

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Wison Engineering Services Co. Ltd., you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**CONTINUING CONNECTED TRANSACTION**

**ENGINEERING CONSTRUCTION SERVICES  
FRAMEWORK AGREEMENT WITH  
WISON MARINE**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



云锋金融

**Yunfeng Financial Markets Limited**

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 26 of this circular.

A notice convening the EGM of the Company to be held at Room 1, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on September 17, 2018 at 3:00 p.m. is set out on pages 31 to 32 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.wison-engineering.com](http://www.wison-engineering.com)).

To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from September 12, 2018 to September 17, 2018 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to be entitled to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on September 11, 2018.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

August 24, 2018

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## DEFINITIONS

*In this circular, the following expressions have the following meanings, unless the context requires otherwise:*

“associate”	has the meaning ascribed to it under the Listing Rules
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held at Room 1, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on September 17, 2018 at 3:00 p.m. to seek the approval of the Independent Shareholders in respect of the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder, and the proposed annual caps
“Engineering Construction Services Framework Agreement”	the engineering construction services framework agreement dated August 3, 2018 entered into between the Company and Wison Marine
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors
“Independent Financial Adviser” or “Yunfeng Financial”	Yunfeng Financial Markets Limited 雲鋒金融市場有限公司, the independent financial adviser appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder, and the proposed annual caps. Yunfeng Financial Markets Limited 雲鋒金融市場有限公司 is a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

## DEFINITIONS

“Independent Shareholders”	all Shareholders other than those with a material interest in the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder, and the proposed annual caps. For the avoidance of doubt, Independent Shareholders shall exclude Wison Engineering Investment Limited
“Latest Practicable Date”	August 20, 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“May 2018 Contracts”	the Pipe and Structural Steel Fabrication Work Contract and the Module, Stick-built Steel Structure and Piping Spool Fabrication Contract
“Module, Stick-built Steel Structure and Piping Spool Fabrication Contract”	the subcontract agreement entered into between Wison Petrochemicals and Wison Offshore & Marine on May 11, 2018
“Pipe and Structural Steel Fabrication Work Contract”	the subcontract agreement entered into between Wison Petrochemicals on the one hand and Wison Offshore & Marine and Wison Nantong on the other, on May 11, 2018
“PRC”	the People’s Republic of China which, for the purpose of this circular only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholder(s)”	holders of the ordinary shares in the capital of the Company with a nominal value of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States

## DEFINITIONS

“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 Offshore & Marine”	Wison Offshore & Marine (Hong Kong) Limited (惠生海洋工程(香港)有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Wison Holding
“Wison Petrochemicals”	Wison Petrochemicals (NA), LLC, a company established in Texas, the United States with limited liability, and an indirect wholly-owned subsidiary of the Company
“Wison Marine”	Wison Offshore & Marine Limited (惠生海洋工程有限公司), a company incorporated in Hong Kong, and an indirect wholly-owned subsidiary of Wison Holding
“Wison Marine Group”	Wison Marine and its subsidiaries and associates
“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.

*The English names for PRC entities are included for identification purposes only. In the event of inconsistencies, the Chinese names shall prevail.*



**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)**

*Executive Directors:*

Ms. Rong Wei (*Chief Executive Officer*)

Mr. Zhou Hongliang

Mr. Li Zhiyong (*Chief Financial Officer*)

Mr. Dong Hua

*Registered Office:*

P.O. Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

*Independent Non-executive Directors:*

Mr. Lawrence Lee

Mr. Tang Shisheng

Mr. Feng Guohua

*Principal place of business  
in Hong Kong:*

Room 5408

54th Floor

Central Plaza

18 Harbour Road

Wan Chai

Hong Kong

August 24, 2018

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION**

**ENGINEERING CONSTRUCTION SERVICES  
FRAMEWORK AGREEMENT WITH  
WISON MARINE**

**I. INTRODUCTION**

Reference is made to the announcement of the Company dated August 3, 2018 in relation to the Engineering Construction Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps. Reference is also made to the announcement of the Company dated May 11, 2018, in which announcement the Board announced the Pipe and Structural Steel Fabrication Work Contract between Wison Petrochemicals, an indirect wholly-

## LETTER FROM THE BOARD

owned subsidiary of the Company, on the one hand, and Wison Offshore & Marine and Wison Nantong, each an indirect wholly-owned subsidiary of Wison Holding, on the other; and the Module, Stick-built Steel Structure and Piping Spool Fabrication Contract between Wison Petrochemicals, an indirect wholly-owned subsidiary of the Company, and Wison Offshore & Marine, an indirect wholly-owned subsidiary of Wison Holding (together, the “**May 2018 Contracts**”).

On August 3, 2018, the Company and Wison Marine (an indirect wholly-owned subsidiary of Wison Holding, a controlling shareholder of the Company) entered into the Engineering Construction Services Framework Agreement, pursuant to which relevant members of Wison Marine Group may, following the principal terms of the Engineering Construction Services Framework Agreement, from time to time enter into separate agreements with relevant members of the Group in relation to the transactions contemplated under the Engineering Construction Services Framework Agreement, subject to the condition that approval from the Independent Shareholders is obtained at the EGM in respect of the Engineering Construction Services Framework Agreement and the proposed annual caps thereunder for the years ending December 31, 2018, 2019 and 2020. The Engineering Construction Services Framework Agreement will expire on December 31, 2020 and the transactions contemplated thereunder will be subject to the proposed annual caps of RMB750,000,000, RMB930,000,000 and RMB930,000,000 in respect of the three years ending December 31, 2018, 2019 and 2020, respectively.

The Engineering Construction Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to the Independent Shareholders’ approval at the EGM. The purpose of this circular is to provide you with, among other things, (i) further information on the terms of the Engineering Construction Services Framework Agreement and the proposed annual caps, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps, (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps, and (iv) the notice of the EGM.

## LETTER FROM THE BOARD

### II. PRINCIPAL TERMS OF THE ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

The principal terms of the Engineering Construction Services Framework Agreement are summarized below.

#### **Date**

August 3, 2018

#### **Parties**

- (1) the Company; and
- (2) Wison Marine

#### **Term**

The Engineering Construction Services Framework Agreement is for a term commencing from the date on which approval by the Independent Shareholders is obtained in respect of the Engineering Construction Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps, until December 31, 2020.

#### **Subject Matter**

Pursuant to the Engineering Construction Services Framework Agreement, Wison Marine Group shall provide modularized pre-fabrication and engineering construction services. The professional pre-fabrication engineering and construction services to be provided by Wison Marine Group include professional pre-fabrication construction work such as modularized plant design, supply of materials, manufacturing, shop assembly, inspection and testing, painting and packaging; as well as the provision of labor and technical support in connection with such services. For each particular project, relevant members of each of the Group and Wison Marine Group shall enter into separate agreements to set out the detailed work scope and specific terms and conditions of engineering construction services to be provided by member(s) of the Wison Marine Group.

#### **Pricing Policy**

The pricing and terms of each particular project contemplated under the Engineering Construction Services Framework Agreement shall be determined in the ordinary and usual course of business on normal commercial terms and on an arm's length basis. The Group selects contractors by way of tender, and accordingly determines the contract sum for each separate agreement in the tender process.

For engineering companies, pricing by way of tender is a commonly adopted market-based pricing method. The Group selects contractors by way of tender and determines the contract sum by reference to the relevant tender price of the selected contractor. The



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Group maintains a policy which governs the tendering process and which is updated from time to time (the “**Subcontract Tendering Policy**”), which policy is applicable to tenders submitted by all subcontractors (including member(s) of Wison Marine Group and independent third parties). The award of a contract to a subcontractor involves the following tendering steps: (i) invitation to tender; (ii) review and assessment of tender submissions; and (iii) tender selection.

When inviting for tender submissions, the Group will set out in advance, on a case-by-case basis and amongst other things, the actual engineering service work scope, the checklist for the volume of work and technical requirements, and require contractors to submit a bid in accordance with such requirements. In accordance with its internal policies for a tender, the Group issues invitations to bid to not less than three contractors (including member(s) of the Wison Marine Group and independent third parties in the market) from its list of qualified contractors, the list of which is regularly reviewed and updated by the Group to ensure the quality of contractors (the “**Qualified Subcontractor List**”). The Group evaluates contractors based on, among others, their respective capacity, quality, technological capabilities, qualifications and track record from time to time. The Group also maintains a policy (the “**Subcontractor Management Policy**”) which sets out the procedures to maintain the Qualified Subcontractor List. In accordance with the Subcontractor Management Policy, the project construction management department of the Group gathers information, including but not limited to, the qualifications, quality control policy, technological capabilities and financial information of contractors as well as conducts site visits and/or obtains feedback from the respective contractor’s other customers. Based on the aforesaid information, the commerce department of the Group together with assistance from other relevant departments of the Group will prepare and submit a report to the senior management of the Company to consider whether to include a contractor into the potential subcontractor list (“**Potential Subcontractor List**”). Among the contractors in the Potential Subcontractor List, based on feedback from the project department, the commerce department of the Group selects and compiles the Qualified Subcontractor List. For each project, the Group will shortlist at least three contractors (which may include a member of the Wison Marine Group and at least two independent contractors) (“**Possible Subcontractors**”) from the Qualified Subcontractor List, taking into account factors including the specific requirements for the construction work and the Group’s satisfaction of the contractor’s work provided to the Group during the past three years. The bid invitations from the Group would include specific requirements of the subcontracting work to invite the Possible Subcontractors to participate in the tendering for the construction work. In accordance with the Subcontract Tendering Policy, for each project, the Group will form a review committee (the “**Review Committee**”) to review and assess the tender submissions. The Review Committee comprises at least 5 members, which may include external experts, the project owner and its representatives, and directors and management staff of the Group who are independent from the Wison Marine Group, as required by the Group’s internal policy. The membership of the Review Committee shall be reviewed by the senior management staff of the commerce department of the Company and approved by the senior management staff of the procurement and construction management departments of the Company. The Review Committee will assign a score to each Possible Subcontractor on the basis of, among others, (i) the price competitiveness; and (ii) its professional qualifications,

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experience and technological capabilities and will then prepare and submit a tender review report to the senior management of the Group responsible for the project, recommending the contractor with the highest score to be awarded with the contract.

After a contractor (including a member of Wison Marine Group), is selected through the above procedures, the Group will enter into a separate agreement with the contractor in accordance with the terms of the submitted bid. Through the implementation of the above procedures, the Group has historically engaged an independent third party as subcontractor of the Group's modularized construction project.

### III. PROPOSED ANNUAL CAPS

The Board proposes that the below annual caps be set for the contract sums contemplated under the Engineering Construction Services Framework Agreement in respect of the years ending December 31, 2018, 2019 and 2020:

	For the year ending December 31,		
	2018	2019	2020
	Annual cap	Annual cap	Annual cap
		(RMB)	
Contract sum	750,000,000*	930,000,000	930,000,000

*Note:*

\* Excludes the total contract sum of US\$27,850,000 (equivalent to approximately RMB180,000,000) under the May 2018 Contracts

The annual cap for the year ending December 31, 2018 has been determined based on the number of projects the Group is bidding for, the Group's estimation of the size of such projects and the estimate of the modularized construction and pre-fabrication engineering services that need to be outsourced. In particular, the annual cap for the year ending December 31, 2018 has been determined based on four potential chemical engineering, procurement and construction management (EPC) projects of the Group (the "**Potential Projects**"). The Group has submitted tenders for three of the Potential Projects and has provided a technical proposal to the project owner for the remaining Potential Project. The Company has prepared lists of work to be undertaken for each Potential Project together with the estimated costs for such work based on the specifications of each Potential Project. The Group has a need to engage specialized contractors to undertake engineering construction work and the work that needs to be outsourced for each Potential Project primarily consists of modularized construction and professional prefabrication services covering modularized plant design, supply of materials, manufacturing, shop assembly, inspection and testing, painting and packaging; as well as the provision of labor and technical support in connection with such services. Accordingly, the Company has estimated the annual cap for the year ending December 31, 2018 based on the aggregate costs of such specific work, including raw materials and labour, that need to be subcontracted and may be undertaken by Wison Marine Group if a member of Wison Marine Group is selected as the contractor. The annual cap for the year ending December 31, 2018 does not include the contract sum of the contracts already entered into in 2018, being the

## LETTER FROM THE BOARD

aggregate contract sum of the May 2018 Contracts. If the aggregate contract sum of the May 2018 Contracts (US\$27,850,000, equivalent to approximately RMB180,000,000) is added to the 2018 annual cap, the resulting amount would be RMB930,000,000.

Therefore, the amount of RMB750,000,000 represents the estimated aggregated contract sum of engineering construction services to be sourced from Wison Marine Group (assuming a member of Wison Marine Group is selected as the contractor) for projects which the Group is bidding for and which involve modularized construction and pre-fabrication engineering services, excluding the total contract sum of US\$27,850,000 (equivalent to approximately RMB180,000,000) under the May 2018 Contracts, which contracts have been disclosed in the announcement of the Company on May 11, 2018 and which have been entered into between members of Wison Marine Group and the Group and with respect to the provision of engineering construction services.

The Group is further exploring the overseas markets as part of its dedicated efforts in its internationalization strategy and is confident in its ability to obtain new projects and bring in new orders in 2019 and 2020. The Group expects that business operations in the years 2019 and 2020 will at least commensurate with that in the year 2018 and therefore estimates the general volume of new orders it will be able to bring in each year will be approximately the same as that in 2018. Accordingly, the amount of RMB930,000,000 which represents the estimated aggregated contract sum (or entire contract value) under the subcontracting contracts for engineering construction services to be sourced from Wison Marine Group (assuming a member of Wison Marine Group is selected as the contractor) within the entire year of 2018 (including the aggregate contract sum of the May 2018 Contracts of US\$27,850,000 (equivalent to approximately RMB180,000,000)), has been set as the annual cap for each of the years ending December 31, 2019 and 2020. For the avoidance of doubt, the annual cap for each of 2018, 2019 and 2020 represents the contract sums of all engineering construction services subcontracts entered into in the respective years and does not include the contract value of subcontracts entered into in any previous years.

#### **IV. INFORMATION ON THE PARTIES AND REASONS AND BENEFITS FOR ENTERING INTO THE ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT**

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 technical appraisal, early project planning, 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. As the construction services to be provided during the course of the business operations of the Group have to be implemented directly by relevant operators, there is a need for the Group to engage specialized contractors with such operators to undertake the construction work of projects.

Wison Marine is an indirect wholly-owned subsidiary of Wison Holding. Wison Marine and its associates are marine engineering contractors and equipment manufacturers specializing in servicing marine oil and natural gas exploration projects. Wison Marine has established

## LETTER FROM THE BOARD

construction bases in Nantong and Zhoushan in the PRC and is qualified to undertake marine, oil and gas equipment construction services which would satisfy stringent international safety and quality standards. Wison Marine Group is capable of providing construction services, especially modularized construction services, that would complement the Company's rapidly-growing domestic and overseas construction projects and it is familiar with the business of the Group and is able to meet the Group's requirements on project deliverables and quality. In view of the expertise of Wison Marine and its subsidiaries in the provision of the services contemplated under the Engineering Construction Services Framework Agreement and the familiarity with the business of the Group, the Company is of the view that the entering into of the Engineering Construction Services Framework Agreement is complementary and beneficial to the Group's business.

Ms. Rong Wei, an executive Director, does not hold any Shares. However, as Ms. Rong Wei is a director and vice president of Wison Holding, Ms. Rong Wei has abstained from voting on the Board resolution approving the Engineering Construction Services Framework Agreement and the proposed annual caps.

The Directors (other than the independent non-executive Directors who have been advised by the Independent Financial Adviser and Ms. Rong Wei who has abstained from voting) are of the view that the Engineering Construction Services Framework Agreement was entered into in the ordinary and usual course of business of the Group after arm's length negotiation between the Company and Wison Marine and reflects normal commercial terms, and that the terms and the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole. The views of the independent non-executive Directors are set out in the letter from the Independent Board Committee set out on pages 14 to 15 of this circular.

### V. LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.88% of the total issued share capital of the Company as at the Latest Practicable Date. Hence, Wison Holding is a connected person of the Company. As Wison Marine is an indirect wholly-owned subsidiary of Wison Holding, Wison Marine is also a connected person of the Company. Accordingly, the transactions contemplated under the Engineering Construction Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the May 2018 Contracts are also entered into between subsidiaries of Wison Holding and the Group and the subject matter of these agreements are also the provision of engineering construction services to the Group, the transactions contemplated under these agreements should be aggregated with those under the Engineering Construction Services Framework Agreement. Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Engineering Construction Services Framework Agreement is above 5%, the transactions contemplated under the Engineering Construction Services Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in the Listing Rules.

## LETTER FROM THE BOARD

### VI. EGM

A notice convening the EGM to be held at Room 1, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on September 17, 2018 at 3:00 p.m. is set out on pages 31 to 32 of this circular. An ordinary resolution will be proposed at the EGM to consider, and if thought fit, approve, the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder, and the proposed annual caps.

The voting in relation to the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps at the EGM will be conducted by poll by the Independent Shareholders. In accordance with the Listing Rules, any Shareholder and its associates with material interests in the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps must abstain from voting on the resolution to approve the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder, and the proposed annual caps. As Wison Marine is an indirect wholly-owned subsidiary of Wison Holding, Wison Holding has a material interest in the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps. Wison Engineering Investment Limited, being a wholly-owned subsidiary of Wison Holding and directly interested in approximately 75.88% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the shareholders' resolution approving the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps, at the EGM.

To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from September 12, 2018 to September 17, 2018 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to be entitled to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on September 11, 2018.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

### VII. RECOMMENDATION

The Independent Board Committee comprising all three independent non-executive Directors, namely Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua, has been established to advise the Independent Shareholders as to (i) whether the terms of the

## LETTER FROM THE BOARD

Engineering Construction Services Framework Agreement and the proposed annual caps are fair and reasonable, (ii) whether the transactions contemplated under the Engineering Construction Services Framework Agreement are conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the transactions contemplated under the Engineering Construction Services Framework Agreement and the proposed annual caps are in the interests of the Company and its Shareholders as a whole, and (iv) the voting action that should be taken by the Independent Shareholders. No member of the Independent Board Committee has any material interest in the Engineering Construction Services Framework Agreement.

Yunfeng Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Engineering Construction Services Framework Agreement and the proposed annual caps are fair and reasonable, (ii) whether the transactions contemplated under the Engineering Construction Services Framework Agreement are conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the transactions contemplated under the Engineering Construction Services Framework Agreement and the proposed annual caps are in the interests of the Company and its Shareholders as a whole, and (iv) the voting action that should be taken by the Independent Shareholders.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders on the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps; and (ii) the letter from the Independent Financial Adviser set out on pages 16 to 26 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms and conditions of the Engineering Construction Services Framework Agreement are on normal commercial terms, and fair and reasonable and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole, and that the proposed annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, it recommends that the Independent Shareholders vote in favour of the relevant resolution to approve the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the proposed annual caps.

**LETTER FROM THE BOARD**

**VIII. ADDITIONAL INFORMATION**

Your attention is drawn to the general information set out in the appendix to this circular.

Yours faithfully  
For and on behalf of the Board  
**Wisom Engineering Services Co. Ltd.**  
**Rong Wei**  
*Executive Director and Chief Executive Officer*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

*The following is the full text of the letter from the Independent Board Committee setting out their advice to the Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**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)**

August 24, 2018

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION**

**ENGINEERING CONSTRUCTION SERVICES  
FRAMEWORK AGREEMENT WITH  
WISON MARINE**

We refer to the circular of the Company to the Shareholders dated August 24, 2018 (the “**Circular**”), in which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter will have the same meanings as defined in the Circular.

We have been authorized by the Board to form the Independent Board Committee to advise the Independent Shareholders as to, in our opinion, (i) whether the terms of the Engineering Construction Services Framework Agreement and the proposed annual caps are fair and reasonable, (ii) whether the transactions contemplated under the Engineering Construction Services Framework Agreement are conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the transactions contemplated under the Engineering Construction Services Framework Agreement and the proposed annual caps are in the interests of the Company and its Shareholders as a whole, and (iv) the voting action that should be taken by the Independent Shareholders.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 13 of the Circular and the letter from Yunfeng Financial, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder as set out on pages 16 to 26 of the Circular.



**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having considered the principal factors and reasons and the advice of the Independent Financial Adviser as set out in the letter from the Independent Financial Adviser, and the view of the Board in respect of the Engineering Construction Services Framework Agreement, we consider the terms of the Engineering Construction Services Framework Agreement are on normal commercial terms, the proposed annual caps are fair and reasonable, the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder and the proposed annual caps are in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in relation to the Engineering Construction Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps.

Yours faithfully,

For and on behalf of the

Independent Board Committee of

**Wison Engineering Services Co. Ltd.**

**Mr. Lawrence Lee**

**Mr. Tang Shisheng**

**Mr. Feng Guohua**

*Independent Non-executive Directors*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of the letter from Yunfeng Financial Markets Limited which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in the Circular.*



Suite 3201–3204  
One Exchange Square  
8 Connaught Place  
Hong Kong

24 August 2018

To: *The Independent Board Committee and  
the Independent Shareholders*  
Wison Engineering Services Co. Ltd.

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTION**

### **ENGINEERING CONSTRUCTION SERVICES**

### **FRAMEWORK AGREEMENT WITH**

### **WISON MARINE**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Engineering Construction Services Framework Agreement, details of which are set out in the circular of the Company dated 24 August 2018 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular, unless the context otherwise requires.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua, has been formed to advise the Independent Shareholders as to (i) whether the terms of the Engineering Construction Services Framework Agreement and the proposed annual caps in connection with the agreement for each of the three years ending 31 December 2018, 2019 and 2020 (the “**Proposed Annual Caps**”) are fair and reasonable, (ii) whether the transactions contemplated under the Engineering Construction Services Framework Agreement (the “**Transactions**”) are conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the Transactions and the Proposed Annual Caps are in the interests of the Company and its Shareholders as a whole, and (iv) the voting action that should be taken by the Independent Shareholders.

Yunfeng Financial Markets Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Engineering Construction Services Framework Agreement and the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Proposed Annual Caps are fair and reasonable, (ii) whether the Transactions are conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the Transactions and the Proposed Annual Caps are in the interests of the Company and its Shareholders as a whole, and (iv) the voting action that should be taken by the Independent Shareholders.

In the last two years, we acted as the independent financial adviser of the Company in respect of a connected transaction of the Company providing our independent view to the Company's independent board committee and independent shareholders under the Listing Rules.

Apart from normal professional fees paid or payable to us in connection with the engagements described above, no arrangement exists whereby we have received or will receive any fees or benefits from the Company. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, Directors, chief executive or substantial shareholders of the Company, or any of their respective associates that would affect our independence in acting as the Independent Financial Adviser. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Engineering Construction Services Framework Agreement.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the statements, information, facts and representations contained in the Circular, the announcement dated 3 August 2018 issued by the Company and those supplied or made available to us by the Directors and the management of the Company. We have assumed that all such statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and can be relied upon. We have no reason to doubt the truth, accuracy and completeness of such information and representations and have confirmed with the Directors and the management of the Company that no material facts have been withheld or omitted from such information and representations.

We have taken all reasonable and necessary steps to comply with the requirements set out in Rule 13.80 of the Listing Rules. We consider that we have been provided with sufficient information to enable us to reach an informed view. We have not, however, conducted any independent verification of such information or any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor have we carried out any in-depth research on the Group or the Wison Marine Group, nor have we carried out any independent verification of the information supplied.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### PRINCIPAL FACTORS CONSIDERED

In formulating our opinion in relation to the Engineering Construction Services Framework Agreement, we have taken into consideration the following principal factors:

#### Information of the Group

##### *Principal business*

As set out in the Letter from the Board in the Circular, 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 technical appraisal, early project planning, 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.

##### *Financial results*

	For the year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Revenue	4,124,790	3,041,877
Gross Profit	861,158	931,233
Gross Profit Margin	20.9%	30.6%
Net Profit	165,719	22,395
Net Profit Margin	4.0%	0.7%

As set out in the annual report 2017 of the Company (the “**Annual Report**”), the Group’s revenue for the year ended 31 December 2017 amounted to RMB4,124.8 million (2016: RMB3,041.9 million), representing a year-on-year increase of 35.6%. As set out in the Annual Report, the increase was mainly due to the Group’s previous and newly acquired projects entering into the principal construction phase and progressing smoothly, which led to an increase in revenue. The Group’s gross profit margin decreased from 30.6% for the year ended 31 December 2016 to 20.9% for the year ended 31 December 2017. As set out in the Annual Report and based on discussion with the management of the Company, the decrease was mainly because during the year ended 31 December 2016, the Group’s large-scale petrochemical and oil refinery projects approached the late construction phase, which led to updated budgets for the projects based on which lower costs were recognised. The Group’s net profit increased to RMB165.7 million for the year ended 31 December 2017 from RMB22.4 million for the year ended 31 December 2016. As set out in the Annual Report, the increase in net profit was mainly attributable to impairment provision made to the amounts due from contract customers during the year ended 31 December 2016.

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
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	As at <b>31 December</b> <b>2017</b> <i>RMB'000</i>
Current Assets	6,496,159
Non-current Assets	1,116,712
<b>Total Assets</b>	<b>7,612,871</b>
Current Liabilities	5,229,976
Non-current Liabilities	23,513
<b>Total Liabilities</b>	<b>5,253,489</b>

The Group's total assets added up to RMB7,612.9 million as at 31 December 2017. Of the Group's total assets, current assets amounted to RMB6,496.2 million as at 31 December 2017, which were comprised of amounts due from contract customers, trade receivables and bills receivable of RMB4,609.9 million, pledged bank balances, time deposits and cash and bank balances of RMB1,458.5 million and other current assets including prepayment, deposits and other receivables of RMB427.8 million while the non-current assets amounted to RMB1,116.7 million as at 31 December 2017 which were comprised of property, plant and equipment of RMB917.3 million and other non-current assets of RMB199.4 million.

The total liabilities amounted to RMB5,253.5 million as at 31 December 2017 which were mainly comprised of current liabilities of RMB5,230 million. Such current liabilities comprised trade and bills payable of RMB3,516 million, other payables, advances from customers and accruals of RMB773.6 million, amounts due to contract customers (representing prepayments made by customers) of RMB398.7 million, borrowings of RMB313.3 million and other current liabilities including tax payable of RMB228.4 million.

### **Principal terms of the Engineering Construction Services Framework Agreement**

#### *Subject matter*

As set out in the Letter from the Board in the Circular, pursuant to the Engineering Construction Services Framework Agreement, Wison Marine Group shall provide modularized pre-fabrication and engineering construction services. The professional pre-fabrication engineering and construction services to be provided by Wison Marine Group include professional pre-fabrication construction work such as modularized plant design, supply of materials, manufacturing, shop assembly, inspection and testing, painting and packaging; as well as the provision of labor and technical support in connection with such services.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Duration*

As set out in the Letter from the Board in the Circular, the Engineering Construction Services Framework Agreement is for a term commencing from the date on which approval by the Independent Shareholders is obtained in respect of the Engineering Construction Services Framework Agreement, the Transactions and the Proposed Annual Caps, until 31 December 2020.

### *Pricing policy*

As set out in the Letter from the Board in the Circular, pursuant to the Engineering Construction Services Framework Agreement, the pricing and terms of each particular project contemplated under the Engineering Construction Services Framework Agreement shall be determined in the ordinary and usual course of business on normal commercial terms and on an arm's length basis. The Group selects contractors by way of tender, and accordingly determines the contract sum for each separate agreement in the tender process.

As set out in the Letter from the Board in the Circular, for engineering companies, pricing by way of tender is a commonly adopted market-based pricing method. When conducting a tender, the Group will set out in advance, on a case-by-case basis and amongst other things, the actual engineering service work scope, the checklist for the volume of work and technical requirements, and require contractors to submit a bid in accordance with such requirements.

As set out in the Letter from the Board in the Circular, when implementing the tender process, in accordance with its internal policies for a tender, the Group issues invitations to bid to not less than three contractors (including member(s) of the Wison Marine Group and independent third parties in the market) from its list of qualified contractors, the list of which is regularly reviewed and updated by the Group to ensure the quality of contractors. When evaluating the bids submitted by contractors, the Group focuses on a number of factors, including (i) the tender price and (ii) the qualifications, related experience and technical expertise of potential contractors. The contractor which scores the highest in the evaluation results will be selected. After a contractor (including a member of Wison Marine Group), is selected through the above procedures, the Group will enter into a separate agreement with the contractor in accordance with the terms of the submitted bid.

We have reviewed the Group's 工程施工分包管理程序 (the "**Subcontract Tendering Policy**") which governs the Group's tendering process and is updated by the Company from time to time. According to the policy, the award of a contract to a subcontractor involves the following tendering steps: (i) invitation to tender; (ii) review and assessment of tender submissions; and (iii) tender selection.

We noted that the Company maintains a qualified subcontractor list ("**Qualified Subcontractor List**") and evaluates subcontractors based on, among others, capacity, quality, technological capabilities, qualifications and track records from time to time. We have reviewed the Group's 施工承包商管理程序 (the "**Subcontractor Management Policy**") which sets out the procedures to maintain the Qualified Subcontractor List. According to the Subcontractor Management Policy and based on discussion with the management of the Company, the project construction management department of the Group gathers information,

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

including but not limited to, the qualifications, quality control policy, technological capabilities and financial information of contractors as well as conducts site visits and/or obtains feedback from the subcontractors' other customers. Based on the aforesaid information, the commerce department together with assistance from other relevant departments of the Group will prepare and submit a report to the senior management of the Company to consider whether to include a subcontractor into the potential subcontractor list ("**Potential Subcontractor List**"). Among the subcontractors in the Potential Subcontractor List, based on feedback from the project department, the commerce department of the Group selects and compiles the Qualified Subcontractor List. For each project, the Group will shortlist at least three subcontractors (which may include a member of the Wison Marine Group and at least two independent contractors) ("**Possible Subcontractors**") from the Qualified Subcontractor List, taking into account factors including the specific requirements for the construction work and the Group's satisfaction of the subcontractor's work provided to the Group during the past three years. The Group will provide bid invitations which include specific requirements of the subcontracting work to invite the Possible Subcontractors to participate in the tendering for the construction work.

According to the Subcontract Tendering Policy and based on our discussion with the management of the Company, for each project, the Group will form a review committee (the "**Review Committee**") to review and assess the tender submissions. The Review Committee comprises at least five members, which may include external experts, the project owner and its representatives, and directors and management staff of the Group who are independent from the Wison Marine Group as required by the Group's 廉潔誠信制度 (Integrity Policy). The membership of the Review Committee shall be reviewed by the senior management staff of the commerce department of the Company and approved by the senior management staff of the procurement and construction management departments of the Company. The Review Committee will assign a score to each Possible Subcontractor on the basis of, among others, (i) the price competitiveness; and (ii) its professional qualifications, experience and technological capabilities and will then prepare and submit a tender review report to the senior management of the Group responsible for the project recommending the subcontractor with the highest score to be awarded with the contract. After approval by the senior management of the Group, the relevant members of the Group will enter into the subcontracting contract with the subcontractor of the highest score.

The Subcontract Tendering Policy is applicable to tenders submitted by connected persons as well as independent subcontractors.

We have reviewed the relevant documentation including the listing of relevant subcontractors on the Qualified Subcontractor List, the bid invitation document, the relevant terms of tender documents submitted by the Possible Subcontractors and the tender review report prepared by the Review Committee in respect of selection of a subcontractor and award of the subcontracting contract to such subcontractor pursuant to the Subcontract Tendering Policy to further understand the implementation of the Subcontract Tendering Policy and noted that the tendering process followed the Subcontract Tendering Policy.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we consider that the selection of contractors by way of tender, and accordingly determines the contract sum for each separate agreement in the tender process under the Engineering Construction Services Framework Agreement is a fair and reasonable means to award a contract, including the contract price as provided under the tender, to a subcontractor which may include a member of the Wison Marine Group.

### *Payment terms*

According to the Company, the payment terms under the Engineering Construction Services Framework Agreement will be determined according to the nature of the specific subcontracting work and will be set out in the invitation to bid documents to be issued by the Group to the relevant member of the Wison Marine Group as well as independent subcontractors.

### **Reasons for the transaction**

The principal activity of the Group is the provision of EPC services. The Group provides a broad range of integrated services spanning the project life cycle from technical appraisal, early project planning, 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.

As set out in the Letter from the Board in the Circular, there is a need for the Group to engage specialized contractors which have operators to undertake the construction work of projects. As discussed with the management of the Company, we understand that subcontracting of modularized construction services to qualified subcontractors could allow the required modules to be constructed in the subcontractor's facilities enhancing the quality and efficiency in the Group's completion of the EPC projects. With regard to such modularized subcontracting work, as set out in the Letter from the Board in the Circular, the Group has in the past engaged an independent subcontractor to undertake such subcontracting work. The Wison Marine Group has also been engaged for such subcontracting work as further detailed below. In view of the following reasons, the Company entered into the Engineering Construction Services Framework Agreement to continue to engage the Wison Marine Group from time to time to provide modularized pre-fabrication and engineering construction services.

As set out in the Letter from the Board in the Circular, the Wison Marine Group comprises marine engineering contractors and equipment manufacturers specializing in servicing marine oil and natural gas exploration projects. The Wison Marine Group has established construction bases in Nantong and Zhoushan in the PRC and is qualified to undertake marine, oil and gas equipment construction services which would satisfy stringent international safety and quality standards. Wison Marine Group is capable of providing construction services, especially modularized construction services, that would complement the Company's rapidly-growing domestic and overseas construction projects and it is familiar with the business of the Group and is able to meet the Group's requirements on project deliverables and quality. In view of the expertise of Wison Marine and its subsidiaries in the provision of the services contemplated under the Engineering Construction Services Framework Agreement



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and the familiarity with the business of the Group, the Company is of the view that the entering into of the Engineering Construction Services Framework Agreement is complementary and beneficial to the Group's business.

We noted that prior to the entering into of the Engineering Construction Services Framework Agreement, the Wison Marine Group had acted as subcontractors to the Group's projects. In 2017, the relevant members of the Group entered into contracts with the relevant members of the Wison Marine Group to engage the relevant members of the Wison Marine Group to supply, among others, modules in relation to pipes and chemical equipment. Further details of such subcontracts were set out in the announcements of the Company dated 11 May 2017, 13 June 2017 and 22 August 2017. In May 2018, the relevant members of the Group entered into further subcontracting contracts with the relevant members of the Wison Marine Group to engage the Wison Marine Group to provide among others fabrication work for pipe and modules. As confirmed by the Company, it is satisfied with the work provided by the Wison Marine Group in the aforesaid engagements.

We agree with the Company that the Wison Marine Group should be familiar with the business of the Group and are able to meet the Group's requirements on project deliverables and quality. Given that the Engineering Construction Services Framework Agreement would allow the Group to engage members of the Wison Marine Group to provide subcontracting construction services as long as its tender is superior to other tenders submitted by independent subcontractors as considered under the Group's Subcontract Tendering Policy, we consider it is in the interests of the Company and Shareholders as a whole to enter into the Engineering Construction Services Framework Agreement.

### Annual caps

#### *Proposed annual caps*

As stated in the Letter from the Board in this Circular, the Board proposes the following annual caps of contract sums to be entered into under the Engineering Construction Services Agreement for each of the three years ending 31 December 2020, being the Proposed Annual Cap(s).

	<b>For the year ending 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Contract sum	750 ( <i>Note</i> )	930	930

*Note:* The Proposed Annual Cap for the year ending 31 December 2018 does not include the contract sums under the Pipe and Structural Steel Fabrication Work Contract and the Module, Stick-built Steel Structure and Piping Spool Fabrication Contract (the May 2018 Contracts) which were announced by the Company on 11 May 2018.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Estimation basis*

As stated in the Letter from the Board, the Proposed Annual Cap for the year ending 31 December 2018 has been determined based on the number of projects the Group is bidding for, the Group's estimation of the size of such projects and the estimate of the modularized construction and pre-fabrication engineering services that need to be outsourced. Therefore, the amount of RMB750,000,000 represents the estimated aggregated contract sum of engineering construction services to be sourced from Wison Marine Group (assuming a member of Wison Marine Group is selected as the contractor) for projects which the Group is bidding for and which involve modularized construction and pre-fabrication engineering services, excluding the contract sum of US\$27.85 million (equivalent to approximately RMB180 million) under the May 2018 Contracts, which contracts have been disclosed in the announcement of the Company on 11 May 2018 and which have been entered into between members of Wison Marine Group and the Group and with respect to the provision of engineering construction services.

Based on information provided by the Company, we understand that the Proposed Annual Cap for the year ending 31 December 2018 is estimated based on four potential EPC projects of the Group (the "**Relevant Project(s)**"). Of the four Relevant Projects, the Group has submitted tenders for three of them. With regard to the remaining Relevant Project, the Group has provided a technical proposal to the project owner. According to the Company, following approval of the technical specifications by the project owner, the Company will submit a commercial proposal containing a quotation to the project owner of the remaining Relevant Project once the technical specifications of the project have been finalised.

As explained by the Company, based on the specifications of each Relevant Project, the Company prepared a list of works required under each Relevant Project together with the estimated cost for such works. As set out in the section headed "Reasons for the transaction" above, the Group needs to engage specialized contractors to undertake the construction works of the Group's projects. The Wison Marine Group comprises marine engineering contractors and equipment manufacturers specializing in servicing marine oil and natural gas exploration projects. The Wison Marine Group has established construction bases in Nantong and Zhoushan in the PRC and is qualified to undertake marine, oil and gas equipment construction services which would satisfy stringent international safety and quality standards. The Wison Marine Group is capable of providing construction services, especially modularized construction services. Based on the list of works required for each Relevant Project, the Group identified the construction works which need to be subcontracted and may be undertaken by the Wison Marine Group, in particular the works relating to modularized construction and prefabrication services. The aggregate costs of such specific works that need to be subcontracted and may be undertaken by the Wison Marine Group form the basis of the Proposed Annual Cap for the year ending 31 December 2018.

For the purposes of assessing whether the Proposed Annual Cap for the year ending 31 December 2018 is fair and reasonable, we have reviewed the relevant terms of the tender documents submitted to the respective project owners of the Relevant Projects and the Group's cost estimation of works in respect of the Relevant Projects. We have reviewed the announcements of the Company's dated 11 May 2017, 13 June 2017, 22 August 2017 and 11

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

May 2018 (the “**Previous Announcements**”). As set out in the Previous Announcements and in the above section headed “Reasons for the transaction”, the Group engaged members of the Wison Marine Group to perform among others the pipe and structural steel fabrication work for the Group’s EPC projects of petrochemical facilities. We noted that the Company’s cost estimation of works for the Relevant Projects is consistent with the tender documents submitted to the project owners. We noted that the works which need to be subcontracted and may be undertaken by the Wison Marine Group are similar to the works that were included in the contracts entered into with the members of the Wison Marine Group as set out in the Previous Announcements and related to modularized construction and prefabrication services. Taking into account the aforesaid review, we consider that the Proposed Annual Cap for the year ending 31 December 2018 is formed on a fair and reasonable basis.

The Proposed Annual Caps for each of the years ending 31 December 2019 and 2020 are based on the Proposed Annual Cap for the year ending 31 December 2018 of RMB750 million plus the total contract sums of US\$27.85 million (equivalent to approximately RMB180 million) under the Pipe and Structural Steel Fabrication Work Contract and the Module, Stick-built Steel Structure and Piping Spool Fabrication Contract, both entered into and announced by the Company in May 2018. As stated in the Letter from the Board in this Circular, the Group is further exploring the overseas markets as part of its dedicated efforts in its internationalization strategy and is confident in its ability to obtain new projects and bring in new orders in 2019 and 2020. The Group expects that business operations in the years 2019 and 2020 will at least commensurate with that in the year 2018 and therefore estimates the general volume of new orders it will be able to bring in each year will be approximately the same as that in 2018. Accordingly, the amount of RMB930,000,000 which represents the estimated aggregated contract sum (or entire contract value) under the subcontracting contracts for engineering construction services to be sourced from Wison Marine Group (assuming a member of Wison Marine Group is selected as the contractor) within the entire year of 2018 (including the aggregate contract sum of the May 2018 Contracts of US\$27.85 million (equivalent to approximately RMB180 million)), has been set as the annual cap for each of the years ending 31 December 2019 and 2020. For the avoidance of doubt, the annual cap for each of 2018, 2019 and 2020 represents the contract sums of all engineering construction services subcontracts entered into in the respective years and does not include the contract value of subcontracts entered into in any previous years.

We noted from the Annual Report that the Group’s revenue for the year ended 31 December 2017 of RMB4,124.8 million represented a year-on-year increase of 35.6%. We agree with the Company of its potential of growth in business, bringing in new projects in 2019 and 2020, and the annual caps for the years ending 31 December 2019 and 2020 is estimated on the basis that the general volume of new orders in 2019 and 2020 will approximate that in 2018. Given the aforesaid and taking into account the benefits and continuous need of modularised construction services, we agree that the total of the Proposed Annual Cap for the year ending 31 December 2018 and the contract sums under the Pipe and Structural Steel Fabrication Work Contract and the Module, Stick-built Steel Structure and Piping Spool Fabrication Contract forms a fair and reasonable basis for the Proposed Annual Caps for the each of the years ending 31 December 2019 and 2020.

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

**RECOMMENDATION**

Having considered the above principal factors and reasons discussed above, we consider that (i) the terms of the Engineering Construction Services Framework Agreement and the Proposed Annual Caps are fair and reasonable, (ii) the Transactions are conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) the Transactions and the Proposed Annual Caps are in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Engineering Construction Services Framework Agreement, the Transactions and the Proposed Annual Caps.

Yours faithfully,  
For and on behalf of  
**Yunfeng Financial Markets Limited**  
**Charlotte Yen**  
*Managing Director*

*Ms. Charlotte Yen is a licensed person registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and has over 15 years of experience in the corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DIRECTORS' INTERESTS OR SHORT POSITIONS IN EQUITY SECURITIES

### (a) Interests of the Directors and the Chief Executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, were as follows:

Name of Director	Capacity/ Nature of Interest	Number of Shares/ Underlying Shares <sup>(1)</sup>	Approximate % of shareholding <sup>(5)</sup>
Mr. Zhou Hongliang	Beneficial owner	6,290,000 (L) <sup>(2)</sup>	0.15%
Mr. Dong Hua	Beneficial owner	5,100,000 (L) <sup>(3)</sup>	0.13%
Mr. Lawrence Lee	Beneficial owner	1,000,000 (L) <sup>(4)</sup>	0.02%
Mr. Tang Shisheng	Beneficial owner	1,000,000 (L) <sup>(4)</sup>	0.02%
Mr. Feng Guohua	Beneficial owner	1,000,000 (L) <sup>(4)</sup>	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) These 6,290,000 Shares include options granted under the pre-IPO share option scheme of the Company entitling Mr. Zhou Hongliang to subscribe for 3,040,000 Shares.
- (3) These 5,100,000 Shares include options granted under the pre-IPO share option scheme of the Company entitling Mr. Dong Hua to subscribe for 2,660,000 Shares.

- (4) Shares in respect of options granted under the share option scheme of the Company.
- (5) As at the Latest Practicable Date, the Company had 4,070,456,200 issued Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in any Shares, underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

**(b) Interests of Directors as director or employee of a substantial shareholder**

Ms. Rong Wei, an executive Director, is a director and vice president of Wison Holding. Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.88% of the total issued share capital of the Company as at the Latest Practicable Date.

Save as disclosed above and as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO.

**3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors or expert had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

**4. SERVICE CONTRACTS**

None of the Directors has entered into a service agreement with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

## 6. EXPERT AND CONSENT

The following are the qualifications of the expert who has given advice contained in this circular:

Name	Qualification
Yunfeng Financial Markets Limited	corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Yunfeng Financial has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter as set out in this circular and references to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, Yunfeng Financial was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 7. MATERIAL ADVERSE CHANGE

In the announcement made by the Company on July 26, 2018 (the “**Profit Warning Announcement**”), the Board announced that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2018, the Group expected to record a relatively significant decrease in revenue and profit after tax for the six months ended June 30, 2018 as compared to that for the corresponding period in 2017. The majority of the new projects obtained by the Group since the second half of 2017 were yet to enter the principal construction phase in the first half of 2018 while the projects obtained by the Group in previous years were approaching completion phases, respectively, leading to a significant drop in the revenue recognized for the six months ended June 30, 2018 (as compared with the corresponding period in 2017). Moreover, due to (i) increased staff costs resulting from the increase in technical and project execution staff members employed by the Group for its existing projects and new projects expected to be entered into by the Group; and (ii) increased expenses related to share options granted in November 2017, the Group’s profit was expected to decline for the six months ended June 30, 2018 as compared to that for the corresponding period in 2017.

As disclosed in the Profit Warning Announcement, the interim results of the Group for the six months ended June 30, 2018 had not yet been finalised, the aforementioned was only based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2018, and such information had not been audited or reviewed by the Company’s auditor and might be subject to adjustments. Further details will be set out in the Group’s interim results announcement for the six months ended June 30, 2018, which is expected to be published on or before August 29, 2018.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## **8. GENERAL**

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 5408, 54th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong (from the date of this circular to September 6, 2018), during normal business hours:

- (a) a copy of the Engineering Construction Services Framework Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 14 to 15 of this circular;
- (c) the letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 26 of this circular;
- (d) the letter of consent referred to in the paragraph headed “6. Expert and Consent” in this Appendix; and
- (e) this circular.



NOTICE OF EGM



**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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of Wison Engineering Services Co. Ltd. (the “**Company**”) will be held on September 17, 2018 at 3:00 p.m. at Room 1, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong to consider and, if thought fit, to pass the following as ordinary resolution:

**ORDINARY RESOLUTION**

**“THAT:**

- (a) the Engineering Construction Services Framework Agreement (as defined in the circular of the Company dated August 24, 2018 (the “**Circular**”), a copy of the Circular marked “A” together with a copy of the Engineering Construction Services Framework Agreement marked “B” being tabled before the meeting and initialed by the chairman of the meeting for identification purpose), and the transactions contemplated thereunder and the proposed annual caps be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised, for and on behalf of the Company, to do all acts and things and execute further documents which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the Engineering Construction Services Framework Agreement and the transactions contemplated thereunder.”

By Order of the Board  
**Luk Wai Mei**  
*Company Secretary*

Hong Kong, August 24, 2018

## NOTICE OF EGM

*Registered office:*

P.O. Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

*Principal place of business  
in Hong Kong*

Room 5408  
54th Floor  
Central Plaza  
18 Harbour Road  
Wan Chai  
Hong Kong

*Notes:*

1. Any shareholder entitled to attend and vote at the above EGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the above EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person if he is subsequently able to be present.
3. A form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either executed under seal or under the hand of an officer or attorney duly authorized to sign the same.
4. In the case of joint holders of any shares, any one of such joint holders may vote at the above EGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the above EGM, either personally or by proxy, the joint holder whose name stands first in the register of members of the Company, will alone be entitled to vote in respect of such shares.
5. On a poll, every shareholder entitled to vote and present at the EGM shall be entitled to one vote for every fully paid-up share of which he is the holder. The result of such poll shall be deemed to be the resolution of the EGM at which the poll was so required or demanded.
6. To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from September 12, 2018 to September 17, 2018 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to be entitled to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on September 11, 2018.
7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
8. References to time and dates in this notice are to Hong Kong time and dates.
9. As at the date of this notice, the executive Directors of the Company are Ms. Rong Wei, Mr. Zhou Hongliang, Mr. Li Zhiyong and Mr. Dong Hua; and the independent non-executive Directors are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.