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## **WINSHINE SCIENCE COMPANY LIMITED**

**瀛晟科學有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 209)**

### **DISCLOSEABLE TRANSACTION**

#### **THE AGREEMENT**

The Board is pleased to announce that on 15 March 2021, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire equity interests in the Bright Triumph at an aggregate consideration of RMB40 million.

#### **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

**Completion is subject to fulfilment (or if applicable, waiver) of the conditions as set out in the section headed “Conditions Precedent” in this announcement. As Completion may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

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**THE AGREEMENT**

Date: 15 March 2021

Parties: (1) Suzhou Youshengyini Intelligent Technology Development Co., Ltd.\*, as the Purchaser  
(2) Billion Pride Group limited, as the Vendor

To the best of the Director’s knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Purchaser and its ultimate beneficial owners are Independent Third Parties.

**Assets to be disposed of**

Pursuant to the Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued shares of the Bright Triumph. As at the date of this announcement, the Bright Triumph holds the entire issued shares of China Upgring Technology, which in turn holds the entire issued shares of Yi Nuo Technology (Suzhou). Upon Completion, each of Bright Triumph, China Upgring Technology and Yi Nuo Technology (Suzhou) will cease to be an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will cease to be consolidated into the financial statements of the Group.

**Consideration**

The Consideration payable for the Sale Shares is RMB40 million, and shall be paid by the Purchaser to the Vendor in the following manner:

- (a) within 5 Business Days from the date of the Agreement, a deposit (“Deposit”) of RMB4 million, being 10% of the Consideration, shall be paid by the Purchaser to the Vendor; and
- (b) within 105 days from the Conditions having been fulfilled or waived (as the case may be) and the Vendor having completed the pledge of the land use rights of the Hainan Land in favour of the Purchaser (or as designated by the Purchaser), the remaining RMB36 million, being 90% of the Consideration, shall be paid by the Purchaser to the Vendor.

The Consideration was determined after arm's length negotiations with reference to the preliminary valuation of the Target Property, the adjusted net asset value of the Target Group and the prevailing market conditions.

Having considered the above and the factors described under the section headed "Reasons for and Benefits of the Disposal" below, the Directors consider that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Conditions Precedent**

Completion is subject to the following Conditions being fulfilled or waived (as the case may be):

- (a) the Purchaser having carried out and completed the due diligence review of the Target Group (including but not limited to legal, business and financial aspects) no later than 45 Business Days from the date of the Agreement. The Vendor having published a notice on media as designated by the Purchaser to the potential creditors of the Target Group within 30 Business Days from the date of the Agreement, and within 45 days from the date of such announcement, no debts from any potential creditors having been declared, no potential dispute in relation to the Target Group having been discovered and no material discrepancies from the financial information of the Target Group as annexed to the Agreement nor material adverse effect on the Target Group in the financial nor legal aspects having been discovered during the due diligence review and the Purchaser being satisfied with the results of the due diligence review;
- (b) within 60 days from the date of the Agreement, the Vendor having terminated all the transactions of Bright Triumph, China Upgring Technology and Yi Nuo Technology (Suzhou) with the Vendor and its Related Parties and there shall be no outstanding debts and indebtedness among Bright Triumph, China Upgring Technology and Yi Nuo Technology (Suzhou) and the Vendor and its Related Parties;
- (c) within 90 days from the date of the Agreement, the Vendor having completed the registration of change of registered share capital of Yi Nuo Technology (Suzhou) from USD100,000,000 to USD22,349,950 with the local Administration for Market Regulation;
- (d) with reference to the facts and circumstances on the Completion Date, the representations and warranties given by the Vendor in the Agreement being true, accurate, complete and not misleading in all material aspects;

- (e) there being no material adverse change in relation to the operation and financial conditions of Bright Triumph, China Upgring Technology and Yi Nuo Technology (Suzhou); and
- (f) all relevant consents and approval (if necessary) from third parties (including government authority) in relation to the Disposal having been obtained.

The Purchaser shall use its best endeavors to procure the satisfaction of Condition (a) above and the Vendor shall use its best endeavors to procure the satisfaction Conditions (b) to (f) above on or before the Long Stop Date. The Purchaser may, in its absolute discretion, waive any of the Conditions (b) to (f) above at any time before the Long Stop Date in writing.

If any of the Conditions is not fulfilled or waived (as the case may be) on or before the Long Stop Date, the Vendor shall return the Deposit (as the case may be) together with any interests accrued to the Purchaser within 5 Business Days from the Long Stop Date.

### **Completion**

Completion shall take place on the fifth (5th) Business Day after all the Conditions are fulfilled or waived (as the case may be).

### **Security**

The Vendor agreed to procure Hainan Zhongzhi, an subsidiary of the Vendor, to pledge the Hainan Land as security for its obligation under the Agreement.

### **INFORMATION OF THE TARGET GROUP AND THE VENDOR**

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. The principal business activity of the Vendor is investment holding.

Bright Triumph is a company incorporated in the British Virgin Islands with limited liability. The principal business activity of Bright Triumph is investment holding. The Target Group comprises Bright Triumph and its subsidiaries, being China Upgring Technology and Yi Nuo Technology (Suzhou). The principal business of the Target Group is investment holding and lease of properties.

Set out below is the unaudited combined financial information of the Target Group for the years ended 31 December 2019 and 31 December 2020 respectively:

|                            | <b>For the year ended</b> |                    |
|----------------------------|---------------------------|--------------------|
|                            | <b>31 December</b>        |                    |
|                            | <b>2019</b>               | <b>2020</b>        |
|                            | <b>(unaudited)</b>        | <b>(unaudited)</b> |
|                            | <i>HK\$'000</i>           | <i>HK\$'000</i>    |
| Revenue                    | nil                       | nil                |
| Net profit before taxation | (130)                     | (3,127)            |
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### **INFORMATION OF THE TARGET PROPERTY**

The principal asset of the Target Group is the Target Property. The Target Property comprises a piece of land of approximately 66,670 square meters and buildings thereon with gross floor area of approximately 12,650 square meters. A portion of the Target Property (including part of the land and a factory building) is currently leased to an Independent Third Party; the lease contract of which will expire on 30 June 2022.

### **INFORMATION OF THE PURCHASER**

The Purchaser is a company established in the PRC with limited liability. The principal business activity of the Purchaser is research and project development. The ultimate beneficial owner of the Purchaser is Wang Zhenni 王禛旒.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **FINANCIAL EFFECTS OF THE DISPOSAL**

Following Completion, each of Bright Triumph, China Upgring Technology and Yi Nuo Technology (Suzhou) will cease to be an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will cease to be consolidated into the financial statements of the Group.

The Disposal is expected to recognise a loss before tax of approximately HK\$3.0 million to the Group. The net proceeds from the Disposal will be approximately HK\$47.6 million, which will be used for development of existing business, possible investment in new projects and as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in security investment and toy manufacture. Since the Group discontinued its beverage division in 2014, the Group has been exploring new investment opportunities to diversify its existing businesses and enhance returns for its Shareholders. The Group completed its acquisition of Yi Nuo Technology (Suzhou) in November 2016 and entered into contracts to undergo renovation and engineering upgrade work aiming at maximising the returns from this investment and expanding the Group's business in medical and health sector. The Group mentioned in its 2017 interim report that due to disagreement over certain major issues of the future development of Novotide JV, which is the joint venture set up by the Group and Beijing Novotide Biomedical Technology Co. Ltd. to engage in the research and development of the Peptide Secretion Technology for malignant tumor treatment, the Group suspended further investment in Novotide JV. Afterwards, the Group reviewed its strategy plan in medical and health business and considered that the disposal of the Target Group can provide more flexibility and funding for the Group to develop the Group's existing business and to look for other new investment opportunities.

In view of the above, the Board considers that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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**Completion is subject to fulfilment (or if applicable, waiver) of the conditions as set out in the section headed "Conditions Precedent" in this announcement. As Completion may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

|                            |   |
|----------------------------|---|
| “Agreement”                | the sale and purchase agreement dated 15 March 2021 entered into between the Vendor and the Purchaser in relation to the Disposal   |
| “associate”                | has the meaning as defined under the Listing Rules  |
| “Board”                    | the Board of Directors  |
| “Bright Triumph”           | Bright Triumph Development Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by the Vendor   |
| “Business Day(s)”          | a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday or public holiday in Hong Kong or any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains in effect at any time between 9:00 a.m. and 5:00 p.m.) |
| “China Upgring Technology” | China Upgring Technology Holdings Company Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by Bright Triumph   |
| “Company”                  | Winshine Science Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 209)  |
| “Completion”               | completion of the Disposal in accordance with the terms of the Agreement  |
| “Completion Date”          | the fifth (5th) Business Day after all the Conditions are fulfilled or waived (as the case may be)  |
| “Conditions”               | the conditions precedent to Completion, as more particularly set out under the section headed “Conditions Precedent” in this announcement   |
| “Consideration”            | RMB40 million, being the consideration for the Disposal   |

|                                |  |
|--------------------------------|--|
| “Directors”                    | the directors of the Company   |
| “Disposal”                     | the sale of the entire issued share capital of Bright Triumph by the Vendor to the Purchaser pursuant to the Agreement   |
| “Group”                        | the Company and its subsidiaries   |
| “Hainan Land”                  | a parcel of land of an aggregated site area of approximately 50,997.08 square metres located at Dajingshan, Shishanzhen, Haikou City, Hainan Province (Lot No.: HaiKou National Use* (海口市國用) (2014) (010091)) and a parcel of land of an aggregated site area of approximately 37,345.13 square metres located at Dajingshan, Shishanzhen, Haikou City, Hainan Province (Lot No: HaiKou National Use* (海口市國用) (2014) (010119)) |
| “Hainan Zhongzhi”              | Hainan Zhongzhi Company Limited* (海南中置實業有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company   |
| “HK\$”                         | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Third Party(ies)” | any person or company and their respective ultimate beneficial owner(s) which, 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 (as defined in the Listing Rules)  |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Long Stop Date”               | 15 September 2021 (or such other date as may be agreed between the Purchaser and the Vendor in writing)  |
| “PRC”                          | the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan   |
| “Purchaser”                    | Suzhou Youshengyini Intelligent Technology Development Co., Ltd.* (蘇州優勝旖旎智能科技發展有限公司), a company incorporated in the PRC with limited liability   |



|                              |  |
|------------------------------|--|
| “Related Party”              | for a specific entity, refers to a party which directly or indirectly through one or more intermediary(ies) controls such specific entity or being controlled by the specific entity. “control” refers to any entity that has the power and ability to directly or indirectly manage or procure management of such entity, whether through equity holding, by contract or other means, and “controlled by” shall be so construed accordingly |
| “RMB”                        | Renminbi, the lawful currency of the PRC   |
| “Sale Shares”                | the entire issued shares of the Target Company   |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited  |
| “Target Group”               | the Bright Triumph and its subsidiaries  |
| “Target Property”            | a piece of land at Jiangsu Suzhou Hi-Tech Zone* (江蘇省蘇州高新區) of approximately 66,670 square meters and various buildings and structures erected thereon, which were completed in about 2000’s  |
| “Vendor”                     | Billion Pride Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company  |
| “Yi Nuo Technology (Suzhou)” | Yi Nuo Technology (Suzhou) Company Limited (宜諾科技(蘇州)有限公司), a company incorporated in the PRC with limited liability and is wholly owned by China Upgring Technology  |
| “%”                          | per cent   |

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

Hong Kong, 15 March, 2021

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhao Deyong (Chairman), Mr. Liu Michael Xiao Ming (Chief Executive Officer) and Mr. Luo Lianjun; 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 Ms. Shi Xiaolei.*

\* For identification purpose only