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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)

**CONNECTED TRANSACTION
PREFABRICATION AND SUPPLY CONTRACT WITH
WISON NANTONG**

The Board announces that on June 13, 2017, Wison Engineering and Wison Nantong entered into the Prefabrication and Supply Contract, pursuant to which Wison Engineering engaged Wison Nantong to design the structure, procure paint materials, prefabricate and assemble certain chemical equipment modules for a third-party project in the PRC at a total contract price of RMB102,860,000.

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.12% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As Wison Nantong is an indirect wholly-owned subsidiary of Wison Holding, Wison Nantong is also a connected person of the Company. Accordingly, the transaction contemplated under the Prefabrication and Supply Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated May 11, 2017 in respect of the Processing and Assembling Contract. Given that the Prefabrication and Supply Contract and the Processing and Assembling Contract were entered into between the same parties within a 12-month period, the Prefabrication and Supply Contract and the Processing and Assembling Contract shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. Since at least one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the one-off transactions contemplated under the Prefabrication and Supply Contract and the Processing and Assembling Contract, on an aggregate basis, is above 0.1% but below 5%, the transaction contemplated under the Prefabrication and Supply Contract is only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules.

The Board announces that on June 13, 2017, Wison Engineering and Wison Nantong entered into the Prefabrication and Supply Contract, pursuant to which Wison Engineering engaged Wison Nantong to design the structure, procure paint materials, prefabricate and assemble certain chemical equipment modules for a third-party project in the PRC at a total contract price of RMB102,860,000. Under the Prefabrication and Supply Contract, Wison Nantong shall be responsible for the warehouse logistics at the prefabrication and assembling site as well as on-site resources and safety management. Wison Nantong shall provide paint materials and Wison Engineering shall be responsible for other material and equipment supply.

The total contract price under the Prefabrication and Supply Contract of RMB102,860,000 was determined with reference to the scope of work, the direct and indirect costs and expenses, management fees and risk management costs to be incurred, as well as market rates of similar services, and is inclusive of value-added tax. The contract price shall be adjusted in accordance with the eventual quantity of the chemical equipment modules to be prefabricated or assembled by Wison Nantong and the formulae specified in the Prefabrication and Supply Contract. The Board does not envisage the adjustment to the contract price to increase any of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules to 5% or above.

The contract price of RMB102,860,000 shall be payable by Wison Engineering to Wison Nantong in cash as follows:

- (i) advance payment: 30% of the total contract price (i.e. RMB30,858,000) within 14 days after the date of the Prefabrication and Supply Contract and the receipt of a letter from Wison Offshore & Marine Limited guaranteeing the performance of the Prefabrication and Supply Contract by Wison Nantong, as advance payment prior to the commencement of the work contemplated under the Prefabrication and Supply Contract. The advance payment shall be offset against the Monthly Payables specified in paragraph (ii) below until the advance payment has been fully utilised. The amount to be offset per month shall not exceed 20% of each Monthly Payable;
- (ii) monthly payment: 80% of the proportionate payment of the quantity of the chemical equipment modules prefabricated or assembled during each month by Wison Nantong with respect to the total contract price (the “**Monthly Payable**”), netting off any available advance payment, shall be paid within 14 days upon receipt of the monthly progress report, payment request and invoice from Wison Nantong in accordance with the Prefabrication and Supply Contract;
- (iii) by the 14th day after the delivery of the last batch of chemical equipment modules by Wison Nantong, 85% of the total contract price (i.e. RMB87,431,000) shall have been paid;
- (iv) by the 14th day after receipt of payment request and invoice from Wison Nantong (which shall be issued after calculation of the final contract price by the parties within 28 days after the delivery of the last batch of chemical equipment modules by Wison Nantong), 95% of the final contract price shall have been paid; and

- (v) the remaining 5% of the final contract price is to be retained and released upon the earlier of (a) two years after the delivery of the final batch of chemical equipment modules by Wison Nantong; or (b) one year after Wison Engineering obtaining the certificate of acceptance from the third-party client of the project.

Wison Offshore & Marine Limited is the parent company of Wison Nantong and an indirect wholly-owned subsidiary of Wison Holding.

The work contemplated under the Prefabrication and Supply Contract shall commence within two weeks after the date of the Prefabrication and Supply Contract. Wison Nantong shall prefabricate and assemble the respective chemical equipment modules in accordance with the schedule specified under the Prefabrication and Supply Contract, unless otherwise agreed by Wison Engineering. The final batch of chemical equipment modules shall be delivered by Wison Nantong by February 1, 2018, thereby completing the work contemplated under the Prefabrication and Supply Contract.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Wison Nantong is principally engaged in the manufacture and sale of engineering machinery and ancillary steel-structured products, and provision of engineering technology services. In view of Wison Nantong's expertise in the provision of the services contemplated under the Prefabrication and Supply Contract and familiarity with the business of Wison Engineering's business, the Company considers it desirable for Wison Nantong to provide the services under the Prefabrication and Supply Contract.

As Mr. Cui Ying is also a director of Wison Holding and the general manager of Wison Nantong, Mr. Cui Ying abstained from voting on the Board resolutions approving the transactions contemplated under the Prefabrication and Supply Contract.

The Directors (including independent non-executive Directors but excluding Mr. Cui Ying who has abstained from voting) are of the view that the Prefabrication and Supply Contract was entered into after arm's length negotiation between Wison Engineering and Wison Nantong and in the ordinary and usual course of business of the Group, reflects normal commercial terms and is in the interests of the Company and its shareholders as a whole, and the terms are fair and reasonable.

GENERAL INFORMATION

The Company is an investment holding company. The principal activity of the Group is the provision of chemical engineering, procurement and construction management, or EPC, services. The Group provides a broad range of integrated services spanning the project life cycle from feasibility studies, consulting services, provision of proprietary technologies, design, engineering, raw materials and equipment procurement and construction management to maintenance and after-sale technical support. Wison Engineering is the principal operating subsidiary of the Company.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.12% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As Wison Nantong is an indirect wholly-owned subsidiary of Wison Holding, Wison Nantong is also a connected person of the Company. Accordingly, the transaction contemplated under the Prefabrication and Supply Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Wison Engineering Services Co. Ltd. (惠生工程技術服務有限公司), an exempted company with limited liability incorporated in the Cayman Islands whose issued shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People's Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Prefabrication and Supply Contract”	the prefabrication and supply contract dated June 13, 2017 entered into between Wison Engineering and Wison Nantong

“Processing and Assembling Contract”	the processing and assembling contract dated May 11, 2017 entered into between Wison Engineering and Wison Nantong pursuant to which Wison Engineering engaged Wison Nantong to process and assemble certain piping pre-fabrication parts, transaction contemplated thereunder shall be aggregated with the Prefabrication and Supply Contract pursuant to Rule 14A.81 of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wison Engineering”	Wison Engineering Ltd. (惠生工程(中國)有限公司), a company established in the PRC with limited liability, and an indirect non wholly-owned subsidiary of the Company
“Wison Holding”	Wison Group Holding Limited (惠生控股(集團)有限公司), a company incorporated in the British Virgin Islands with limited liability, and a controlling shareholder of the Company
“Wison Nantong”	Wison (Nantong) Heavy Industry Co., Ltd. (惠生(南通)重工有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of Wison Holding
“%”	per cent.

By Order of the Board
Wison Engineering Services Co. Ltd.
Liu Haijun
Executive Director

Hong Kong, June 13, 2017

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