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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 TRANSACTIONS
NEW ENGINEERING CONSTRUCTION SERVICES FRAMEWORK
AGREEMENT WITH WISON MARINE
AND
CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT TO THE WISON TAIZHOU EPC
CONTRACT WITH WISON TAIZHOU**

**NEW ENGINEERING CONSTRUCTION SERVICES FRAMEWORK
AGREEMENT**

Reference is made to the announcement of the Company dated August 3, 2018 and the circular of the Company dated August 22, 2018 in relation to the Previous Engineering Construction Services Framework Agreement entered into between the Company and Wison Marine (an indirect wholly-owned subsidiary of Wison Holding, a controlling shareholder of the Company), which will expire on December 31, 2020.

In view of the upcoming expiration of the Previous Engineering Construction Services Framework Agreement, the Board announces that, on October 30, 2020 (after trading hours), the Company and Wison Marine entered into the New Engineering Construction Services Framework Agreement, pursuant to which relevant members of Wison Marine Group may, following the principal terms of the New 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 New Engineering Construction Services Framework Agreement, subject to the condition that approval from the Independent Shareholders is obtained at the EGM in respect of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps thereunder for each of the three years ending December 31, 2023. The New Engineering Construction Services Framework Agreement will expire on December 31, 2023 and the transactions contemplated thereunder will be subject to the Proposed Annual Caps of RMB1,750,000,000 for each of the three years ending December 31, 2023, respectively.

SUPPLEMENTAL AGREEMENT TO THE WISON TAIZHOU EPC CONTRACT

Reference is made to the announcement of the Company dated March 12, 2019 and the circular of the Company dated April 2, 2019 in respect of the Wison Taizhou EPC Contract entered into between Wison Engineering, an indirect wholly-owned subsidiary of the Company, and Wison Taizhou (an indirect wholly-owned subsidiary of Wison Holding, a controlling shareholder of the Company), pursuant to which Wison Engineering agreed to act as the EPC general contractor for Wison Taizhou's project in Taixing Economic Development Zone, Jiangsu Province, the PRC. The total contract price payable by Wison Taizhou to Wison Engineering under the Wison Taizhou EPC Contract is expected to be RMB447,880,000 which comprises several parts, for example, reimbursement of actual engineering costs to be incurred by Wison Engineering, design fees, project management fees and remuneration. As the total amount receivable by Wison Engineering under the Wison Taizhou EPC Contract is subject to adjustment based on factors like actual engineering costs, incentive payment and any delay, the Company previously expected and announced that the possible upward adjustment in the total amount receivable by Wison Engineering under the Wison Taizhou EPC Contract will not result in the final total receivable exceeding RMB537,500,000.

The Board announces that, on October 30, 2020 (after trading hours), Wison Engineering and Wison Taizhou entered into the Supplemental Agreement to the Wison Taizhou EPC Contract under which the parties agreed to (i) increase the total contract price to RMB714,301,800 payable by Wison Taizhou to the Wison Engineering, being the New Contract Price, (ii) amend the maximum amount for the final total amount receivable by Wison Engineering under the Wison Taizhou EPC Contract from RMB537,500,000 to the Receivable Limit, (iii) temporarily extend the expected timeline of intermediate handover of certain works by Wison Engineering, the latest being to May 31, 2021, being the Extension.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.82% 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 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 New Engineering Construction Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the New Engineering Construction Services Framework Agreement is above 5%, the transactions contemplated under the New Engineering Construction Services Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in the Listing Rules.

As Wison Taizhou is an indirect wholly-owned subsidiary of Wison Holding, Wison Taizhou is also a connected person of the Company. Accordingly, the transaction contemplated under the Wison Taizhou EPC Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and that the amendments contemplated under the Supplemental Agreement constitute a material change to the terms of the Wison Taizhou EPC Contract. The Company is required to re-comply with the requirements of announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

The EGM will be convened by the Company at which ordinary resolutions will be proposed to the Independent Shareholders to approve (i) the New Engineering Construction Services Framework Agreement and the transactions contemplated thereunder, and the Proposed Annual Caps and (ii) the Supplemental Agreement and the transactions contemplated thereunder. Wison Engineering Investment Limited, being a wholly-owned subsidiary of Wison Holding and directly interested in approximately 75.82% of the total issued share capital of the Company as at the date of this announcement, shall abstain from voting on the shareholders' resolution approving (i) the New Engineering Construction Services Framework Agreement, the transactions contemplated thereunder and the Proposed Annual Caps and (ii) the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

Independent Board Committee and Independent Financial Adviser

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 respectively:—

- (a) in relation to the New Engineering Construction Services Framework Agreement, the transactions contemplated thereunder and the Proposed Annual Caps as to (i) whether the terms of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps are fair and reasonable, (ii) whether the transactions contemplated under the New 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 New 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; and
- (b) in relation to the Supplemental Agreement and the transactions contemplated thereunder as to (i) whether the terms of the Supplemental Agreement are fair and reasonable, (ii) whether the transactions contemplated under the Supplemental 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 Supplemental Agreement 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 New Engineering Construction Services Framework Agreement and the Supplemental Agreement.

The Independent Financial Adviser has been appointed as approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the above matters.

Despatch of the Circular

A circular containing, among other things, (i) further information on the terms of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps and the Supplemental Agreement, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps, the Supplemental Agreement and the transactions contemplated thereunder, (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Engineering Construction Services Framework Agreement, and the Proposed Annual Caps, the Supplemental Agreement and the transactions contemplated thereunder, and (iv) a notice to convene the EGM, is expected to be despatched by the Company to the Shareholders on or around November 13, 2020.

For the avoidance of doubt, the New Engineering Construction Services Framework Agreement and the Supplemental Agreement are not inter-conditional upon each other.

If the Independent Shareholders' approval for any of the New Engineering Construction Services Framework Agreement, the Proposed Annual Caps and the Supplemental Agreement is not obtained at the EGM, the respective transactions contemplated under the New Engineering Construction Services Framework Agreement and the Supplemental Agreement will not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares or any other securities of the Company.

NEW ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

Background

Reference is made to the announcement of the Company dated August 3, 2018 and the circular of the Company dated August 22, 2018 in relation to the Previous Engineering Construction Services Framework Agreement entered into between the Company and Wison Marine (an indirect wholly-owned subsidiary of Wison Holding, a controlling shareholder of the Company) which will expire on December 31, 2020. At the extraordinary general meeting of the Company held on September 17, 2018, the Independent Shareholders approved the continuing connected transactions with Wison Marine contemplated under the Previous Engineering Construction Services Framework Agreement and the annual caps for the three years ending December 31, 2020.

The Board announces that, on October 30, 2020 (after trading hours), the Company and Wison Marine entered into the New Engineering Construction Services Framework Agreement, pursuant to which relevant members of Wison Marine Group may, following the principal terms of the New 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 New Engineering Construction Services Framework Agreement, subject to the condition that approval from the Independent

Shareholders is obtained at the EGM in respect of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps thereunder for each of the three years ending December 31, 2023. The New Engineering Construction Services Framework Agreement will expire on December 31, 2023 and the transactions contemplated thereunder will be subject to the Proposed Annual Caps of RMB1,750,000,000 for each of the three years ending December 31, 2023, respectively.

PRINCIPAL TERMS OF THE NEW ENGINEERING CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

The New Engineering Construction Services Framework Agreement was entered into between the Company and Wison Marine, subject to the shareholders' approval at the EGM, for the purpose of renewing the Previous Engineering Construction Services Framework Agreement. The principal terms of the New Engineering Construction Services Framework Agreement are summarised as follows:

Date

October 30, 2020

Parties

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

Term

The New Engineering Construction Services Framework Agreement is for a term commencing from January 1, 2021 until December 31, 2023.

Subject Matter

Pursuant to the New 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 New 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. 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.

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.

Proposed Annual Caps

The Board proposes that the below annual caps be set for the contract sums contemplated under the New Engineering Construction Services Framework Agreement in respect of each of the three years ending December 31, 2023:

	For the year ending December 31,		
	2021	2022	2023
	Annual cap	Annual cap	Annual cap
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Contract sum	1,750,000,000	1,750,000,000	1,750,000,000

The Proposed Annual Caps for each of the three years ending December 31, 2023 have been determined based on (i) the number of projects the Group is expected to bid for, (ii) the Group's estimation of the size of such projects, (iii) the estimate of the modularized construction and pre-fabrication engineering services that need to be outsourced, and (iv) the historical contract price of the modularized construction and pre-fabrication engineering services which had been outsourced in the previous projects that the Group successfully bid for and (v) the Groups' key performance indicator. Therefore, the amount of RMB1,750,000,000 representing 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 expected to bid for and which involve modularized construction and pre-fabrication engineering services in 2021, 2022 and 2023 respectively, have been set as the Proposed Annual Caps for each of the three years ending December 31, 2023.

Information on the parties and reasons and benefits for entering into the New 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 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 and domestic 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 New Engineering Construction Services Framework Agreement, the quality of the services provided under the Previous 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 New Engineering Construction Services Framework Agreement to renew the Previous Engineering Construction Services Framework Agreement is complementary and beneficial to the Group’s business.

As Ms. Rong Wei is a director and vice president of Wison Holding and Mr. Liu Hongjun is a director and president of Wison Holding, Ms. Rong Wei and Mr. Liu Hongjun have abstained from voting on the Board resolution approving the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps.

The Directors (other than the independent non-executive Directors who will be advised by the Independent Financial Adviser and Ms. Rong Wei and Mr. Liu Hongjun who have abstained from voting) are of the view that the New 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.

SUPPLEMENTAL AGREEMENT TO THE WISON TAIZHOU EPC CONTRACT

Background

Reference is made to the announcement of the Company dated March 12, 2019 and the circular of the Company dated April 2, 2019 in respect of the Wison Taizhou EPC Contract entered into between Wison Engineering, an indirect wholly-owned subsidiary of the Company, and Wison Taizhou (an indirect wholly-owned subsidiary of Wison Holding, a controlling shareholder of the Company), pursuant to which, Wison Engineering agreed to act as the EPC general contractor for Wison Taizhou's project in Taixing Economic Development Zone, Jiangsu Province, the PRC. The total contract price payable by Wison Taizhou to Wison Engineering under the Wison Taizhou EPC Contract was expected to be RMB447,880,000 which comprises several parts, for example, reimbursement of actual engineering costs to be incurred by Wison Engineering, design fees, project management fees and remuneration. As the total amount receivable by Wison Engineering under the Wison Taizhou EPC Contract is subject to adjustment based on factors like actual engineering costs, incentive payment and any delay, the Company previously expected and announced that the possible upward adjustment in the total amount receivable by Wison Engineering under the Wison Taizhou EPC Contract will not result in the final total receivable exceeding RMB537,500,000. At the extraordinary general meeting of the Company held on April 2, 2019, the Independent Shareholders approved the connected transactions between Wison Engineering and Wison Taizhou contemplated under the Wison Taizhou EPC Contract.

The Supplemental Agreement

The Board announces that on October 30, 2020 (after trading hours), Wison Engineering and Wison Taizhou entered into the Supplemental Agreement to the Wison Taizhou EPC Contract under which the parties agreed to:—

- (i) increase the total contract price payable by Wison Taizhou to Wison Engineering to RMB714,301,800, being the New Contract Price, comprising:
 - (a) an increase in the engineering costs by RMB142,000,000;
 - (b) an increase in the design fees by RMB9,000,000;
 - (c) an increase in the project management fees by RMB8,750,000 (if the project finishes before or after May 31, 2021, being the temporary expected timeline of intermediate handover, the project management fees will be increased or deducted by RMB1,250,000 for every calendar month of delay or advance); and
 - (d) an increase in the remuneration by RMB17,071,800;
- (ii) amend the maximum amount for the final total amount receivable by Wison Engineering under the Wison Taizhou EPC Contract from RMB537,500,000 to the Receivable Limit;
- (iii) temporarily extend the expected timeline of intermediate handover of certain works by Wison Engineering, the latest being to May 31, 2021, being the Extension.

Reasons for entering into the Supplemental Agreement

After taking into account of the updated volume and scope of work undertaken by Wison Engineering during the performance the Wison Taizhou EPC Contract, which include: (i) additional 21000 metres of piling foundation, (ii) additional 33,000 square metres of floor deck, (iii) additional 69,000 square metres of the vertical heavy-duty flooring and gravel flooring, (iv) additional cost in renovating laboratory building, central control room and canteen, (v) additional cost in greening the area in front of the factory, parking lot and road engineering, (vi) increased volume of equipment, materials and steel structure engineering for certain works, (vii) increased volume of civil engineering installation of sewage treatment and (viii) additional cost in the civil engineering of 110KV substation (the “**Additional Works and Costs**”), the parties agreed on the New Contract Price, the Receivable Limit and the Extension upon arm’s length negotiation.

In relation to the Receivable Limit, as the final total amount payable to Wison Engineering by Wison Taizhou under Wison Taizhou EPC Contract (as amended and/or supplemented by the Supplemental Agreement) is subject to adjustment based on factors like actual engineering costs, incentive payment and any delay, the Company expected that any possible upward adjustment in the total amount receivable by Wison Engineering under the Wison Taizhou EPC Contract (as amended and/or supplemented by the Supplemental Agreement) will not result in the final total amount receivable exceeding the Receivable Limit.

Information on the parties and benefits for entering into the Supplemental Agreement

The Company is an investment holding company. As explained above, the principal activity of the Group is the provision of chemical engineering, procurement and construction management, or “EPC” services. Wison Engineering is the principal operating subsidiary of the Company.

Wison Taizhou is principally engaged in the research and development of new materials, chemical products and chemical equipment, the production and sale of high performance membrane materials products (polyethylene and polypropylene) and the provision of after-sale services.

In view of the expertise and quality of Wison Engineering in the provision of the services contemplated and provided under the Wison Taizhou EPC Contract, the Additional Works and Costs and that the upward adjustment to the New Contract Price and the Receivable Limit and the Extension are negotiated after arm’s length discussions and reflect normal commercial terms, the Company considers it desirable to enter into the Supplemental Agreement in its ordinary and usual course of business.

As Ms. Rong Wei is a director and vice president of Wison Holding and Mr, Liu Hongjun is also a director and president of Wison Holding, Ms. Rong Wei and Mr. Liu Hongjun have abstained from voting on the Board resolution approving the Supplemental Agreement.

The Directors (other than the independent non-executive Directors who will be advised by the Independent Financial Adviser and Ms. Rong Wei and Mr. Liu Hongjun who have abstained from voting) are of the view that the Supplemental 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 Taizhou and reflects normal commercial terms, and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.82% 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 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 New Engineering Construction Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the New Engineering Construction Services Framework Agreement is above 5%, the transactions contemplated under the New Engineering Construction Services Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in the Listing Rules.

As Wison Taizhou is an indirect wholly-owned subsidiary of Wison Holding, Wison Taizhou is also a connected person of the Company. Accordingly, the transaction contemplated under the Wison Taizhou EPC Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and that the amendments contemplated under the Supplemental Agreement constitute a material change to the terms of the Wison Taizhou EPC Contract. The Company is required to re-comply with the requirements of announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

The EGM will be convened by the Company at which ordinary resolutions will be proposed to the Independent Shareholders to approve (i) the New Engineering Construction Services Framework Agreement and the transactions contemplated thereunder, and the Proposed Annual Caps and (ii) the Supplemental Agreement and the transactions contemplated thereunder. Wison Engineering Investment Limited, being a wholly-owned subsidiary of Wison Holding and directly interested in approximately 75.82% of the total issued share capital of the Company as at the date of this announcement, shall abstain from voting on the shareholders' resolution approving (i) the New Engineering Construction Services Framework Agreement, the transactions contemplated thereunder and the Proposed Annual Caps and (ii) the Supplemental Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

Independent Board Committee and Independent Financial Adviser

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 respectively:—

- (a) in relation to the New Engineering Construction Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps as to (i) whether the terms of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps are fair and reasonable, (ii) whether the transactions contemplated under the New 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 New 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; and
- (b) in relation to the Supplemental Agreement and the transactions contemplated thereunder as to (i) whether the terms of the Supplemental Agreement are fair and reasonable, (ii) whether the transactions contemplated under the Supplemental 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 Supplemental Agreement 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 New Engineering Construction Services Framework Agreement and the Supplemental Agreement.

The Independent Financial Adviser has been appointed as approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the above matters.

Despatch of the Circular

A circular containing, among other things, (i) further information on the terms of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps and the Supplemental Agreement, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps, the Supplemental Agreement, the transactions contemplated thereunder, (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Engineering Construction Services Framework Agreement and the Proposed Annual Caps, the Supplemental Agreement, the transactions contemplated thereunder, and (iv) a notice to convene the EGM, is expected to be despatched by the Company to the Shareholders on or around November 13, 2020.

Closure of Register of Members

To ascertain the Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from November 25, 2020 to November 30, 2020 (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 November 24, 2020.

For the avoidance of doubt, the New Engineering Construction Services Framework Agreement and the Supplemental Agreement are not inter-conditional upon each other.

If the Independent Shareholders' approval for any of the New Engineering Construction Services Framework Agreement, the Proposed Annual Caps and the Supplemental Agreement is not obtained at the EGM, the respective transactions contemplated under the New Engineering Construction Services Framework Agreement and the Supplemental Agreement will not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares or any other securities of the Company.

DEFINITIONS

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

“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 to seek the approval of the Independent Shareholders in respect of (i) the New Engineering Construction Services Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder and (ii) the Supplemental Agreement and the transactions contemplated thereunder, respectively

“Extension”	the temporary extended timeline of intermediate handover of certain works by Wison Engineering pursuant to the Supplemental Agreement, the latest being May 31, 2021
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors
“Independent Financial Adviser”	Red Sun Capital Limited, 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 (i) the New Engineering Construction Services Framework Agreement, the Proposed Annual Caps and the transactions contemplated thereunder, and (ii) the Supplemental Agreement and the transaction contemplated thereunder. Red Sun Capital Limited is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
“Independent Shareholders”	all Shareholders of the Company other than those with a material interest in the New Engineering Construction Services Framework Agreement, the Supplemental Agreement and the transactions contemplated thereunder respectively. For the avoidance of doubt, Independent Shareholders shall exclude Wison Engineering Investment Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Contract Price”	an increased total contract price of RMB714,301,800 payable by Wison Taizhou to Wison Engineering under the Wison Taizhou EPC Contract as amended by the Supplemental Agreement
“New Engineering Construction Services Framework Agreement”	the engineering construction services framework agreement dated October 30, 2020 entered into between the Company and Wison Marine which will expire on December 31, 2023, the purpose of which is to renew the Previous Engineering Construction Services Framework Agreement
“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

“Previous Engineering Construction Services Framework Agreement”	the engineering construction services framework agreement dated August 3, 2018 entered into between the Company and Wison Marine pursuant to which the relevant members of Wison Marine Group may enter into separate agreements with the relevant members of the Group for the transactions contemplated therein
“Proposed Annual Caps”	the proposed annual caps for the provision of engineering construction services pursuant to the New Engineering Construction Services Framework Agreement for each of the three years ending December 31, 2023, respectively, being RMB1,750,000,000
“Receivable Limit”	the maximum amount of the final total amount receivable by Wison Engineering under the Supplemental Agreement, being no more than 105% the New Contract Price
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Supplemental Agreement”	the supplemental agreement dated October 30, 2020 entered into between Wison Engineering and Wison Taizhou to amend the New Contract Price and the Receivable Limit payable by Wison Taizhou to Wison Engineering and extend the expected intermediate handover timeline under the Wison Taizhou EPC Contract
“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 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 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 Taizhou”	Wison (Taizhou) New Material Technology Co., Ltd. (惠生(泰州)新材料科技有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of Wison Holding

“Wison Taizhou EPC Contract”

the EPC general contractor contract dated March 12, 2019 and entered into between Wison Taizhou and Wison Engineering for the high performance polyamide project of Wison Taizhou in Taixing Economic Development Zone, Jiangsu Province, the PRC

“%”

per cent.

By Order of the Board
Wison Engineering Services Co. Ltd.
Rong Wei
Executive Director and Chief Executive Officer

Hong Kong, October 30, 2020

As at the date of this announcement, the executive Directors of are Ms. Rong Wei, Mr. Zhou Hongliang, Mr. Dong Hua, and Mr. Zheng Shifeng; the non-executive Director is Mr. Liu Hongjun; and the independent non-executive Directors are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.