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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)

SUPPLEMENTAL ANNOUNCEMENT

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the annual report of Wison Engineering Services Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2019 published on 27 April 2020 (the “**Annual Report**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Annual Report.

The Board would like to provide further details on other expenses of RMB176.0 million recorded by the Group for the year ended 31 December 2019. The breakdown of other expenses of the Group during the year is set out below:

Other Expenses

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Research and development costs	131,682	101,998
Expenses in relation to operating lease income	19,139	21,149
Liabilities accrued for the pending litigation	18,694	—
Bad debt written off/(reversal)	3,345	(5,512)
Loss on disposal of item of property, plant and equipment	269	—
Others	2,895	902
	<u>176,024</u>	<u>118,537</u>

Other expenses of the Group increased by 48.5% from RMB118.5 million for the year ended 31 December 2018 to RMB176.0 million for the year ended 31 December 2019. This was mainly because of (i) the increase in research and development expenditure by RMB29.7 million due to enhanced efforts in research and development, (ii) the increase in liabilities accrued for pending litigation by RMB18.7 million due to the possibility of the Group to take settlement responsibility on the basis of the available evidence and having taken legal advice (for details, please refer to Notes 35(4) and (5) to Financial Statements of the Annual Report) and (iii) the increase in bad debt written off by RMB8.9 million due to the uncollectible receivables.

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

Executive Director and Chief Executive Officer

Hong Kong, 19 August 2020

As at the date of this announcement, the executive Directors are Ms. Rong Wei, Mr. Zhou Hongliang 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.