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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the Board's preliminary review of the latest unaudited consolidated management accounts of the Group and other information currently available to the Board, the net loss of the Group is expected to increase from approximately HK$42.4 million for the year ended 31 December 2019 to approximately HK$82.7 million (unaudited amount) for the year ended 31 December 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Winshine Science Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**").

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the Board's preliminary review of the latest unaudited consolidated management accounts of the Group and other information currently available to the Board, the net loss of the Group is expected to increase from approximately HK$42.4 million for the year ended 31 December 2019 to approximately HK$82.7 million (unaudited amount) for the year ended 31 December 2020.

The Board considered that the increase in net loss is mainly attributable to the decrease in the total revenue of the Group for the financial year ended 31 December 2020 due to the outbreak of the novel coronavirus disease (COVID-19). The pandemic has adversely affected global business activities and caused transportation difficulties, and delayed or reduced customer sales order. The Company has to adopt a more competitive pricing policy for retaining customers which led to a significant decrease in sales. The pandemic has also caused impact on sales completion due to unpredictable timing of transactions and the logistic arrangements. Appreciation of Renminbi also lead to an increase in the cost of goods sold which resulted in a lower gross profit for the year as compared with the year ended 31 December 2019.

In response to the challenges caused by COVID-19, the Group has implemented various cost-cutting measures. The Group is looking into hedging instruments for foreign exchange and raw-materials to reduce the impact of the fluctuation. As a result, the Group recorded a decrease in selling, distribution and administrative expenses in the financial year ended 31 December 2020 to mitigate the effect of the loss of sales orders.

The Company is still in the process of finalising the annual results of the Group for the financial year ended 31 December 2020. The information contained in this announcement is only a preliminary assessment by the Board based on latest unaudited consolidated management accounts of the Group and other information currently available to the Board, which have not been audited nor reviewed by the Company's auditors and have not been confirmed by the audit committee of the Board and therefore is subject to adjustments.

The annual results of the Group for the financial year ended 31 December 2020 are expected to be published by the end of March 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 26 February, 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*