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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)**

### **INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

#### **THE MOU**

The Board is pleased to announce that on 24 December 2021, Golden Chariot International Limited (“**Golden Chariot**”), a direct wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with the Potential Vendor in relation to the Possible Acquisition.

#### **GENERAL**

In the event that the Possible Acquisition materialises, it may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

There is no assurance that any transactions referred to in this announcement will materialise or eventually be consummated. Shareholders and potential investors of the Company should note that the Possible Acquisition is subject to, among other things, the entering into of a formal agreement, major terms and conditions of which are yet to be agreed. The Possible Acquisition may or may not proceed and the final structure and terms of the Possible Acquisition, which are still subject to the result upon further negotiations between the parties, have yet to be finalised and may be different from those set out in the MOU. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by WINDMILL Group Limited (the “**Company**” and together with its subsidiaries and associates, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the 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) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 24 December 2021, Golden Chariot, a direct wholly-owned subsidiary of the Company, entered into the MOU with Tech Holdings (BVI) Limited 科技控股(英屬維爾京群島)有限公司 (the “**Potential Vendor**”) in relation to a mutual intention on a possible acquisition (the “**Possible Acquisition**”) of certain equity interests of Entech Products (Hong Kong) Limited 英特卡機電產品(香港)有限公司 (the “**Target Company**”) by Golden Chariot (a direct wholly-owned subsidiary of the Company) or its wholly owned subsidiary from the Potential Vendor. Details of the MOU are set out below:

## **THE MOU**

Date: 24 December 2021

Parties: (1) Tech Holdings (BVI) Limited 科技控股(英屬維爾京群島)有限公司, as Potential Vendor; and

(2) Golden Chariot, a direct wholly-owned subsidiary of the Company, as Potential Acquirer.

To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the Potential Vendor and its ultimate beneficial owner are independent third parties of and not connected with the Company and its connected persons (with the meanings ascribed in the Listing Rules).

## **Assets intended to be acquired**

Pursuant to the MOU, the Potential Vendor intends to sell and the Potential Acquirer (or its wholly owned subsidiary) intends to acquire certain equity interests of the Target Company.

As at the date of this announcement, the Potential Vendor owns 100% equity interest in the Target Company.

## **Consideration**

The percentage of the equity interest under the Possible Acquisition, the consideration for the Possible Acquisition and the terms of payment of such consideration shall be subject to further negotiation between the parties to the MOU.

## **Exclusivity**

Pursuant to the MOU, during the period commencing from the date of the MOU and ending on the earlier of (i) ninety (90) days upon entering into of the MOU; or (ii) the written confirmation by both parties that negotiation on the Possible Acquisition shall discontinue; or (iii) the breach of the confidentiality obligations as contained in the MOU by either party (or its subsidiaries and affiliates, or their representatives) (the “**Exclusivity Period**”), the Potential Vendor shall not enter into any agreement, arrangement or understanding with any other party other than the Potential Acquirer (or its wholly owned subsidiary) in relation to the sale and purchase of interest in the Target Company; and (ii) the parties shall negotiate in good faith in respect of the Possible Acquisition to the exclusion of all other parties.

## **Due diligence**

Upon entering into of the MOU and during the Exclusivity Period, the Company (and its advisers and/or agents) shall be entitled to conduct due diligence review on the conditions, legal ownership, legal, and other affairs of the Target Company. The Potential Vendor shall provide assistance to the Company (and its advisers and/or agents) in this respect.

## **Formal agreement**

The parties to the MOU shall negotiate in good faith in ensuring the formal agreement be entered into as soon as possible and in any event, within ninety (90) days from the date of entering into of the MOU, or such later date as the parties to the MOU may agree in writing.

## **Legal effect**

The MOU does not create legally binding obligations on the parties as to the substantive terms in relation to the Possible Acquisition (including the percentage of interest to be acquired, consideration and any capital commitment).

## **INFORMATION ON THE POTENTIAL VENDOR AND THE TARGET COMPANY**

The Potential Vendor is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Potential Vendor owns 100% equity interest in the Target Company.

The Target Company is a company incorporated in Hong Kong with limited liability. As advised by the Potential Vendor, the Target Company is engaged in the general trading of various electrical and mechanical products and accessories in Hong Kong and Mainland China, with innovative technology as the core of its operations.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION**

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.

The Board considers that the Possible Acquisition is in line with the Group's investment strategy to seek business opportunities and intends to acquire high quality business with promising potential for the expansion of the Group's business. The Possible Acquisition would provide an opportunity for the Group to consolidate its principal business, diversify its income stream and enhance its Shareholders' value.

## **GENERAL**

In the event that the Possible Acquisition materialises, it may constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

There is no assurance that any transactions referred to in this announcement will materialise or eventually be consummated. Shareholders and potential investors of the Company should note that the Possible Acquisition is subject to, among other things, the entering into of a formal agreement, major terms and conditions of which are yet to be agreed. The Possible Acquisition may or may not proceed and the final structure and terms of the Possible Acquisition, which are still subject to the result and upon further negotiations between the parties, have yet to be finalised and may be different from those set out in the MOU. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board  
**WINDMILL Group Limited**  
**Liu Shihao**  
*Chairman*

Hong Kong, 24 December 2021

*As at the date of this announcement, the executive Directors are Mr. Liu Shihao, Mr. Li Shing Kuen Alexander and Ms. Qiao Qiuxian; and the independent non-executive Directors are Mr. Yu Wai Chun, Mr. Chan Chi Yeung Nicholas and Mr. Pau Ka Tat Patrick.*