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WISON ENGINEERING SERVICES CO. LTD.

惠生工程技術服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2236)

CONNECTED TRANSACTION

PROCESSING AND ASSEMBLING CONTRACT WITH WISON NANTONG

The Board announces that on May 11, 2017, Wison Engineering and Wison Nantong entered into the Processing and Assembling Contract, pursuant to which Wison Engineering engaged Wison Nantong to process and assemble the Piping Pre-Fabrication Parts in the PRC for a project of the Group at the contract price of RMB13,500,000.

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

Since at least one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the one-off transaction contemplated under the Processing and Assembling Contract is above 0.1% but below 5%, the transaction contemplated thereunder is only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules.

The Board announces that on May 11, 2017, Wison Engineering and Wison Nantong entered into the Processing and Assembling Contract, pursuant to which Wison Engineering engaged Wison Nantong to process and assemble the Piping Pre-Fabrication Parts in the PRC for a project of the Group at a total contract price of RMB13,500,000. Under the Processing and Assembling Contract, Wison Engineering shall provide piping and fittings to Wison Nantong as materials and components for it to process and assemble the Piping Pre-Fabrication Parts. Wison Nantong shall be responsible for other processing materials such as paint.

The total contract price under the Processing and Assembling Contract was determined with reference to the scope of work including pre-fabrication, shop design, painting material supply and packing, as well as market rates of similar services, and is exclusive of value-added tax on the presumption that exemption from value-added tax could be applied for and approved. In the case where value-added tax is adjudged to be payable thereon for any reason in the future, Wison Engineering and Wison Nantong shall reach further agreement on matters regarding the contract price and value-added tax. Moreover, the contract price shall be adjusted if the eventual quantity of the Piping Pre-Fabrication Parts to be processed and assembled by Wison Nantong deviates by more than 2% from the initial agreed quantity. The Board does not envisage the adjustment to the contract price to increase any of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules to 5% or above.

The contract price of RMB13,500,000 shall be payable by Wison Engineering to Wison Nantong in cash as follows:

- (i) 30% of the total contract price (i.e. RMB4,050,000) within 15 days upon receipt of a letter from Wison Offshore & Marine Limited guaranteeing the performance of the Processing and Assembling Contract by Wison Nantong, as advance payment prior to the commencement of the work contemplated under the Processing and Assembling Contract;
- (ii) 20% of the total contract price (i.e. RMB2,700,000) within 30 days upon receipt of certificate from Wison Nantong proving the completion of 50% of the total quantity of Piping Pre-Fabrication Parts to be delivered under the Processing and Assembling Contract by Wison Nantong;
- (iii) 20% of the total contract price (i.e. RMB2,700,000) within 30 days upon receipt of certificate from Wison Nantong proving the completion of the remaining 50% of the total quantity of Piping Pre-Fabrication Parts to be delivered under the Processing and Assembling Contract by Wison Nantong;
- (iv) 25% of the total contract price (i.e. RMB3,375,000) within 30 days upon delivery of the processed and assembled Piping Pre-Fabrication Parts in accordance with the Processing and Assembling Contract; and
- (v) the remaining 5% of the total contract price (i.e. RM675,000) is to be retained and released one year after the delivery of the processed and assembled Piping Pre-Fabrication Parts in accordance with the Processing and Assembling Contract.

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

The work contemplated under the Processing and Assembling Contract shall commence upon receipt of a formal notice by Wison Nantong from Wison Engineering, and shall be completed within four months.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

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

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

GENERAL INFORMATION

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

LISTING RULES IMPLICATIONS

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Since at least one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the one-off transaction contemplated under the Processing and Assembling Contract is above 0.1% but below 5%, the transaction contemplated thereunder is only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Wisong Engineering Services Co. Ltd. (惠生工程技術服務有限公司), an exempted company with limited liability incorporated in the Cayman Islands whose issued shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Piping Pre-Fabrication Parts”	processing piping pre-fabrication parts of model codes “DA-1” and “DA-2” to be processed and assembled by Wisong Nantong pursuant to the Processing and Assembling Contract
“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
“Processing and Assembling Contract”	the contract dated May 11, 2017 entered into between Wisong Engineering and Wisong Nantong for the processing and assembling of the Piping Pre-Fabrication Parts in the PRC for a project of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wisong Engineering”	Wisong Engineering Ltd. (惠生工程 (中國) 有限公司), a company established in the PRC with limited liability, and an indirect non wholly-owned subsidiary of the Company
“Wisong Holding”	Wisong 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
“Wisong Nantong”	Wisong (Nantong) Heavy Industry Co., Ltd. (惠生 (南通) 重工有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of Wisong Holding

“%”

per cent.

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

Hong Kong, May 11, 2017

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