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WINDMILL GROUP LIMITED
(海鑫集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1850)

**ANNOUNCEMENT PURSUANT TO
RULE 3.7 OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES,
THE INSIDE INFORMATION PROVISION UNDER PART XIVA OF
THE SECURITIES AND FUTURES ORDINANCE AND
RESUMPTION OF TRADING**

This announcement is made by WINDMILL Group Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 25 June 2021 in respect of the trading halt in the shares of the Company relating to possible inside information.

THE MEMORANDUM OF UNDERSTANDING

The board of directors of the Company (the “**Board**”) wishes to inform its shareholders (the “**Shareholders**”) and potential investors that Standard Dynamic Enterprises Limited (the “**Selling Shareholder**”), the controlling shareholder of the Company, entered into a memorandum of understanding (the “**MOU**”) on 24 June 2021 (after trading hours) with two individuals (the “**Potential Purchasers**”, a term which shall include their respective nominees) regarding the possible sale and purchase of 480,034,002 shares in the issued share capital of the Company (the “**Sale Shares**”), representing approximately 60.00% of the issued share capital of the Company as at the date of this announcement (the “**Possible Share Disposal**”). The MOU sets forth the understanding between the Selling Shareholder and the Potential Purchasers (collectively, the “**Parties**”) and certain preliminary terms in relation to the Possible Share Disposal.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Potential Purchasers are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Principal terms of the MOU:

The principal terms of the MOU are set out as follows:

Sale Shares: 480,034,002 shares of the Company held by the Selling Shareholder, representing approximately 60.00% of the issued share capital of the Company as at the date of this announcement.

Transaction Document: The Selling Shareholder and the Potential Purchasers shall enter into negotiations to agree on the formal and legally binding sale and purchase documents in relation to the Possible Share Disposal (the “**Transaction Documents**”) on or before the expiry of the Exclusivity Period (as defined below).

Earnest Money: In consideration of the Selling Shareholder agreeing to grant the Exclusivity Period (as defined below) to the Potential Purchasers, the Potential Purchasers shall pay to the Selling Shareholder (or such other person as shall be nominated by the Selling Shareholder) a sum of HK\$20,000,000 as earnest money (the “**Earnest Money**”) within three (3) business days after the date of the MOU.

In the event completion of the sale and purchase of the Sale Shares (the “**Completion**”) occurs on or before the expiry of the Exclusivity Period, the Earnest Money shall be treated as a deposit and shall be applied towards part payment of the purchase price payable by the Potential Purchasers to the Selling Shareholder in respect of the sale and purchase of the Sale Shares.

In the event Completion does not occur on or before the expiry of the Exclusivity Period for any reason, the Selling Shareholder shall be unconditionally and irrevocably entitled to retain and keep the Earnest Money absolutely free and clear of any obligation whatsoever to return or refund the same or any part(s) thereof to the Potential Purchasers.

Due diligence: During the Exclusivity Period, the Potential Purchasers shall conduct and complete financial, tax and legal due diligence exercise over the Company and its subsidiaries (the “**Group**”) within a period of 40 days from the date of the MOU.

Exclusivity Period: The Selling Shareholder agreed and undertook that the Selling Shareholder and its officers, agents or representatives will not directly or indirectly enter or agree to enter into any (or continue any existing) discussions, negotiations or agreements with any person or company (other than the Potential Purchasers) for the sale, transfer or other disposal of the Sale Shares (or any part(s) thereof), or any transactions that may be in conflict (direct or indirect) with the Possible Share Disposal for a period of 3 months from the date of the MOU or such longer period of time as may be agreed between the Selling Shareholder and the Potential Purchasers (the “**Exclusivity Period**”).

Long-stop Date: The MOU (save for certain provisions relating to, amongst others, confidentiality and Earnest Money) shall terminate in the event the Selling Shareholder and the Potential Purchasers are unable to agree the Transaction Documents on or before the expiry of the Exclusivity Period.

Legal effect of the MOU

The MOU does not create any legally binding obligations between the Parties in relation to the Possible Share Disposal and there are no legally binding obligations to buy and sell the Sale Shares unless the Parties agree on the Transaction Documents on or before the expiry of the Exclusivity Period.

The Possible Share Disposal is subject to further negotiation and the execution of Transaction Document between the Parties.

POSSIBLE GENERAL OFFER AND TAKEOVERS CODE IMPLICATIONS

Subject to the Transaction Document being entered into and the satisfaction or waiver (as the case may be) of such conditions precedent to completion as may be specified therein, and if the Possible Share Disposal materialises and is completed, the Potential Purchasers will acquire more than 30% of the voting rights of the Company, giving rise to an obligation on the part of the Potential Purchasers and any parties acting in concert with any of them to make a mandatory general offer for all the issued shares (other than those already owned or agreed to be acquired by them) in the Company under Rule 26.1 of the Takeovers Code.

The Board was informed by the Selling Shareholder that no formal agreements had been entered into in respect of the Possible Share Disposal as at the date of this announcement and negotiations are still in progress, thus there is no certainty that the Possible Share Disposal will proceed or that it would lead to a mandatory general offer under Rule 26.1 of the Takeovers Code.

SECURITIES OF THE COMPANY

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the Company has a total issued share capital of 800,000,000 shares. Save for the abovementioned shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

MONTHLY UPDATES

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Share Disposal will be made by the Company until an announcement is made of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

DISCLOSURE OF DEALINGS

For the purposes of the Takeovers Code, the offer period has commenced on the date of this announcement. The respective associates (as defined in the Takeovers Code) of the Potential Purchasers and the Company (including, among others, shareholders of the Company holding interests of 5% or more in the relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code)) are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

WARNINGS: There is no assurance that the Possible Share Disposal will materialise or eventually be consummated and the relevant discussions may or may not lead to a mandatory general offer under Rule 26.1 of the Takeovers Code. Shareholders and potential investors of the Company should be aware that the Possible Share Disposal may or may not proceed. Shareholders and/or potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares on the Main Board of the Stock Exchange has been halted with effect from 9:00 a.m. on Friday, 25 June 2021 pending release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares with effect from 9:00 a.m. on Tuesday, 29 June 2021.

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

Hong Kong, 28 June 2021

As at the date of this announcement, the executive Directors are Mr. Li Shing Kuen Alexander and Mr. Ma Ting Wai Barry; the non-executive Director is Mr. Chan Ming Fai; and the independent non-executive Directors are Mr. Pun Kin Wa, Mr. Tsang Man Bui and Mr. Lee Kwok Tung Louis.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.