
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser. Capitalised terms used herein shall have the same meanings as those defined in the section headed “Definitions” in this prospectus, unless otherwise stated.

If you have sold or transferred all your shares in WINDMILL Group Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser(s) or other transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this prospectus, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of the Prospectus Documents.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed “Letter from the Board – Warning of the Risks of Dealing in the Shares and/or the nil-paid Rights Shares” in this prospectus.

Subject to the granting of the listing of, and the 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 respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC and you should consult a stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their 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 the Prospectus Documents.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the section headed “Letter from the Board — Rights Issue — Rights of Overseas Shareholders” in this prospectus.

This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdictions in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described herein in the United States or to conduct a public offering of securities in the United States.

WINDMILL GROUP LIMITED

(海鑫集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1850)

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD AT THE CLOSE OF BUSINESS ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial adviser to the Company

ADVENT
宏智融資

Placing Agent

 恆宇證券有限公司
Space Securities Limited

The Shares have been dealt in on an ex-rights basis from Thursday, 4 May 2023. The nil-paid Rights Shares will be dealt in from Tuesday, 23 May 2023 to Wednesday, 31 May 2023 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Tuesday, 23 May 2023 to Wednesday, 31 May 2023 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the nil-paid Rights Shares should therefore exercise caution, and is recommended to consult his/her/its own professional adviser(s) if in any doubt about his/her/its own position.

The Rights Issue is on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, 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 or NQS Unsold Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. The Cayman Islands legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under the laws of Cayman Islands. The Rights Issue is subject to the fulfilment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board — Rights Issue — Conditions of the Rights Issue” in this prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:10 p.m. on Tuesday, 20 June 2023). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares up to the date when all the conditions to which the Rights Issue is subject are fulfilled. Any person 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).

The Latest Time for Acceptance is 4:00 p.m. on Monday, 5 June 2023. The procedures for acceptance and payment and/or transfer are set out on pages 16 to 17 of this prospectus.

NOTICE

The Rights Issue is conditional upon the fulfilment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board — Rights Issue — Conditions of the Rights Issue” in this prospectus.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person 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 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 and/or may not proceed.

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the section headed “Letter from the Board — Rights Issue — Rights of Overseas Shareholders” in this prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this prospectus.

NOTICE

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustrate”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, service offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

In this prospectus, unless the context requires otherwise, the following expressions shall have the following meanings unless the context otherwise requires:

“Announcement”	the announcement dated 10 February 2023 in relation to, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue and the Placing
“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 5:00 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 of the Company dated 3 April 2023 in relation to, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue and the Placing
“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 Rights Shares and the NQS Unsold Shares and the Compensatory Arrangements” in this prospectus
“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

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company held on Friday, 28 April 2023 to consider and, if thought fit, to approve, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue, the Placing and the transactions contemplated thereunder
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Board, 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
“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 increase in the existing authorised share capital of the Company from HK\$20,000,000 divided into 2,000,000,000 Old Shares to HK\$40,000,000 divided into 4,000,000,000 Old Shares (or 200,000,000 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 full trading day of the Shares on the Stock Exchange before the release of the Announcement

DEFINITIONS

“Latest Practicable Date”	11 May 2023, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Monday, 5 June 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
“Old 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 became effective
“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

DEFINITIONS

“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 activity 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, 19 June 2023 or such other date as the Company may announce
“Placing Long Stop Date”	4:10 p.m. on Tuesday, 20 June 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, 12 June 2023 to Monday, 19 June 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 prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region
“Prospectus Documents”	this prospectus and the PAL
“Prospectus Posting Date”	Friday, 19 May 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”	Friday, 12 May 2023, or such other date as the Company may determine, for determining entitlement to the Rights Issue

DEFINITIONS

“Registrar”	Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, being the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the issue by way of rights on the basis of two (2) Rights Shares for every one (1) 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) to be allotted and issued by the Company pursuant to the Rights Issue
“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 consolidation of every twenty (20) Old Shares of par value of HK\$0.01 each into one (1) Share of par value of HK\$0.20 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 Share with nominal value of HK\$0.20 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

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the Placing and the associated trading arrangement is set out below. The expected timetable is subject to the satisfaction of the conditions of the Rights Issue and the Placing and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this prospectus refer to Hong Kong local times and dates.

Event	Year 2023
First day of dealing in nil-paid Rights Shares	Tuesday, 23 May
Latest time for splitting of the PAL	4:30 p.m. on Thursday, 25 May
Last day of dealing in nil-paid Rights Shares	Wednesday, 31 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, 5 June
Latest Time for Acceptance of and payment for the Rights Shares and application.....	4:00 p.m. on Monday, 5 June
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Shares subject to the Placing.....	Friday, 9 June
Commencement of the Placing Period (if there are any Unsubscribed Rights Shares and NQS Unsold Shares available)	Monday, 12 June
Placing End Date	6:00 p.m. on Monday, 19 June
Latest Time for the Rights Issue to become unconditional; and the Placing Long Stop Date	4:10 p.m. on Tuesday, 20 June
Rights Issue Settlement Date and Placing completion date	Monday, 26 June
Announcement of the results of the Rights Issue (Including the results of the Placing and the Net Gain)	Tuesday, 27 June

EXPECTED TIMETABLE

Despatch of share certificates for the Rights Shares and/or
refund cheques if the Rights Issue is terminated..... Wednesday, 28 June

Expected first day of dealings in fully-paid Rights Share.....9:00 a.m., on Thursday, 29 June

Payment of Net Gain to relevant No Action Shareholders (if any)..... Wednesday, 12 July

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this prospectus 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.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 5 June 2023, being the date on which the Latest Time for Acceptance falls. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 5 June 2023 being the date on which the Latest Time for Acceptance falls. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those aforementioned warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Monday, 5 June 2023, the currently scheduled date, the dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the excepted timetable as soon as practicable.

LETTER FROM THE BOARD

WINDMILL GROUP LIMITED (海鑫集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1850)

Executive Directors:

Mr. Liu Shihao

Mr. Li Shing Kuen Alexander

Ms. Wang Ya

Independent non-executive Directors:

Mr. Yu Wai Chun

Mr. Li Ka Chun Gordon

Mr. Xian Gonghua

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head Office and Principal

Place of Business:

Unit 1603, 16/F., Tower 1

Enterprise Square

9 Sheung Yuet Road

Kowloon Bay, Kowloon

Hong Kong

19 May 2023

*To the Qualifying Shareholders, and for information purposes only,
to the Excluded Shareholders,*

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue and the Placing. The Board announced that the Company proposed to raise up to approximately HK\$130.56 million (before expense) by issuing up to 96,000,000 Shares to the Qualifying Shareholders by way of the Rights Issue at the Subscription Price of HK\$1.36 per Share with nominal value of HK\$0.20 each (after taking into account the effect of the Share Consolidation) on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date.

The purpose of this prospectus is to provide you with, among other things, (i) further details of the Rights Issue, including the procedures for acceptance and payment and/or transfer of the Rights Shares provisionally allotted to you; (ii) certain financial information of the Group; and (iii) other information in respect of the Group.

LETTER FROM THE BOARD

At the EGM held on Friday, 28 April 2023, the necessary resolutions for approving, among other things, the Increase in Authorised Share Capital, the Share Consolidation, the Rights Issue, the Placing and the transactions contemplated thereunder, were duly passed by the Shareholders or the Independent Shareholders (as the case may be). The Increase in Authorised Share Capital and the Share Consolidation became effective on Tuesday, 2 May 2023 and Wednesday, 3 May 2023, respectively. Please refer to the announcement of the Company dated 28 April 2023 in relation to, among others, the poll results of the EGM and the effective dates of the Increase in Authorised Share Capital and the Share Consolidation for further details.

RIGHTS ISSUE

The Board proposes to conduct the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date. Set out below are the details of the Rights Issue statistics.

Rights Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) Share held at the close of business on the Record Date
Subscription Price	:	HK\$1.36 per Share with nominal value of HK\$0.20 each
Number of Shares in issue as at the Latest Practicable Date	:	48,000,000 Shares
Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	:	Up to 96,000,000 Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Number of Shares in issue immediately upon completion of the Rights Issue	:	Up to 144,000,000 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 Latest Practicable Date.

The nil-paid Rights Shares pursuant to the terms of the Rights Issue represents 200.00% of the Company's issued share capital as at the Latest Practicable Date 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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.

The Subscription Price

The Subscription Price is HK\$1.36 per Share with nominal value of HK\$0.20 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 Old 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 Old 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 Old 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 Old Share based on the closing price of HK\$0.069 as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 54.05% to the unaudited consolidated net asset value per Old Share of approximately HK\$0.148 as at 31 October 2022 based on 960,000,000 Old Shares in issue as at the Last Trading Day;
- (f) a premium of approximately 1.49% over the closing price of HK\$1.34 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

LETTER FROM THE BOARD

- (g) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 2.82%, represented by the theoretical diluted price of approximately HK\$0.069 per Share to the benchmarked price of approximately HK\$0.071 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Old Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Old Shares as quoted on the Stock Exchange for the previous five consecutive trading days prior to the date of the Announcement.

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 the Rights Issue as discussed in the section head “Reason for the Rights Issue, the Placing and the use of proceeds” in this prospectus.

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 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 the announcement of the Company dated 9 February 2023; and (ii) the average trading volume of shares in the past twelve months before the date of the announcement of the Company dated 9 February 2023, were very low. The Directors 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 have lodged any transfers of the Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. on Friday, 5 May 2023.

LETTER FROM THE BOARD

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

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). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Excluded Shareholders for their information only on the Prospectus Posting Date, but will not send any PAL to them. As at the Latest Practicable Date, there is no Overseas Shareholder with registered addresses situated outside of Hong Kong.

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.

LETTER FROM THE BOARD

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) 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 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, 28 June 2023. Refund cheques are expected to be posted on or before Wednesday, 28 June 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.

LETTER FROM THE BOARD

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.

There is no minimum amount to be raised under the Rights Issue. The Cayman Islands legal adviser of the Company has confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

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.

LETTER FROM THE BOARD

Procedures for acceptance and payment and/or transfer of the Rights Shares provisionally allotted

Qualifying Shareholders should find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PALs, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Monday, 5 June 2023. All remittances must be made by cheques or banker's cashier orders in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to **“WINDMILL GROUP LIMITED”** and crossed **“ACCOUNT PAYEE ONLY”**.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar for registration by no later than 4:00 p.m. on Monday, 5 June 2023, whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion but without obligation) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of a Qualifying Shareholder's rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Thursday, 25 May 2023 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations as required. The new PALs will be available for collection at the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and banker's cashier orders will be presented for payment following receipt and all interests earned on such application monies (if any) will be retained for the benefit of the Company. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque and/or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. Completion and return of the PAL together with a cheque or banker's cashier order in payment of the Rights Shares, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by such person that the cheque or banker's cashier order will be honoured upon first presentation.

LETTER FROM THE BOARD

No receipt will be issued in respect of any application monies received.

No action has been taken to permit the offering of the Rights Shares, or the distribution of the Prospectus Documents in any territory other than Hong Kong. The Prospectus Documents should not be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws and regulations. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will be deemed to constitute a warranty and representation from such person to the Company that all local legislation, legal and regulatory requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

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, placees 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.

LETTER FROM THE BOARD

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 the 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;

LETTER FROM THE BOARD

- (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, 20 June 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.

As at the Latest Practicable Date, conditions (i) and (iii) above have been fulfilled.

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 Rights 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, 12 June 2023 and end at 6:00 p.m. of Monday, 19 June 2023 or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Placing.

LETTER FROM THE BOARD

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 Shares in issue at the date of completion of the Placing.

Condition 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;

LETTER FROM THE BOARD

- (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.

As at the Latest Practicable Date, condition (ii) has been fulfilled.

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, 12 June 2023, or such other date as the Company may announce. The Placing Period shall end on Monday, 19 June 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, 20 June 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.

LETTER FROM THE BOARD

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 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 and Excluded Shareholders. If all or any of the Unsubscribed 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\$128.24 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 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, the Group had 12 fire safety system projects in Hong Kong with an aggregated contract sum of approximately HK\$490.27 million, six of which had a contract sum less than HK\$10.00 million each, five of which had a contract sum ranging from HK\$10.00 million to HK\$100.00 million each and the remaining project had a contract sum of approximately HK\$226.30 million. The Directors are of the view that the budgeted costs for the aforesaid 12 projects are approximately HK\$446.92 million. Among the 12 projects, 4 of which had been commenced and the remaining 8 projects 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\$128.24 million from the Rights Issue as follows:

- (i) approximately HK\$109.00 million to support the Group's forthcoming fire safety systems projects and its ancillary services, of which approximately HK\$24.44 million (representing approximately 19.06% of the net proceeds) for the prepayment to the subcontractors and/or suppliers ranging from approximately HK\$0.10 million to approximately HK\$11.4 million for each project and approximately HK\$84.56 million (representing approximately 65.94% of the net proceeds) for the initial start-up costs of the abovementioned projects ranging from approximately HK\$0.10 million to approximately HK\$49.75 million for each project; and
- (ii) the remaining of the net proceeds from the Rights Issue for the general working capital of the Group, of which approximately HK\$15.22 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.

LETTER FROM THE BOARD

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 Latest Practicable Date; (ii) immediately upon completion of the Rights Issue provided that all Shareholders have taken up all their entitled Rights Shares; and (iii) 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 Latest Practicable Date		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 %
Garden Wealth Investment Limited (Note 1)	10,683,000	22.26	32,049,000	22.26	10,683,000	7.42
Great Season Ventures Limited (Note 2)	6,183,000	12.88	18,549,000	12.88	6,183,000	4.29
Public Shareholders (Note 3)	31,134,000	64.86	93,402,000	64.86	31,134,000	21.62
Placees (Note 4)	–	–	–	–	96,000,000	66.67
Total	48,000,000	100.00	144,000,000	100.00	144,000,000	100.00

Notes:

- 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.
- 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.
- As at the Latest Practicable Date, 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.
- 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.

LETTER FROM THE BOARD

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 prospectus 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	For development and enhancement of the current fire service installation

As at the Latest Practicable Date, the net proceeds had been full utilized. Save as disclosed above, the Company had not conducted any equity fund raising activities in the past 12-month period immediately preceding the date of this prospectus.

TAXATION

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.

WARNING OF THE RISKS OF DEALING IN THE 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 "Rights Issue – Conditions of the Rights Issue" in this prospectus.

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 Shares have been dealt in on an ex-rights basis from Thursday, 4 May 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 23 May 2023 to Wednesday, 31 May 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

LETTER FROM THE BOARD

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 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 Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

By order of the Board
WINDMILL Group Limited
Liu Shihao
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 30 April 2020, 2021 and 2022 and the interim report for the period ended 31 October 2022 were disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (<https://www.windmill.hk>):

- annual report of the Company for the year ended 30 April 2020 published on 27 August 2020 (pages 59 to 127);

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0827/2020082700498.pdf>)
- annual report of the Company for the year ended 30 April 2021 published on 30 August 2021 (pages 59 to 127);

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0830/2021083000453.pdf>)
- annual report of the Company for the year ended 30 April 2022 published on 3 August 2022 (pages 52 to 115);

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0803/2022080300691.pdf>)
- interim report of the Company for six months ended 31 October 2022 published on 28 December 2022 (pages 4 to 25).

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1229/2022122900721.pdf>)

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 March 2023, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this prospectus, the details of the Group's indebtedness are as follows:

	As at 31 March 2023 <i>HK\$'000</i>
Bank borrowings – secured and guaranteed	45,122
Lease liabilities	3,887
	<hr/>
	49,009
	<hr/> <hr/>

As at 31 March 2023, bank borrowings with a carrying amount of approximately HK\$45.1 million were secured by pledged bank deposits of the Group and were under corporate guarantee by the Company.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 31 March 2023.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group including the estimated net proceeds from the Rights Issue of approximately HK\$128.24 million, cash and cash equivalents on hand, cash flows from operating activities and available banking facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 30 April 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally 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.

According to the Company's interim report for the six months ended 31 October 2022, the Group's revenue for the six months ended 31 October 2022 was approximately HK\$111.14 million, representing a slight increase of approximately HK\$2.2 million or 2.0% from approximately HK\$108.91 million for the six months ended 31 October 2021. The profit attributable to owners of the Company decreased from approximately HK\$5.58 million for the six months ended 31 October 2021 to approximately HK\$5.46 million for the six months ended 31 October 2022.

Despite the outbreak and rapid spread of COVID-19 in Hong Kong, the Group continues to explore the opportunities to further expand and increase the Group's capacity in providing its services by identifying suitable business opportunities with potential customers and the Group has also committed to undertake new installation and maintenance projects.

On 8 December 2022, the Group entered into a sale and purchase agreement to acquire 78% shareholding interest in Noah Ark Pipelines Company Limited ("**Noah Ark**"), a manufacturer of prefabricated modules and components to be used in fire services installation and related purposes. It is believed the acquisition can bring substantial strategic value to the Group by ensuring stable supply of quality prefabricated modules and components for fire service installation. The application of prefabricated modules and components in the fire service installation process is new to the industry and is able to improve efficiency and working environment during the installation process. In addition, Noah Ark provides a Design for Manufacture and Assembly (DfMA) services, which can support the design and application of BIM and Auto CAD, well-known design tools in the construction industry.

Looking forward, the Group's service of providing installation, maintenance and repair of fire safety systems is positioned to be the key revenue driver of the Group. The Group will also continually seek potential opportunities to expand and develop its business further to other overseas markets by seeking strategic and financial partners which can potentially assist the Group in various aspects to achieve this goal.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The Unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the "Unaudited Pro Forma Financial Information") has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 October 2022.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

	Unaudited consolidated net tangible assets of the Group as at 31 October 2022 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group per Share as at 31 October 2022 <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after completion of the Rights Issue <i>HK\$</i> <i>(Note 4)</i>
Based on 96,000,000 Rights Shares to be issued at Subscription Price of HK\$1.36 per Rights Share	142,432	128,243	270,675	2.97	1.88

Notes:

1. The unaudited consolidated net tangible assets of the Group as at 31 October 2022 is extracted from the published interim report of the Company for the period ended 31 October 2022, which is equal to the unaudited consolidated net assets attributable to owners as at 31 October 2022 of HK\$142,517,000, after deducting intangible assets of approximately HK\$85,000.
2. The estimated net proceeds from the Rights Issue of approximately HK\$128,243,000 is calculated based on 96,000,000 Rights Shares assuming to be issued on the completion of the Rights Issue (based on 960,000,000 Shares in issue as at the Latest Practicable Date) at the Subscription Price of HK\$1.36 per Rights Share and after deduction of estimated related expenses of approximately HK\$2,317,000.
3. The unaudited consolidated net tangible assets of the Group per Share as at 31 October 2022 was HK\$2.97, which was based on the unaudited consolidated net tangible assets of the Group as at 31 October 2022 of HK\$142,432,000, divided by 48,000,000 Consolidated Shares immediately after the Share Consolidation having become effective.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share as at 31 October 2022 immediately after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after completion of Rights Issues of approximately HK\$270,675,000, divided by 144,000,000 Shares which represents 48,000,000 Consolidated Shares immediately after the Share Consolidation having become effective and 96,000,000 Rights Shares, assuming the Share Consolidation has become effective and the Rights Issue has been completed on 31 October 2022.
5. Save as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2022.

The following is the text of the independent reporting accountants' assurance report received from CL Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

B. ACCOUNTANTS REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP



The Board of Directors
Windmill Group Limited
Unit 1603, 16/F., Tower 1
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay, Kowloon
Hong Kong

Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Windmill Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 October 2022 and related notes as set out in Appendix II to the prospectus issued by the Company dated 19 May 2023 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue on the Group's financial position as at 31 October 2022 as if the Rights Issue had taken place at 31 October 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended 31 October 2022, on which no auditor's review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

CL Partners CPA Limited

Certified Public Accountants

Fong Ho Keung

Practising Certificate Number: P08079

Hong Kong

19 May 2023

1. RESPONSIBILITY STATEMENT

This prospectus, 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 prospectus 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 prospectus misleading.

2. NUMBER OF SHARES IN ISSUE

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following the completion of the Rights Issue (assuming there is no change in the number of issued Shares and that all Shareholders have taken up all their entitled Rights Shares) are as follows:

As at the Latest Practicable Date:

<i>Authorised:</i>	<i>HK\$</i>
200,000,000 Shares of HK\$0.20 each	<u>40,000,000.00</u>

Issued and fully paid:

48,000,000 Shares of HK\$0.20 each	<u><u>9,600,000.00</u></u>
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Immediately following the completion of the Rights Issue (assuming no other change in the number of issued Shares and that all Shareholders have taken up all their entitled Rights Shares):

<i>Authorised:</i>	<i>HK\$</i>
200,000,000 Shares of HK\$0.20 each	<u>40,000,000.00</u>

Issued and fully paid:

144,000,000 Shares of HK\$0.20 each	<u><u>28,800,000.00</u></u>
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The Rights Shares, when issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.

The Company did 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 Latest Practicable Date.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company

As at the Latest Practicable Date, none of the directors, chief executive and their respective associates had any interest or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"), or (c) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, the following persons (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name	Capacity in which the shares were held	Number of shares- long position	Percentage of the issued share capital of the Company
Garden Wealth Investment Limited (<i>note 1</i>)	Beneficial owner	213,660,000	22.26
Ms. Li Minying (<i>note 1</i>)	Interests in controlled corporation	213,660,000	22.26
Great Season Ventures Limited (<i>note 2</i>)	Beneficial owner	123,660,000	12.88
Mr. Jiang Jianhui (<i>note 2</i>)	Interests in controlled corporation	123,660,000	12.88
Standard Chartered PLC	Beneficial owner	88,000,000	9.16
Low Tuck Kwong	Beneficial owner	88,000,000	9.16
Wong Kai Lai	Beneficial owner	62,950,000	6.56

Notes:

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

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by the persons (other than the Directors or chief executive of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 April 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company with no fixed term. Each of the independent non-executive Directors has entered into an appointment letter with the Company for a fixed term of three years. The service contracts and appointment letters may be terminated in accordance with the terms of the individual service agreement, and is subject to termination provisions therein and retirement and re-election at the Annual General Meetings in accordance with the articles of the Company or any other applicable laws from time to time whereby he/she shall vacate his/her office.

As at the Latest Practicable Date, none of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

Neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm there is no material adverse change in the financial or trading position of the Group since 30 April 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group during two years preceding the date of this prospectus and are or may be material:

- (i) the placing agreement dated 27 March 2022 entered into between the Company (as issuer) and GLAM Capital Limited (as placing agent) in relation to the placing of up to 160,000,000 Shares at a placing price of HK\$0.185 per placing share;
- (ii) the sale and purchase agreement dated 8 December 2022 entered into between Market Star International Limited, a wholly-owned subsidiary of the Company (as purchaser) and AA Ocean Holdings Limited (as vendor) in relation to the acquisition of 78% of the entire issued share capital of Noah Ark Pipelines Company Limited; and
- (iii) the Placing Agreement.

10. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given its opinion, letter or advice which are contained in this prospectus:

Name	Qualification
CL Partners CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, (i) the expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) the expert was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) the expert did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 30 April 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

11. CORPORATE INFORMATION

Directors	<i>Executive Directors</i> Mr. Liu Shihao (<i>Chairman</i>) Mr. Li Shing Kuen Alexander (<i>Chief Executive Officer</i>) Ms. Wang Ya
	<i>Independent non-executive Directors</i> Mr. Yu Wai Chun Mr. Li Ka Chun Gordon Mr. Xian Gonghua
Company Secretary	Mr. Yau Yan Yuen (a member of the Hong Kong Institute of Certified Public Accountants)
Authorised Representatives	Mr. Li Sing Kuen Alexander Mr. Yau Yan Yuen
Business address of Directors, senior management and authorized representatives	Unit 1603, 16/F., Tower 1 Enterprise Square 9 Sheung Yuet Road Kowloon Bay, Kowloon
Principal Bankers	The Hong Kong and Shanghai Banking Corporation Limited 1 Queen's Road Central, Hong Kong
	DBS Bank (Hong Kong) Limited 7/F, Two Harbour Square, 180, Wai Yip Street, Kwun Tong, Hong Kong
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office and Principal Place of Business	Unit 1603, 16/F., Tower 1 Enterprise Square 9 Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong

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

Registrar in Hong Kong
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

12. PARTIES INVOLVED IN THE RIGHTS ISSUE

The Company
WINDMILL Group Limited
Unit 1603, 16/F., Tower 1
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay
Kowloon
Hong Kong

Legal Advisors to the Company
As to Hong Kong law
ZM Lawyers
20th Floor, Central 88
Nos. 88-98 Des Voeux Road Central
Central
Hong Kong

As to Cayman Islands law
Conyers Dill & Pearman
29th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

Financial adviser to the Company
Advent Corporate Finance Limited
Suites 1008-8A, 10th Floor
Ocean Centre
Harbour City, Kowloon
Hong Kong

Reporting accountant of the Company	CL Partners CPA Limited 905- 906, Tower 2 China Hong Kong City Tsim Sha Tsui Kowloon
Placing agent	Space Securities Limited Suites 1008-8A, 10th Floor Ocean Centre Harbour City, Kowloon Hong Kong

13. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Liu Shihao (劉始豪), aged 29, was appointed as an executive Director on 1 November 2021 and as the chairman of the Board on 30 November 2021. Mr. Liu obtained his master's degree in Finance from City University of Hong Kong and bachelor's degree in mechatronic engineering from Chongqing University in the People's Republic of China. Mr. Liu was the executive Director and chairman of the Investment Committee of DeTai New Energy Group Limited (stock code: 559), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), from August 2021 to March 2022. Mr. Liu worked for Cornerstone Financial Holdings Limited (stock code: 8112), a company listed on the GEM of the Hong Kong Stock Exchange, from July 2020 to November 2020, where his responsibilities included investment analyzing and post investment project supervising. Mr. Liu worked for PacRay International Holdings Limited (stock code: 1010), a company listed on the Main Board of the Hong Kong Stock Exchange, from July 2019 to July 2020, where his responsibilities included due diligence and research of some potential investment projects.

Mr. Li Shing Kuen Alexander (李誠權), aged 62, is an executive Director, chairman of our Board and our chief executive officer. Mr. Li is responsible for the strategic planning and overall management of business operations and development of our Group. Mr. Li founded our Group when he acquired Windmill Engineering Company Limited 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 of the Board on 29 November 2016 and resigned as the chairman of the Board on 30 November 2021. He is also the sole director of Success Chariot Limited, Market Star International Limited and Windmill Engineering Company Limited.

Mr. Li has over 32 years of managerial experience in the fire services installation and maintenance industry gained from managing and developing our Group's business. He oversees the project planning, project management and execution of our fire services installation and maintenance projects, directs our business development and acts as a representative in our Group's communications with industry associations, key customers, government representatives and regulatory agencies. Mr. Li was awarded the Chief Executive's Commendation for Community Service in 2007, the Medal of Honour (MH) by The Chief Executive of the HKSAR in 2012 and Bronze Bauhinia Star (BBS) by The Chief Executive of the HKSAR in 2019 for his outstanding and dedicated community service in Wan Chai District.

He was appointed as the Chairman of District Fire Safety Committee (Wan Chai District) of the Home Affairs Department from 2010 to 2013, 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 and the Chairman of the District Fight Crime Committee (Wan Chai District) of the Home Affairs Department from 2014 to 2019.

Ms. Wang Ya (王姪), aged 53, was appointed as an executive Director on 17 March 2022. Ms. Wang began her career since 1992 and was awarded the title of Intermediate Accountant by the Ministry of Finance of the People's Republic of China in May 2002. Ms. Wang Ya has nearly 30 years of working experience and has worked as the chief financial officer of various companies, such as Guangzhou Shidu Department Store (廣州世都百貨) and Guangzhou Qiaoyi Real Estate Development Company Limited (廣州僑誼房產開發有限公司). Since 2015, She has been the chairman of Guangzhou Xiangjing Cemetery Company Limited (廣州市祥景陵園有限公司) and has extensive experience in corporate management.

Independent Non-executive Directors

Mr. Yu Wai Chun (余偉秦), aged 50, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company on 30 November 2021. Mr. Yu graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy and with an MBA degree from the City, University of London. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Yu possesses more than 20 years executive experiences in accounting, corporate finance, risk management and internal controls. Mr. Yu held key corporate positions in various companies, including chief financial officer of Cornerstone Financial Holdings Limited (stock code: 8112) and Culture Landmark Investment Limited (now known as China Tangshang Holdings Limited, stock code: 674), Assistant General Manager of China Resources Enterprise Limited (now known as China Resources Beer (Holdings) Company Limited, stock code: 291) and Consultant at KPMG Consulting (Asia) Limited and Assistant Manager at KPMG. Mr. Yu was appointed as the independent non-executive director of China Carbon Neutral Development Group Limited (Formerly, Bisu Technology Group International Limited (stock code: 1372) between October 2020 and May 2022.

Mr. Li Ka Chun Gordon (李家俊), aged 30, was appointed as an independent non-executive Director, the member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company on 17 March 2022 and as the chairman of the Remuneration Committee of the Company on 25 April 2022. Mr. Li obtained his bachelor's degree in Accounting from The University of Hull. Mr. Li has over 8 years of experience in the areas of accounting and financial management in financial institutions and corporations, and led several large audit and financing projects.

Mr. Xian Gonghua (冼公華), aged 56, was appointed as the independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company on 10 May 2022. Mr. Xian graduated from the Guangzhou Caimao Administrative Cadres College (廣州市財貿管理幹部學院) and embarked on his career in 1993. Mr. Xian has nearly 20 years of extensive experience in corporate and financial management. Mr. Xian is currently an executive director of Guangzhou Zhongguang Investment Company Limited (廣州中光投資有限公司) since April 2012.

Senior Management

Ms. Ma Man Chi (馬敏姿), aged 39, has been our financial controller since May 2019, responsible for financial reporting, financial planning and analysis, treasury, taxation, internal controls and compliance with financial regulations. Ms. Ma joined the Group in November 2018 as Assistant Financial Controller. She has extensive experience in accounting and auditing, specifically more than 10 years of experience from the engineering and construction industry. Prior to joining the Group, Ms. Ma served PricewaterhouseCoopers and has led audit engagements and capital market transactions for multinational corporations and sizable listed companies in Hong Kong. Ms. Ma is a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a bachelor's degree of Business Administration in Accounting from the Open University of Hong Kong.

Mr. Tang Wai Yin (鄧偉賢), aged 50, has been our head of Project since October 2020. Mr. Tang joined our Group as a project manager in March 2016 and was promoted to the position of head of projects in November 2020. 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 18 years of experience in the fire engineering field. Mr. Tang is a holder of the Construction Industry Safety Training Certificate. Mr. Tang joined our 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 our 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 our 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.

Mr. Lam Tai Ming (林泰銘), aged 53, 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 22 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.

Ms. Leung Wan Yi (梁尹儀), aged 55, 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 our Group in October 1986 as a junior accounts clerk and was promoted to accounts clerk in February 1989. She was the 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.

Business address of the Directors and Senior Management

The business address of the Directors and the senior management is the same as the Company's head office and principal place of business in Hong Kong at Unit 1603, 16/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

14. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the placing of all Unsubscribed Rights Shares and the NQS Unsold Shares by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2.32 million, which are payable by the Company.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents, and the written consent as referred to in the paragraph headed “10. Experts and consents” in this appendix, have been delivered to the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.windmill.hk/>) for 14 days from the date of this prospectus:

- (i) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (ii) the material contracts referred to in the paragraph headed “9. Material contracts” in this appendix; and
- (iii) the written consent from the expert as referred to in the paragraph headed “10. Experts and consents” in this appendix.

17. MISCELLANEOUS

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (iii) The English text of this prospectus shall prevail over the Chinese text in the event of inconsistency.