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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 DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On 8 January 2020 (after trading hours), the Seller and the Purchaser entered into the Agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to acquire, the Sale Shares at the Consideration of HK\$8,000,000.

LISTING RULES IMPLICATION

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

The Board is pleased to announce that on 8 January 2020 (after trading hours), the Seller and the Purchaser entered into the Agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to acquire, the Sale Shares at the Consideration of HK\$8,000,000. The principal terms of the Agreement are as follows:

THE AGREEMENT

Date: 8 January 2020

Parties: (i) the Seller

(ii) the Purchaser

To the best knowledge, information and belief of the Directors, the Purchaser is a company established in the PRC and is principally engaged in investment management, asset management, property management, business consultation and internet finance. The Purchaser is ultimately owned by Mr. He Zhi Huang as to 75% and Shanghai Huang Mei Holdings Investment Fund Partnership Limited* as to 25%. To the best knowledge, information and belief of the Directors, having made all reasonable enquires, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Asset to be disposed of

The Sale Shares represent 100% of the issued shares of the Target Company.

Consideration

The Consideration for the Sale Shares is HK\$8,000,000. The Consideration was determined after arm's length negotiations between the Seller and the Purchaser with reference to the total investment cost of HK\$10,000,000 made for expenditure on research activities of genetically engineered bacteria for targeted cancer therapy and a discount of 20% thereon.

Disposal

The Purchaser shall pay the First Payment in cash (representing 50% of the Consideration) to the Seller (i) within 5 business days after (a) signing of the Agreement; and (b) the Board having approved the transfer of 50% of the Sale Shares to the Purchaser and appointed a person nominated by the Purchaser as director of the Target Company; or (ii) if the Purchaser agrees to satisfy the Seller's request to pay the First Payment in advance.

After receiving the First Payment, the Seller shall transfer 50% of the Sale Shares to the Purchaser, and deliver signed transfer documents in respect of the remaining 50% of the Sale Shares to an escrow agent designated by the Seller and the Purchaser.

Within six months from the signing of the Agreement, the Purchaser shall pay the Second Payment in cash (representing 50% of the Consideration) to the Seller. After the Seller having received the Second Payment, the Seller and the Purchaser shall jointly instruct the escrow agent to release the transfer documents in respect of the remaining Sale Shares to the Purchaser to complete the Disposal.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. It holds 60% interests in Success Impact Corporation which in turn holds 100% interests in New Portal Limited. New Portal Limited holds 100% interests in Shenzhen Winshine Biomedical Limited which is principally engaged in preclinical research studies of genetically engineered bacteria for targeted cancer therapy.

Set out below is certain audited financial information of the Target Group for the financial years ended 31 December 2017 and 2018:

	For the year	
	ended 31 December	
	2018	2017
	(audited)	(audited)
	HK\$	HK\$
Revenue	0	0
Net profit before taxation	(1,978,000)	(6,557,000)
Net profit after taxation	(1,978,000)	(6,557,000)

As at 31 October 2019, the unaudited total net liabilities of the Target Group was approximately HK\$10,500,000.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Immediately after completing the transfer of all Sale Shares to the Purchaser, the Target Company will cease to be a subsidiary to the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

Subject to audit, upon completion of the Disposal, the Group expects to recognise a gain of HK\$8,000,000 from the Disposal due to the total investment of HK\$10,000,000 made for the expenditure on research activities of genetically engineered bacteria for targeted cancer therapy, which were recognised as expenses on statement of profit or loss in prior years in accordance with the Hong Kong Accounting Standard 38 Intangible Assets.

The net proceeds arising from the Disposal are approximately HK\$8,000,000 which will be used for working capital of the Group and investment in other business.

REASONS AND BENEFITS OF THE DISPOSAL

The Group is mainly engaged in the business of manufacturing and trading of toys, securities investment and research and development in medical and health products.

The Company considers that the Disposal could provide more flexibility and funding for the Group to develop the Group's existing business and to invest in other businesses.

The Directors consider the terms of the Agreement are on normal commercial terms and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

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

Shareholders and potential investors of the Company should note that the Disposal may or may not proceed. 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 otherwise requires.

“Agreement”	the sale and purchase agreement dated 8 January 2020 entered into between the Seller and the Purchaser in respect of the Disposal
“Board”	the board of Directors
“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)
“Consideration”	HK\$8,000,000, being the consideration of the Disposal
“Directors”	the directors of the Company

“Disposal”	the sale of the entire issued share capital of the Target Company by the Seller to the Purchaser pursuant to the terms of the Agreement
“First Payment”	50% of the Consideration
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchaser”	Shanghai Xinhua Commercial Gold Holdings Group Limited*, a company established in the PRC
“Sale Shares”	100% of the issued shares of the Target Company
“Second Payment”	remaining 50% of the Consideration
“Seller”	Billion Pride Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Share(s)”	the ordinary share(s) of HK\$0.1 each of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Excellent Harvest International Corporation, a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement

“Target Group”

Target Company and its subsidiaries

“%”

per cent.

By Order of the Board
Zhao Deyong
Chairman

Hong Kong, 8 January 2020

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*