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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**

EPCIC STAGE TOPSIDE ENGINEERING DESIGN CONTRACT

The Board announces that 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.

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.

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). Besides, 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.

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.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.82% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As 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.

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 date of this announcement, shall abstain from voting on the shareholders' resolution approving the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder at the EGM.

GENERAL

Independent Board Committee and Independent Financial Adviser

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

The Independent Financial Adviser has been appointed as approved by the Independent Board Committee to advise the Independent Board Committee and 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.

Dispatch of the Circular

A circular containing, 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, is expected to be dispatched by the Company to its shareholders on or before 9 June 2023.

If the Independent Shareholders' approval for the EPCIC Stage Topside Engineering Design Contract is not obtained at the EGM, the transactions contemplated under the EPCIC Stage Topside Engineering Design 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 18 May 2023, Wison Engineering 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.

EPCIC STAGE TOPSIDE ENGINEERING DESIGN CONTRACT

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.

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 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. The Group has estimated a benchmark price accordingly 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 market prices of the relevant

labour costs at the time of negotiating the EPCIC Stage Topside Engineering Design Contract with Shanghai Wison Marine. 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.

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.

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.

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 (other than the independent non-executive Directors who will be advised by the Independent Financial Adviser and 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.

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.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.82% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As 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.

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 date of this announcement, shall abstain from voting on the shareholders' resolution approving the EPCIC Stage Topside Engineering Design Contract and the transactions contemplated thereunder at the EGM.

GENERAL

Independent Board Committee and Independent Financial Adviser

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

The Independent Financial Adviser has been appointed as approved by the Independent Board Committee to advise the Independent Board Committee and 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.

Dispatch of the Circular

A circular containing, 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, is expected to be dispatched by the Company to its shareholders on or before 9 June 2023.

If the Independent Shareholders' approval for the EPCIC Stage Topside Engineering Design Contract is not obtained at the EGM, the transactions contemplated under the EPCIC Stage Topside Engineering Design 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 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 top 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
“Independent Financial Adviser”	Red Sun Capital Limited, the independent financial adviser appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of 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 Securities and Futures Ordinance
“Independent Shareholders”	all shareholders of the Company 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

“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 announcement 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 virtualised model created by software simulation, which is commonly adopted for engineering design projects
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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.

By order of the Board
Wison Engineering Services Co. Ltd.
Zhou Hongliang
Executive Director and Chief Executive Officer

Hong Kong, 18 May 2023

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