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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)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the annual results announcement (the “**2022 Results Announcement**”) and the annual report (the “**2022 Annual Report**”) of Winshine Science Company Limited (the “**Company**”, which together with its subsidiaries are collectively referred to as the “**Group**”) for the year ended 31 December 2022 (“**FY2022**”). Unless the context otherwise defined, capitalised terms used herein shall have the same meanings as defined in the 2022 Results Announcement and the 2022 Annual Report.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following additional information of the 2022 Annual Report and disclosable transaction announced on 21 March 2022 (the “**Announcement**”) in relation to a disposal of 60% interests in Enormous Fortune Business Limited (“**Enormous Fortune**”) and 60% of the shareholder’s loan (the “**Sale Loan**”) owned by Enormous Fortune to an independent third party (the “**Disposal**”) and impairment loss on other receivables as disclosed in the 2022 Results Announcement and the 2022 Annual Report.

MATERIAL DIFFERENCES BETWEEN THE ANNOUNCEMENT AND 2022 ANNUAL REPORT

The shareholder’s loan amounted to approximately HK\$21,025,836.47, of which 60% (i.e. HK\$12,615,502.78) in the Announcement, was only the record of Enormous Fortune’s subsidiaries. It was not included in the amount due to the Company of approximately HK\$48,872,266 recorded in Enormous Fortune. Also, the group company’s current accounts of approximately HK\$1,755,000 were assigned to the Company which increased the Sales Loan. The total shareholders loan amounted to approximately HK\$71,654,000 mainly used for investment property project for the two adjacent parcels of land located Haikou City of Hainan Province for future business development and the land is intended to be used for collaboration with its medical and health business. The shareholders loan is unsecured, interest free and repayable on demand.

Reconciliation of Sale Loan:

	<i>HK\$'000</i>
Sale Loan at 21 March 2022	21,026
Amount due to the Company recorded in Enormous Fortune Company at 21 March 2022	48,873
Assignment of group company's current accounts at 21 March 2022	<u>1,755</u>
Total shareholder's loan at the date of disposal at 21 March 2022	<u>71,654</u>
Sale Loan at the date of disposal (60% of the total shareholder's loan)	<u><u>42,992</u></u>

IMPAIRMENT LOSS ON OTHER RECEIVABLE

The provision of expected credit loss for other receivables included remaining 40% of the shareholder loan in Enormous Fortune, which is approximately HK\$28,662,000.

DETAILS ON THE CIRCUMSTANCES AND REASONS FOR THE IMPAIRMENT LOSS

The major shareholder of the Enormous Fortune's Group said that the remaining 40% of the shareholder loan in Enormous Fortune, which is HK\$28,661,555.57, will not be repaid in the foreseeable future as it has no ability to repay, no repayment record from Enormous Fortune's Group and Enormous Fortune's Group recorded net current liabilities and net liabilities as at 31 December 2022. The Group believes that loans receivables of Enormous Fortune's Group would not be easily recovered in near future. Thus, loans receivables of Enormous Fortune's Group was fully impaired at 31 December 2022.

The directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

For default payment receivables related to Enormous Fortune, the directors of the Company considered i) the remaining 40% of the shareholder loan in Enormous Fortune, which is HK\$28,661,555.57, will not be repaid in the foreseeable future as it has no ability to repay; ii) Enormous Fortune's Group recorded net current liabilities and net liabilities as at 31 December 2022; iii) liquid assets of Enormous Fortune's Group were only approximately HK\$90,000 as at 31 December 2022; iv) Enormous Fortune's Group owns investment property, however, no operation for the year ended 31 December 2022. Therefore, the directors of the Company believes that Enormous Fortune's Group could not have operating cash inflow in the coming future. The receivables are not

expected to be fully recovered and were determined to be stage 3 lifetime ECL credit-impaired and fully impaired. The loss rate of default payments receivables was approximately 100% (i.e. probability of default 100% and recovery rate 0%).

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

Hong Kong, 19 September 2023

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