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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)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF AN INVESTMENT FUND

The board (the “**Board**”) of directors (the “**Director(s)**”) of WINDMILL Group Limited (the “**Company**”) would like to announce that on 20 February 2020, the Company entered into a subscription agreement with The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) pursuant to which the Company agreed to subscribe for an investment fund from HSBC for an aggregate amount of HK\$16,000,000 which was financed by the temporary idle internal funds of the Company (the “**Subscription**”).

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

Date:	20 February 2020
Parties to the Subscription Agreement:	The Company, as the subscriber; and HSBC, as the bank.
Name of Product:	AB American Income Portfolio (Fund Code: U62381) (the “ Portfolio ”)
Type of Product:	Investment fund
Subscription Amount:	HK\$16,000,000, which was payable in full in cash immediately upon subscription. The subscription amount was determined by the Company after taking into account the normal operation funding needs and liquidity needs of the Company.
Rate of Return:	Approximately 5% per annum (not guaranteed). Based on the past record for the year ended 31 December 2019, the average rate of return of the Portfolio was approximately 5.13%.
Term:	No fixed term

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT

By the Subscription, the Company intends to enhance the utilization and efficiency of its temporary idle internal funds, thereby increasing the overall income of the Company. The Directors have taken into consideration the normal operation funding needs and liquidity needs of the Company. The Subscription could make a better use of the financial resources of the Company which are currently idle and generate a source of income to the Company and, therefore, the Directors are of the opinion that the Subscription is in the interests of the Company and its shareholders as a whole and the terms of the Subscription are fair and reasonable.

INFORMATION ON THE PARTIES

The Company and its subsidiaries are principally engaged in the investment holding, design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises and trading of fire service accessories. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) HSBC is principally engaged in banking and financial services business; (ii) HSBC and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")); and (iii) the custodian of the Portfolio, Brown Brothers Harriman (Luxembourg) S.C.A., and its ultimate beneficial owner, are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

INFORMATION ON THE PORTFOLIO

The Portfolio invests in all types of U.S. government securities and fixed-income securities, including investment grade and high yield, non-investment grade securities of issuers domiciled within and outside the U.S.; and non-U.S. government or their agencies and instrumentalities issuing securities denominated in USD and a variety of mortgage-backed securities and zero coupon securities.

IMPLICATIONS UNDER THE LISTING RULES

As two of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Subscription exceed 5% but all are below 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but is exempted from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules. The Subscription took place in February 2020 but was not announced at that time as the management of the Company was under the misperception that it was merely a treasury action rather than an acquisition of assets. The Board would take positive steps to strengthen the Company's internal control to ensure compliance with the Listing Rules in the future.

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

Hong Kong, 30 July 2020

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 Biu and Mr. Lee Kwok Tung Louis.