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WINDMILL GROUP LIMITED

(海鑫集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1850)

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
(2) PROPOSED SHARE CONSOLIDATION; AND
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS
SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD
AT THE CLOSE OF BUSINESS ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

Finance Adviser to Windmill Group Limited

ADVENT
宏智融資

Advent Corporate Finance Limited

Placing Agent



恆宇證券有限公司
Space Securities Limited

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to accommodate the future expansion and growth of the Group, the Board proposes to increase the existing authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Existing Shares with a par value of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 Existing Shares with a par value of HK\$0.01 each (or 200,000,000 Consolidated Shares after the Share Consolidation becoming effective).

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every twenty (20) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. Currently, the Shares are traded on the Stock Exchange in the board lot size of 10,000 Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 10,000 Consolidated Shares.

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Existing Shares of HK\$0.01 each, of which 960,000,000 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Increase in Authorised Share Capital and Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$40,000,000 divided into 200,000,000 Consolidated Shares of HK\$0.20 each, of which 48,000,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

PROPOSED RIGHTS ISSUE

The Company proposes subject to the Increase in Authorised Share Capital and the Share Consolidation having become effective, to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Consolidated Share held at the close of business on the Record Date at the Subscription Price of HK\$1.36 per Consolidated Share after the Share Consolidation becoming effective, to raise up to approximately HK\$130.56 million (before expenses) by issuing up to 96,000,000 Consolidated Shares to the Qualifying Shareholders.

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$128.58 million from the Rights Issue as follows:

- (i) approximately HK\$109.30 million to support the Group's forthcoming fire safety systems projects and its ancillary services, of which approximately HK\$24.51 million (representing approximately 19.06% of the net proceeds) for the prepayment to the subcontractors and/or supplies before the commencement of projects and approximately HK\$84.79 million (representing approximately 65.94% of the net proceeds) for the initial start-up costs of the abovementioned projects; and

- (ii) the remaining of the net proceeds from the Rights Issue for the general working capital of the Group, of which approximately HK\$15.26 million (representing approximately 11.87% of the net proceeds) for the staff cost, approximately HK\$2.84 million (representing approximately 2.21% of the net proceeds) for the rental expenses and approximately HK\$1.18 million (representing approximately 0.92% of the net proceeds) for other office overhead.

In the event that there is an under subscription of the Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

The Company will make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Unsold Shares that are not successfully sold by the Company as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Shares and the Compensatory Arrangements” in this announcement, by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders and Excluded Shareholders. After the trading hours of the Stock Exchange on 10 February 2023, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

As at the date of this announcement, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

LISTING RULES IMPLICATIONS

Increase in Authorised Share Capital

The Increase in Authorised Share Capital is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Increase in Authorised Share Capital at the EGM.

Share Consolidation

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

The Rights Issue

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Since there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

The Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL MATTERS

Despatch of the circular and notice of EGM

An EGM will be convened and held for the Shareholders and the Independent Shareholders (as the case may be) to consider, and if thought fit, to approve, among other things, the proposed Increase in Authorised Share Capital, the proposed Share Consolidation and the proposed Rights Issue. The Circular containing, among other things, (i) further details about the Increase in Authorised Share Capital, the Share Consolidation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before Monday, 13 March 2023.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders for their information only.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Accordingly, the Rights Issue may or may not proceed.

It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Tuesday, 11 April 2023, and the Consolidated Shares will be dealt with on an ex-rights basis from Wednesday, 12 April 2023.

The Rights Issue will proceed irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any Shareholder or other person dealing in the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled or the Placing Long Stop Date (which is expected to be at 4:10 p.m. on Tuesday, 23 May 2023) will accordingly bear the risk that the Rights Issue and/or the Placing may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to accommodate the future expansion and growth of the Group, the Board proposes to increase the existing authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Existing Shares with a par value of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 Existing Shares with a par value of HK\$0.01 each (or 200,000,000 Consolidated Shares after the Share Consolidation becoming effective). Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the EGM.

The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.20 each.

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders, but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM to be convened by the Company;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue or to be issued from the Share Consolidation.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on Tuesday, 11 April 2023, i.e. being the second Business Day immediately following the date of passing the relevant ordinary resolution(s) approving the Share Consolidation at the EGM.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Existing Shares of HK\$0.01 each, of which 960,000,000 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Increase in Authorised Share Capital and the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$40,000,000 divided into 200,000,000 Consolidated Shares of HK\$0.20 each, of which 48,000,000 Consolidated Shares (which are fully-paid or credited as fully-paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Currently, the Shares are traded on the Stock Exchange in the board lot size of 10,000 Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 10,000 Consolidated Shares.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the circular to be despatched to the Shareholders in relation to, among other things, the Share Consolidation. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the period from Tuesday, 11 April 2023 to Thursday, 18 May 2023, submit the existing share certificates for the Existing Shares to the Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for delivery, trading and settlement purposes.

The new share certificates for the Consolidated Shares will be Issued in green colour in order to distinguish them from the existing yellow colour.

Listing and Dealings of the Consolidated Shares

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Reasons for the Share Consolidation

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK0.01 or HK\$9,995.00, the issuer may be required by the Stock Exchange either to change the trading method or to proceed with a consolidation or splitting of its securities.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “Guideline”), the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Existing Share is HK\$0.069, with a board lot size of 10,000 Existing Shares, the existing board lot value is only HK\$690, which is less than HK\$2,000.

In order to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to implement the Share Consolidation. It is expected that the Share Consolidation will bring about a corresponding upward adjustment to the share price per board lot, and increase the value of each board lot of the Consolidated Shares to more than HK\$2,000. Based on the closing price of HK\$0.069 per Existing Share as quoted on the Stock Exchange as at the Last Trading Day, the value of each board lot of the Existing Shares is HK\$690 and the theoretical value of each board lot of the Consolidated Shares, assuming the Share Consolidation has become effective, would be HK\$13,800.

Accordingly, the Board believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 29 March 2023 to Tuesday, 4 April 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of the Existing Shares will be registered during the above book closure period.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities, the Consolidated Shares and/or nil-paid Rights Shares of the Company. If they are in doubt, they should consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes subject to the Increase in Authorised Share Capital and the Share Consolidation having become effective, to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Consolidated Share held at the close of business on the Record Date at the Subscription Price of HK\$1.36 per Consolidated Share after the Share Consolidation becoming effective, to raise up to approximately HK\$130.56 million (before expenses) by issuing up to 96,000,000 Consolidated Shares to the Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) Consolidated Share held at the close of business on the Record Date
Subscription Price	:	HK\$1.36 per Consolidated Share with nominal value of HK\$0.2 each after the Share Consolidation becoming effective
Number of Shares in issue as at the date of this announcement	:	960,000,000 Existing Shares
Number of Consolidated Shares in issue immediately upon the Share Consolidation having become effective	:	48,000,000 Consolidated Shares (assuming there is no change in number of Shares in issue up to the effective date of the Share Consolidation)

Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	:	Up to 96,000,000 Consolidated Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Number of Consolidated Shares in issue immediately upon completion of the Rights Issue	:	Up to 144,000,000 Consolidated Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Gross proceeds from the Rights Issue:	:	Up to approximately HK\$130.56 million before expenses (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date)

The Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 200.00% of the Company's issued share capital as at the date of this announcement and 66.67% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

As at the date of this announcement, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

Subscription Price

The Subscription Price is HK\$1.36 per Consolidated Share with nominal value of HK\$0.2 each after the Share Consolidation becoming effective, shall be payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- a) a discount of approximately 1.45% to the closing price of HK\$0.069 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- b) a discount of approximately 3.68% to the average closing price of approximately HK\$0.0706 per Existing Share for the last 5 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- c) a discount of approximately 5.29% to the average closing price of approximately HK\$0.0718 per Existing Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- d) the same as the theoretical ex-entitlement price of approximately HK\$0.068 per Existing Share based on the closing price of HK\$0.069 as quoted on the Stock Exchange on the Last Trading Day; and
- e) a discount of approximately 54.05% to the unaudited consolidated net asset value per Existing Share of approximately HK\$0.148 as at 31 October 2022 (based on 960,000,000 Existing Shares in issue as at the Last Trading Day).

The Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section head “Reason for the Rights Issue, the Placing and the use of proceeds” in this announcement.

As the Rights Shares are offered to all Qualifying Shareholders, the Directors wish to set the Subscription Price at a level that will attract Qualifying Shareholders to participate in the Rights Issue. As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) consider that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group, particularly in view of (i) the historical trading prices of the Shares showed a downward trend during the past twelve months before the date of this announcement; and (ii) the average trading volume of shares in the past twelve months before the date of this announcement, were very low. The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Excluded Shareholders. To qualify for the Rights Issue, Shareholders must be registered as members of the Company on the Record Date and must be a Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Consolidated Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. on Thursday, 13 April 2023.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If based on legal opinions provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s).

The basis for excluding the Excluded Shareholder(s), if any, from the Rights Issue will be set out in the Prospectus. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the relevant Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The Company's register of members will be closed from Friday, 14 April 2023 to Thursday, 20 April 2023, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Rights Issue. No transfer of Shares or Consolidated Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Consolidated Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents. There will be no excess application arrangement in relation to the Rights Issue.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlements of the Rights Shares

In any event, fractions of the Rights Shares will not be provisionally allotted to any of the Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of these Rights Shares remain not sold in the market will be not issued by the Company and the size of the Rights Issue will be reduced accordingly.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank pari passu in all respects with the Consolidated Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 31 May 2023. Refund cheques are expected to be posted on or before Wednesday, 31 May 2023 by ordinary post to the applicants at their own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 10,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, any Unsubscribed Rights Shares together with the NQS Unsold Shares will be placed on a best effort basis by the Placing Agent to independent placees under the Placing. Any Unsubscribed Rights Shares and/or NQS Unsold Shares remain unplaced under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly trigger of the MGO Obligation and/or any non-compliance with the Public Float Requirement. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger of the MGO Obligation and/or any non-compliance with the Public Float Requirement.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

Pursuant to the Placing Agreement, the Company appointed the Placing Agent to place the Placing Shares during the Placing Period to independent placees on a best effort basis, any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m., on the Placing End Date, places to subscribe for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Shares. Any Unsubscribed Rights Shares and/or NQS Unsold Shares remain unplaced under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Excluded Shareholders as set out below on a pro rata basis (but rounded down to the nearest cent):

- (i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders and Excluded Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

- (i) the Increase in Authorised Share Capital and Share Consolidation becoming effective;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the passing of an ordinary resolution by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iv) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders no later than the Prospectus Posting Date; and

- (vi) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:10 p.m. on Tuesday, 23 May 2023 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

THE PLACING AGREEMENT

On 10 February 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure placee(s), on the best effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agreement are summarised below:

Date	:	10 February 2023 (after trading hours)
Issuer	:	The Company
Placing Agent	:	Space Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, was appointed as the Placing Agent to procure, on the best effort basis, placees to subscribe for the Unsubscribed Right Shares and NQS Unsold Shares during the Placing Period.
		The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not the Shareholder; and (ii) they are Independent Third Parties.
Placing Period	:	The period commencing from Monday, 15 May 2023 and end at 6:00 p.m. of Monday, 22 May 2023 or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Placing.
Commission and expenses	:	The Placing Agent shall be entitled to a commitment fee equal to 1.0% of the amount which is equal to the Placing price multiplied by the Placing Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

Placing price : The placing price of each of the Placing Shares shall be not less than the Subscription Price. The final price determination will be dependent on the demand and market conditions of the Placing Shares during the process of placement.

Placees : The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

Ranking of the Placing Shares : The Placing Shares (when placed, allotted, issued and fully paid), shall rank *pari passu* in all respects among themselves and with the Consolidated Shares in issue at the date of completion of the Placing.

Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
- (ii) approval of the Rights Issue by Independent Shareholders at the EGM;
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and

- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof or before the Placing Long Stop Date or such date as may be agreed between the Company and the Placing Agent in writing.

Termination : The Placing Agreement can only be terminated by mutual written confirmations by the Company and the Placing Agent.

The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing completion : The timetable of the Placing is driven by the timetable of the Rights Issue. Under the terms of the Placing Agreement, the Placing Period shall commence on Monday, 15 May 2023, or such other date as the Company may announce. The Placing Period shall end on Monday, 22 May 2023, or such other date as the Company may announce.

The long stop date for the fulfilment of conditions of the Placing Agreement shall be 4:10 p.m. on Tuesday, 23 May 2023 (being the next Business Day after the Placing End Date) or such later date as may be announced by the Company. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions and if the said conditions are not fulfilled on or before the Placing Long Stop Date, the Placing Agreement will lapse and become null and void and the Company and the Placing Agent shall be released from all rights and obligations under the Placing Agreement, save the liabilities for any antecedent breaches thereof.

The engagement between the Company and the Placing Agent in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of Placing Agreement in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board considered that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares to the Company; (ii) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Excluded Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and the Excluded Shareholders.

Reasons for the Rights Issue, the Placing and the use of proceeds

The Company is an investment holding company while the principal subsidiary, Windmill Engineering, is mainly engaged in design, supply and installation of fire safety systems for buildings under construction or re-development, maintenance and repair of fire safety systems for built premises and trading of fire service accessories. The net proceeds of the Rights Issue (after deduction of expenses) are expected to amount to approximately HK\$128.58 million (assuming no change in the number of Shares in issue on or before the Record Date).

The Group intends to further strengthen its market position in the fire safety system industry in Hong Kong including but not limited to strengthen the financial position by the Rights Issue, which will enable the Company to expand its capital base so that it is able to undertake more sizeable fire safety system projects. The Directors also consider that it is in the interests of the Company and its Shareholders to raise capital to meet the Group's funding requirements by way of the Rights Issue, which will allow all Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company.

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

Having considered the abovementioned alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

As at the date of this announcement, the aggregated contract sum of the Group's fire safety system projects in Hong Kong is approximately HK\$490.27 million, most of which will be commenced by second quarter of 2023.

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$128.58 million from the Rights Issue as follows:

- (i) approximately HK\$109.30 million to support the Group's forthcoming fire safety systems projects and its ancillary services, of which approximately HK\$24.51 million (representing approximately 19.06% of the net proceeds) for the prepayment to the subcontractors and/or supplies before the commencement of projects and approximately HK\$84.79 million (representing approximately 65.94% of the net proceeds) for the initial start-up costs of the abovementioned projects; and

- (ii) the remaining of the net proceeds from the Rights Issue for the general working capital of the Group, of which approximately HK\$15.26 million (representing approximately 11.87% of the net proceeds) for the staff cost, approximately HK\$2.84 million (representing approximately 2.21% of the net proceeds) for the rental expenses and approximately HK\$1.18 million (representing approximately 0.92% of the net proceeds) for other office overhead.

In the event that there is an under subscription of the Rights Issue, the net proceeds will be utilised on a pro rata basis as set out above.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, assuming that there is no change in the number of Shares in issue on or before the Record Date, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Share Consolidation but before completion of the Rights Issue; (iii) immediately upon completion of the Rights Issue provided that all Shareholders have taken up all their entitled Rights Shares; and (iv) immediately upon completion of the Rights Issue provided that none of the Shareholders have taken up any of their entitled Rights Shares with all the Placing Shares are placed to Independent Third Parties under the Placing is as follows:

Name of the Shareholders	As at the date of this announcement		Immediately upon completion of the Share Consolidation but before completion of the Rights Issue		Immediately upon completion of the Rights Issue provided that all Shareholders have taken up all their entitled Rights Shares		Immediately upon completion of the Rights Issue provided that none of the Shareholders have taken up any of their entitled Rights Shares with all the Placing Shares are placed to Independent Third Parties under the Placing	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
Garden Wealth Investment Limited (Note 1)	213,660,000	22.26	10,683,000	22.26	32,049,000	22.26	10,683,000	7.42
Great Season Ventures Limited (Note 2)	123,660,000	12.88	6,183,000	12.88	18,549,000	12.88	6,183,000	4.29
Public Shareholders (Note 3)	622,680,000	64.86	31,134,000	64.86	93,402,000	64.86	31,134,000	21.62
Placees (Note 4)	-	-	-	-	-	-	96,000,000	66.67
Total	960,000,000	100.00	48,000,000	100.00	144,000,000	100.00	144,000,000	100.00

Notes:

1. Garden Wealth Investment Limited is wholly and beneficially owned by Ms. Li Mingying. By virtue of the SFO, Ms. Li Mingying is deemed to be interested in all the shares in which Garden Wealth Investment Limited is interested or deemed to be interested under the SFO. Ms. Li Mingying is also the sole director of Garden Wealth Investment Limited.
2. Great Season Ventures Limited is wholly and beneficially owned by Mr. Jiang Jianhui. By virtue of the SFO, Mr. Jiang Jianhui is deemed to be interested in all the shares in which Great Season Ventures Limited is interested or deemed to be interested under the SFO. Mr. Jiang Jianhui is also the sole director of Great Season Ventures Limited.
3. As at the date of this announcement, the Company has no controlling Shareholder as defined under the Listing Rules and none of the Directors and their respective associates is interested in any Shares.
4. Pursuant to the terms of the Placing Agreement, the Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies). None of the placees will become a substantial shareholder of the Company immediately following the Placing and therefore will not trigger any MGO Obligation.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company's equity fund raising exercises over the past 12-month period immediately preceding the date of this announcement are set out below:

Date of Announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
27 March 2022	Placing of 160,000,000 Shares at the nominal value of HK\$0.01 each	HK\$29.6 million	For development and enhancement of the current fire service installation segment and for general working capital of the Group	As at 31 October 2022, the net proceeds of approximately HK\$15.5 million raised have been utilised as intended. There was unutilised proceeds of approximately HK\$13.7 million as at 31 October 2022. The unutilised use of proceeds is expected to be used in the year ending 30 April 2023.

EXPECTED TIMETABLE

The expected timetable for the Increase in Authorised Share Capital, the Share Consolidation and the Rights Issue is set out below:

Event	Year 2023
Publication of this announcement	Friday, 10 February
Expected date of despatch of the circular and the notice and form of proxy for the EGM on or before	Monday, 13 March
Latest time for lodging transfers of shares to qualify for attendance and voting at the EGM	4:30 p.m. on Tuesday, 28 March
Closure of register of members of the Company for attending and voting at the EGM (both days inclusive)	Wednesday, 29 March to Tuesday, 4 April
Latest time for lodging forms of proxy for the purpose of the EGM	11:00 a.m., on Sunday, 2 April
Record date for determining attendance and voting at the EGM	Tuesday, 4 April
Expected date and time of the EGM	11:00 a.m., Tuesday, 4 April
Announcement of results of the EGM	Tuesday, 4 April
 The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and Rights Issue.	
Effective date of the Increase in Authorised Share Capital	Tuesday, 4 April
Register of members of the Company re-opens	Thursday, 6 April
Effective date of the Share Consolidation	Tuesday, 11 April
Commencement of dealings in the Consolidated Shares	9:00 a.m., on Tuesday, 11 April

Original counter for trading in Shares (in board lots of 10,000 Shares) (in the form of existing share certificates) temporarily closes 9:00 a.m., on Tuesday, 11 April

Temporary counter for trading in Consolidated Shares, in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens 9:00 a.m., on Tuesday, 11 April

First day for the free exchange of existing certificates of the Shares into new share certificates of Consolidated Shares commences Tuesday, 11 April

Last day of dealings in Consolidated Shares on a cum-entitlement basis of the Rights Issue. Tuesday, 11 April

First day of dealings in Consolidated Shares on an ex-entitlement basis of the Rights Issue Wednesday, 12 April

Latest time for lodging transfers of Consolidated Shares in order to qualify for the Rights Issue. 4:30 p.m. on Thursday, 13 April

Closure of register of members of the Company for determining entitlements to the Rights Issue (both dates inclusive) Friday, 14 April to Thursday, 20 April

Record Date for determining entitlements to the Rights Issue Thursday, 20 April

Register of members the Company re-opens Friday, 21 April

Expected date of despatch of the Prospectus Documents Friday, 21 April

First day of dealing in nil-paid Rights Shares Tuesday, 25 April

Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares 9:00 a.m., on Tuesday, 25 April

Original counter for trading in Consolidated Shares in new board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m., on Tuesday, 25 April
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m., on Tuesday, 25 April
Latest time for splitting of the PAL.....	4:30 p.m. on Thursday, 27 April
Last day of dealing in nil-paid Rights Shares	Wednesday, 3 May
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Monday, 8 May
Latest Time for Acceptance of and payment for the Rights Shares and application	4:00 p.m. on Monday, 8 May
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Shares subject to the Placing	Friday, 12 May
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and NQS Unsold Shares available)	Monday, 15 May
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Tuesday, 16 May
Temporary counter for trading in Consolidated Shares, in board lots of 500 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Tuesday, 16 May
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) ends	4:10 p.m. on Tuesday, 16 May

Last day for the free exchange of existing certificates of the Shares into new share certificates of Consolidated Shares	Thursday, 18 May
Placing End Date.6:00 p.m. on Monday, 22 May
Latest Time for the Rights Issue to become unconditional; and the Placing Long Stop Date4:10 p.m. on Tuesday, 23 May
Rights Issue Settlement Date and Placing completion date	Monday, 29 May
Announcement of the results of the Rights Issue (Including the results of the Placing and the Net Gain)	Tuesday, 30 May
Despatch of share certificates for the Rights Shares and/or refund cheques if the Rights Issue is terminated	Wednesday, 31 May
Expected first day of dealings in fully-paid Rights Share	9:00 a.m., on Thursday, 1 June
Payment of Net Gain to relevant No Action Shareholders (if any)	Wednesday, 14 June

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Share Consolidation and Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place at 4:00 p.m. on Monday, 8 May 2023 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or Extreme Conditions, if such circumstances is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

LISTING RULES IMPLICATIONS

Increase in Authorised Share Capital

The Increase in Authorised Share Capital is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Increase in Authorised Share Capital at the EGM.

Share Consolidation

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

Rights Issue

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders at the EGM by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Since there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

The Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL MATTERS

Despatch of the circular and notice of EGM

An EGM will be convened and held for the Shareholders and the Independent Shareholders (as the case may be) to consider, and if thought fit, to approve, among other things, the proposed Increase in Authorised Share Capital, the proposed Share Consolidation and the proposed Rights Issue. The Circular containing, among other things, (i) further details about the Increase in Authorised Share Capital, the Share Consolidation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before Monday, 13 March 2023.

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders for their information only.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid Rights Shares. Please refer to the section headed “Proposed Rights Issue – Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

The Existing/Consolidated Shares are expected to be dealt in on an ex-rights basis from Wednesday, 12 April 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 25 April 2023 to Wednesday, 3 May 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Existing/Consolidated Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Existing/Consolidated Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Existing Shares, the Consolidated Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares and the Consolidated Shares.

DEFINITIONS

In this announcement, unless the context otherwise require, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday, Sunday, a public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Circular”	the circular to be despatched to the Shareholders in respect of, among other things, the proposed Increase in Authorised Share Capital, the proposed Share Consolidation and the proposed Rights Issue
“Company”	Windmill Group Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 1850)
“Compensatory Arrangement”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Shares and the NQS Unsold Shares and the Compensatory Arrangements” in this announcement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.20 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue and the transactions contemplated thereunder
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong governmental department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019, in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Existing Shares to HK\$40,000,000 divided into 4,000,000,000 Existing Shares (or 200,000,000 Consolidated Shares after the Share Consolidation becoming effective)
“Independent Shareholders”	Shareholders other than (i) all executive Directors and their respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the EGM
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Last Trading Day”	10 February 2023, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 8 May 2023 or such other time as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Placing Shares placed by the Placing Agent under the Placing Agreement
“No Action Shareholders”	Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse

“NQS Unsold Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve
“Placing”	arrangements to place the Unsubscribed Rights Shares and the NQS Unsold Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Space Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activities as defined under the SFO
“Placing Agreement”	The placing agreement dated 10 February 2023 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares
“Placing End Date”	Monday, 22 May 2023 or such other date as the Company may announce
“Placing Long Stop Date”	4:10 p.m. on Tuesday, 23 May 2023 (being the next Business Day after the Placing End Date) or such later date as the Company may announce
“Placing Period”	the period commencing from the Monday, 15 May 2023 to Monday, 22 May 2023
“Placing Shares”	Unsubscribed Rights Share(s) and the NQS Unsold Share(s)
“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 the Taiwan region

“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 21 April 2023 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Thursday, 20 April 2023, or such other date as the Company may determine, for determining entitlement to the Rights Issue
“Registrar”	Tricor Investor Services Limited of 17th Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price on the terms and subject to the conditions set out in Prospectus Documents
“Rights Share(s)”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs, or transferees of nil-paid Rights Shares shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation or non-compliance with the Public Float Requirement

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holders of Share(s)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.2 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$1.36 per Consolidated Share with nominal value of HK\$0.2 each after the Share Consolidation becoming effective
“Subsidiary(ies)”	has the same meaning ascribed thereto under the Listing Rules
“substantial Shareholder”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“Unsubscribed Rights Shares”	Those Rights Shares that are not subscribed by the Qualifying Shareholders and the Excluded Shareholders that are not successfully sold by the Company as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Shares and the Compensatory Arrangements”
“%”	per cent

By Order of the Board
WINDMILL Group Limited
Liu Shihao
Chairman

Hong Kong, 10 February 2023

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 website of the Stock Exchange at www.hkexnews.hk on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.windmill.hk.