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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)

**CONNECTED TRANSACTIONS
MARINE XII OFFSHORE FLNG PROJECT
EPCIC STAGE TOPSIDE ENGINEERING DESIGN CONTRACT WITH
SHANGHAI WISON MARINE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



紅日資本有限公司

RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 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 15 to 27 of this circular.

A notice convening the EGM of the Company to be held at Room 4, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 June 2023 at 10:00 a.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) and the Company (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 Tuesday, 27 June 2023 to Friday, 30 June 2023 (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 Monday, 26 June 2023.

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, Wan Chai, 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.

9 June 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	13
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	15
APPENDIX — GENERAL INFORMATION	28
NOTICE OF EGM	31

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 4, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 June 2023 at 10:00 a.m. to seek the approval of the Independent Shareholders in respect of the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder
“EPC”	an acronym for engineering (E), procurement (P) and construction (C), a business model widely adopted in the international energy industry
“EPCIC”	an acronym for engineering (E), procurement (P), construction (C), installation (I) and commissioning (C), a commonly used form of construction contract
“EPCIC Stage Topside Engineering Design Contract”	the topside engineering design contract dated 18 May 2023 and entered into between Wison Engineering and Shanghai Wison Marine in relation to the topside engineering design for EPCIC stage of the Project
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors

DEFINITIONS

“Independent Financial Adviser” or “Red Sun”	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 the EPCIC Stage Topside Engineering Design Contract and the transactions 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 SFO
“Independent Shareholders”	all Shareholders other than those with a material interest in the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder. For the avoidance of doubt, Independent Shareholders shall exclude Wison Engineering Investment Limited
“Latest Practicable Date”	5 June 2023, 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
“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
“Project”	the Marine XII Offshore FLNG Project
“Project 3D Model”	a virtualized model created by software simulation, which is a widely adopted digital delivery model for offshore project
“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
“Shanghai Wison Marine”	Shanghai Wison Offshore & Marine Co., Ltd. (上海惠生海洋工程有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Wison Holding
“Shareholder(s)”	holder(s) 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

DEFINITIONS

“Topside Engineering Design Contract”	the topside engineering design contract dated 16 November 2022 and entered into between Wison Engineering and Shanghai Wison Marine in relation to the topside engineering design of the Marine XII Congo LNG Project
“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 Group”	Wison Holding and its subsidiaries
“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
“%”	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:

Mr. Zhou Hongliang (*Chief Executive Officer*)

Mr. Zheng Shifeng

Non-executive Director:

Mr. Liu Hongjun (*Chairman*)

Independent Non-executive Directors:

Mr. Lawrence Lee

Mr. Tang Shisheng

Mr. Feng Guohua

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal place of business in Hong Kong:

Room 5408, 54th Floor

Central Plaza

18 Harbour Road, Wan Chai

Hong Kong

9 June 2023

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTIONS
MARINE XII OFFSHORE FLNG PROJECT
EPCIC STAGE TOPSIDE ENGINEERING DESIGN CONTRACT WITH
SHANGHAI WISON MARINE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 18 May 2023 in relation to the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder.

LETTER FROM THE BOARD

On 18 May 2023, Wison Engineering and Shanghai Wison Marine entered into the EPCIC Stage Topside Engineering Design Contract, pursuant to which Wison Engineering was engaged by Shanghai Wison Marine to carry out the topside engineering design for EPCIC stage of the Project.

The EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder 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 EPCIC Stage Topside Engineering Design Contract, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the EPCIC Stage Topside Engineering Design Contract 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 EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder, and (iv) a notice to convene the EGM.

II. PRINCIPAL TERMS OF THE EPCIC STAGE TOPSIDE ENGINEERING DESIGN CONTRACT

The principal terms of the EPCIC Stage Topside Engineering Design Contract are summarized below.

Date

18 May 2023

Parties

- (i) Shanghai Wison Marine; and
- (ii) Wison Engineering

Subject Matter

Pursuant to the EPCIC Stage Topside Engineering Design Contract, Wison Engineering was engaged by Shanghai Wison Marine to carry out the topside engineering design for EPCIC stage of the Project.

It is expected that the final handover date of the entire work under the EPCIC Stage Topside Engineering Design Contract by Wison Engineering to Shanghai Wison Marine shall be no later than 30 June 2026, which date may be postponed in accordance with mutual agreement between the parties if there are any changes to the scope of work under the EPCIC Stage Topside Engineering Design Contract.

It is expected that 90% of the work under the EPCIC Stage Topside Engineering Design Contract, which mainly comprises of the completion of the Project 3D Model and the detailed topside engineering design, will be finished in the first 12 to 15 months after the effective date of the EPCIC Stage Topside Engineering Design Contract. The

LETTER FROM THE BOARD

remaining 10% of the work under the EPCIC Stage Topside Engineering Design Contract mainly comprises of alternations associated with the completion of the as-build drawings and on-site service at the construction site, the final handover date of which is expected to be no later than 30 June 2026.

Consideration and Payment

The EPCIC Stage Topside Engineering Design Contract shall become effective upon the approval by the Independent Shareholders being obtained.

The total contract price payable by Shanghai Wison Marine to Wison Engineering under the EPCIC Stage Topside Engineering Design Contract is currently expected to be no more than RMB120,000,000, which represents the costs expected to be incurred by Wison Engineering (including but not limited to salaries and overtime pay of its personnel, domestic travel expenses, statutory benefits, insurance expenses, transportation and accommodation costs, management fee, profits and various taxes). The parties may negotiate for an adjustment to the fees if there are any material changes to the scope and/or specification of the engineering design.

The total contract price shall be payable in accordance with the following schedule:

- a) 15% of the contract price (i.e. RMB18,000,000) shall be paid upon the EPCIC Stage Topside Engineering Design Contract becoming effective;
- b) an additional 10% of the contract price (i.e. RMB12,000,000) shall be paid upon examination of 30% completed Project 3D Model;
- c) an additional 10% of the contract price (i.e. RMB12,000,000) shall be paid upon examination of 60% completed Project 3D Model;
- d) an additional 35% of the contract price (i.e. RMB42,000,000) shall be paid upon examination of 90% completed Project 3D Model;
- e) an additional 20% of the contract price (i.e. RMB24,000,000) shall be paid upon completion of the detailed design of the project;
- f) an additional 5% of the contract price (i.e. RMB6,000,000) shall be paid upon completion of the as-build drawings; and
- g) the remaining 5% of the contract price (i.e. RMB6,000,000) shall be paid upon completion of the performance test and final handover.

Apart from the above payments which comprised the total contract price, pursuant to the EPCIC Stage Topside Engineering Design Contract, Wison Engineering will also be entitled to certain incentive payments from Shanghai Wison Marine for efficient delivery of works. It is expected that the total amount of such incentive payments will be

LETTER FROM THE BOARD

no more than RMB1,500,000. Therefore, the total amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract is expected to be RMB121,500,000.

Shanghai Wison Marine shall settle the payment within 35 days after receiving the invoice issued by Wison Engineering.

Based on the scale of the Project and the scope of work under the EPCIC Stage Topside Engineering Design Contract, the Group has estimated the quantities of manpower required for the performance of the contract, as well as such other costs and expenses which it may have to incur during the performance of the contract (including but not limited to salaries and overtime pay of its personnel, domestic travel expenses, statutory benefits, insurance expenses, transportation and accommodation costs, management fee and various taxes). While the Group expects the profit margin of the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract to be in line with comparable transactions of similar nature, complexity and requirements of projects previously entered into by the Group and independent third parties, it also wishes to maintain competitiveness in price. Accordingly, the Group has estimated a benchmark price as an internal reference information (the “**Estimated Price**”) based on the scale of the Project and the scope of work under the EPCIC Stage Topside Engineering Design Contract and with reference to, among others, the prevailing market prices of the relevant labour costs and other costs and expenses at the time of negotiating the EPCIC Stage Topside Engineering Design Contract with Shanghai Wison Marine.

When estimating the contract price and the incentive payments, the Group has taken into account, among others, the Estimated Price, nature, complexity and requirements of the project, the rates for the relevant services from previous comparable projects and the relevant payments receivable by the Group in other comparable projects with independent third parties. In assessing the fairness and reasonableness of the pricing terms of the EPCIC Stage Topside Engineering Design Contract, the Directors have reviewed the basis of consideration as set out above.

The final total amount payable to Wison Engineering by Shanghai Wison Marine under the EPCIC Stage Topside Engineering Design Contract depends on (a) the actual costs to be incurred by Wison Engineering, which might varied if there are any material changes to the scope and/or specification of the engineering design, and (b) the total incentive payments to which Wison Engineering is entitled. The Company expected that any possible upward adjustment in the total amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract will not result in the final total amount receivable exceeding RMB150,000,000. The Company will re-comply with the requirements under Chapter 14A of the Listing Rules in the event that any upward adjustment in the contract price of the EPCIC Stage Topside Engineering Design Contract and/or the incentive payments will result in the final total amount receivable by Wison Engineering exceeding RMB150,000,000.

LETTER FROM THE BOARD

Internal Control

The Company has implemented internal control procedures and policies to monitor connected transactions and to ensure that all connected transactions are entered into in accordance with pricing policies and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the Group has in place management measures on project contracts to ensure that all project contracts entered into by the Group are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In particular, before entering into any transactions, the Group observes the current market conditions and monitors the current prevailing market prices or market rates, including information on fees charged by the Group's competitors as obtained through (a) market research conducted by the market development division of the Group and their communication with other market participants and industry peers and (b) the Group's business network, as well as the pricing policies of the Group's provision of similar services to independent third parties. In addition, before entering into any connected transactions, the Group also compares other transactions or quotations for at least three comparable projects of similar nature, complexity and requirements. Accordingly, the Company is able to ensure that the pricing terms under the EPCIC Stage Topside Engineering Design Contract are on normal commercial terms or on terms no less favourable than those available to/from independent third parties.

The Group will closely monitor the connected transactions to ensure that they are conducted in accordance with the terms of the relevant connected transaction agreements. The Group will also monitor the amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract from time to time so as to ensure that the amount receivable by Wison Engineering will not exceed RMB150,000,000. Wison Engineering will set prescribed alert amount at 80% of such possible maximum amount, so that the Company could timely re-comply with the requirements under Chapter 14A of the Listing Rules in the event that the final total amount receivable by Wison Engineering is likely to exceed RMB150,000,000.

III. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is an investment holding company. The principal activity of the Group is the provision of chemical engineering, procurement and construction management, or EPC, services. The Group provides a broad range of integrated services spanning the project life cycle from 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. Wison Engineering is the principal operating subsidiary of the Company.

Shanghai Wison Marine is a marine engineering contractor and equipment manufacturer specializing in servicing marine oil and natural gas exploration projects.

LETTER FROM THE BOARD

In view of the expertise of Wison Engineering in the provision of the services contemplated under the EPCIC Stage Topside Engineering Design Contract, and that the contract price thereunder is negotiated after arm's length discussions and reflects normal commercial terms, the Company considers it desirable to enter into the EPCIC Stage Topside Engineering Design Contract in its ordinary course of business.

As Mr. Liu Hongjun is a director and president of Wison Holding, as well as the legal representative of Shanghai Wison Marine, Mr. Liu Hongjun has abstained from voting on the Board resolution approving the EPCIC Stage Topside Engineering Design Contract.

The Directors (including the independent non-executive Directors based on the advice of the Independent Financial Adviser, but excluding Mr. Liu Hongjun who has abstained from voting) are of the view that the EPCIC Stage Topside Engineering Design Contract was entered into in the ordinary and usual course of business of the Group after arm's length negotiation between the parties, reflect normal commercial terms and the terms of the transactions thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. GENERAL INFORMATION OF THE PARTIES

The Company is an investment holding company. The principal activity of the Group is the provision of chemical engineering, procurement and construction management, or EPC, services. The Group provides a broad range of integrated services spanning the project life cycle from 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. Wison Engineering is the principal operating subsidiary of the Company.

Shanghai Wison Marine is an indirect wholly-owned subsidiary of Wison Holding established in the PRC and is a marine engineering contractor and equipment manufacturer specializing in servicing marine oil and natural gas exploration projects.

Wison Holding is the Company's holding company and is an investment holding company. It is directly wholly-owned by Mr. Hua Bangsong. Mr. Hua Bangsong's principal business activity is the control of the business operations of Wison Group. The principal activity of Wison Group is the provision of engineering services, offshore and marine engineering and new chemical materials. The business of Wison Group covers storage and utilization of resources such as coal, oil and natural gas, onshore energy engineering services, manufacture of marine engineering equipment and development of new downstream chemical materials.

V. 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 Latest Practicable Date. Hence, Wison Holding is a connected person of the Company. As Shanghai Wison Marine is an indirect wholly-owned subsidiary of Wison Holding, Shanghai Wison

LETTER FROM THE BOARD

Marine is also a connected person of the Company. Accordingly, the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 16 November 2022, where the Company announced that Wison Engineering and Shanghai Wison Marine entered into the Topside Engineering Design Contract, pursuant to which Wison Engineering was engaged by Shanghai Wison Marine to carry out the topside engineering design of the Marine XII Congo LNG Project. The total contract price payable by Shanghai Wison Marine to Wison Engineering under the Topside Engineering Design Contract is expected to be no more than RMB45,000,000.

As the EPCIC Stage Topside Engineering Design Contract and the Topside Engineering Design Contract are both entered into by Wison Engineering with Shanghai Wison Marine and are of similar nature, the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract should be aggregated with the transactions contemplated under the Topside Engineering Design Contract for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. The aggregate amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract and the Topside Engineering Design Contract is expected not to exceed RMB195,000,000.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregate amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract and the Topside Engineering Design Contract is expected to be above 5%, the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The EGM will be convened by the Company at which an ordinary resolution will be proposed to the Independent Shareholders to approve the EPCIC Stage Topside Engineering Design Contract 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 Latest Practicable Date, shall abstain from voting on the shareholders' resolution approving the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder at the EGM.

VI. EGM

A notice convening the EGM to be held at Room 4, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 June 2023 at 10:00 a.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 EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The voting in relation to the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder 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 EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder must abstain from voting on the resolution to approve the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder. As Shanghai Wison Marine is an indirect wholly-owned subsidiary of Wison Holding, Wison Holding has a material interest in the EPCIC Stage Topside Engineering Design Contract 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 Latest Practicable Date, shall abstain from voting on the shareholders' resolution approving the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder 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 Tuesday, 27 June 2023 to Friday, 30 June 2023 (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 Monday, 26 June 2023.

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, Wan Chai, 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.

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 EPCIC Stage Topside Engineering Design Contract are fair and reasonable, (ii) whether the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract are on normal commercial terms or better and in the ordinary and usual course of business of the Group, (iii) whether the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract 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 EPCIC Stage Topside Engineering Design Contract.

LETTER FROM THE BOARD

Red Sun 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 EPCIC Stage Topside Engineering Design Contract are fair and reasonable, (ii) whether the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract are on normal commercial terms or better and in the ordinary and usual course of business of the Group, (iii) whether the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract 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 13 to 14 of this circular which contains its recommendation to the Independent Shareholders on the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 15 to 27 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder, 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 EPCIC Stage Topside Engineering Design Contract are on normal commercial terms or better, 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. Accordingly, it recommends that the Independent Shareholders vote in favour of the relevant resolution to approve the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder at the EGM.

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
Wison Engineering Services Co. Ltd.
Zhou Hongliang
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)

9 June 2023

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS MARINE XII OFFSHORE FLNG PROJECT EPCIC STAGE TOPSIDE ENGINEERING DESIGN CONTRACT WITH SHANGHAI WISON MARINE

We refer to the circular of the Company to the Shareholders dated 9 June 2023 (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 EPCIC Stage Topside Engineering Design Contract are fair and reasonable, (ii) whether the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract are on normal commercial terms or better and in the ordinary and usual course of business of the Group, (iii) whether the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract 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 12 of the Circular and the letter from Red Sun, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder as set out on pages 15 to 27 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 EPCIC Stage Topside Engineering Design Contract, we consider the terms of the EPCIC Stage Topside Engineering Design Contract are on normal commercial terms, fair and reasonable, the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder 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 EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder.

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 the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Transaction (as defined below) prepared for the purpose of incorporation in this circular.



红日资本有限公司
RED SUN CAPITAL LIMITED

Room 310, 3/F., China Insurance Group Building,
141 Des Voeux Road Central, Hong Kong

Tel: (852) 2857 9208

Fax: (852) 2857 9100

9 June 2023

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

CONNECTED TRANSACTIONS MARINE XII OFFSHORE FLING PROJECT EPCIC STAGE TOPSIDE ENGINEERING DESIGN CONTRACT WITH SHANGHAI WISON MARINE

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder (the “**Proposed Transaction**”). Details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the shareholders dated 9 June 2023, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the Company’s announcement dated 18 May 2023. On 18 May 2023, Wison Engineering (an indirect wholly-owned subsidiary of the Company) and Shanghai Wison Marine (an indirect wholly-owned subsidiary of Wison Holding, a controlling shareholder of the Company) entered into the EPCIC Stage Topside Engineering Design Contract, pursuant to which Wison Engineering was engaged by Shanghai Wison Marine to carry out the topside engineering design for EPCIC stage of the Project.

As at the Latest Practicable Date, 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. Hence, Wison Holding is a connected person of the Company. As Shanghai Wison Marine is an indirect wholly-owned subsidiary of Wison Holding, Shanghai Wison Marine is also a connected person of the Company. Accordingly, the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is also made to the announcement of the Company dated 16 November 2022, where the Company announced that Wison Engineering and Shanghai Wison Marine entered into the Topside Engineering Design Contract, pursuant to which Wison Engineering was engaged by Shanghai Wison Marine to carry out the topside engineering design of the Marine XII Congo LNG Project. The total contract price payable by Shanghai Wison Marine to Wison Engineering under the Topside Engineering Design Contract is expected to be no more than RMB45,000,000.

The Board considered that as the EPCIC Stage Topside Engineering Design Contract and the Topside Engineering Design Contract are both entered into by Wison Engineering with Shanghai Wison Marine and are of similar nature, the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract should be aggregated with the transactions contemplated under the Topside Engineering Design Contract for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. The aggregate amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract and the Topside Engineering Design Contract is expected not to exceed RMB195,000,000.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregate amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract and the Topside Engineering Design Contract is expected to be above 5%, the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Board consists of six Directors, namely Mr. Zhou Hongliang (Chief Executive Officer) and Mr. Zheng Shifeng as executive Directors, Mr. Liu Hongjun (Chairman) as non-executive Director and Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua as independent non-executive Directors.

The Independent Board Committee comprising all three 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 EPCIC Stage Topside Engineering Design Contract are fair and reasonable; (ii) whether the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions contemplated under the EPCIC Stage Topside Engineering Design Contract 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 have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Proposed Transaction for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, Wison Engineering, Shanghai Wison Marine and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Proposed Transaction.

In the previous two years, we have not acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company for any other transactions.

Apart from the normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice to the Independent Board Committee and the Independent Shareholders, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Group, Wison Holding and their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

V. BACKGROUND INFORMATION OF THE PROPOSED TRANSACTION

In formulating our opinion on the Proposed Transaction, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company. The principal activities of the Group are the provision of chemical engineering, procurement and construction management, or EPC services. The Group provides a broad range of integrated services spanning the project lifecycle 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. Wison Engineering is one of the principal operating subsidiaries of the Company.

Set out below is a summary of the Group's financial information as extracted from the Company's latest published (i) annual report for the year ended 31 December 2022 (the "2022 Annual Report"); and (ii) annual report for the year ended 31 December 2021 (the "2021 Annual Report"):

Summary of the Group's revenue breakdown by segment

	For the year ended 31 December		
	2022	2021	2020
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Revenue	4,658,780	6,279,549	5,296,064
— EPC	4,463,620	6,035,818	5,115,965
— Engineering, consulting and technical services	195,160	243,731	180,099

As disclosed in the 2022 Annual Report, the Group recorded revenue of approximately RMB4,658.8 million and approximately RMB6,279.5 million for the years ended 31 December 2022 and 2021, respectively, representing a decrease of approximately RMB1,620.7 million or 25.8%. The decrease in revenue was mainly attributable to (i) the limited revenue contribution since new projects were awarded to the Group near the end of 2022 for the EPC segment; and (ii) a lower contract amount compared with previous year for the engineering, consulting and technical services

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

segment. As set out above, EPC accounted for approximately 95.8% and approximately 96.1% of the Group's total revenue for the years ended 31 December 2022 and 2021, respectively.

As disclosed in the 2021 Annual Report, the Group recorded revenue of approximately RMB6,279.5 million and approximately RMB5,296.1 million for the years ended 31 December 2021 and 2020, respectively, representing an increase of approximately RMB983.4 million or 18.6%. The increase in revenue was mainly attributable to (i) the large EPC projects awarded in 2019 and 2020, have entered into principal construction phases and increased the revenue contribution for the year ended 31 December 2021 for the EPC segment; and (ii) higher revenue contribution from the engineering and consulting projects for the engineering, consulting and technical services segment.

2. Background information on Shanghai Wison Marine

As set out in the Letter from the Board, Shanghai Wison Marine is an indirect wholly-owned subsidiary of Wison Holding established in the PRC and is a marine engineering contractor and equipment manufacturer specialising in servicing marine oil and natural gas exploration projects.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Reasons for and benefits of entering into the EPCIC Stage Topside Engineering Design Contract

As set out in the Letter from the Board, 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. Wison Engineering is a principal operating subsidiary of the Company.

Shanghai Wison Marine is a marine engineering contractor and equipment manufacturer specialising in servicing marine oil and natural gas exploration projects.

In view of the expertise of Wison Engineering in the provision of the services contemplated under the EPCIC Stage Topside Engineering Design Contract, and that the contract price thereunder is negotiated after arm's length discussions and reflects normal commercial terms, the Company considers it desirable to enter into the EPCIC Stage Topside Engineering Design Contract in its ordinary course of business.

The total contract price payable by Shanghai Wison Marine to Wison Engineering under the EPCIC Stage Topside Engineering Design Contract is currently expected to be no more than RMB120,000,000. Furthermore, the Company will be entitled to certain incentive payments, which is expected to be no more than RMB1,500,000. The Company

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

expected that any possible upward adjustment in the total amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract will not result in the final total amount receivable exceeding RMB150,000,000.

Having considered that (i) the strategy as set out in the 2022 Annual Report, namely, the Company will continue to engage in the field of energy and chemical engineering, taking root in existing markets and actively exploring new markets; at the same time, it will accelerate the deployment of new energy and new materials to be pioneer in seizing market opportunities in such field; (ii) the engineering, consulting and technical service segment is one of the two business segments of the Group, being the smaller of the two business segments in terms of revenue, but one that recorded a better segment results for the year ended 31 December 2022. Thus, the provision of the services pursuant to the EPCIC Stage Topside Engineering Design Contract is a furtherance and continuance of the Group's principal businesses, namely the provision of engineering, consulting and technical services; and (iii) based on information available to and considered by the Management at the material time, including, among others, the estimated costs to perform the relevant services, the Management is of the view that the terms of the EPCIC Stage Topside Engineering Design Contract are on normal commercial terms, we concur with the Management that the entering into of the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder adheres to the business strategy of the Group and would further broaden the income base of the Group, and is considered to be in the interests of the Company and its Shareholders as a whole.

2. Principal terms of the EPCIC Stage Topside Engineering Design Contract

The following information has been extracted from the Letter from the Board and summarised below:

Date	:	18 May 2023
Parties	:	(1) Shanghai Wison Marine; and (2) Wison Engineering
Subject matter	:	Pursuant to the EPCIC Stage Topside Engineering Design Contract, Wison Engineering was engaged by Shanghai Wison Marine to carry out the topside engineering design for EPCIC stage of the Project.

It is expected that the final handover date of the entire work under the EPCIC Stage Topside Engineering Design Contract by Wison Engineering to Shanghai Wison Marine shall be no later than 30 June 2026, which date may be postponed in accordance with mutual agreement between the parties if there are any changes to the scope of work under the EPCIC Stage Topside Engineering Design Contract.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consideration and payment : The EPCIC Stage Topside Engineering Design Contract shall become effective upon the approval by the Independent Shareholders being obtained.

The total contract price payable by Shanghai Wison Marine to Wison Engineering under the EPCIC Stage Topside Engineering Design Contract is currently expected to be no more than RMB120,000,000, which represents the costs expected to be incurred by Wison Engineering (including but not limited to salaries and overtime pay of its personnel, domestic travel expenses, statutory benefits, insurance expenses, transportation and accommodation costs, management fee, profits and various taxes). The parties may negotiate for an adjustment to the fees if there are any material changes to the scope and/or specification of the engineering design.

The total contract price shall be payable in accordance with the following schedule:

- a) 15% of the contract price (i.e. RMB18,000,000) shall be paid upon the EPCIC Stage Topside Engineering Design Contract becoming effective;
- b) an additional 10% of the contract price (i.e. RMB12,000,000) shall be paid upon examination of 30% completed Project 3D Model;
- c) an additional 10% of the contract price (i.e. RMB12,000,000) shall be paid upon examination of 60% completed Project 3D Model;
- d) an additional 35% of the contract price (i.e. RMB42,000,000) shall be paid upon examination of 90% completed Project 3D Model;
- e) an additional 20% of the contract price (i.e. RMB24,000,000) shall be paid upon completion of the detailed design of the project;
- f) an additional 5% of the contract price (i.e. RMB6,000,000) shall be paid upon completion of the as-build drawings; and
- g) the remaining 5% of the contract price (i.e. RMB6,000,000) shall be paid upon completion of the performance test and final handover.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Apart from the above payments which comprised the total contract price, pursuant to the EPCIC Stage Topside Engineering Design Contract, Wison Engineering will also be entitled to certain incentive payments from Shanghai Wison Marine for efficient delivery of works. It is expected that the total amount of such incentive payments will be no more than RMB1,500,000. Therefore, the total amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract is expected to be RMB121,500,000.

Shanghai Wison Marine shall settle the payment within 35 days after receiving the invoice issued by Wison Engineering.

The final total amount payable to Wison Engineering by Shanghai Wison Marine under the EPCIC Stage Topside Engineering Design Contract depends on (a) the actual costs to be incurred by Wison Engineering, which might varied if there are any material changes to the scope and/or specification of the engineering design, and (b) the total incentive payments to which Wison Engineering is entitled. The Company expected that any possible upward adjustment in the total amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract will not result in the final total amount receivable exceeding RMB150,000,000.

Further details of the principal terms of the EPCIC Stage Topside Engineering Design Contract are set out in the Letter from the Board.

3. Analysis on the principal terms of the EPCIC Stage Topside Engineering Design Contract

Analysis and work performed on cost estimations

The contract price under the EPCIC Stage Topside Engineering Design Contract was determined by the Group, after arm's length negotiation, with reference to the costs expected to be incurred by Wison Engineering and a reasonable profit margin estimated by the Management.

Pursuant to the EPCIC Stage Topside Engineering Design Contract, Wison Engineering was engaged by Shanghai Wison Marine to carry out the topside engineering design for EPCIC stage of the Project. We understand from the Management that the costs expected to be incurred in connection with the provision

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of topside engineering design services are primarily time and relevant costs, such as subsidies, travel expenses, transportation expenses, attributable to the personnel assigned to undertake the design work for the Project and subcontracting costs.

In this connection, we have obtained a schedule from the Management (the “**Project Costs Schedule**”), which sets out the expected number of personnel and respective man hours of the different personnel at various grades expected to be involved in the Project team, as well as an estimate on the Project associated domestic travel expenses, statutory benefits, insurance expenses, transportation and accommodation costs, management fee and estimated taxes.

Based on the Project Costs Schedule, we noted that over 75% of the estimated costs were the staff costs of the aforesaid personnel. We further understand from the Management that the composition of the personnel expected to be involved in the Project team was determined by (i) request of a particular number and positions by the project owner; (ii) the personnel with the required skill sets to complete the relevant work based on the Group’s experience from other projects; and (iii) preliminary meetings and discussions between Shanghai Wison Marine and Wison Engineering.

Given the above, we have requested and obtained supporting documents for the monthly salary for six personnel from the Project Costs Schedule with various functionalities and grades/positions with a view to ensure the Project staff cost estimates as set out in the Project Costs Schedule were determined with a reasonable basis. Furthermore, we have also requested and obtained supporting documents for the estimation of subcontracting costs from the Management, namely, the Project Costs Schedule and a breakdown of the estimated subcontracting costs based on (i) estimated number of subcontracting personnel required; (ii) estimated number of man hours and days; and (iii) the average hourly costs with reference to the subcontracting framework agreements entered into by the Company and the subcontractors. In this connection, we have obtained and reviewed the subcontracting framework agreements with a view to evaluate the reasonableness of the basis of determining the subcontracting costs.

Analysis and work performed on estimated profit margin of the Project

As set out in the Letter from the Board, the Group has taken into account, among others, the Estimated Price, nature, complexity and requirements of the project, the rates for the relevant services from previous projects and the relevant payments receivable by the Group in other third party projects when estimating the contract price.

In assessing the fairness and reasonableness of the total contract price, in addition to our work performed on the Project cost estimations as set out under the preceding sub-section headed “Analysis and work performed on cost estimations” in this letter above, we have also evaluated the estimated profit margin to be derived by the Group from the Project.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the information as set out in the Project Costs Schedule, we have re-calculated the estimated profit margin of the Project provided by the Management. We understand from the Management that a number of factors have been taken into consideration when determining the Project profit margin (the “**Project Profit Margin**”), including, among others, the scope and the complexity of the design services under the EPCIC Stage Topside Engineering Design Contract, the estimated length of the Project, the associated personnel and related costs and other third party projects, where applicable.

In this connection, we have compared the estimated Project Profit Margin of the Project against other similar projects for engineering, consulting and technical services undertaken by the Group for independent third parties selected based on the following criteria, namely (i) the nature and work scope of the contracts falls within the Group’s engineering, consulting and technical services segment; and (ii) the required personnel of the projects are similar to that of the personnel expected to be assigned to the Project team; and (iii) the subject engineering design contract of the project was entered into by the Group recently, i.e. in or after 2021 (together the “**Criteria**”). However, given the specialised nature of the EPCIC Stage Topside Engineering Design Contract, the Group was only able to identify three comparable projects (the “**Comparable Projects**”) based on the Criteria that is considered to be of a comparable nature.

For our analysis, we have obtained and reviewed the services contracts for the Comparable Projects, which the Group entered into with independent third parties as well as the corresponding project budget documents. These project budget documents set out the Group’s internal budget control based on cross-departmental input regarding the estimated contract price, costs and expenses. For each of the Comparable Projects, a gross profit and gross profit margin is calculated.

Based on information obtained, the profit margin of the Comparable Projects ranged from not less than 35% to not more than 60%, while the gross profit margin of the Group’s engineering, consulting and technical services segment ranged from approximately 24.6% (for the year ended 31 December 2022) to approximately 36.5% (for the year ended 31 December 2021) for the years ended 31 December 2021 and 2022. The Project Profit Margin is within the range of the aforesaid profit margin of the Comparable Projects and higher than the aforementioned range of gross profit margin of the Group’s engineering, consulting and technical services segment.

Although it is noted that the work scope, complexities, deliverables and/or project scale may vary from contract to contract, thus no contracts are entirely identical. Nonetheless, given the nature of the engineering, consulting and technical services under such segment and the Criteria applied to select the Comparable Projects, we considered that our analysis on the profit margin comparison above is one of the useful references to assess the fairness and reasonableness of the EPCIC Stage Topside Engineering Design Contract.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our analysis and work performed, we are of the view that the Project Profit Margin is reasonable.

Analysis and work performed on payment terms

Pursuant to the EPCIC Stage Topside Engineering Design Contract, the payment of the contract is on a progress payment basis over seven instalments subject to the attainment of the stated milestones, several milestones of which are related to the completion percentage of the Project 3D Model, the attainment of which are determined based on relevant guidelines, checklists and required documents.

In connection with work performed to assess the settlement using the progress payment method, we have reviewed the payment terms of the three Comparable Projects, and noted that under the EPCIC Stage Topside Engineering Design Contract and the contracts of the Comparable Projects, the settlement terms of each of these contracts also adapted the progress payment method.

Based on our analysis and work performed, we are of the view that the payment terms being on a progress payment basis is reasonable.

Analysis on incentive payment terms

As set out in the Letter from the Board, under the EPCIC Stage Topside Engineering Design Contract, incentive payments may be receivable by Wison Engineering as a result of efficient delivery of works. The total amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract is estimated based on the total contract price and the estimated incentive payments. The total contract price payable by Shanghai Wison Marine to Wison Engineering under the EPCIC Stage Topside Engineering Design Contract is currently expected to be no more than RMB120,000,000. It is expected that the total amount of such incentive payments will be no more than RMB1,500,000. Therefore, the total amount receivable by Wison Engineering under the EPCIC Stage Topside Engineering Design Contract could reach RMB121,500,000.

We understand from the Management that when calculating the Project Profit Margin, no incentive payments were included. As the Project Profit Margin is considered to be reasonable based on our analysis set out under sub-section headed “Analysis and work performed on estimated profit margin of the Project” above and that the Management considered that the attainment of the incentive payment(s) would not material adversely affect the Project Profit Margin and, barring unforeseen circumstances, should improve the Project Profit Margin. We consider the inclusion of the incentive payment terms to be reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Internal approval procedures

With a view to safeguard the interests of the Company and its Shareholders as a whole, the Group has also adopted the following procedures for conducting the Proposed Transaction. The relevant business units and departments of the Group have and will continue to monitor and review the prices/rates and terms in respect of the Proposed Transaction in order to ensure that the Proposed Transaction is conducted on normal commercial terms. As discussed with the Management, each of the responsible departments and personnel including administrative department, design department and the project manager provided their input to a preliminary budget on the relevant costs with breakdown, required number of personnel and preliminary composition of the required personnel. Relevant documents have been presented in an internal meeting for approval and documented by the meeting minutes. The execution of the subject contract was after obtaining the relevant approval. In this connection, we have obtained and reviewed the minutes of the internal meeting for the EPCIC Stage Topside Engineering Design Contract and the Comparable Projects. We noted that the relevant approval procedures for the EPCIC Stage Topside Engineering Design Contract are in line with the three Comparable Projects.

Summary of our analysis

Having considered that (i) the work scope and services under the EPCIC Stage Topside Engineering Design Contract falls within the principal business activities of the Group; (ii) the terms of the EPCIC Stage Topside Engineering Design Contract, including the Project Profit Margin and the payment terms, are in line with terms of the Comparable Projects entered into by the Company with independent third parties; and (iii) we have discussed and confirmed with the Management that the approval process of the EPCIC Stage Topside Engineering Design Contract is in line with the approval process for other design contracts entered into by the Company with independent third parties, we are of the view that entering into of the EPCIC Stage Topside Engineering Design Contract is on normal and commercial terms, in the ordinary and usual course of business of the Group, and that the terms of the EPCIC Stage Topside Engineering Design Contract are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

VII. RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

- (i) the provision of the services pursuant to the EPCIC Stage Topside Engineering Design Contract is a furtherance and continuance of the Group's businesses and therefore in the ordinary and usual course of business of the Group;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the entering into of the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder will enable the Group to broaden its revenue base and is in the interests of the Company and the Shareholders as a whole; and
- (iii) based on our analysis and work performed as set out under section headed “3. Analysis on the principal terms of the EPCIC Stage Topside Engineering Design Contract”, the terms of the EPCIC Stage Topside Engineering Design Contract are fair and reasonable so far as the Independent Shareholders are concerned.

We are of the opinion that the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to approve the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a licensed person registered with the Securities and Futures Commission and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO 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	Company/Name of Group Company	Capacity/Nature of Interest	Number of Shares/ Underlying Shares ⁽¹⁾	Approximate % of shareholding ⁽²⁾
Zhou Hongliang	Company	Beneficial owner	3,250,000 (L)	0.08%
Zheng Shifeng	Company	Beneficial owner	2,250,000 (L)	0.06%
Liu Hongjun	Company	Beneficial owner	1,000,000 (L)	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) As at the Latest Practicable Date, the Company had 4,073,767,800 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

Mr. Liu Hongjun, a non-executive Director, is a director and president of Wison Holding. 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 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 2022, 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 which are contained in this circular:

Name	Qualification
Red Sun Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Red Sun did not have any shareholding, directly and indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Red Sun is not interested in any assets which have been, since 31 December 2022 (being the date to which the Company's latest audited financial statements were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Red Sun 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.

7. MATERIAL ADVERSE CHANGE

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 2022, 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 ON DISPLAY

The following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.wison-engineering.com) for display for a period of not less than 14 days before the date of the EGM:

- (a) a copy of the EPCIC Stage Topside Engineering Design Contract;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 13 to 14 of this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 27 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.



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 Friday, 30 June 2023 at 10:00 a.m. at Room 4, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong to consider and, if thought fit, to pass (with or without amendments) the following as ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the EPCIC Stage Topside Engineering Design Contract (as defined in the circular of the Company dated 9 June 2023 (the “**Circular**”), a copy of the Circular marked “A” together with a copy of the EPCIC Stage Topside Engineering Design Contract marked “B” being tabled before the meeting and initialed by the chairman of the meeting for identification purpose), and the transactions contemplated thereunder be and are hereby approved and confirmed; 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 EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder.”

By Order of the Board

Zhou Hongliang

Executive Director and Chief Executive Officer

Hong Kong, 9 June 2023

NOTICE OF EGM

Notes:

- (1) All resolution(s) at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or if he is the holder of two or more shares, more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
- (3) In order to be valid, the form of proxy and any power of attorney or other authority, if any, under which it is signed, or a certified copy thereof, must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited ("Computershare"), at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 10:00 a.m. on Wednesday, 28 June 2023 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) Where there are joint holders of any shares, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 27 June 2023 to Friday, 30 June 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 June 2023.
- (6) Reference to time and dates in this notice are to Hong Kong time and dates.