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WISON ENGINEERING SERVICES CO. LTD.

惠生工程技術服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2236)

PROFIT WARNING

This announcement is made by Wison Engineering Services Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the Board with reference to the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Year**”) and other information currently available to the Board, it is expected that the loss for the Year of the Group will increase substantially to ranging from approximately RMB1.15 billion to approximately RMB1.25 billion as compared to the loss of approximately RMB92.8 million for the year ended 31 December 2021.

The expected substantial increase in loss was mainly attributable to, among others, the following reasons:

- i. Decrease in revenue and gross profit due to the ongoing outbreak of the Coronavirus Disease 2019 (“**COVID-19**”) and the corresponding control measures and restrictions in China, which did not only affect the Group’s business activities and deliveries during the Year but also caused the postponement of and delay in some of the customers’ engineering, procurement and construction (EPC) projects.

These delay and time overrun in projects have led to an increase in fixed labour cost, subcontracting fee, freight and overhead expense, which lead to decrease in gross profit of the Group. The Group will endeavour to negotiate with the representatives of the project owners to make claims on our overrun cost resulted from the unavoidable delay in projects; and

- ii. The recognition of impairment losses on trade receivables due to the increasing recoverability risks of the Group's trade receivables.

Notwithstanding the above, the overall operation, financial position and cash flow condition of the Group remain healthy. Despite the expected substantial loss in the Year, the Board remains cautiously optimistic about the overall prospects of the Group. Meanwhile, with the rapid recovery of both the local and overseas markets from the COVID-19 pandemic, the Group had secured a number of new projects in the second half of 2022. Furthermore, the Group will continue to closely monitor the market situations and make necessary adjustments to its strategies and operations to improve efficiency and profitability.

As the Company is still in the process of preparing and finalizing the consolidated financial statements of the Group for the Year, the information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts of the Group for the Year, which have not been reviewed or audited by the Company's auditors. Such information shall be subject to finalization and necessary adjustments (if any). Finalized annual results of the Group and further details will be disclosed in the 2022 annual results announcement to be published by the Company.

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

By order of the Board
Wison Engineering Services Co. Ltd.
Zhou Hongliang

Executive Director and Chief Executive Officer

Hong Kong, 28 February 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Zhou Hongliang and Mr. Zheng Shifeng; the non-executive Director and Chairman of the Company is Mr. Liu Hongjun; and the independent non-executive Directors of the Company are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.