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**WINSHINE**

**瀛晟科學**

**WINSHINE SCIENCE COMPANY LIMITED**

**瀛晟科學有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 209)**

**(I) PROPOSED CAPITAL REORGANISATION;  
(II) PROPOSED SHARE PREMIUM CANCELLATION;  
(III) CHANGE IN BOARD LOT SIZE;  
AND  
(IV) PROPOSED ISSUE OF CONVERTIBLE BONDS  
UNDER SPECIFIC MANDATE**

**PROPOSED CAPITAL REORGANISATION**

The Board proposes to reorganise the share capital of the Company in the following manner:

**(a) Share Consolidation**

The proposed Share Consolidation is on the basis that every ten (10) issued Existing Shares of par value of HK\$0.1 each in the issued share capital of the Company be consolidated into one (1) issued Consolidated Share of par value of HK\$1.00 and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

**(b) Capital Reduction**

Immediately following the Share Consolidation, the share capital of the Company will be reduced whereby:

- (i) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and
- (ii) the par value of each of the then issued Consolidated Shares will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the then issued Consolidated Shares; and
- (iii) the credit arising from the Capital Reduction will be credited to the Contributed Surplus Account for use by the Directors in any manner as permitted under applicable laws and the Bye-laws.

**(c) Share Sub-division**

Immediately following the Capital Reduction, each of the then authorised but unissued Existing Shares of par value of HK\$0.1 each will be sub-divided into ten (10) New Shares of par value of HK\$0.01 each.

**PROPOSED SHARE PREMIUM CANCELLATION**

The Board intends to put forward for approval by the Shareholders at the SGM a proposal to cancel the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under applicable laws and the Bye-laws.

**PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 10,000 New Shares conditional upon the Capital Reorganisation becoming effective.

**PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

On 14 October 2022 (after trading hours), the Company entered into the CB Subscription Agreements with each of the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of up to HK\$22,500,000.

Based on the initial Conversion Price of HK\$0.25 per Conversion Share, a total of 90,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, representing (i) approximately 24.58% of the total number of Shares in issue as adjusted for the Capital Reorganisation, and (ii) approximately 19.73% of the total number of Shares in issue as enlarged by the allotment and issue of the 90,000,000 Conversion Shares upon full conversion of the Convertible Bonds.

The gross proceeds from the CB Subscription (after deducting related expenses) are estimated to be up to HK\$22.5 million. The net proceeds from the CB Subscription (after deducting related expenses) are estimated to be up to approximately HK\$22 million and the Company intends to use such net proceeds primarily for investment in a watermelon planting project in Japan (which, if materialized, will be pledged in favour of Subscriber A) and any remaining proceeds for the working capital requirement of the Group.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Share Premium Cancellation, the grant of the CB Specific Mandate, the CB Subscription Agreements and the transactions contemplated under the Capital Reorganisation, the Share Premium Cancellation and the CB Subscription.

A circular containing, among other things, (i) details of the Capital Reorganisation, the Share Premium Cancellation, the Change in Board Lot Size and the CB Subscription; and (ii) the notice convening the SGM and form of proxy, is expected to be despatched to the Shareholders on or before 3 November 2022.

## **WARNING**

**Shareholders and potential investors of the Company should note that completion of the Capital Reorganisation, the Share Premium Cancellation and the CB Subscription is conditional upon satisfaction of the conditions set out in the paragraphs headed “Conditions for the Capital Reorganisation”, “Conditions for the Share Premium Cancellation” and “Conditions for the CB Subscription” respectively in this announcement. Accordingly, the Capital Reorganisation, the Share Premium Cancellation and/or the CB Subscription may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## **PROPOSED CAPITAL REORGANISATION**

The Board proposes to reorganise the share capital of the Company in the following manner:

**(a) Share Consolidation**

The proposed Share Consolidation is on the basis that every ten (10) issued Existing Shares of par value of HK\$0.1 each in the issued share capital of the Company be consolidated into one (1) issued Consolidated Share of par value of HK\$1.00 and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

**(b) Capital Reduction**

Immediately following the Share Consolidation, the share capital of the Company will be reduced whereby:

- (i) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and
- (ii) the par value of each of the then issued Consolidated Shares will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the then issued Consolidated Shares; and
- (iii) the credit arising from the Capital Reduction will be credited to the Contributed Surplus Account for use by the Directors in any manner as permitted by applicable laws and the Bye-laws.

**(c) Share Sub-division**

Immediately following the Capital Reduction, each of the then authorised but unissued Existing Shares of par value of HK\$0.1 each will be sub-divided into ten (10) New Shares of par value of HK\$0.01 each.

**Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon:

- (i) the passing of the necessary special resolution by the Shareholders at the SGM to approve the Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Sub-division;
- (ii) compliance with the requirements of section 46(2) of the Companies Act to effect the Capital Reorganisation and the Directors having satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date would be, unable to pay its liabilities as they become due;

- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;
- (iv) the compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

As at the date of this announcement, none of the conditions above had been fulfilled.

Subject to the fulfilment of the above conditions, the Capital Reorganisation will be completed and become effective on the Effective Date.

### **Effects of the Capital Reorganisation and Status of the New Shares**

As at the date of this announcement, the authorised share capital of the Company is HK\$700,000,000 divided into 7,000,000,000 Existing Shares of par value of HK\$0.1 each, of which 3,661,864,729 Existing Shares have been issued and fully paid or credited as fully paid.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the Effective Date, the authorised share capital of the Company will be HK\$700,000,000 divided into 70,000,000,000 New Shares of par value of HK\$0.01 each, of which 366,186,472 New Shares will be issued as fully paid or credited as fully paid. The aggregate par value of issued share capital of the Company will be HK\$3,661,864.72 (assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Effective Date).

Based on 3,661,864,729 Existing Shares in issue as at the date of this announcement, an amount of credit of approximately HK\$362,524,608 will arise as a result of the Capital Reorganisation. Shareholders and potential investors of the Company should note that the credit arising in the books from the Capital Reorganisation will be subject to change depending on the number of Shares in issue immediately prior to the Capital Reorganisation becoming effective.

It is proposed that the total credit arising in the accounts of the Company from the Capital Reorganisation to be transferred to the Contributed Surplus Account. The credits in the Contributed Surplus Account will be applied by the Directors in any manner as permitted under the applicable laws and the Bye-laws.

Upon the Capital Reorganisation becoming effective, the New Shares shall rank pari passu in all respects with each other. The Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Other than the expenses to be incurred by the Company in relation to the Capital Reorganisation, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the proportionate interests or

rights of the Shareholders as a whole, save for any fractional New Share which may arise. Any fractional Share arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

The following table sets out the effects of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the date of this announcement until the Effective Date:

	<b>As at the date of this announcement</b>	<b>Immediately after the Capital Reorganisation becoming effective</b>
<b>Par value per Share</b>	HK\$0.1 per Existing Share	HK\$0.01 per New Share
<b>Authorised share capital</b>	HK\$700,000,000 divided into 7,000,000,000 Existing Shares	HK\$700,000,000 divided into 70,000,000,000 New Shares
<b>Issued share capital</b>	HK\$366,186,472.9 divided into 3,661,864,729 Existing Shares	HK\$3,661,864.72 divided into 366,186,472 New Shares

### **Fractional Entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

### **Listing application**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares to be in issue upon the Capital Reorganisation becoming effective.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirement of HKSCC upon the Capital Reorganisation becoming effective, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the

General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

The New Shares will be identical in all respects and rank pari passu in all respects with each other in accordance with the Bye-laws as to all future dividends and distributions which are to be declared, made or paid.

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

## **OTHER ARRANGEMENTS**

### **Exchange of Certificates for New Shares**

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on 30 November 2022, being the second Business Day immediately after the date of the SGM, the Shareholders may on or after 9:00 a.m. on 30 November 2022 and until 4:30 p.m. on 10 January 2023, submit their existing share certificates for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, during business hours to exchange for new share certificates for the New Shares at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only upon payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of share certificates cancelled or issued is higher.

Subject to and upon the Capital Reorganisation becoming effective, after trading hours on 6 January 2023, trading will only be in the New Shares. Share certificates for the Existing Shares will continue to remain good evidence of legal title and may be exchanged for share certificates for the New Shares at any time but will not be accepted for delivery, trading, settlement and registration purposes.

## **PROPOSED SHARE PREMIUM CANCELLATION**

The Board intends to put forward for approval by the Shareholders at the SGM a proposal to cancel the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the applicable laws and the Bye-laws.

## **Conditions for the Share Premium Cancellation**

The Share Premium Cancellation is conditional upon:

- (i) the passing of the necessary special resolution by the Shareholders at the SGM to approve the Share Premium Cancellation;
- (ii) compliance with the requirements of section 46(2) of the Companies Act to effect the Share Premium Cancellation and the Directors having satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date would be, unable to pay its liabilities as they become due; and
- (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Premium Cancellation.

Subject to the fulfilment of the conditions above, the Share Premium Cancellation will be completed and become effective on the Effective Date.

## **Effects of the Share Premium Cancellation**

The implementation of the Share Premium Cancellation does not involve any reduction in the authorised or issued share capital of the Company, or any reduction in the nominal value of the Shares or alteration of the trading arrangements concerning the Shares.

Save for the expenses to be incurred by the Company in relation to the Share Premium Cancellation, the Board considers that the implementation of the Share Premium Cancellation will not, in itself, have a material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole.

Based on the unaudited financial statements of the Company as at 30 June 2022, the amounts standing to the credit of the Share Premium Account as at 30 June 2022 were approximately HK\$942,400,000. The balances of the Share Premium Account have not changed since 30 June 2022 and up to the date of this announcement.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

The Existing Shares are currently traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes that upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Shares will be at 10,000 New Shares per board lot.



Based on the closing price of HK\$0.022 per Existing Share (equivalent to the theoretical closing price of HK\$0.22 per New Share upon the Capital Reorganisation becoming effective) on the Last Trading Day, (i) the value per board lot of 4,000 Existing Shares is HK\$88; and (ii) the value per board lot of 10,000 New Shares would be HK\$2,200 on the assumption that the Capital Reorganisation becomes effective.

## **REASONS FOR AND THE BENEFITS OF THE CAPITAL REORGANISATION, THE SHARE PREMIUM CANCELLATION AND THE CHANGE IN BOARD LOT SIZE**

The proposed Capital Reorganisation will enable the par value of the Shares to be reduced from HK\$0.1 to HK\$0.01 each. The credit arising from the Capital Reduction and the Share Premium Cancellation will be applied towards offsetting the accumulated loss of the Company as at the Effective Date, thereby reducing the accumulated loss of the Company. The balance of credit (if any) will be transferred to the Contributed Surplus Account.

Pursuant to the Companies Act and the Bye-laws, the Company shall not issue any shares at a price below par value. As the Existing Shares are currently trading at a price below par value, in order to facilitate possible fund raising activities in the future, it is necessary to implement the Capital Reorganisation to lower the par value of the Shares, giving greater flexibility to the Company to issue new Shares in the future.

Further, pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has stated that market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules.

Taking into account of the closing price of HK\$0.022 per Share on 14 October 2022 (being the date of this announcement), the Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules.

The Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

As set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, the value of each board lot shall not be less than HK\$2,000. Based on the closing price of HK\$0.022 per Existing Share (equivalent to the theoretical closing price of HK\$0.22 per New Share upon the Capital Reorganisation becoming effective) on the Last Trading Day, (i) the value per board lot of 4,000 Existing Shares is HK\$88; and (ii) the value per board lot of 10,000 New Shares would be HK\$2,200 on the assumption that the Capital

Reorganisation becomes effective. The Board believes that the Change in Board Lot Size would allow the Company to comply with the requirement and will reduce the transaction costs and registration costs to be incurred by the Shareholders and potential investors. The Change in Board Lot Size will not affect the relative rights of Shareholders.

The Board considers that the Capital Reorganisation, the Share Premium Cancellation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

### **Odd lots trading arrangement**

In order to facilitate the trading of odd lots of the New Shares, the Company will appoint a securities firm to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the circular of the Company to be despatched to the Shareholders.

Shareholders holding odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

**The Shareholders or potential investors of the Company should note that (i) odd lots will be created after the Capital Reorganisation and the Change in Board Lot Size; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price.**

### **EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION, THE SHARE PREMIUM CANCELLATION AND THE CHANGE IN BOARD LOT SIZE**

The expected timetable for the Capital Reorganisation, the Share Premium Cancellation and the Change in Board Lot Size, is as follows:

<b>Event</b>	<b><i>(Hong Kong time and date)</i></b>
Despatch of Company's circular with notice of SGM and form of proxy	on or before 3 November 2022
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the SGM	4:30 p.m. on 22 November 2022
Closure of the register of members of the Company to determine the entitlement to attend and vote at the SGM (both days inclusive)	23 November 2022 to 28 November 2022
Latest date and time for lodging the proxy forms for the SGM	11:00 a.m. on 26 November 2022
Expected date and time of the SGM	11:00 a.m. on 28 November 2022

**Event***(Hong Kong time and date)*

Publication of announcement of poll results of SGM 28 November 2022

**The following events are conditional upon the fulfilment of the conditions for the implementation of the Capital Reorganisation and the Share Premium Cancellation and therefore the dates are tentative:**

Expected effective date of the Capital Reorganisation and the Share Premium Cancellation 30 November 2022

First day of free exchange of existing share certificates for new share certificates for New Shares 9:00 a.m. on 30 November 2022

Dealing in New Shares commences 9:00 a.m. on 30 November 2022

Original counter for trading in Existing Shares in board lots of 4,000 Existing Shares (in the form of existing share certificates) temporarily closes 9:00 a.m. on 30 November 2022

Temporary counter for trading in New Shares in board lots of 400 New Shares (in the form of existing share certificates) opens 9:00 a.m. on 30 November 2022

Original counter for trading in New Shares in board lots of 10,000 New Shares (in the form of new share certificates) re-opens 9:00 a.m. on 14 December 2022

Parallel trading in New Shares (in the form of new share certificates and existing share certificates) commences 9:00 a.m. on 14 December 2022

Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the New Shares 9:00 a.m. on 14 December 2022

Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the New Shares 4:00 p.m. on 6 January 2023

Temporary counter for trading in New Shares in board lots of 400 New Shares (in the form of existing share certificates) closes 4:10 p.m. on 6 January 2023

Parallel trading in New Shares (in the form of new share certificates and the existing share certificates) ends 4:10 p.m. on 6 January 2023

Latest time for free exchange of existing share certificates for the New Shares 4:30 p.m. on 10 January 2023

The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

## **PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

On 14 October 2022 (after trading hours), the Company entered into the CB Subscription Agreements with each of the Subscribers, pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of up to HK\$22,500,000. Details of the CB Subscription Agreements are set out below:

### **Date**

14 October 2022 (after trading hours)

### **Parties**

CB Subscription Agreement A:	(1) The Company, as the issuer (2) Subscriber A, as the subscriber
CB Subscription Agreement B:	(1) The Company, as the issuer (2) Subscriber B, as the subscriber

Pursuant to the CB Subscription Agreement A, Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of up to HK\$20,000,000. Subscriber A shall have the right to require the Company to pledge its potential investment, if it would be financed by applying the subscription monies of HK\$20,000,000 from Subscriber A, in favour of Subscriber A as security of the subscription monies so long as Subscriber A is a Bondholder.

Pursuant to the CB Subscription Agreement B, Subscriber B has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of up to HK\$2,500,000.

Save as disclosed above, the CB Subscription Agreements are on principally the same terms.

### **Subject matter**

Pursuant to each of the CB Subscription Agreements, the Company has conditionally agreed to issue and each of the Subscribers has conditionally agreed to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$22,500,000.

## **Conditions for the CB Subscription**

Completion of each of the CB Subscription Agreements is conditional upon the satisfaction of the following conditions precedent:

- (i) the result of due diligence conducted by the Subscriber or its agent on the Company's assets, liabilities, operations and affairs being satisfactory to the Subscriber;
- (ii) the approval of the CB Subscription and the transactions and other arrangements (as necessary) contemplated thereunder, including the grant of the CB Specific Mandate for the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares, by the Shareholders at the SGM;
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Conversion Shares (and such listing and permission not being subsequently revoked prior to the completion of the CB Subscription);
- (iv) the Capital Reorganisation of the Company having become effective;
- (v) the Company having received all necessary approvals and permissions for the CB Subscription Agreements and the transactions contemplated thereunder; and
- (vi) the Subscribers having received all necessary approvals and permissions for the CB Subscription Agreements and the transactions contemplated thereunder.

If any of the conditions precedent above have not been fulfilled on or before 28 February 2023 (or such later date as may be agreed between the Subscribers and the Company in writing), the CB Subscription Agreements shall lapse immediately thereafter and be of no further effect and neither the Company nor the Subscribers shall have any claim against or liability or obligation to each other under the CB Subscription Agreements save for any rights or obligations which may accrue prior to the date of such termination.

## **Completion**

After all the conditions precedent of the CB Subscription Agreements have been satisfied and before 30 June 2023, the Subscriber shall have the right to issue closing notice(s) to the Company from time to time to demand for the issue of the Convertible Bonds by tranches on the third Business Day upon receipt of the closing notice(s) by the Company.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

**Issuer** : The Company

- Principal Amount** : Up to HK\$22,500,000 in aggregate, of which
- (i) up to HK\$20,000,000 will be subscribed by Subscriber A; and
  - (ii) up to HK\$2,500,000 will be subscribed by Subscriber B.
- Issue Price** : 100% of the principal amount
- Interest** : The Convertible Bonds shall bear interest at the rate of 16% per annum from the date of issue (inclusive of such date), payable on a monthly basis, until the Maturity Date or the date on which the Convertible Bonds are converted into Shares, payable on such date
- Maturity Date** : 31 December 2024
- Conversion Right** : The Bondholder shall have the right to convert all or any part of the Convertible Bonds in the lots of HK\$500,000 of the principal amount at any time from the date of issue of the Convertible Bonds up to seven (7) days prior to the Maturity Date.

If the issue of Conversion Shares following the exercise by a Bondholder relating to any of the Convertible Bonds held by such Bondholder would result in the Company not meeting the requirement under the Listing Rules that not less than 25% (or such other percentage as may from time to time be specified in the Listing Rules) of the Shares shall be held by the public immediately after the conversion, the Bondholder shall not be allowed to convert the Convertible Bonds.

**Conversion Price** : Initially HK\$0.25 per Conversion Share, subject to adjustments

The Conversion Price of HK\$0.25 per Conversion Share was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent trading prices of the Shares and taking into account of the Capital Reorganisation and represents:

- (i) a premium of approximately 13.64% over the closing price of HK\$0.22 per Share (as adjusted for the Capital Reorganisation) as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 11.61% over the average closing price of HK\$0.224 per Share (as adjusted for the Capital Reorganisation) as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day

**Adjustment to the Conversion Price** : The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events, such as (i) consolidation or sub-division of Shares; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) rights issues or grant of options or warrants to Shareholders to subscribe for Shares at a price which is less than 90% of the then market price of the Shares; (v) issue of convertible or exchangeable securities with the total effective consideration per Share at less than 90% of the then market price of the Shares or any rights of conversion, exchange or subscription attached to such securities are modified so that the said total effective consideration per Share is less than 90% of the then market price of the Shares; or (vi) issue of any Shares wholly for cash at a price per Share which is less than 90% of the then market price; and (vii) issue of new Shares for the acquisition of asset at a total effective consideration per Share less than 90% of the then market price of the Shares, in accordance with the provisions of the instrument of the Convertible Bonds.

**Conversion Shares** : Based on the initial Conversion Price of HK\$0.25 per Conversion Share, a total of 90,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, representing (i) approximately 24.58% of the total number of Shares in issue as adjusted for the Capital Reorganisation, and (ii) approximately 19.73% of the total number of Shares in issue as enlarged by the allotment and issue of the 90,000,000 Conversion Shares upon full conversion of the Convertible Bonds.

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of conversion.

**Redemption on Maturity** : Unless previously converted, the Convertible Bonds will be redeemed by the Company on the Maturity Date at its principal amount outstanding.

**Application for listing** : No application will be made for a listing of the Convertible Bonds. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**Voting** : The Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the Bondholder.

**Transferability** : The Convertible Bonds are freely transferable.

### **Specific Mandate to issue the Conversion Shares**

The Conversion Shares will be issued pursuant to the CB Specific Mandate proposed to be sought from the Shareholders at the SGM.

### **Fund raising activities in the past twelve months**

The Company has not conducted any equity fund raising activity in the past twelve months before the date of this announcement.



## **INFORMATION ON THE SUBSCRIBERS**

Subscriber A is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, as at the date of this announcement, Subscriber A and its ultimate beneficial owner, namely Ms. Liu Lian, are Independent Third Parties.

Subscriber B is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, as at the date of this announcement, Subscriber B and its ultimate beneficial owner, namely Mr. Chiu Chun Tak, are Independent Third Parties.

## **REASONS FOR THE CB SUBSCRIPTION AND USE OF PROCEEDS**

The Group is principally engaged in the manufacturing and trading of toys and securities investments. The Directors consider that the raising of funds by the issue of the Convertible Bonds upon the Capital Reorganisation is an appropriate method to raise the necessary funding for the Company and in the interests of the Company and Shareholders as a whole.

The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

Subject to the completion of the CB Subscription, the aggregate gross proceeds from the CB Subscription will be up to HK\$22.5 million and the net proceeds from the CB Subscription (after deduction of estimated professional fees and other related expenses which are estimated to be up to approximately HK\$22 million. The Company intends to use the net proceeds from the CB Subscription as to (i) up to approximately HK\$20 million for possible investment in a watermelon planting project in Japan (which, if materialized, will be pledged in favour of Subscriber A as security of the subscription monies and such security shall be released when Subscriber A ceases to be a Bondholder); (ii) the remaining amount for the general working capital of the Group. As at the date hereof, the Board has commenced negotiation with the potential investment target but no agreement whatsoever has been reached for any investment.

The net price per Conversion Share, which is calculated by dividing the aggregate net proceeds by the total number of the Conversion Shares based on the initial Conversion Price, is approximately HK\$0.24.

## EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares upon the exercise of the conversion rights under the Convertible Bonds in full (assuming that the Conversion Price is HK\$0.25 per Conversion Share and there is no further issue or repurchase of Shares before the exercise of such conversion rights), are illustrated in the below table:

	As at the date of this announcement		Immediately after completion of the Share Consolidation		Immediately after completion of the Share Consolidation and the Capital Reduction		Immediately after completion of the Capital Reorganisation and the CB Subscription (assuming the Convertible Bonds are converted in full)	
	Number of Shares held	Approximate % of total Shares in issue	Number of Shares held	Approximate % of total Shares in issue	Number of Shares held	Approximate % of total Shares in issue	Number of Shares held	Approximate % of total Shares in issue
<i>Substantial shareholder</i>								
<i>China Strategic</i>								
Holdings Limited	651,995,472	17.80%	65,199,547	17.80%	65,199,547	17.80%	65,199,547	14.29%
Ji Xiang (“Mr. Ji”) (Note 1)	496,976,000	13.57%	49,697,600	13.57%	49,697,600	13.57%	49,697,600	10.89%
Shen Jia	400,000,000	10.93%	40,000,000	10.93%	40,000,000	10.93%	-	-
Subscriber A	-	-	-	-	-	-	80,000,000	17.54%
	<u>1,548,971,472</u>	<u>42.30%</u>	<u>154,897,147</u>	<u>42.30%</u>	<u>154,897,147</u>	<u>42.30%</u>	<u>194,897,147</u>	<u>42.72%</u>
<i>Public shareholders</i>								
Shen Jia	-	-	-	-	-	-	40,000,000	8.77%
Subscriber B	-	-	-	-	-	-	10,000,000	2.19%
Other public Shareholders	<u>2,112,893,257</u>	<u>57.70%</u>	<u>211,289,325</u>	<u>57.70%</u>	<u>211,289,325</u>	<u>57.70%</u>	<u>211,289,325</u>	<u>46.32%</u>
Total	<u>3,661,864,729</u>	<u>100.00%</u>	<u>366,186,472</u>	<u>100.00%</u>	<u>366,186,472</u>	<u>100.00%</u>	<u>456,186,472</u>	<u>100.00%</u>

### Notes:

- 496,976,000 Shares (or 49,697,600 Shares after completion of the Share Consolidation) were held by Excel Jade Limited, which was owned as to 100% by Mr. Ji. Accordingly, Mr. Ji was deemed to be interested in 496,976,000 Shares (or 49,697,600 Shares after completion of the Share Consolidation) of the Company under the Securities and Futures Ordinance.
- The figures are provided for illustrative purposes only. The terms of the Convertible Bonds will not permit conversion if immediately after such conversion, the public float of the Shares will fall below the minimum requirements of the Listing Rules from time to time.

## GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Share Premium Cancellation, the grant of the CB Specific Mandate, the CB Subscription Agreements and the transactions contemplated under the Capital Reorganisation, the Share Premium Cancellation and the CB Subscription.

A circular containing, among other things, (i) details of the Capital Reorganisation; (ii) the Share Premium Cancellation; (iii) the Change in Board Lot Size; (iv) the CB Subscription; and (v) the notice convening the SGM and form of proxy, is expected to be despatched to the Shareholders on or before 3 November 2022.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as no Shareholder has a material interest in the Capital Reorganisation, the Share Premium Cancellation, the Change in Board Lot Size and the CB Subscription, no Shareholder will be required to abstain from voting to approve the Capital Reorganisation, the Share Premium Cancellation, the Change in Board Lot Size and the CB Subscription at the SGM.

## WARNING

**Shareholders and potential investors of the Company should note that completion of the Capital Reorganisation, the Share Premium Cancellation and the CB Subscription is conditional upon satisfaction of the conditions set out in the paragraphs headed "Conditions for the Capital Reorganisation", "Conditions for the Share Premium Cancellation" and "Conditions for the CB Subscription" respectively in this announcement. Accordingly, the Capital Reorganisation, the Share Premium Cancellation and/or the CB Subscription may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

<b>"Board"</b>	board of the Directors
<b>"Bondholder(s)"</b>	holder(s) of the Convertible Bonds
<b>"Business Day(s)"</b>	a day (other than a Saturday and Sunday 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 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong

<b>“Bye-laws”</b>	the bye-laws of the Company (as amended from time to time)
<b>“Capital Reduction”</b>	the proposed cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation and the proposed reduction of the par value of each of the then issued Consolidated Shares from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.99 on each of the then issued Consolidated Shares
<b>“Capital Reorganisation”</b>	the proposed reorganisation of the share capital of the Company involving: (i) the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Sub-division
<b>“CB Specific Mandate”</b>	the specific mandate to be granted to the Directors by the requisite majority of the Shareholders at the SGM for the issue of the Convertible Bonds and the allotment and issuance of the Conversion Shares
<b>“CB Subscription”</b>	the subscription by the Subscribers of the Convertible Bonds pursuant of the terms of the CB Subscription Agreements
<b>“CB Subscription Agreement A”</b>	the conditional subscription agreement dated 14 October 2022 and entered into between the Company and Subscriber A in respect of the subscription of the Convertible Bonds in the principal amount of up to HK\$20,000,000
<b>“CB Subscription Agreement B”</b>	the conditional subscription agreements dated 14 October 2022 and entered into between the Company and Subscriber B in respect of the subscription of the Convertible Bonds in the principal amount of up to HK\$2,500,000
<b>“CB Subscription Agreements”</b>	the CB Subscription Agreement A and the CB Subscription Agreement B
<b>“CCASS”</b>	the Central Clearing and Settlement System operated by HKSCC
<b>“CCASS Operational Procedures”</b>	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time

<b>“Change in Board Lot Size”</b>	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Existing Shares to 10,000 New Shares conditional upon the Capital Reorganisation becoming effective
<b>“Companies Act”</b>	the Companies Act 1981 of Bermuda (as amended)
<b>“Company”</b>	Winshine Science Company Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 209)
<b>“Consolidated Share(s)”</b>	ordinary share(s) of par value of HK\$1.00 each in the issued share capital of the Company immediately after the Share Consolidation but before the Capital Reduction becoming effective
<b>“Contributed Surplus Account”</b>	the contributed surplus account of the Company within the meaning of the Companies Act
<b>“Conversion Price”</b>	the conversion price of the Convertible Bonds, being HK\$0.25 per Conversion Share initially (subject to adjustments pursuant to the terms of the instrument of the Convertible Bonds)
<b>“Conversion Shares”</b>	New Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
<b>“Convertible Bonds”</b>	the convertible bonds in the aggregate principal amount of up to HK\$22,500,000 to be issued by the Company to the Subscribers pursuant to the CB Subscription Agreements
<b>“Directors”</b>	directors of the Company
<b>“Effective Date”</b>	the second Business Day immediately following the date of the SGM (subject to the passing of the relevant special resolutions approving the Capital Reorganisation and the Share Premium Cancellation and the fulfillment of the other conditions set forth in the paragraphs headed “Conditions of the Capital Reorganisation” and “Conditions of the Share Premium Cancellation” in this announcement)
<b>“Existing Share(s)”</b>	ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
<b>“Group”</b>	the Company and its subsidiaries

<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Third Party(ies)”</b>	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
<b>“Last Trading Day”</b>	14 October 2022, being the last full trading day for the Shares on the date of this announcement
<b>“Listing Committee”</b>	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Main Board”</b>	the main board maintained and operated by the Stock Exchange
<b>“Maturity Date”</b>	31 December 2024
<b>“New Share(s)”</b>	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
<b>“Registrar”</b>	the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
<b>“SGM”</b>	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Reorganisation, the Share Premium Cancellation, the grant of the CB Specific Mandate, the CB Subscription Agreements and the transactions contemplated under the Capital Reorganisation, the Share Premium Cancellation and the CB Subscription
<b>“Share(s)”</b>	Existing Share(s), Consolidated Share(s), New Share(s) and/or Conversion Share(s), as the case maybe

<b>“Share Consolidation”</b>	the proposed consolidation of every ten (10) issued Existing Shares of par value of HK\$0.1 each in the issued share capital of the Company into one (1) issued Consolidated Share of par value of HK\$1.00
<b>“Share Premium Account”</b>	the share premium account of the Company
<b>“Share Premium Cancellation”</b>	the proposed cancellation of the entire amount standing to the credit of the Share Premium Account of the Company as of the Effective Date to nil
<b>“Share Sub-division”</b>	the proposed sub-division of each of the then authorised but unissued Existing Shares of par value of HK\$0.1 each into ten (10) New Shares of par value of HK\$0.01 each
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscriber A”</b>	Richsun Investment Development Limited, a company incorporated in the British Virgin Islands
<b>“Subscriber B”</b>	Victor Arise Limited, a company incorporated in the British Virgin Islands
<b>“Subscriber(s)”</b>	Subscriber A and/or Subscriber B
<b>“%”</b>	per-cent

By Order of the Board  
**Winshine Science Company Limited**  
**Zhao Deyong**  
*Chairman*

Hong Kong, 14 October 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Zhao Deyong (Chairman) and Dr. Liao Wenjian (Chief Executive Officer); one non-executive Director, namely Mr. Lin Shaopeng; and three independent non-executive Directors, namely Mr. Kwok Kim Hung Eddie, Mr. Ng Wai Hung and Mr. Zhao Yong.*

\* *For identification purpose only*