

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

**CO2 TO CHEMICALS ENGINEERING, PROCUREMENT AND
CONSTRUCTION MANAGEMENT CONTRACT WITH WISON TAIZHOU**

WISON TAIZHOU CO2 TO CHEMICALS EPC CONTRACT

The Board announces that on September 18, 2020, Wison Engineering (an indirect wholly-owned subsidiary of the Company) and Wison Taizhou (an indirect wholly-owned subsidiary of Wison Holding, a controlling shareholder of the Company) entered into the Wison Taizhou CO2 to Chemicals EPC Contract, pursuant to which Wison Engineering was engaged by Wison Taizhou as the EPC general contractor for its project in relation to efficient synthesis of CO2 to chemicals in Taixing Economic Development Zone, Jiangsu Province, the PRC.

As the EPC general contractor for the Project, Wison Engineering shall:

- (i) provide engineering design, equipment and materials procurement and construction services for the Project;
- (ii) assist Wison Taizhou in the commissioning and start-up after the Intermediate Handover and in the performance test of the works;
- (iii) be responsible for compiling completion records; and
- (iv) be responsible for fixing defects and quality warranty.

It is expected that the completion date of the Project will be no later than December 31, 2020, which date may be postponed in accordance with the Wison Taizhou CO2 to Chemicals EPC Contract if there are any changes to the Project due to any reason not relating to Wison Engineering. After the Intermediate Handover by Wison Engineering, Wison Taizhou shall perform commissioning, start-up and performance test of the works. Upon expiry of one year after the satisfactory Intermediate Handover, Wison Taizhou shall issue a final handover certificate to Wison Engineering, which represents the final handover of the works to Wison Taizhou.

The Wison Taizhou CO2 to Chemicals EPC Contract is effective from September 18, 2020. The total contract price payable by Wison Taizhou to Wison Engineering under the Wison Taizhou CO2 to Chemicals EPC Contract is currently expected to be RMB8,300,000, which comprises payment for the design fees, the equipment and materials procurement fees, the construction fees and the project management and other fees.

The total amount finally receivable by Wison Engineering from Wison Taizhou under the Wison Taizhou CO2 to Chemicals EPC Contract will be calculated by the parties within 30 days after completion of the Project in accordance with the Wison Taizhou CO2 to Chemicals EPC Contract, and it will depend on the actual amount of engineering work and the prevailing market price of the equipment and materials involved in the Project. The Company expects that any possible upward adjustment in the total amount receivable by Wison Engineering under the Wison Taizhou CO2 to Chemicals EPC Contract will not result in the final total amount receivable exceeding RMB8,300,000. 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 Wison Taizhou CO2 to Chemicals EPC Contract will result in the final total amount receivable by Wison Engineering exceeding RMB8,300,000.

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 Wison Taizhou is an indirect wholly-owned subsidiary of Wison Holding, Wison Taizhou is also a connected person of the Company. Accordingly, the transaction contemplated under the Wison Taizhou CO2 to Chemicals EPC Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Wison Taizhou CO2 to Chemicals EPC Contract is expected to be above 0.1% but below 5%, the transaction contemplated thereunder is only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules.

The Board announces that on September 18, 2020, Wison Engineering and Wison Taizhou entered into the Wison Taizhou CO2 to Chemicals EPC Contract, pursuant to which Wison Engineering was engaged by Wison Taizhou as the EPC general contractor for the Project, being the project of Wison Taizhou in relation to efficient synthesis of CO2 to chemicals in Taixing Economic Development Zone, Jiangsu Province, the PRC.

THE WISON TAIZHOU CO2 TO CHEMICALS EPC CONTRACT

Date

September 18, 2020

Parties

- (1) Wison Engineering; and
- (2) Wison Taizhou

Subject Matter

Pursuant to the Wison Taizhou CO2 to Chemicals EPC Contract, Wison Engineering was engaged by Wison Taizhou as the EPC general contractor for the Project. As the EPC general contractor for the Project, Wison Engineering shall:

- (i) provide engineering design, equipment and materials procurement and construction services for the Project;
- (ii) assist Wison Taizhou in the commissioning and start-up after the Intermediate Handover and in the performance test of the works;
- (iii) be responsible for compiling completion records; and
- (iv) be responsible for fixing defects and quality warranty.

It is expected that the completion date of the Project will be no later than December 31, 2020, which date may be postponed in accordance with the Wison Taizhou CO2 to Chemicals EPC Contract if there are any changes to the Project due to any reason not relating to Wison Engineering. After the Intermediate Handover by Wison Engineering, Wison Taizhou shall perform commissioning, start-up and performance test of the works. Upon expiry of one year after the satisfactory Intermediate Handover, Wison Taizhou shall issue a final handover certificate to Wison Engineering, which represents the final handover of the works to Wison Taizhou.

Consideration and Payment

The Wison Taizhou CO2 to Chemicals EPC Contract is effective from September 18, 2020. The total contract price payable by Wison Taizhou to Wison Engineering under the Wison Taizhou CO2 to Chemicals EPC Contract is currently expected to be RMB8,300,000, which comprises payment for the design fees, the equipment and materials procurement fees, the construction fees and the project management and other fees.

The estimated total contract price of RMB8,300,000 shall be payable by Wison Taizhou to Wison Engineering by telegram transfer within 14 days upon receipt of the payment request from Wison Engineering according to the following payment schedule:

- (i) 20% of the estimated total contract price (i.e. RMB1,660,000) upon entering into the Wison Taizhou CO2 to Chemicals EPC Contract;
- (ii) 50% of the estimated total contract price (i.e. RMB4,150,000) upon completing the procurement of long term equipment required under the Wison Taizhou CO2 to Chemicals EPC Contract;
- (iii) 25% of the estimated total contract price (i.e. RMB2,075,000) upon completion of the Project; and
- (iv) 5% of the estimated total contract price (i.e. RMB415,000) upon the expiry of the Quality Warranty Period, being six months after the start-up of the works performed by Wison Taizhou to examine whether the works satisfy the design requirements under the Wison Taizhou CO2 to Chemicals EPC Contract.

Pursuant to the Wison Taizhou CO2 to Chemicals EPC Contract, Wison Engineering shall issue a retention money guarantee of 5% of the expected total contract price (i.e. RMB415,000) upon completion of the Project as quality warranty. The retention money shall be payable by Wison Taizhou to Wison Engineering within 14 days after the issuance of the retention money guarantee by Wison Engineering. Upon the expiry of the Quality Warranty Period, the retention money guarantee shall be released by Wison Taizhou to Wison Engineering.

The total amount finally receivable by Wison Engineering from Wison Taizhou under the Wison Taizhou CO2 to Chemicals EPC Contract will be calculated by the parties within 30 days after completion of the Project in accordance with the Wison Taizhou CO2 to Chemicals EPC Contract, and it will depend on the actual amount of engineering work and the prevailing market price of the equipment and materials involved in the Project. The Company expects that any possible upward adjustment in the total amount receivable by Wison Engineering under the Wison Taizhou CO2 to Chemicals EPC Contract will not result in the final total amount receivable exceeding RMB8,300,000. 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 Wison Taizhou CO2 to Chemicals EPC Contract will result in the final total amount receivable by Wison Engineering exceeding RMB8,300,000.

BASIS OF CONSIDERATION

The total contract price under the Wison Taizhou CO2 to Chemicals EPC Contract was determined with reference to the scope of work, the specification of engineering design and the standard of services to be required under the Wison Taizhou CO2 to Chemicals EPC Contract. Having considered the above factors, the Group estimated the quantities and costs of equipment, materials and manpower to be required during the performance of the contract, as well as the expected profit margin of the Project.

In addition, the Group has taken into account the market prices of the relevant fees and costs at the time of negotiating the Wison Taizhou CO2 to Chemicals EPC Contract with Wison Taizhou. The Group has also considered (i) the design fees charged by the Group in, (ii) the equipment and materials procurement fees incurred for, (iii) the construction fees received by the Group from and (iv) the project management and other fees charged by the Group in other recent third party projects in the PRC for providing comparable services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE WISON TAIZHOU CO2 TO CHEMICALS EPC CONTRACT

The principal activity of the Group is the provision of chemical engineering, procurement and construction management, or the EPC, services. Before entering into the Wison Taizhou CO2 to Chemicals EPC Contract, Wison Engineering had provided EPC services to Wison Taizhou in other engineering projects. In view of (i) the expertise of Wison Engineering in the provision of the services contemplated under the Wison Taizhou CO2 to Chemicals EPC Contract, (ii) the stable and well-established business relationship between the Group and Wison Taizhou, (iii) Wison Engineering's familiarity with the business of Wison Taizhou and (iv) that the contract price under such contract is negotiated after arm's length discussions and reflects normal commercial terms, the Company considers it desirable to enter into the Wison Taizhou CO2 to Chemicals EPC Contract in its ordinary course of business.

As Ms. Rong Wei is a director and vice president of Wison Holding and Mr. Liu Hongjun is a director and president of Wison Holding, Ms. Rong Wei and Mr. Liu Hongjun have abstained from voting on the Board resolution approving the Wison Taizhou CO2 to Chemicals EPC Contract.

The Directors (including independent non-executive Directors but excluding Ms. Rong Wei and Mr. Liu Hongjun who have abstained from voting) are of the view that the Wison Taizhou CO2 to Chemicals EPC 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 transaction thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

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

Wison Taizhou is an indirect wholly-owned subsidiary of Wison Holding. It is principally engaged in the research and development of new materials, chemical products and chemical equipment, the production and sale of high performance membrane materials products (polyethylene and polypropylene) and the provision of after-sale services.

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 Wison Taizhou is an indirect wholly-owned subsidiary of Wison Holding, Wison Taizhou is also a connected person of the Company. Accordingly, the transaction contemplated under the Wison Taizhou CO2 to Chemicals EPC Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Wison Taizhou CO2 to Chemicals EPC Contract is expected to be above 0.1% but below 5%, the transaction contemplated thereunder is only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“CO2”	carbon dioxide
“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
“EPC”	an acronym for engineering (E), procurement (P) and construction (C), a business model widely adopted in the international energy industry
“Group”	the Company and its subsidiaries

“ Intermediate Handover ”	the intermediate handover of the works under the Wison Taizhou CO2 to Chemicals EPC Contract by Wison Engineering to Wison Taizhou
“ 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 project of Wison Taizhou in relation to efficient synthesis of CO2 to chemicals in Taixing Economic Development Zone, Jiangsu Province, the PRC
“ Quality Warranty Period ”	being six months after the start-up of the works performed by Wison Taizhou to examine whether the works satisfy the design requirements under the Wison Taizhou CO2 to Chemicals EPC Contract
“ RMB ”	Renminbi, the lawful currency of the PRC
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ 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 Holding ”	Wison Group Holding Limited (惠生控股(集團)有限公司), a company incorporated in the British Virgin Islands with limited liability, and a controlling shareholder of the Company
“ Wison Taizhou ”	Wison (Taizhou) New Material Technology Co., Ltd. (惠生(泰州)新材料科技有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of Wison Holding
“ Wison Taizhou CO2 to Chemicals EPC Contract ”	the EPC general contractor contract dated September 18, 2020 and entered into between Wison Engineering and Wison Taizhou for the Project
“ % ”	per cent.

By Order of the Board
Wison Engineering Services Co. Ltd.
Rong Wei
Executive Director and Chief Executive Officer

Hong Kong, September 18, 2020

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