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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

To the Directors of Wison Engineering Services Co. Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wison Engineering Services Co. Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and Levima Wison (Jiangsu) Advanced Materials Co. Ltd. (the "Target Company") (together with the Group hereafter collectively referred to as the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2024, and related notes as set out on page 4 to 7 of the circular dated 18 October 2024 (the "Circular") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in note II.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of the 35% equity interest of the Target Company by a subsidiary of the Company (the "Acquisition") on the Group's financial position as at 30 June 2024 as if the Acquisition had taken place at 30 June 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited interim financial information for the six months ended 30 June 2024, on which an interim review report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, and Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style font.

Certified Public Accountants
Hong Kong

18 October 2024

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Basis of preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group

The unaudited pro forma consolidated statement of financial position (the “Unaudited Pro Forma Financial Information”) has been prepared for the purpose of providing shareholders of the Company with information about the impact of the Acquisition by illustrating the effects of the acquisition of the 35% equity interest in Levima Wison (Jiangsu) Advanced Materials Co. Ltd. (the “Target Company”) by a subsidiary of the Company (the “Acquisition”), as if the Acquisition had taken place at 30 June 2024.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Group that would have been attained had the Acquisition been completed on 30 June 2024. Neither does the Unaudited Pro Forma Financial Information purports to predict the future financial position of the Group.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition.

The Unaudited Pro Forma Financial Information has been prepared based on unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 as set out in the interim report of the Company for the six months ended 30 June 2024, and the audited statement of financial position of the Target Company as at 30 June 2024 as set out in the accountants’ report on the Target Company included in Appendix II to this circular, after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this Circular and other financial information included elsewhere in the Circular.

Unaudited Pro Forma Financial Information of the Enlarged Group

	The Group as at 30 June 2024 RMB'000 Note 1	Pro forma adjustments RMB'000 Note 2	Pro forma of the Enlarged Group as at 30 June 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	43,523		43,523
Investment properties	3,489,097		3,489,097
Other non-current assets	86,907		86,907
Right-of-use assets	19,986		19,986
Goodwill	15,752		15,752
Other intangible assets	28,333		28,333
Investments in associates	214,504	256,244	470,748
Long-term prepayments	2,951		2,951
Equity investments designated at fair value through other comprehensive income	28,876		28,876
Total non-current assets	3,929,929	256,244	4,186,173
CURRENT ASSETS			
Equity investments designated at fair value through other comprehensive income	241,747		241,747
Inventories	229,927		229,927
Trade receivables	471,705		471,705
Bills receivable	39,964		39,964
Contract assets	1,376,427		1,376,427
Prepayments, other receivables and other assets	1,973,540		1,973,540
Due from fellow subsidiaries	75,806		75,806
Pledged bank balances and time deposits	730,666		730,666
Cash and bank balances	1,248,882		1,248,882
Total current assets	6,388,664		6,388,664
CURRENT LIABILITIES			
Trade and bills payables	2,118,603		2,118,603
Other payables and accruals	3,423,753	63,750	3,487,503
Interest-bearing bank and other borrowings	573,187		573,187
Lease liabilities	17,149		17,149
Due to fellow subsidiaries	300		300
Due to an associate	630		630
Tax payable	152,732		152,732
Total current liabilities	6,286,354	63,750	6,350,104

	The Group as at 30 June 2024 RMB'000 Note (1)	Pro forma adjustments RMB'000 Note (2)	Pro forma of the Enlarged Group as at 30 June 2024 RMB'000
NET CURRENT ASSETS	<u>102,310</u>	(63,750)	<u>38,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,032,239</u>	192,494	<u>4,224,733</u>
NON-CURRENT LIABILITIES			
Lease liabilities	8,210		8,210
Interest-bearing bank and other borrowings	531,000		531,000
Long-term payables	415,480	179,527	595,007
Deferred tax liabilities	398,833		398,833
Government grants	3,762		3,762
Other non-current liabilities	<u>272,745</u>		<u>272,745</u>
Total non-current liabilities	<u>1,630,030</u>	179,527	<u>1,809,557</u>
Net assets	<u>2,402,209</u>	12,967	<u>2,415,176</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	330,578		330,578
Share premium	869,201		869,201
Other reserves	<u>1,223,758</u>	12,967	<u>1,236,725</u>
	<u>2,423,537</u>	12,967	<u>2,436,504</u>
Non-controlling interests	(21,328)		(21,328)
Total equity	<u>2,402,209</u>	12,967	<u>2,415,176</u>

Notes to the Unaudited Pro Forma Financial Information of the Group

- (1) The unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 is extracted without adjustment from the published interim report of the Company for the six months ended 30 June 2024.
- (2) On 11 September 2024, the Group entered into an equity transfer agreement (the "Equity Transfer Agreement") in respect of the Acquisition with Wison (China) Investment (a equity holder of the Target Company), the aggregate consideration (the "Consideration") for the Acquisition shall be paid by cash as follows:
 - i. the first installment in the sum of RMB63,750,000 shall be paid within 3 months of the date of the Equity Transfer Agreement.
 - ii. the second installment, being the balance of the Consideration, in the sum of RMB191,250,000 shall be paid within 18 months after the date of the Equity Transfer Agreement.
 - iii. For the purpose of preparing the Unaudited Pro Forma Financial Information, in the opinion of the Directors, the second tranche of the Consideration is considered to be settled in the eighteenth month from date of the Equity Transfer Agreement.
 - iv. For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the identified assets and liabilities of the Target Company with reference to the valuation carried out by an independent qualified professional valuer.
 - v. Considering the proportion of net fair value of the Target Company's identifiable assets and liabilities owned by the Group exceeds the Consideration, and taking into account the time value of the Consideration to be settled, when the transaction takes place, gains were recognised.
- (3) The transaction costs of the Acquisition are not material and have not been taken into account for the purpose of preparing the Unaudited Pro Forma Financial Information.
- (4) No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.