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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)

ANNOUNCEMENT INSIDE INFORMATION CHANGE IN ACCOUNTING POLICY

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Wison Engineering Services Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

To more accurately reflect the fair value of the office building and leasehold land (together, the “**Land and Properties**”) of the Group, assist the Company’s management and investors to keep abreast of the financial conditions of the Group on a timely basis, the Board has approved the change in accounting policy of the measurement of Land and Properties held by the Group from the cost model to the fair value model (the “**Change in Accounting Policy**”) with effect from May 21, 2020.

SUMMARY OF THE CHANGE IN ACCOUNTING POLICY

1. Major Land and Properties held by the Group

The New Wison Complex, being the headquarter of the Company, has a total of three blocks with a total gross floor area of 125,247 square metres. Located at No. 699 Zhongke Road, Pudong New District, Shanghai, PRC, the New Wison Complex is in the middle section of Zhangjiang Hi-Tech Park at the north side of off-ramp exit of the intersection of Jinke Road and Middle Ring Road, adjacent to the Zhongke Road Metro Station of the Line 13. The Group occupies certain premises at the New Wison Complex as its offices. For the premises that are not occupied by the Group, they are put for lease in the market so as to better utilise the Group’s assets and to generate returns for the Group.

2. Details of the Change

Prior to the Change in Accounting Policy, the Group adopted the cost model to measure the value of its Land and Properties, by which Land and Properties were stated at cost less accumulated depreciation and any impairment losses.

After the Change in Accounting Policy, the Group will adopt the fair value model to measure the value of its Land and Properties. In particular, an independent valuer, who holds a recognised and relevant professional qualification, has been engaged to appraise the fair value of the New Wison Complex and it will be carried in the Group's accounts at fair value. The changes in the fair value of New Wison Complex at each reporting date will be dealt with as movements in the asset revaluation reserve arising from a change in the fair value of Land and Properties.

3. Reasons for the Change

As at December 31, 2019, the aggregate net carrying amount of the Land and Properties prior to the Change in Accounting Policy was approximately RMB979.7 million, representing approximately 68.4% and 17.1% of the Group's total non-current assets and total assets, respectively. Therefore, these Land and Properties are regarded as the core assets of the Group. In particular, the market value of the Group's office building located at Zhongke Road in Pudong New District in Shanghai, of which a portion is leased out, has been rising since more large corporate groups have been attracted to this area and a new metro line nearby was opened in the fourth quarter of 2018, resulting in a substantially higher market value of this office building than its net carrying value.

According to the valuation of the independent valuer, the total market value of the aforesaid Land and Properties was estimated to be approximately RMB3,544.7 million as at December 31, 2019, which represents more than three times of their aggregate net carrying amount as at December 31, 2019. Under the cost model where the aforesaid Land and Properties are measured at amortised cost, the market value of the Group's core assets and the financial conditions of the Group cannot be reflected in an objective manner, which will affect the evaluation of the Group's financial conditions by potential customers, investors and financial institutions.

IMPACT OF THE CHANGE IN ACCOUNTING POLICY

The Change in Accounting Policy involves a change in the measurement of the Group's Land and Properties and requires the Company to make retrospective adjustments to the historical consolidated financial statements of the Group. According to the preliminary calculation by the Company based on the currently available information, it is expected that:

- there will be an increase in property, plant and equipment as at December 31, 2019 by RMB478.3 million;
- there will be an increase in right-of-use assets as at December 31, 2019 by RMB2,086.7 million;

- there will be an increase in the depreciation and amortization for the year ended December 31, 2019 by RMB63.7 million; and
- there will be a decrease of the consolidated net profit for the year ended December 31, 2019 by RMB54.2 million.

OPINION OF THE AUDIT COMMITTEE

The audit committee of the Company is of the view that the Change in Accounting Policy will enable the Group to reflect its financial conditions and the value of the Land and Properties in an objective and fair manner and is in compliance with International Financial Reporting Standards, thus it has agreed to such Change in Accounting Policy by the Group.

With approval of the Board, the accounting policy of the measurement of Land and Properties of the Group from the cost model to the fair value model will be changed with effect from May 21, 2020.

The financial information contained in this announcement is only a preliminary assessment based on information currently available to the Company, which has not been reviewed nor audited by the Company's auditors. **Investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board
Wison Engineering Services Co. Ltd.
Rong Wei

Executive Director and Chief Executive Officer

Hong Kong, May 21, 2020

As at the date of this announcement, the executive Directors are Ms. Rong Wei, Mr. Zhou Hongliang, Mr. Li Zhiyong and Mr. Dong Hua; the non-executive Director is Mr. Liu Hongjun; and the independent non-executive Directors are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.