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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)

PROPOSED ISSUE OF NEW SHARES UNDER THE GENERAL MANDATE

PROPOSED ISSUE OF NEW SHARES UNDER THE GENERAL MANDATE

On 2 January 2024, the Company entered into the Subscription Agreement in relation to the issue and subscription of new Shares. Subject to the fulfilment of condition precedent of the Subscription Agreement, the issue and allotment of 101,964,566 Subscription Shares to Subscribers at the Subscription Price of HK\$0.066.

The Subscription Shares represent approximately 20.0% of the total number of Shares in issue as at the date of this announcement and approximately 16.6% of the total number of Shares as enlarged by the issue of the Subscription Shares (assuming there will be no other change in the total number of Shares from the date of this announcement and up to the date of Completion).

USE OF PROCEEDS

The gross proceeds from the issue of Subscription Shares are expected to be approximately HK\$6.7 million and the net proceeds from the issue of Subscription Shares (after deducting of expenses) will be approximately HK\$6.5 million. The Company intends to apply the proceeds as general working capital of the Group.

GENERAL MANDATE

The issue of the Subscription Shares will be pursuant to the General Mandate and is not subject to Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the issue of the Subscription Shares are subject to the condition precedent under the Subscription Agreement may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing the Shares.

INTRODUCTION

On 2 January 2024 (after trading hours), the Company entered into the Subscription Agreement in relation to the issue and subscription of the new Shares at the Subscription Price and the principal terms of the Subscription Agreement are described below.

The Subscription Agreement

Subscriber : Hurray Talent Investment Development Limited

Number of Subscription Shares to be issued : 101,964,566 (representing approximately 20.0% of the total number of Shares in issue as at the date of this announcement and 16.7% of the total number of Shares as enlarged by the issue of these Subscription Shares)

According to the information provided by the Subscriber: the Subscriber 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, the Subscriber and its ultimate beneficial owner, namely Mr. Li Zhonghai, are Independent Third Parties.

Subscription Price

The Subscription Price is HK\$0.066 per Subscription Share.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscribers. The Company agreed the Subscription Price with reference to the average closing price per Share for the five trading days immediately preceding the date of the Subscription Agreement.

The Subscription Price represents:

- (1) a discount of approximately 19.5% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (2) a discount of approximately 7.3% to the average closing price of HK\$0.0712 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

Based on the closing price of the Shares of HK\$0.082 per Share on the date of the Subscription Agreement, the Subscription Shares have an aggregate market value of HK\$8,361,094.41. The aggregate nominal value of the Subscription Shares is HK\$1,019,645.66.

Condition precedent

The obligations of the Company and the Subscriber to effect Completion under the Subscription Agreement are conditional upon the listing of, and permission to deal in, the Subscription Shares which are subject to the listing and permission being granted by the Stock Exchange (and such listing and permission not subsequently revoked prior to Completion) on or before 15 February 2024 (or such later date as the parties may agree).

In the event that such condition precedent is not satisfied on or before 15 February 2024 (or such later date as the parties may agree), the Subscription Agreement shall terminate and neither party shall be liable to the other or have any claim against the other party for damages, compensation or otherwise save and except any liability for antecedent breaches of either party.

Completion

Completion of the Subscription Agreement is to take place within twenty-one Business Days immediately following the fulfilment of the condition precedent.

Ranking of the Subscription Shares

The Subscription Shares will, when issued, rank pari passu in all respects among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares save in respect of any rights the record date for which falls on or before Completion.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately upon Completion (assuming that there will be no other change to the share capital of and shareholding in the Company other than the issue and allotment of the Subscription Shares) is:

Substantial Shareholders	As at the date of this announcement		Immediately upon Completion	
	Number of shares	Approximate shareholding (%)	Number of shares	Approximate shareholding (%)
Richsun Investment Development Limited	80,000,000	15.69	80,000,000	13.08
China Strategic Holdings Limited (Note 1)	65,199,547	12.79	65,199,547	10.66
Hong Kong Huiheng Trading and Investment Co., Limited	63,636,362	12.48	63,636,362	10.40
Ji Xiang (Note 2)	49,697,600	9.75	49,697,600	8.12
Shen Jia	40,000,000	7.85	40,000,000	6.54
Subscriber	–	–	101,964,566	16.66
Other public Shareholders	<u>211,289,325</u>	<u>41.44</u>	<u>211,289,325</u>	<u>34.54</u>
Total	<u>509,822,834</u>	<u>100.00</u>	<u>611,787,400</u>	<u>100.00</u>

Notes:

1. China Strategic Holdings Limited had an indirect interest in the Company through its 100% indirect ownership in U Credit (HK) Limited, which had security interest in 651,995,472 shares of the Company. U Credit (HK) Limited had enforced the security interest in 651,995,472 shares on 4 July 2019.
2. 496,976,000 shares were held by Excel Jade Limited, which was owned as to 100% by Mr. Ji Xiang. Accordingly, Mr. Ji Xiang was deemed to be interested in 496,976,000 shares of the Company under the SFO.

REASONS FOR AND THE BENEFITS OF THE ISSUE OF THE SUBSCRIPTION SHARES

The Group is principally engaged in the manufacturing and trading of toys and the plantation and sales of agricultural products.

The Subscription Agreement, if completed, would help strengthen the balance sheet of the Group which recorded as at 30 June 2023, net liabilities of approximately HK\$80.9 million and bank balances and cash at approximately HK\$38.8 million, by providing cash resources to fund its working capital.

The Directors are of the view that the Subscription Agreement is entered into upon normal commercial terms and that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the Subscription Shares are fully subscribed, the gross proceeds from the issue of Subscription Shares will be approximately HK\$6.7 million. After deducting related professional fees and all related expenses of approximately HK\$0.2 million to be borne by the Company under the issue of Subscription Shares, the net proceeds of will amount to approximately HK\$6.5 million, representing a net subscription price of approximately HK\$0.064 per Subscription Share. The Company intends to apply the net proceeds as general working capital of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the fund-raising activities conducted by the Company during the past twelve months immediately prior to the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of announcement
14 October 2022, 21 April 2023 and 22 May 2023	Proposed issue of convertible bonds under specific mandate and completion of issue of convertible bonds	Approximately HK\$22 million	Investment in a planting project in Japan and working capital for the Group	Approximately HK\$1.7 million was used for acquisition of planting project and approximately HK\$20.3 million as working capital for the Group
16 December 2022, 21 April 2023 and 22 May 2023	Proposed issue of convertible bonds under general mandate and completion of issue of convertible bonds	Approximately HK\$13.8 million	Working capital for the Group	Working capital for the Group

GENERAL MANDATE

The Subscription Shares will be issued pursuant to the General Mandate and is not subject to Shareholders' approval. Save for the issue of new shares announcement as mentioned above, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is therefore sufficient to cover the issuance of the Subscription Shares.

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

None of the other Directors had any interest in the Subscription Agreement or the transactions contemplated thereunder.

Completion of the issue of the Subscription Shares is subject to the condition precedent under the Subscription Agreement and may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business
“Company”	Winshine Science Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the issue of the Subscription Shares pursuant to Subscription Agreement
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting held on 16 June 2023 pursuant to which a maximum of 101,964,566 Shares, being 20% of the total number of Shares in issue as at 31 May 2023, may fall to be allotted and issued
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Hurray Talent Investment Development Limited
“Subscription Agreement”	subscription agreement dated 2 January 2024 entered into by the Company with the Subscriber
“Subscription Price”	HK\$0.066 per Subscription Share
“substantial shareholder(s)”	has the same meaning ascribed to it in the Listing Rules
“%”	per cent

By order of the Board
Winshine Science Company Limited
Jiang Qianghui
Chairman

Hong Kong, 2 January 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Jiang Qinghui (Chairman) and Mr. Weng Zudian (Chief Executive Officer); one non-executive Director, namely Mr. Lin Shaopeng; and three independent non-executive Directors, namely Mr. Chan Cheuk Ho, Mr. Kwok Kim Hung Eddie and Mr. Zhao Yong.

* *For identification purpose only*