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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
THE PIPERACK MODULE FABRICATION CONTRACT
WITH WISON NANTONG**

THE PIPERACK MODULE FABRICATION CONTRACT

The Board announces that on August 22, 2017, Wison Petrochemicals and Wison Nantong entered into the Piperack Module Fabrication Contract, pursuant to which Wison Petrochemicals engaged Wison Nantong to supply Piperack Modules for the FPC LDPE Project at the contract price of US\$7,375,772.

LISTING RULES IMPLICATIONS

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

Reference is made to the announcements of the Company dated May 11, 2017 and June 13, 2017 in respect of the Processing and Assembling Contract and the Prefabrication and Supply Contract. Given that the Piperack Module Fabrication Contract, the Prefabrication and Supply Contract and the Processing and Assembling Contract were entered into within a 12-month period between subsidiaries of the Company on one hand and Wison Nantong on the other hand, the Piperack Module Fabrication Contract, the Prefabrication and Supply Contract and the Processing and Assembling Contract shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the one-off transactions contemplated under the Piperack Module Fabrication Contract, the Prefabrication and Supply Contract and the Processing and Assembling Contract, on an aggregate basis, is above 5% but below 25%, the transaction contemplated under the Piperack Module Fabrication Contract, is subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in the Listing Rules.

The EGM will be convened by the Company during which an ordinary resolution will be proposed to the Independent Shareholders to approve the Piperack Module Fabrication Contract and the transaction contemplated thereunder. Wison Engineering Investment Limited, being a wholly-owned subsidiary of Wison Holding and directly interested in approximately 78.12% 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 the Piperack Module Fabrication Contract and the transaction 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 as to (i) whether the terms of the Piperack Module Fabrication Contract are fair and reasonable, (ii) whether the transaction contemplated under the Piperack Module Fabrication Contract is conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the transaction contemplated under the Piperack Module Fabrication Contract is 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 Piperack Module Fabrication Contract.

The Independent Financial Adviser will be appointed after approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Piperack Module Fabrication Contract are fair and reasonable, (ii) whether the transaction contemplated under the Piperack Module Fabrication Contract is conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the transaction contemplated under the Piperack Module Fabrication Contract is 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. An announcement will be made as soon as the appointment of the Independent Financial Adviser is made by the Company.

Despatch of the Circular

A circular containing, among other things, (i) further information on the terms of the Piperack Module Fabrication Contract, (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Piperack Module Fabrication Contract and the transaction 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 Piperack Module Fabrication Contract and the transaction contemplated thereunder, and (iv) a notice to convene the EGM, is expected to be despatched by the Company to the shareholders on or before 12 September 2017.

If the Independent Shareholders' approval for the Piperack Module Fabrication Contract is not obtained at the EGM, the transaction contemplated under the Piperack Module Fabrication Contract 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.

The Board announces that on August 22, 2017, Wison Petrochemicals and Wison Nantong entered into the Piperack Module Fabrication Contract, pursuant to which Wison Petrochemicals engaged Wison Nantong to supply Piperack Modules for the FPC LDPE Project for a third-party project in the United States at the contract price of US\$7,375,772. Pursuant to the Piperack Module Fabrication Contract, Wison Nantong shall be responsible for the shop drawings, supply of materials, fabrication, shop assembly, inspection and tests, guarantee, painting and packing of the Piperack Modules.

The total contract price under the Piperack Module Fabrication Contract of US\$7,375,772 was determined with reference to the scope of work, the direct and indirect costs and expenses to be incurred, as well as market rates of similar services, and is inclusive of tax. The contract price and the date of delivery may be adjusted in accordance with the eventual specification, drawings and quantities of the Piperack Modules which shall then be mutually agreed between Wison Petrochemicals and Wison Nantong in writing to reflect the effect of such change.

The contract price of US\$7,375,772 shall be payable by Wison Petrochemicals to Wison Nantong by telegraphic transfer as follows:

- i. 30% of the total contract price (i.e. US\$2,212,731.6) upon receipt of a letter from Wison Offshore & Marine Limited guaranteeing the performance of the Piperack Module Fabrication Contract by Wison Petrochemicals to be issued within 30 days upon the Piperack Module Fabrication Contract becoming effective;
- ii. 65% of the total contract price (i.e. US\$4,794,251.8) within 30 days upon the date of delivery of the Piperack Modules by Wison Nantong and receipt of requisite invoices, inspection reports and packing list in such form satisfactory to Wison Petrochemicals; and

- iii. the remaining 5% of the total contract price (i.e. US\$368,788.6) is to be retained and released within 30 days upon a quality warranty period of one year after the delivery of the Piperack Modules.

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

The Piperack Module Fabrication Contract shall become effective upon the approval by the Independent Shareholders being obtained.

The Piperack Modules shall be delivered by Wison Nantong on or before February 10, 2018, thereby completing the work contemplated under the Piperack Module Fabrication Contract.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

The Directors (other than the independent non-executive Directors who will be advised by the Independent Financial Adviser and Mr. Cui Ying who has abstained from voting) are of the view that the Piperack Module Fabrication Contract was entered into after arm's length negotiation between Wison Petrochemicals 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 Petrochemicals is an operating subsidiary of the Company for its operations in North America.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.12% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As Wison Nantong is an indirect wholly-owned subsidiary of Wison Holding, Wison Nantong is also a

connected person of the Company. Accordingly, the transaction contemplated under the Piperack Module Fabrication Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated May 11, 2017 and June 13, 2017 in respect of the Processing and Assembling Contract and the Prefabrication and Supply Contract. Given that the Piperack Module Fabrication Contract, the Prefabrication and Supply Contract and the Processing and Assembling Contract were entered into within a 12-month period between subsidiaries of the Company on one hand and Wison Nantong on the other hand, the Piperack Module Fabrication Contract, the Prefabrication and Supply Contract and the Processing and Assembling Contract shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the one-off transactions contemplated under the Piperack Module Fabrication Contract, the Prefabrication and Supply Contract and the Processing and Assembling Contract, on an aggregate basis, is above 5% but below 25%, the transaction contemplated under the Piperack Module Fabrication Contract, is subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in the Listing Rules.

The EGM will be convened by the Company during which an ordinary resolution will be proposed to the Independent Shareholders to approve the Piperack Module Fabrication Contract and the transaction contemplated thereunder. As Wison Nantong is an indirect wholly-owned subsidiary of Wison Holding, Wison Holding has a material interest in the Piperack Module Fabrication Contract and the transaction contemplated thereunder. Wison Engineering Investment Limited, being a wholly-owned subsidiary of Wison Holding and directly interested in approximately 78.12% 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 the Piperack Module Fabrication Contract and the transaction 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 as to (i) whether the terms of the Piperack Module Fabrication Contract are fair and reasonable, (ii) whether the transaction contemplated under the Piperack Module Fabrication Contract is conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the transaction contemplated under the Piperack Module Fabrication Contract is 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 Piperack Module Fabrication Contract.

The Independent Financial Adviser will be appointed after approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Piperack Module Fabrication Contract are fair and reasonable, (ii) whether the transaction contemplated under the Piperack Module

Fabrication Contract is conducted on normal commercial terms or better and in the ordinary and usual course of business of the Company, (iii) whether the transaction contemplated under the Piperack Module Fabrication Contract is 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. An announcement will be made as soon as the appointment of the Independent Financial Adviser is made by the Company.

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If the Independent Shareholders' approval for the Piperack Module Fabrication Contract is not obtained at the EGM, the transaction contemplated under the Piperack Module Fabrication Contract 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:

“Board”	the board of Directors of the Company
“Company”	Wison Engineering Services Co. Ltd. (惠生工程技術服務有限公司), an exempted company with limited liability incorporated in the Cayman Islands whose issued shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to seek the approval of the Independent Shareholders in respect of the Piperack Module Fabrication Contract and the transaction contemplated thereunder
“FPC LDPE Project”	a project located in the United States whereby the Group is engaged by a third party to supply certain Piperack Modules
“Group”	the Company and its subsidiaries

“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors
“Independent Financial Adviser”	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 Piperack Module Fabrication Contract and the transaction contemplated thereunder
“Independent Shareholders”	all shareholders of the Company other than those with a material interest in the Piperack Module Fabrication Contract and the transaction contemplated thereunder. 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
“Piperack Module Fabrication Contract”	the Piperack Module Fabrication Contract dated August 22, 2017 entered into between Wison Petrochemicals and Wison Nantong for the Piperack Modules for a third-party project in the United States
“Piperack Modules”	pipe rack structures, piping works and pipe supports to be supplied by Wison Nantong pursuant to the Piperack Module Fabrication Contract and in accordance with the specification and drawings thereunder
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Prefabrication and Supply Contract”	the prefabrication and supply contract dated June 13, 2017 entered into between Wison Engineering and Wison Nantong pursuant to which Wison Engineering engaged Wison Nantong to design the structure, procure paint materials, prefabricate and assemble certain chemical equipment modules, transaction contemplated thereunder shall be aggregated with the Piperack Module Fabrication Contract pursuant to Rule 14A.81 of the Listing Rules
“Processing and Assembling Contract”	the processing and assembling contract dated May 11, 2017 entered into between Wison Engineering and Wison Nantong pursuant to which Wison Engineering engaged Wison Nantong to process and assemble certain piping pre-fabrication parts, transaction contemplated thereunder shall be aggregated with the Prefabrication and Supply Contract pursuant to Rule 14A.81 of the Listing Rules

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“Wison Engineering”	Wison Engineering Ltd. (惠生工程(中國)有限公司), a company established in the PRC with limited liability, and an indirect non wholly-owned subsidiary of the Company
“Wison Holding”	Wison Group Holding Limited (惠生控股(集團)有限公司), a company incorporated in the British Virgin Islands with limited liability, and a controlling shareholder of the Company
“Wison Nantong”	Wison (Nantong) Heavy Industry Co., Ltd. (惠生(南通)重工有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of Wison Holding
“Wison Petrochemicals”	Wison Petrochemicals (NA), LLC, a company established in Texas, the United States with limited liability, and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, August 22, 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.