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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 “**Listing Rules**”).

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 six-month period ended 30 June 2022 (the “**Period**”) and other information currently available to the Board, it is expected that the loss of the Group for the Period will increase substantially to between approximately RMB250 million and RMB300 million as compared to a loss of approximately RMB90.83 million for the six-month period ended 30 June 2021. The expected increase in loss was mainly attributable to, among others, the following reasons:

- i) Under constant COVID-19 pandemic prevention and control restrictions and regulations, the progress of the Group’s overseas engineering, procurement and construction (EPC) projects has been seriously affected, slowdown and even delay in completion of certain projects were unavoidable, causing decrease in revenue of the Group accordingly.

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;

- ii) The decrease in gross profit margin, which is mainly resulted from structural changes in gross profit margin of different contract types; and
- iii) A new wave of COVID-19 pandemic occurred in the People’s Republic of China (the “**PRC**”) during the Period. In response to the COVID-19 pandemic, the PRC government implemented a series of lockdown measures and travel restrictions in the country, which caused disruptions to the Group’s marketing development activities, resulting in a decrease in the number of new projects awarded to the Group for the Period.

In spite of the above situations, the overall operation, financial position and cash flow condition of the Group remain healthy.

In response to the current challenging operation environment under the ongoing COVID-19 pandemic and volatile international economic conditions stemmed from geopolitical conflicts, 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 finalizing the consolidated results of the Group for the Period, the information contained in this announcement (a) is only a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group which have not been reviewed by the Company’s auditor and the audit committee; and (b) may be subject to adjustments upon further review.

Further details of the financial information of the Group for the Period will be published pursuant to the requirements of the Listing Rules.

**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.**

**Yan Shaochun**

*Executive Director and Chief Executive Officer*

Hong Kong, 22 July 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Yan Shaochun, Mr. Zhou Hongliang, Mr. Dong Hua 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.*