and corporate governance matters in relation to the Company. Ms. Ho has more than 10 years of experience in the corporate secretarial field. She is currently a director of BMI Listed Corporate Services Limited. Prior to joining BMI Listed Corporate Services Limited in July 2009, she was a company secretary with Kaizen Corporate Services Limited from March 2006 to March 2007. She worked for Climax Management Company Limited as a company secretarial officer under Company Secretarial Department from September 2007 to April 2009.

Ms. Ho obtained a Bachelor's degree in Business Administration (Applied Economics) from Hong Kong Baptist University in November 2004 and a Master of Corporate Governance degree from The Open University of Hong Kong in June 2009. She was admitted to Graduateship of the Institute of Chartered Secretaries and Administrators in August 2009 and was an elected Associate of The Institute of Chartered Secretaries and Administrators in November 2009. She is a Chartered Secretary and was admitted as an Associate of The Hong Kong Institute of Chartered Secretaries (“**HKICS**”) in November 2009. She is a holder of the Practitioner's Endorsement from HKICS, obtained in July 2016. Ms. Ho is also currently the company secretary of 14 companies listed on the Stock Exchange and she is also a non-executive director of China Beidahuang Industry Group Holdings Limited, a company listed on the Stock Exchange (stock code: 39).

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the respective websites of the Company at <http://www.windmill.hk> and of the Stock Exchange at <http://www.hkexnews.hk>:

- (a) the Directors' report and annual report of the Company for each of the two years ended 30 April 2017 and 2018;
- (b) the first quarterly report for the three months ended 31 July 2017, the interim report of the Company for the six months ended 31 October 2017, the third quarterly report of the Company for the three months ended 31 January 2018, the first quarterly report of the Company for the three months ended 31 July 2018 and the interim report of the Company for the six months ended 31 October 2018;
- (c) the Memorandum and the Articles;
- (d) the circular of the Company dated 31 July 2017 in relation to general mandates to issue and repurchase shares, re-election of directors, re-appointment of auditor and notice of general meeting;
- (e) the circular of the Company dated 31 July 2018 in relation to general mandates to issue and repurchase shares, re-election of directors, re-appointment of auditor and notice of general meeting; and

- (f) announcements and other corporate communications made by the Company prior to the date of this announcement as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Articles”	the articles of association of the Company as adopted by the Company from time to time
“associate(s)”	has the meaning ascribed to them in the Main Board Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	chairman of the Board, Mr. Li
“close associate(s)”	has the meaning ascribed to them in the Main Board Listing Rules
“Company”	WINDMILL Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“Controlling Shareholder(s)”	the controlling shareholder(s) of the Company and for the purpose of this announcement, means Mr. Li and Golden Page
“Director(s)”	the director(s) of the Company
“ERP system”	the enterprise resource planning system, a comprehensive software designed to integrate business processes and functions, by permitting the sharing of common data and practices in a real-time environment
“Housing Authority”	the Hong Kong Housing Authority, a statutory body established under the Housing Ordinance (Chapter 283 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“GEM”	GEM operated by the Stock Exchange
“GEM Listing”	the listing of Company’s shares on GEM

“GEM Listing Date”	18 April 2017, on which dealings in Shares first commence on GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Golden Page”	Golden Page Investments Limited (金頁投資有限公司), a company incorporated in the BVI with limited liability on 26 July 2016 and a Controlling Shareholder
“Government” or “government”	unless otherwise stated, the Government of the HKSAR
“Government departments” or “Government-related organisations”	various departments of Government and Government-related organisations published on Government’s website at www.gov.hk (at the webpage headed “Government and Related Organisations Listed by Organisational Structure”)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$” or “Hong Kong dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong” or “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	individual(s) or company(ies) which is/are independent of and not connected with (within the meaning of the GEM Listing Rules and Main Board Listing Rules) any directors, chief executives and substantial shareholders of the Company or any of its subsidiaries and any of their respective associates
“Latest Practicable Date”	23 January 2019, being the latest practicable date prior to the publication of this announcement for the purpose of ascertaining certain information contained in this announcement
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM, and for the avoidance of doubt, it does not include GEM for the purpose hereof
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Memorandum”	the memorandum of association of the Company as adopted by the Company from time to time

“Mr. Li”	Mr. Li Shing Kuen Alexander, Chairman and chief executive officer and a Controlling Shareholder
“Mr. Poon”	Mr. Poon Kwok Kay, an executive Director of the Company
“Opus Capital”	Opus Capital Limited, a corporation licensed by The Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Company in relation to the GEM Listing and the Transfer of Listing
“PRC”	The People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance
“Prospectus”	the prospectus of the Company dated 31 March 2017
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offer”	the initial public offering of 200,000,000 Shares by the Company comprising the public offer share and placing of for the listing of the Shares on GEM as set out in the Prospectus
“Share Option Scheme”	the share option scheme adopted by the Company on 27 March 2017
“Sponsor” or “Red Sun”	Red Sun Capital Limited, a corporation licensed by the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, acting as the sponsor to the Transfer of Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Success Chariot”	Success Chariot Limited, a company incorporated in BVI with limited liability on 6 July 2016, a direct wholly-owned subsidiary of the Company

“Track Record Period”	the period comprising the three years ended 30 April 2016, 2017 and 2018 and the six months ended 31 October 2018
“Transfer of Listing”	the transfer of the listing of the Shares from GEM to Main Board
“Windmill Engineering”	Windmill Engineering Company Limited (海鑫工程有限公司), a company incorporated in Hong Kong with limited liability on 20 May 1983, and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

Unless otherwise required by the context, all data contained in this announcement are as at the Latest Practicable Date. Unless the context otherwise provides, the figures in this announcement are in approximate figures. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as total in certain tables may not be in an arithmetic aggregate of the figures preceding them.

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

Hong Kong, 31 January 2019

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Main Board Listing Rules and GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of publication and on the website of the Company at www.windmill.hk.