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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 SHARE CONSOLIDATION; AND
(II) PROPOSED CAPITAL REDUCTION
OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES**

The Company proposes to implement the following Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Sub-division as follows:

(I) PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of par value of HK\$0.01 each be consolidated into one (1) Consolidated Share of par value HK\$0.05 each.

(II) PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division will be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.04 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.05 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.05 each be sub-divided into five (5) New Shares of par value of HK\$0.01 each.

Upon the Capital Reorganisation becoming effective, the New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid in accordance with the Company's memorandum of association and the Bye-laws.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation, the Capital Reduction and the Share Sub-division. The Circular containing, among other matters, information regarding the Share Consolidation, the Capital Reduction and the Share Sub-division together with a notice of the SGM will be despatched to the Shareholders on or before Friday, 26 April 2024.

As the Capital Reorganisation is subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

(I) PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of par value of HK\$0.01 each be consolidated into one (1) Consolidated Share of HK\$0.05 each.

Effects of the proposed Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$700,000,000 divided into 70,000,000,000 Existing Shares with par value of HK\$0.01 each.

Upon the Share Consolidation becoming effective and assuming that no changes on the authorised share capital of the Company from the date hereof until the Effective Date, the authorised share capital of the Company will become HK\$700,000,000 divided into 14,000,000,000 Consolidated Shares with par value of HK\$0.05 each.

As at the date of this announcement, 611,787,400 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued nor Existing Shares are repurchased from the date hereof until the Effective Date, 122,357,480 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Share Consolidation will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

(II) PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division will be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.04 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.05 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.05 each be sub-divided into five (5) New Shares of par value of HK\$0.01 each.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation and transactions contemplated thereunder;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reorganisation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reorganisation, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due;
- (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.

Subject to the fulfilment of the conditions of the Capital Reorganisation, the effective date of the Capital Reorganisation is expected to be on Friday, 24 May 2024.

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

Application for listing of the New Shares

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares 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 upon the Capital Reorganisation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, 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.

None of the Existing Shares are listed or dealt in on any other 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.

Effect of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$700,000,000 divided into 70,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 611,787,400 Existing Shares have been issued and are fully paid or credited as fully paid and 69,388,212,600 Existing Shares remain unissued.

Assuming that no further Existing Shares are allotted, issued or repurchased from the date of this announcement up to and including the effective date of the Capital Reorganisation, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company shall become HK\$700,000,000 divided into 70,000,000,000 New Shares of par value of HK\$0.01 each, of which 122,357,480 New Shares will have been issued and will be fully paid or credited as fully paid and 69,877,642,520 New Shares will remain unissued.

Assuming that there is no change in the number of issued Shares from the date of this announcement up to and including the date on which the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective, the share capital structure of the Company will be as follows:

| | As at the date of this announcement | Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective | Immediately Upon the Capital Reorganisation becoming effective |
|--|--|---|---|
| Par value | HK\$0.01 per Share | HK\$0.05 per Consolidated Share | HK\$0.01 per New Share |
| Number of authorised Shares issued by the Company | 70,000,000,000 Shares | 14,000,000,000 Consolidated Shares | 70,000,000,000 New Shares |
| Amount of authorised share capital of the Company | HK\$700,000,000 | HK\$700,000,000 | HK\$700,000,000 |
| Number of issued Shares issued by the Company | 611,787,400 Shares | 122,357,480 Consolidated Shares | 122,357,480 New Shares |
| Amount of the issued share capital of the Company | HK\$6,117,874 | HK\$6,117,874 | HK\$1,223,574.80 |

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Status of the New Shares

Upon the Capital Reorganisation becoming effective, the New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid in accordance with the Company's memorandum of association and the Bye-laws.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Friday, 24 May 2024, the second Business Day after the date of the SGM, the Shareholders may during specific the period submit existing share certificates for the Existing Shares (in the colour of yellow) to the Registrar in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange for new share certificates for the New Shares (in the colour of green) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on 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 is higher.

After 4:10 p.m. on Friday, 28 June 2024, trading will only be in New Shares. Share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Fractional entitlement to New Shares

Fractional New Shares arising from the Capital Reorganisation and the Change in Board Lot Size, if any, will be disregarded and will not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefits of the Company.

The Shareholders concerned about losing out on any fractional entitlement are recommended to consult their professional advisers and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of the New Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, the Company will appoint a securities firm as an agent to provide matching services, on a best effort 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.

Holders of 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.

Details of the odd lots arrangement will be set out in the Circular.

The Shareholders or potential investors of the Company should note that (i) the above odd lots trading arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (ii) odd lots might be sold below the market price. If they are in any doubt, they should consult their professional advisers.

ADJUSTMENT IN RELATION TO THE OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has outstanding convertible bonds in a principal amount of HK\$2,500,000, which are convertible into 10,000,000 Shares at the conversion price of HK\$0.25 (subject to adjustments).

The Capital Reorganisation may lead to adjustment to the conversion price and the number of New Shares falling to be issued upon conversion of the convertible bonds and convertible notes pursuant to the terms thereof. Further announcement(s) regarding the adjustment(s) will be made in accordance with the Listing Rules as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into any Share or New Share.

NO CHANGE IN BOARD LOT SIZE

The Existing Shares are currently traded on the Stock Exchange in board lot size of 10,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Shares will remain unchanged at 10,000 New Shares per board lot. Based on the closing price of HK\$0.058 per Existing Share (equivalent to the theoretical closing price of HK\$0.29 per Consolidated Share) as at the date of this announcement, (i) the value per board lot of 10,000 Existing Shares is HK\$580; and (ii) the value per board lot of 10,000 New Shares would be HK\$2,900 on the assumption that the Capital Reorganisation becomes effective.

REASONS FOR THE CAPITAL REORGANISATION

According to the rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer 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.

The Board considers that the proposed Share Consolidation, resulting in HK\$0.29 per Consolidated Share (based on the current closing price of HK\$0.058 per Existing Share as at the date of the announcement), would enable the Company to avoid the occurrence of non-compliance with the trading requirements under the Listing Rules. Accordingly, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange, as a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the Listing Rules, but would also attract more investors and hence broaden the Shareholders’ base.

In view of the above reasons, the Company considers the Capital Reorganisation is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation and the Company does not have any other concrete plan or arrangement to conduct any other fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to meet its operational needs or support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group nor result in a change in the relative rights of the Shareholders.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reorganisation.

| Event(s) | Time and Date 2024 |
|---|-------------------------------|
| Expected date of dispatch of Circular in relation to the Capital Reorganisation together with the notice of the SGM and form of proxy | on or before Friday, 26 April |
| Latest date and time for lodging transfer(s) of the Existing Shares in order to qualify for attending and voting at the SGM | 4:30 p.m. on Thursday, 16 May |

| Event(s) | Time and Date 2024 |
|---|---|
| Closure of register of members of the Company for determining the entitlement to attend and vote at the SGM | from Friday, 17 May to Wednesday, 22 May (both dates inclusive) |
| Latest date and time for lodging forms of proxy for the SGM | 10:00 a.m. on Monday, 20 May |
| Record date for attendance and voting at the SGM | Wednesday, 22 May |
| Expected time and date of the SGM | 10:00 a.m. Wednesday, 22 May |
| Publication of announcement of poll results of the SGM | Wednesday, 22 May |

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation and therefore the dates are tentative only.

| Event(s) | Time and Date 2024 |
|--|-----------------------------|
| Expected effective date of the Capital Reorganisation | Friday, 24 May |
| First day of free exchange of existing share certificate(s) of the Existing Shares for new share certificate(s) of the New Shares | Friday, 24 May |
| Dealing in the New Shares commences | 9:00 a.m. on Friday, 24 May |
| Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares temporarily closes | 9:00 a.m. on Friday, 24 May |
| Temporary counter for trading in the New Shares in board lots of 2,000 New Shares (in the form of existing share certificate(s)) opens | 9:00 a.m. on Friday, 24 May |
| Original counter for trading in the New Shares in board lots of 10,000 New Shares (in the form of new share certificates) re-opens | 9:00 a.m. Friday, 7 June |
| Parallel trading in the New Shares (in form of new share certificate(s) and existing share certificate(s)) commences | 9:00 a.m. Friday, 7 June |

| Event(s) | Time and Date 2024 |
|---|---------------------------|
| Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares | 9:00 a.m. Friday, 7 June |
| Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares | 4:00 p.m. Friday, 28 June |
| Temporary counter for trading in the New Shares in board lots of 2,000 New Shares (in the form of existing share certificate(s)) closes | 4:10 p.m. Friday, 28 June |
| Parallel trading in the New Shares (in form of new share certificate(s) and existing share certificate(s)) ends | 4:10 p.m. Friday, 28 June |
| Last day of free exchange of existing share certificate(s) for new share certificate(s) | Wednesday, 3 July |

All times and dates specified in the timetable above refer to Hong Kong times and dates.

The timetable is indicative only and may be extended or varied. Any change to the expected timetable above will be announced by the Company as and when appropriate.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Capital Reorganisation and transactions contemplated thereunder. The Circular containing, among other matters, information regarding the Capital Reorganisation together with a notice of the SGM will be despatched to the Shareholders on or before Friday, 26 April 2024.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Capital Reorganisation and no Shareholders are required to abstain from voting at the SGM.

As the Capital Reorganisation is subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|--------------------------------|--|
| “Board” | the board of Directors |
| “Business Day(s)” | a day (other than a Saturday, Sunday and public holidays 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 |
| “Bye-laws” | the bye-laws for the time being adopted by the Company and as amended from time to time |
| “Capital Reduction” | the proposed reduction of the issued share capital of the Company whereby the nominal value of each of the issued Consolidated Shares will be reduced from HK\$0.05 each to HK\$0.01 each by cancelling the paid up capital to the extent of HK\$0.04 on each issued Consolidated Share |
| “Capital Reorganisation” | collectively, the Share Consolidation, the Capital Reduction and the Share Sub-division |
| “CCASS” | Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system |
| “CCASS Operational Procedures” | 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 |
| “Circular” | the circular to be despatched to the Shareholders containing, among other things, details of the Capital Reorganisation and the notice of the SGM |
| “Companies Act” | the Companies Act 1981 of Bermuda (as amended from time to time) |
| “Completion” | completion of the Acquisition in accordance with the terms of the Share Transfer Agreement |
| “Company” | Winshine Science Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange |

| | |
|--------------------------|---|
| “Consolidated Share(s)” | the ordinary share(s) of par value HK\$0.05 each in the share capital of the Company upon the Share Consolidation becoming effective |
| “Director(s)” | the director(s) of the Company from time to time |
| “Existing Share(s)” | ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective |
| “General Rules of CCASS” | the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Committee” | has the meaning ascribed to such term in the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Memorandum” | the memorandum of association of the Company, as amended from time to time |
| “New Share(s)” | the ordinary share(s) of par value HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reorganisation becoming effective |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement only, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “SGM” | the special general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Capital Reorganisation and transactions contemplated thereunder |
| “Registrar” | the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |

| | |
|-----------------------|--|
| “Share(s)” | the ordinary share(s) of par value HK\$0.01 each in the share capital of the Company before the Capital Reorganisation becoming effective |
| “Shareholder(s)” | holder(s) of the Existing Share(s) or the Consolidated Share(s) or the New Share(s) (as the case may be) |
| “Share Consolidation” | the proposed consolidation of every five (5) issued and unissued Existing Shares of par value HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value HK\$0.05 each |
| “Share Sub-division” | the proposed sub-division of each authorised but unissued Consolidated Share into five (5) authorised and unissued New Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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

Hong Kong, 12 April 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Jiang Qinghui (Chairman) and Mr. Weng Zudian (Chief Executive Officer) and Mr. Li Zhonghai; 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*