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WISON

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 IN RELATION TO
THE PIPERACK MODULE FABRICATION CONTRACT
WITH WISON NANTONG**

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



云锋金融

REORIENT Financial Markets Limited

(A member of Yunfeng Financial Group)

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 24 of this circular.

A notice convening the EGM of the Company to be held at Room 1, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on September 29, 2017 at 3:00 p.m. is set out on pages 29 to 30 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).

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, Wanchai, 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.

12 September 2017

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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 1, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on September 29, 2017 at 3:00 p.m. 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, among other things, supply certain Piperack Modules
“FPC LDPE Project Contract”	the contract dated April 11, 2017 entered into between Wison Petrochemicals and a third party which is independent of the Company and its connected persons in relation to the FPC LDPE 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” or “Reorient”	Reorient Financial Markets 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 Piperack Module Fabrication Contract and the transaction contemplated thereunder. Reorient Financial Markets Limited is a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

DEFINITIONS

“Independent Shareholders”	all Shareholders 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
“Latest Practicable Date”	September 8, 2017, 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
“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 specifications 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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time

DEFINITIONS

“Shareholder(s)”	holders of the ordinary shares in the capital of the Company with a nominal value of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Wisom Engineering”	Wisom 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
“Wisom Holding”	Wisom 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
“Wisom Nantong”	Wisom (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 Wisom Holding
“Wisom Petrochemicals”	Wisom 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.

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. Liu Haijun
Mr. Zhou Hongliang
Mr. Li Zhiyong (*Chief Financial Officer*)
Mr. Dong Hua

Registered Office:

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Non-executive Director:

Mr. Cui Ying

*Principal place of business
in Hong Kong:*

Independent non-executive Directors:

Mr. Lawrence Lee
Mr. Tang Shisheng
Mr. Feng Guohua

Room 24A
24th Floor
Tai Yau Building
181 Johnston Road
Wan Chai
Hong Kong

September 12, 2017

To the Shareholder(s)

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE PIPERACK MODULE FABRICATION CONTRACT
WITH WISON NANTONG**

I. INTRODUCTION

Reference is made to the announcement of the Company dated August 22, 2017 in relation to the Piperack Module Fabrication Contract and the transaction contemplated thereunder and the announcement of the Company dated August 29, 2017 in relation to the appointment of the Independent Financial Adviser. Reference is also 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.

LETTER FROM THE BOARD

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 certain Piperack Modules for the FPC LDPE Project at the contract price of US\$7,375,772.

The Piperack Module Fabrication Contract and the transaction contemplated thereunder is 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 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) the notice of the EGM.

II. PRINCIPAL TERMS OF THE PIPERACK MODULE FABRICATION CONTRACT

The principal terms of the Piperack Module Fabrication Contract are summarized below.

Date

August 22, 2017

Parties

- (1) Purchaser: Wison Petrochemicals
- (2) Supplier: Wison Nantong

Subject matter

Wison Petrochemicals engaged Wison Nantong to supply certain Piperack Modules for the FPC LDPE Project, a third-party project in the United States. 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.

Consideration and basis of the consideration

The total contract price payable by Wison Petrochemicals under the Piperack Module Fabrication Contract is US\$7,375,772, which was determined with reference to the scope of work, the direct and indirect costs and expenses to be incurred, as well as market rates for the services contemplated under the Piperack Module Fabrication Contract, and is inclusive of tax.

Based on the scope of work under the Piperack Module Fabrication Contract, the Group has ascertained the quantities of materials and manpower required for the performance of the contract and hence the direct and indirect costs and expenses to be

LETTER FROM THE BOARD

incurred for the contract. The direct costs include material and construction costs for piping (such as pipe support, painting, insulation etc.), structural steel (such as module steel, stick built steel and fireproofing for steel, etc.) and electrical materials (such as cable tray bonding jumper, hot-dip galvanized channel, etc.). The indirect costs include the indirect manpower (including engineers and management staff, etc.), office supplies and overhead costs. Before the commencement of the procurement process, the Company has estimated a benchmark price as an internal reference information for the Piperack Module Fabrication Contract (the “**Estimated Cost**”) based on the scope of work under the Piperack Module Fabrication Contract and with reference to, among others, the market prices of the relevant costs at the time of tendering the FPC LDPE Project by the Group, the Group’s recent purchase prices of the relevant materials, and the construction costs incurred for other projects in the PRC. When evaluating the quotations of the potential suppliers for the Piperack Module Fabrication Contract, the Group has taken into account the Estimated Cost as one of the evaluation criteria.

Wison Petrochemicals has the right by written direction to make changes in the specification and drawings for the goods and services to be provided by Wison Nantong under the Piperack Module Fabrication Contract where there are any changes to its scope of work under the FPC LDPE Project. If Wison Nantong believes that such change may affect the contract price (whether upward or downward), Wison Nantong shall notify Wison Petrochemicals within five working days after receipt of such written direction. Wison Petrochemicals and Wison Nantong shall, if they see fit, agree on the adjustments in the contract price with reference to the eventual scope of work, the changes in the direct and indirect costs and expenses to be incurred, the unit rate in the contract and the market rates for the services contemplated under the Piperack Module Fabrication Contract, and any amendments to the payment schedule of the contract price. The Company expected that any possible upward adjustment in the contract price of the Piperack Module Fabrication Contract will not result in the final contract price exceeding US\$10,000,000. 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 Piperack Module Fabrication Contract will result in the final contract price exceeding US\$10,000,000.

Payment of the Consideration

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

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- 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.

Delivery and Completion

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. The date of delivery may also 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.

III. REASONS AND BENEFITS FOR THE TRANSACTION

On April 11, 2017, Wison Petrochemicals was awarded the FPC LDPE Project Contract from a client in the United States which is a third party independent of the Company and its connected persons. Pursuant to the FPC LDPE Project Contract, Wison Petrochemicals shall be responsible for modularisation engineering, fabrication, transportation and on-site installation for a LDPE piperack modularisation and erection project in the United States. Pursuant to the FPC LDPE Project Contract, Wison Petrochemicals shall complete the work under the FPC LDPE Project Contract within 388 calendar days of the date the work begins. The Group has been actively seeking overseas business opportunities and the FPC LDPE Project is the Group's first contract awarded in the United States' market. Following the business expansion in the Middle East, South America and the Commonwealth of Independent States markets, the Company considers that the FPC LDPE Project represents a new milestone in the implementation of its internationalisation strategy and signifies an important step in the Group's overseas market development and the Group's global market expansion.

Since Wison Petrochemicals and Wison Engineering do not have their own construction teams for piperack module fabrication, Wison Petrochemicals has to subcontract the piperack module fabrication work to its supplier. The Group has in place written measures for supplier management (the "**Supplier Management Measures**") and measures for project materials procurement management (the "**Project Materials Procurement Management Measures**") and the Group has followed such measures for selecting Wison Nantong as the supplier under the Piperack Module Fabrication Contract in order to ensure that Wison Nantong possesses the necessary qualifications and experience for the performing the Piperack Module Fabrication Contract and that the contract price is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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The Group has maintained a list of acknowledged engineering services suppliers which the Group considers to be qualified to provide various engineering and related services for projects which the Group may undertake from time to time (the “**Supplier List**”). The requirements to qualify for inclusion in the Supplier List are documented in the Supplier Management Measures, which include, among others, the suppliers’ technical, industrial and professional qualifications, relevant industry experience, business scales, sizes and profiles of management teams, reputation in the industry and the familiarity with the business of the Group. As regards the FPC LDPE Project, the Company has invited three potential suppliers from the Supplier List, which includes Wison Nantong and two other engineering services suppliers which are third parties independent of the Company and its connected persons, to submit their quotations. All of the three potential suppliers have the qualifications and relevant experience which satisfy the Company’s requirements as they are shortlisted from the Supplier List.

Wison Nantong is principally engaged in the manufacture and sale of engineering machinery and ancillary steel-structured products, and provision of engineering technology services. Wison Nantong has completed seven EPC projects since 2006 and was engaged by the Group to (i) process and assemble piping pre-fabrication parts in the PRC for a project for the Group under the Processing and Assembling Contract in May 2017; and (ii) design the structure, procure paint materials, prefabricate and assemble certain chemical equipment modules for a third-party project in the PRC under the Prefabrication and Supply Contract in June 2017. Wison Nantong has been able to meet the agreed timelines so far and has been carrying on the project work effectively and efficiently. The Company has satisfied with the services provided by and the relevant experience of Wison Nantong under the Prefabrication and Supply Contract and the Processing and Assembling Contract. Accordingly, the Company has invited Wison Nantong to participate in the quotation in respect of the FPC LDPE Project.

When assessing the quotations submitted by the three potential suppliers, the Group has placed weights on certain factors including (i) the quoted price; (ii) the qualifications and relevant experience of the potential suppliers; and (iii) the expected capability of the potential suppliers to meet the required project timeframe. While all the three potential suppliers possess the qualifications and relevant experience for the FPC LDPE Project, the quoted price offered by Wison Nantong is the lowest among the three potential suppliers and is lower than the Estimated Cost and only Wison Nantong has agreed to shorten the contract work duration which the Group requested all three potential suppliers to consider. The quoted prices of the other two potential suppliers are higher than the Estimated Cost and none of them has responded to Wison Petrochemicals’ request to shorten the contract work duration in response to the revised timeline of the FPC LDPE Project. Considering that all major terms submitted by the three potential suppliers in their quotations, other than the quoted price and the payment schedules, are similar in material respects and that the quoted prices of the other two potential suppliers are higher than that of Wison Nantong and the payment schedules proposed by the other two potential suppliers would result in instalments payable by the Group at more advanced timing than that proposed by Wison Nantong, the Company considered that Wison Nantong’s quotation offers commercial terms better to the Group than the other two quotations and that the commercial terms offered by Wison Nantong are fair and reasonable. Also considering Wison Nantong’s expertise in the provision of the services contemplated under the Piperack Module Fabrication Contract and familiarity with the business of Wison

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Petrochemical's business, the satisfactory performance of Wison Nantong for the Processing and Assembling Contract and the Prefabrication and Supply Contract and that completion of the FPC LDPE Project with satisfactory result and within the timeframe required by the client is very important for the Group's future development and expansion in the overseas markets, the Company considered that it is in the interest of the Company and its Shareholders as a whole to engage 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 (including the independent non-executive Directors based on the advice of the Independent Financial Adviser, but excluding 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.

IV. INFORMATION ON THE PARTIES

Wison Petrochemicals, the Company and the Group

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.

Wison Nantong

Wison Nantong is principally engaged in the manufacture and sale of engineering machinery and ancillary steel-structured products, and provision of engineering technology services.

V. LISTING RULES IMPLICATIONS

Wison Holding is a controlling Shareholder which is indirectly interested in approximately 78.12% 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 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.

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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 at least one of the applicable percentage ratios 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%, 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.

VI. EGM

A notice convening the EGM to be held at Room 1, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on September 29, 2017 at 3:00 p.m. is set out on pages 29 to 30 of this circular. An ordinary resolution will be proposed at the EGM to consider, and if thought fit, approve, the Piperack Module Fabrication Contract and the transaction contemplated thereunder.

The voting in relation to the Piperack Module Fabrication Contract and the transaction 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 Piperack Module Fabrication Contract and the transaction contemplated thereunder must abstain from voting on the resolutions to approve the EGM. 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 Latest Practicable Date, shall abstain from voting on the shareholders' resolution approving the Piperack Module Fabrication Contract and the transaction 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 September 27, 2017 to September 29, 2017 (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, Wanchai, Hong Kong, not later than 4:30 p.m. on September 26, 2017.

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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, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM meeting 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 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.

Reorient 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 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.

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 Piperack Module Fabrication Contract and the transaction contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 15 to 24 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Piperack Module Fabrication Contract and the transaction 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 Piperack Module Fabrication Contract are on normal commercial terms, and fair and reasonable and the transaction 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

LETTER FROM THE BOARD

recommends that the Independent Shareholders to vote in favour of the relevant resolution to approve the Piperack Module Fabrication Contract and the transaction contemplated thereunder.

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.
Liu Haijun
Executive Director

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)

September 12, 2017

To the Shareholder(s)

Dear Sir or Madam,

**CONNECTED TRANSACTION IN RELATION TO
THE PIPERACK MODULE FABRICATION CONTRACT
WITH WISON NANTONG**

We refer to the circular of the Company to the Shareholders dated September 12, 2017 (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 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.

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 Reorient Financial Markets Limited, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Piperack Module Fabrication Contract and the transaction contemplated thereunder as set out on pages 15 to 24 of the Circular.

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 Piperack Module Fabrication Contract, we consider the terms of

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Piperack Module Fabrication Contract are on normal commercial terms, and fair and reasonable and the transaction 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, we recommend the Independent Shareholders to vote in favour of the resolution in relation to the Piperack Module Fabrication Contract and the transaction contemplated thereunder to be proposed at the EGM.

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 REORIENT Financial Markets Limited which sets out its advice to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation in this circular.



Suites 3201–3204
One Exchange Square
8 Connaught Place
Hong Kong

12 September 2017

*The Independent Board Committee and
the Independent Shareholders*

Wison Engineering Services Co. Ltd.

Dear Sirs

CONNECTED TRANSACTION THE PIPERACK MODULE FABRICATION CONTRACT WITH WISON NANTONG

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Piperack Module Fabrication Contract, details of which are set out in the circular of the Company dated 12 September 2017 (the “**Circular**”). This letter forms part of the Circular. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 22 August 2017, Wison Petrochemicals, an indirect wholly-owned subsidiary of the Company, and Wison Nantong, an indirect wholly-owned subsidiary of Wison Holding, entered into the Piperack Module Fabrication Contract. Wison Holding is a substantial shareholder of the Company and is a connected person of the Company. Wison Nantong is an associate of a connected person of the Company. The Piperack Module Fabrication Contract constitutes a connected transaction of the Company.

We refer to the announcements of the Company dated 11 May 2017 and 13 June 2017 in respect of the Processing and Assembling Contract and the Prefabrication and Supply Contract respectively. The Piperack Module Fabrication Contract, the Prefabrication and Supply Contract and the Processing and Assembling Contract are aggregated under Rule 14A.81 of the Listing Rules. Based on the applicable aggregate percentage ratio in respect of the Piperack Module Fabrication Contract, the Prefabrication and Supply Contract and the Processing and Assembling Contract, the Piperack Module Fabrication Contract is subject to the announcement, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua, has been formed to give advice and make recommendation to the Independent Shareholders in respect of the Piperack Module Fabrication Contract.

REORIENT Financial Markets Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Piperack Module Fabrication Contract are fair and reasonable and the Piperack Module Fabrication Contract is on normal commercial terms or better, in the ordinary and usual course of the Group's business and in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders should vote in favour of the resolution approving the Piperack Module Fabrication Contract at the EGM.

In formulating our opinion, we have relied upon the information, facts and representations contained in the Announcement, the Circular and those supplied or made available by the management of and advisers to the Company to us. We have assumed that all such information, facts and representations were true and accurate in all respects at the time they were supplied or made and continue to be true and accurate at the Latest Practicable Date and can be relied upon. We have no reason to doubt the truth, accuracy and completeness of such information and representations and have confirmed with the Directors and the management of the Company that no material facts have been withheld or omitted from such information and representations.

We have taken all reasonable and necessary steps to comply with the requirements set out in Rule 13.80 of the Listing Rules. We consider that we have been provided with sufficient information to enable us to reach an informed view. We have not, however, conducted any independent verification of such information or any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor have we carried out any in-depth research on the Group, Wison Nantong, Wison Holding and their respective associates.

During the past two years, we have not acted as an independent financial adviser to the Independent Board Committee and/or the Independent Shareholders. As at the Latest Practicable Date, we are not aware of any relationships or interests between (a) REORIENT Financial Markets Limited and (b) the Group, Wison Nantong, Wison Holding or their respective associates. We are independent under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Piperack Module Fabrication Contract.

PRINCIPAL FACTORS CONSIDERED

Background to and reasons for the Piperack Module Fabrication Contract

The Group is principally engaged in the provision of chemical engineering, procurement and construction management (“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 a subsidiary of the Company for its operations in the North America. Wison Holding is the controlling shareholder of the Company holding approximately 78.12% of the issued share capital of the Company as at the Latest Practicable Date. Wison Nantong is principally engaged in the manufacture and sale of engineering machinery and ancillary steel-structured products, and the provision of engineering technology services.

We have reviewed the information set out in the website of Wison Holding (<http://en.wison.com/>) and note that Wison Holding is a diversified corporation focusing on energy investments and services including four major business sectors: engineering services, offshore and marine, clean energy and investment business. Wison Holding’s engineering services business is principally held in and operated by the Company. Wison Offshore & Marine Limited, the upstream oil and gas division of Wison Holding, the holding company of Wison Nantong, has participated in a number of projects involving, among others, engineering, procurement, fabrication, construction, installation and/or commissioning work, both within and outside the PRC for at least the past five years. We have obtained from the management of the Company a list of projects undertaken by Wison Nantong and note that Wison Nantong has also participated in a number of projects involving the above work types.

We note from the materials provided by the Company that, on 11 April 2017, a wholly-owned subsidiary of the Company won the FPC LDPE Project Contract relating to engineering, procurement, fabrication and construction (“EPFC”) work from a client which is a third party independent of the Company and its connected persons, which has been undergoing an expansion plan to broaden its plastic product line in the United States. The FPC LDPE Project Contract is attributable to such expansion plan and is the Group’s first contract awarded in the United States’ market. Pursuant to the FPC LDPE Project Contract, the Group shall be responsible for modularisation engineering, fabrication, transportation and on-site installation for a LDPE piperack modularisation and erection project in the United States. Pursuant to the FPC LDPE Project Contract, the Group shall complete the work under the FPC LDPE Project Contract within 388 calendar days of the date the work begins. The Group has been actively seeking overseas business opportunities and established a management system and execution team with the capabilities to cater to the requirements of its international business operations, as well as a global procurement and construction resource network to adhere to its internationalisation strategy. Following the business expansion in the Middle East, South America, and the Commonwealth of Independent States markets, the Company considers that the FPC LDPE Project Contract represents a new milestone in the implementation of its internationalisation strategy and signifies an important step in the Group’s overseas market development, posting great influence on the Group’s global market expansion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since the Group does not have its own construction teams for piperack module fabrication, the Group has to subcontract the piperack module fabrication to its supplier.

On 22 August 2017, following due procurement processes, Wison Petrochemicals engaged Wison Nantong to supply the Piperack Modules for the FPC LDPE Project. Under the Piperack Module Fabrication Contract, Wison Nantong shall be responsible for shop drawings, supply of materials, fabrication, shop assembly, inspection and tests, guarantee, painting and packing of the piperack structures, piping works and pipe supports. As set out in the “Letter from the Board” in the Circular, 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, the Company considers it desirable for Wison Nantong to provide the services under the Piperack Module Fabrication Contract. We have obtained from the management of the Company a list of EPFC projects undertaken by Wison Nantong with third parties independent of the Company and its connected persons. We note that Wison Nantong had completed seven EPFC projects since 2006.

As set out in the Circular, the Group has engaged Wison Nantong to (i) process and assemble piping pre-fabrication parts in the PRC for a project of the Group under the Processing and Assembling Contract in May 2017; and (ii) design the structure, procure paint materials, prefabricate and assemble certain chemical equipment modules for a third-party project in the PRC under the Prefabrication and Supply Contract in June 2017, the works of which are still ongoing as at the Latest Practicable Date. We have discussed with the management of the Company and understand that Wison Nantong has been able to meet the agreed timelines so far and has been carrying on the project work effectively and efficiently. The Company is positive about the work done in respect of these two contracts by Wison Nantong up to the Latest Practicable Date.

Principal terms of the Piperack Module Fabrication Contract

On 22 August 2017, Wison Petrochemicals engaged Wison Nantong to supply the 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.

As set out in the “Letter from the Board” in the Circular, 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 for the services contemplated under the Piperack Module Fabrication Contract, and is inclusive of tax. The contract price and the delivery date 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

The Piperack Module Fabrication Contract shall be conditional and become effective upon the approval by the Independent Shareholders being obtained. The Piperack Modules shall be delivered by Wison Nantong on or before 10 February 2018, thereby completing the work contemplated under the Piperack Module Fabrication Contract.

The Group has the right by written direction to make changes in the specification and drawings of the goods and services to be provided by Wison Nantong under the Piperack Module Fabrication Contract where there are any changes to its scope of work under the FPC LDPE Project. If Wison Nantong believes that such change may affect the contract price (whether upward or downward), Wison Nantong shall notify the Group within five working days after receipt of such written direction. The Group and Wison Nantong shall, if they see fit, agree on the adjustments in the contract price with reference to the eventual scope of work, the changes in the direct and indirect costs and expenses to be incurred, the unit rate in the contract and the market rates for the services contemplated under the Piperack Module Fabrication Contract, and any amendments to the payment schedule of the contract price.

We have reviewed the quotation submitted by Wison Nantong and note that the contract price of US\$7,375,772 is the price quoted by Wison Nantong in respect of the FPC LDPE Project.

Procurement procedures in respect of the Piperack Module Fabrication Contract

We have been advised by the management of the Company that the Company has conducted agreed procedures to obtain potential suppliers' quotations to complete the procurement procedure for the Piperack Modules in respect of the FPC LDPE Project. Based on the information provided by the Company and our discussion with the management of the Company, we note that the Group has documented measures regarding supplier management (供應商管理規定) (the “**Supplier Management Measures**”) and project materials procurement management (工程物資採買管理規定) (the “**Project Materials Procurement Management Measures**”).

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We have reviewed the Supplier Management Measures and the Project Materials Procurement Management Measures.

We note that the Company has maintained a list of acknowledged engineering services suppliers which the Group considers to be qualified to provide various engineering and related services for projects which the Group may undertake from time to time (the “**Supplier List**”). The requirements to qualify for inclusion in the Supplier List are documented in the Supplier Management Measures, which include, among others, the suppliers’ technical, industrial and professional qualifications, relevant industry experience, business scales, sizes and profiles of management teams, reputation in the industry and the familiarity with the business of the Group. For those potential suppliers which have fulfilled the requirements set out in the Supplier Management Measures, the supplier management engineer shall verify the relevant documentary evidence in respect of the potential suppliers’ qualification. Then the potential suppliers shall be reviewed and finally approved by both the manager and the vice general manager of the procurement department for inclusion in the Supplier List. As regards the FPC LDPE Project, the Company has invited three potential suppliers within the Supplier List to provide quotations, including Wison Nantong and two engineering services suppliers which are third parties independent of the Company and its connected persons. We consider that all of the three potential suppliers have the qualifications and relevant experience that satisfy the Company’s requirements as they are shortlisted from the Supplier List. As set out in the preceding paragraph, the Company is satisfied with the services provided by and the relevant experience of Wison Nantong under the Prefabrication and Supply Contract and the Processing and Assembling Contract. Accordingly, the Company has invited Wison Nantong to participate in the quotation for certain piperack modules in respect of the FPC LDPE Project.

We note that after reviewing the quotations submitted by the three potential suppliers, the relevant staff of the procurement department responsible for commercial discussion had invited representatives from all potential suppliers to attend separate interviews to assess, among other things, their relevant project experience and technical competencies and to discuss details of the project requirements etc in accordance with the Project Materials Procurement Management Measures. Based on the quotations submitted by the three potential suppliers and the results of the above interviews, the relevant staff of the procurement department responsible for commercial discussion has prepared an evaluation report with the recommendation to accept one of the three quotations. The supplier recommendation was then reviewed by the commercial director and the general manager of the procurement department and finally approved by an executive Director. We have reviewed the evaluation report in respect of the FPC LDPE Project and noted that it has been signed by the responsible senior management of the Group indicating their respective review of the evaluation results and findings and approval of the recommended supplier in respect of the FPC LDPE Project.

Given the above, we consider that the Company has properly followed the relevant procedures set out in the Supplier Management Measures and the Project Materials Procurement Management Measures in respect of the procurement procedures in respect of the FPC LDPE Project.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Evaluation process of the Piperack Module Fabrication Contract

We have discussed with the management of the Company and understand that before the commencement of the procurement procedures, the Group has ascertained the quantities of materials and manpower required for the performance of the contract and hence the direct and indirect costs and expenses to be incurred for the contract. The direct costs include material construction costs for piping (such as pipe support, painting, insulation etc.), structural steel (such as module steel, stick built steel and fireproofing for steel, etc.) and electrical materials (such as cable tray bonding jumper, hot-dip galvanised channel, etc.). The indirect costs include the indirect manpower (including engineers and management staff, etc.), office supplies and overhead costs. Before the commencement of the procurement process, the Company has estimated a benchmark price as an internal reference information for the Piperack Module Fabrication Contract (the “**Estimated Cost**”) based on the scope of work under the Piperack Module Fabrication Contract and with reference to, among others, the market prices of the relevant costs at the time of tendering the FPC LDPE Project by the Group, the Group’s recent purchase prices of the relevant materials, and the construction costs incurred for other projects in the PRC. We note that the Estimated Cost has been reviewed and approved by the project manager of the FPC LDPE Project, the general manager of the project management department and the senior vice president of the Group responsible for, among others, project execution and management.

The Group has designated certain senior management from its procurement department and an executive Director (collectively, the “**Responsible Officers**”) to select one supplier. The criteria in evaluating the successful supplier includes, among others, the information contained in the quotations submitted, the qualifications and experience of the potential suppliers, their familiarity with the business operation of the Company, the work plan and the quoted price (the “**Evaluation Criteria**”).

Based on the assessment by the Responsible Officers, Wison Nantong was selected as the supplier in respect of the FPC LDPE Project.

We have obtained biographies of the Responsible Officers to review their relevant experience. We note that the Responsible Officers have experiences in the range of about 26-year to 32-year in the engineering services sector. We have also been advised by the management of the Company that, each of the Responsible Officers (i) is not a close relative of the ultimate beneficial owner of or the responsible staff of the potential suppliers; and (ii) does not hold any interest or position in the potential suppliers.

We have discussed with the management of the Company and understand that, among the Evaluation Criteria, the Company has placed weights on certain factors including (i) the quoted price; (ii) the qualifications and relevant experience of the potential suppliers; and (iii) the expected capability of the potential suppliers to meet the required project timeframe. The Company considers that these factors are important in performing its contracts and services and more so for the FPC LDPE Project which is the Group’s first contract awarded in the United States’ market. The Company considers that the FPC LDPE Project represents a new milestone in the implementation of its internationalisation strategy and signifies an important step in the Group’s overseas market development, posting great influence on the Group’s global market

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expansion. Completion of the FPC LDPE Project with satisfactory result and within the timeframe required by the client is very important for the Group's future business development and expansion. We consider that the Group's emphasis on considering (i) the quoted price; (ii) the qualifications and relevant experience of the potential suppliers; and (iii) the expected capability of meeting the required project timeframe to be fair and reasonable.

The management of the Company informed us that the Group's client in respect of the FPC LDPE Project subsequently requested the Group to complete the project sooner. The Group then requested all three potential suppliers to shorten their delivery schedule in order to meet the client's revised timeline.

We have obtained the results of evaluation of the quotations submitted by the three potential suppliers and note that Wison Nantong was recommended as the selected supplier. We have discussed the above results with the management of the Company and note that (i) all of the three potential suppliers possess the qualifications and relevant experience to supply piperack modules for the FPC LDPE Project; (ii) the quoted price offered by Wison Nantong is the lowest among the three potential suppliers and is lower than the Estimated Cost; and (iii) only Wison Nantong has agreed to shorten the contract work duration which the Group subsequently requested all three potential suppliers to consider. We have obtained a copy of the quotations submitted by all three potential suppliers and note that the quoted price proposed by Wison Nantong in respect of the FPC LDPE Project is the lowest among the three potential suppliers and is lower than the Estimated Cost while the quoted prices of the other two potential suppliers are higher than the Estimated Cost. Further, payment schedules of the other two potential suppliers would result in instalments payable by the Group at more advanced timing than that proposed by Wison Nantong.

OUR ANALYSIS

Providing EPFC services is the Group's principal business. Using a capable sub-contractor to complete the Group's EPFC projects is in the interests of the Company's business development. Having considered the information provided to us by the Company and our review and analysis mentioned above, we agree with the Directors' view that the Piperack Module Fabrication Contract is in the ordinary and usual course of the Group's business and in the interests of the Company and the Shareholders as a whole.

As set out in the preceding section headed "Procurement procedures in respect of the Piperack Module Fabrication Contract", suppliers included in the Supplier List must possess, among others, necessary licences, qualifications and relevant experience to undertake various projects of the Group from time to time. Wison Nantong and the other two independent potential suppliers are suppliers in the latest Supplier List. We consider that all of the three potential suppliers possess qualifications and relevant experience in respect of the FPC LDPE Project.

We understand from the management of the Company that the quotations in respect of the FPC LPDE Project were submitted in response to the Group's invitations to quote which specify the required scope of work, materials and the completion schedule. We note from the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

quotations submitted by these three potential suppliers that all major terms set out in their quotations, other than the quoted price and the payment schedules, are materially similar and conforming to the requirements set out in the invitations to quote.

As set out in the preceding section headed “Evaluation process of the Piperack Module Fabrication Contract”, the Estimated Cost is estimated with reference to, among others, the market prices of the relevant costs at the time of tendering the FPC LDPE Project by the Group, the Group’s recent purchase prices of the relevant materials, and the construction costs incurred for other projects in the PRC. We note that the quoted price of Wison Nantong’s quotation is lower than the Estimated Cost while the quoted prices of the other two potential suppliers are higher than the Estimated Cost. Further, payment schedules of the other two potential suppliers would result in instalments payable by the Group at more advanced timing than that proposed by Wison Nantong. We agree with the management of the Company that Wison Nantong’s quotation represents commercial terms better to the Group than the other quotations.

As regards the contract work duration, we have discussed with the management of the Company and understand that the timeline of the FPC LDPE Project has been shortened by the Group’s client subsequently after the Group has invited quotations to supply piperack module. Thus, after submission of the quotations by all the potential suppliers but before making decision on selecting which supplier, the Group has requested them to deliver the contract work sooner to cope with the revised timeline of the FPC LDPE Project. We have been advised by the management of the Company that only Wison Nantong has agreed to shorten the contract work duration while the other two potential suppliers have not responded to such request. The Company is positive about the work done in respect of the two ongoing projects by Wison Nantong and meeting the agreed timelines so far. We do not see any facts to disagree with the management of the Company that Wison Nantong is capable to meet the required project timeframe. Given the Company cannot provide any confirmation on the responses by the other two potential suppliers as regards the accelerated work schedule, we are unable to ascertain the other two potential suppliers’ capability of meeting the project timeframe.

We have been advised by the management of the Company that Wison Nantong has extensive experience in a number of projects. The Company considers that engaging Wison Nantong to carry out the project works in respect of the FPC LDPE Project will allow the Group to capitalise on Wison Nantong’s expertise and ensure the project can be completed up to the standards required by the Group’s client. We note that the Group has the right to make changes in the specification and drawings of the goods and services to be provided under the Piperack Module Fabrication Contract and Wison Nantong shall notify and agree with the Group any revisions of fees resulting from such changes. We consider that it is fair and reasonable for the parties to the Piperack Module Fabrication Contract to agree on such flexibility in anticipation of any probable changes to the scope of work.

We have taken into account the Supplier Management Measures and the Project Materials Procurement Management Measures. Based on the information provided by the management of the Company, we consider that the Group has put in place written procedures to control its

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

supplier quality and the procurement process. We consider that we have provided with sufficient information to observe that these measures and control procedures have been properly followed in respect of the Piperack Module Fabrication Contract.

Having considered the information provided to us by the Company and our review and analysis mentioned above, we consider that the contract price is on normal commercial terms, and fair and reasonable.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the terms of the Piperack Module Fabrication Contract are fair and reasonable and the Piperack Module Fabrication Contract is on normal commercial terms, in the ordinary and usual course of the Group's business and in the interests of the Company and the Shareholders as a whole. We advise the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Piperack Module Fabrication Contract.

Yours faithfully,
For and on behalf of
REORIENT Financial Markets Limited
Charlotte Yen
Managing Director

Ms. Charlotte Yen is a licensed person registered with the Securities and Futures Commission 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 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 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	Capacity/ Nature of Interest	Number of Underlying Shares ⁽¹⁾	Approximate % shareholding interest
Mr. Liu Haijun	Beneficial owner	3,040,000 (L) ⁽²⁾	0.07
Mr. Cui Ying	Beneficial owner	3,040,000 (L) ⁽²⁾	0.07
Mr. Zhou Hongliang	Beneficial owner	3,040,000 (L) ⁽²⁾	0.07
Mr. Dong Hua	Beneficial owner	2,660,000 (L) ⁽²⁾	0.07

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Shares in respect of options granted under the pre-IPO share option scheme of the Company.

None of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of any of the associated corporations of the Company.

(b) Interests of Directors as director or employee of a substantial shareholder

Mr. Cui Ying, a non-executive Director, is a director of Wison Holding, Wison Holding is a controlling Shareholder indirectly interested in approximately 78.12% of the total issued share capital of the Company as at the Latest Practicable Date.

Save as disclosed above, 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 experts 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 2016, 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 contained in this circular:

Name	Qualification
Reorient	a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Reorient 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.

As at the Latest Practicable Date, Reorient was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

7. MATERIAL ADVERSE CHANGE

As disclosed in the Company's interim results announcement for the six months ended June 30, 2017 (the "**2017 Interim Results Announcement**"), for the six months ended June 30, 2017, revenue of the Group amounted to approximately RMB1,380.2 million (six months ended June 30, 2016: approximately RMB892.2 million), representing a year-on-year increase of 54.7%. The increase in revenue as compared with the previous period was mainly because a number of domestic and overseas projects of the Group reached its construction peak, leading to a significant year-on-year increase in revenue. Gross profit amounted to approximately RMB249.9 million (six months ended June 30, 2016: approximately RMB236.9 million). Gross profit margin was 18.1% (six months ended June 30, 2016: approximately 26.5%). Gross profit margin recorded a year-on-year decrease because a higher portion of revenue was derived from projects with lower gross profit margin in the first half of 2017, therefore the overall gross profit margin decreased by 8.4 percent point compared with the corresponding period of last year.

Profit attributable to owners of the parent amounted to approximately RMB40.5 million (six months ended June 30, 2016: approximately RMB20.5 million), a year-on-year increase of 98.1%. The increase in profit attributable to owners of the parent was mainly attributable to the decrease of the Group's overall expense as compared with the corresponding period last year; the increase of revenue further eased the effect of fixed expense on net profit, contributing to the net profit by way of economies of scale.

Further details of the Company's interim results for the six months ended June 30, 2017 are set out in the 2017 Interim Results Announcement.

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 2016, 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 FOR INSPECTION

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 24A, 24th Floor, Tai Yau Building, 181 Johnston Road, Wan Chai, Hong Kong (from the date of this circular to September 15, 2017) and at Room 5408, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong (from September 18, 2017 up to and including the date of the EGM), during normal business hours on any weekday (public holidays excluded) from the date of this circular up to and including the date of the EGM:

- (a) a copy of the Piperack Module Fabrication 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 Advisor to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 24 of this circular;
- (d) the letter of consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (e) this circular.

NOTICE OF EGM



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 September 29, 2017 at 3:00 p.m. at Room 1, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong to consider and, if thought fit, to pass the following as ordinary resolutions:

ORDINARY RESOLUTIONS

“THAT:

- (a) the Piperack Module Fabrication Contract (as defined in the circular of the Company dated September 12, 2017 (the “Circular”), a copy of the Circular marked “A” together with a copy of the Piperack Module Fabrication Contract marked “B” being tabled before the meeting and initialed by the chairman of the meeting for identification purpose), and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (other than Mr. Cui Ying) 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 Piperack Module Fabrication Contract and the transaction contemplated thereunder.”

By Order of the Board
Luk Wai Mei
Company Secretary

Hong Kong, September 12, 2017

NOTICE OF EGM

Registered office:

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

*Principal place of business
in Hong Kong:*

Room 24A
24th Floor
Tai Yau Building
181 Johnston Road
Wan Chai
Hong Kong

Notes:

1. Any shareholder entitled to attend and vote at the above EGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the above EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person if he is subsequently able to be present.
3. A form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either executed under seal or under the hand of an officer or attorney duly authorized to sign the same.
4. In the case of joint holders of any shares, any one of such joint holders may vote at the above EGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the above EGM, either personally or by proxy, the joint holder whose name stands first in the register of members of the Company, will alone be entitled to vote in respect of such shares.
5. On a poll, every shareholder entitled to vote and present at the EGM shall be entitled to one vote for every fully paid-up share of which he is the holder. The result of such poll shall be deemed to be the resolution of the EGM at which the poll was so required or demanded.
6. To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from September 27, 2017 to September 29, 2017 (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, Wanchai, Hong Kong, not later than 4:30 p.m. on September 26, 2017.
7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
8. As at the date of this notice, 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.