THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wison Engineering Services Co. Ltd., you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 35% EQUITY INTERESTS IN LEVIMA WISON (JIANGSU) ADVANCED MATERIALS CO. LTD. AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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

红日资本有限公司
RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 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 17 to 34 of this circular.

A notice convening the EGM to be held at 633 Zhongke Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Tuesday, 12 November 2024 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 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).

To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 7 November 2024 to Tuesday, 12 November 2024 (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, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 6 November 2024.

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, Wan Chai, 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.

References to time and dates in this circular are to Hong Kong time and dates.

18 October 2024

CONTENTS

		Page
DEFINITIONS		1
LETTER FROM THE BOARD		4
LETTER FROM THE INDEPENDENT BOARD COMMITTEE		15
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER		17
APPENDIX I	— FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II	— ACCOUNTANTS' REPORT OF THE TARGET COMPANY	II-1
APPENDIX III	— MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY	III-1
APPENDIX IV	— UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	IV-1
APPENDIX V	— VALUATION REPORT	V-1
APPENDIX VI	— GENERAL INFORMATION	VI-1
NOTICE OF EGM		EGM-1

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

"Acquisition"	the acquisition of 35% equity interests in the Target Company as contemplated under the Equity Transfer Agreement
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"business days"	any day (other than Saturday, Sunday, or public holiday) on which the banks in Hong Kong and the PRC are open for general commercial business
"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
"Date of Completion"	the date of completion of the Acquisition, being any day within five business days after all the conditions precedent have been fulfilled, or such other date as the Purchaser and the Vendor may mutually agree in writing
"Directors"	the directors of the Company
"EGM"	an extraordinary general meeting of the Company to be convened and held at 633 Zhongke Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC on Tuesday, 12 November 2024 at 10:00 a.m. to seek the approval of the Independent Shareholders in respect of the Equity Transfer Agreement and the Acquisition
"Enlarged Group"	the Group as enlarged by the Target Company upon completion of the Acquisition
"EPC"	an acronym for engineering (E), procurement (P) and construction (C), a business model widely adopted in the international energy industry
"Equity Transfer Agreement"	the equity transfer agreement dated 11 September 2024 entered into between the Purchaser and the Vendor in respect of the Acquisition

"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 "Red Sun"	Red Sun Capital Limited, the independent financial adviser appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the Acquisition. Red Sun Capital Limited is a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholders"	all Shareholders other than those with a material interest in the Equity Transfer Agreement and the Acquisition. For the avoidance of doubt, Independent Shareholders shall exclude Wison Engineering Investment Limited
"Independent Valuer"	Valplus Consulting Limited, an independent valuer
"Latest Practicable Date"	14 October 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Levima Advanced Materials"	Levima Advanced Materials Corporation (聯泓新材料科技股份有限公司), a company established in the PRC with limited liability and is listed on the Shenzhen Stock Exchange, and a shareholder of the Target Company
"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 circular only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Shareholder(s)"	holder(s) 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
"Target Company"	Levima Wison (Jiangsu) Advanced Materials Co. Ltd. (聯泓惠生（江蘇）新材料有限公司), a company established in the PRC with limited liability
"Transitional Period"	the period from the Valuation Benchmark Date to the Date of Completion
"Valuation Benchmark Date"	30 June 2024
"Wison (China) Investment" or the "Vendor"	Wison (China) Holding Company (惠生（中國）投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Wison Holding
"Wison Engineering" or "Purchaser"	Wison Engineering Ltd. (惠生工程（中國）有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
"Wison Group"	Wison Holding and its subsidiaries
"Wison Holding"	Wison Group Holding Limited (惠生控股（集團）有限公司), a company incorporated in the British Virgin Islands with limited liability, and a controlling shareholder of the Company
"%"	per cent.

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. Zhou Hongliang *(Chief Executive Officer)*
Mr. Zheng Shifeng
Mr. Li Dun *(Chief Financial Officer)*

Non-executive Director:
Mr. Liu Hongjun *(Chairman)*

Independent Non-executive Directors:
Mr. Lawrence Lee
Mr. Tang Shisheng
Mr. Feng Guohua

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1–1111
Cayman Islands

Principal place of business in Hong Kong:
Suite 2507, 25/F
Central Plaza
18 Harbour Road, Wan Chai
Hong Kong

18 October 2024

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
35% EQUITY INTERESTS IN
LEVIMA WISON (JIANGSU) ADVANCED MATERIALS CO. LTD.
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 11 September 2024 in relation to the Equity Transfer Agreement and the Acquisition.

On 11 September 2024 (after trading hours), Wison Engineering (as the purchaser) and Wison (China) Investment (as the vendor) entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, 35% equity interests in the Target Company at the consideration of RMB255,000,000 in cash.

Upon completion of the Acquisition, the Purchaser will be interested in 35% of the equity interests in the Target Company. The Target Company will not become a subsidiary of the Company as a result of the Acquisition and hence, the financial results of the Target Company will not be consolidated into those of the Group.

The purpose of this circular is to provide you with information with, among others, (i) details of the Equity Transfer Agreement and the Acquisition; (ii) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in relation to the Equity Transfer Agreement and the Acquisition; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the Acquisition; (iv) the accountants' report of the Target Company; (v) the unaudited pro forma financial information of the Enlarged Group; (vi) the valuation report of the Target Company; (vii) other information as required under the Listing Rules; and (viii) a notice of the EGM.

II. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date

11 September 2024

Parties

(i) Wison Engineering (as the purchaser); and

(ii) Wison (China) Investment (as the vendor)

Assets to be Acquired

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, 35% equity interests in the Target Company subject to the terms and conditions of the Equity Transfer Agreement.

Consideration

The consideration of the Acquisition is RMB255,000,000, which will be financed by the Group's internal resources.

Payment Terms

The consideration shall be paid by the Purchaser by cash to such bank account as designated by the Vendor in the following manner:

(i) the first installment in the sum of RMB63,750,000 (representing 25% of the consideration) shall be paid within 3 months of the date of the Equity Transfer Agreement; and

(ii) the second installment in the sum of RMB191,250,000 (representing the remaining 75% of the consideration) shall be paid within 18 months after the date of the Equity Transfer Agreement.

Conditions Precedent

The Equity Transfer Agreement shall take effect upon fulfilment of the following conditions:

1. the Equity Transfer Agreement having been duly executed by the Purchaser and the Vendor;

2. the Equity Transfer Agreement and the Acquisition having been approved by the board of directors of the Purchaser;

3. the Equity Transfer Agreement and the Acquisition having been considered and approved by the shareholders of the Target Company;

4. the Equity Transfer Agreement and the Acquisition having been approved by the relevant regulatory authorities;

5. the Company having complied with the relevant requirements under the Listing Rules in respect of the Equity Transfer Agreement and the Acquisition, including but not limited to reporting, announcement, and the Independent Shareholder's approval requirements; and

6. all representations and undertakings of the Target Company and the Vendor under the Equity Transfer Agreement having been true, accurate and complete.

Upon satisfaction of the conditions precedent, the Purchaser and the Vendor will complete the Acquisition on the Date of Completion, in which case each of the Vendor and the Purchaser shall use its best commercial effort to assist the Target Company in completing the filing and registration procedures, including but not limited to, industrial and business registration and taxation registration.

Transitional Period Arrangement

Prior to the Date of Completion, the Vendor continues to be a shareholder of the Target Company, who is entitled to the relevant shareholder's rights and assumes the corresponding shareholder's obligations. Upon the Date of Completion, the Purchaser will become a shareholder of the Target Company, and it shall be entitled to the relevant shareholder's rights and shall assume the corresponding shareholder's obligations. In other words, during the Transitional Period, the Vendor shall be responsible for the profit or loss of the Target Company in proportion to its equity interests in the Target Company.

Termination

The Equity Transfer Agreement will be terminated in any of the following circumstances:

1. the performance of the Equity Transfer Agreement is delayed or rendered impossible due to force majeure;

2. the Equity Transfer Agreement is terminated by mutual agreement between the Purchaser and the Vendor; or

3. without prejudice to other terms and conditions of the Equity Transfer Agreement, if, prior to the Date of Completion, the Purchaser or the Vendor is in possession of sufficient evidence to prove that any representations, warranties or undertakings given by the other party under the Equity Transfer Agreement are untrue, misleading, or have not been fulfilled, the non-defaulting party shall have the right to notify the defaulting party in writing, and the defaulting party shall unconditionally agree to terminate the Equity Transfer Agreement.

Completion

Completion of the Acquisition shall take place on or before the fifth business day after fulfilment of all the conditions precedents, or such other date as the Purchaser and the Vendor may mutually agree in writing.

Upon completion of the Acquisition, the Purchaser will be interested in 35% of the equity interests in the Target Company. The Target Company will not become a subsidiary of the Company as a result of the Acquisition and hence, the financial results of the Target Company will not be consolidated into those of the Group.

Basis of Consideration

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the appraised market value of the Target Company of RMB742,309,000 on the Valuation Benchmark Date, which was appraised by the Independent Valuer. The Board understands that, after considering all commonly adopted valuation approaches in the market (namely, market approach, income approach and asset- based approach), the asset-based valuation approach was finally adopted by the Independent Valuer for the valuation of the Target Company.

The principal business of the Target Company is manufacturing and sales of chemical products (excluding licensed chemicals), specific chemical products (excluding hazardous chemicals) and synthetic materials, provision of technologies services, development, consultation, exchange, transfer, promotion, marketing services, applications and new materials research and development. There are only a small number of comparable listed companies based on the selection criteria with sufficient public available information, but they are relatively different from the Target Company in terms of main products (being polyolefin elastomer (POE)), enterprise scale and business composition. As a result, the market valuation approach was not appropriate as the comparability requirement cannot be met.

The income valuation approach was not appropriate as it was difficult to objectively and reasonably predict the expected returns brought by the overall profitability of the Target Company, and it was challenging to qualitatively judge or roughly quantify the risks associated with the future income generation for the appraised entity, which failed to provide a basis for the estimation of long-term forecast.

As such, the asset-based approach was considered to be the most appropriate valuation approach, because the appraised value of the Target Company is determined based on its balance sheet, which is more capable of showing the real value of the Target Company.

The Directors are of the view that there has been no material difference between the appraised value on the Valuation Benchmark Date and the Latest Practicable Date.

III. REASONS FOR AND BENEFITS OF THE ACQUISITION

In recent years, the Group has focused on the strategic plan of ''driven by innovations'', the development and utilization of new technologies such as new materials constitute the major focus of its business development. The Acquisition will enable the Group to (1) better implement its strategy of ''driven by innovations'', ensuring that the Group maintains its leading position in the face of fierce market competition; (2) the Target Company can serve as a demonstration base for the industrialization of high-end new materials for the Group in the future, which can incubate new cooperation and business opportunities; and (3) the Acquisition is expected to bring stable investment income to balance the cyclical fluctuations in traditional engineering business income of the Group.

The Board believes that the Acquisition will effectively expand the Group's business operations relating to the new materials, achieve diversification, transformation and upgrading of business areas and inject new impetus into the Group's long-term development. This will enhance the core competitiveness of the Group and fully promote high-quality profitability development.

The Directors (including the members of the Independent Board Committee after taking into account the advice from the Independent Financial Adviser, but excluding Mr. Liu Hongjun who is a director and president of Wison Holding and has abstained from voting) are of the view that the Equity Transfer Agreement 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 Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. GENERAL INFORMATION

Information on the Target Company

The Target Company is a limited liability company established in the PRC on 23 August 2023 and is principally engaged in manufacturing and sales of chemical products (excluding licensed chemicals), specific chemical products (excluding hazardous chemicals) and synthetic materials, provision of technologies services, development, consultation, exchange, transfer, promotion, marketing services, applications and new materials research and development. Its main product is polyolefin elastomer (POE).

As at the Latest Practicable Date, the registered capital of the Target Company is RMB700,000,000, which is fully paid. It is held as to 35% and 65% by the Vendor and Levima Advanced Materials, respectively. To the best knowledge of the Company and after making reasonable enquiries, the initial investment of 35% equity interests of the Target Company by the Vendor was RMB245,000,000.

The audited net assets and total assets of the Target Company as at 30 June 2024 were RMB701,574,000 and RMB717,107,000, respectively. Based on the valuation on the Target Company conducted by the Independent Valuer, the appraised market value of the Target Company on the Valuation Benchmark Date was RMB742,309,000.

Set out below is the financial information of the Target Company:

	For the period from 23 August 2023 (date of establishment) to 31 December 2023	For the six months ended 30 June 2024
	RMB'000	*RMB'000*
	(audited)	(audited)
Revenue	—	—
Net profit before tax	762	1,338
Net profit after tax	571	1,003

Upon completion of the Acquisition, the Purchaser and Levima Advanced Materials will hold 35% and 65% equity interests in the Target Company, respectively. The Target Company will not become a subsidiary of the Company (but will be an associated company of the Group) as a result of the Acquisition and hence, the financial results of the Target Company will not be consolidated into those of the Group.

Information on the Parties

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

Wison (China) Investment (i.e. the Vendor) is an indirect wholly-owned subsidiary of Wison Holding. Wison (China) Investment is established in the PRC and is principally engaged in investment, provision of consultancy services and other services in relation to trading, import and export of equipment, materials and component.

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.

Levima Advanced Materials is a supplier of high-end advanced material products and solutions and is listed on the Shenzhen Stock Exchange on 8 December 2020 (stock code: 003022.SZ). Legend Holdings Corporation is a controlling shareholder of Levima Advanced Materials. According to public information, Legend Holdings Corporation is indirectly interested in approximately 51.77% of the total issued share capital of Levima Advanced Materials as at 30 June 2024.

Legend Holdings Corporation is a company listed on the Stock Exchange (stock code: 03396.HK) and operates its business through two sectors, being industrial operations and industrial incubations and investments. Levima Advanced Materials is a member in industrial operations in Legend Holdings Corporation.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, save for the Vendor being a connected person of the Company, the other shareholder of the Target Company (i.e. Levima Advanced Materials) and its ultimate controlling shareholders are independent third parties of the Company and its connected persons.

V. 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 Latest Practicable Date. Hence, Wison Holding is a connected person of the Company. As the Vendor is an indirect wholly-owned subsidiary of Wison Holding, the Vendor is also a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 25% but are all less than 100%, the Acquisition constitutes a major and connected transaction of the Company under the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The EGM will be convened by the Company at which an ordinary resolution will be proposed to the Independent Shareholders to approve the Equity Transfer Agreement and the Acquisition. Wison Engineering Investment Limited, being a wholly-owned subsidiary of Wison Holding and directly interested in approximately 75.82% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the shareholders' resolution approving the Equity Transfer Agreement and the Acquisition at the EGM.

VI. EGM

A notice convening the EGM to be held at 633 Zhongke Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC, on Tuesday, 12 November 2024 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. An ordinary resolution will be proposed at the EGM to consider, and if thought fit, approve the Equity Transfer Agreement and the Acquisition.

Votes on the resolution to be proposed at the EGM shall be taken by way of poll. In accordance with the Listing Rules, any Shareholder and its associates with material interests in the Equity Transfer Agreement and the Acquisition must abstain from voting on the resolution to approve the Equity Transfer Agreement and the Acquisition. As Wison Engineering Investment Limited, being a wholly-owned subsidiary of Wison Holding and directly interested in approximately 75.82% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the shareholders' resolution approving the Equity Transfer Agreement and the Acquisition at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, there is no Shareholder who has material interests in the matters submitted to the EGM and is required to abstain from voting on the relevant resolution 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 Thursday, 7 November 2024 to Tuesday, 12 November 2024 (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, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 6 November 2024.

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, Wan Chai, 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.

VII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all three independent non-executive Directors, namely Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua, has been established to advise the Independent Shareholders as to (i) whether the terms of the Equity Transfer Agreement and the Acquisition are fair and reasonable; (ii) whether the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iv) the voting action that should be taken by the Independent Shareholders, after taking into account the advice of the Independent Financial Adviser.

Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

VIII. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this circular, containing its advice and recommendation to the Independent Shareholders in relation to the Equity Transfer Agreement and the Acquisition; and (ii) the letter from the Independent Financial Adviser set out on pages 17 to 34 of this circular, containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the Acquisition.

The Directors (including the members of the Independent Board Committee after taking into account the advice from the Independent Financial Adviser, but excluding Mr. Liu Hongjun who has abstained from voting) consider that the Equity Transfer Agreement was entered into in the ordinary and usual course of the business of the Group after arm's length negotiation between the parties, reflect normal commercial terms and the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee after taking into account the advice from the Independent Financial Adviser, but excluding Mr. Liu Hongjun who has abstained from voting) recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Acquisition.

IX. ADDITIONAL INFORMATION

Your attention is drawn to (i) the financial information of the Group, (ii) the accountants' report of the Target Company, (iii) the management discussion and analysis of the Target Company; (iv) the unaudited pro forma financial information of the Enlarged Group, (v) the valuation report of the Target Company, and (vi) the general information set out in the appendices to this circular.

The Acquisition is subject to the fulfillment of certain conditions precedent set out in the Equity Transfer Agreement, and may or may not proceed. If the Independent Shareholders' approval for the Equity Transfer Agreement and the Acquisition is not obtained at the EGM, the Acquisition will not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,
For and on behalf of the Board
Wison Engineering Services Co. Ltd.
Zhou Hongliang
Executive Director and Chief Executive Officer

The following is the full text of the letter from the Independent Board Committee setting out its advice to the Independent 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)

18 October 2024

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 35% EQUITY INTERESTS IN LEVIMA WISON (JIANGSU) ADVANCED MATERIALS CO. LTD.

We refer to the circular of the Company to the Shareholders dated 18 October 2024 (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 Equity Transfer Agreement are fair and reasonable; (ii) whether the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iv) the voting action that should be taken by the Independent Shareholders.

We wish to draw your attention to (i) the letter from the Board as set out on pages 4 to 14 of the Circular and (ii) the letter from Red Sun, the Independent Financial Adviser appointed, set out on pages 17 to 34 of the Circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreement and the Acquisition, as well as the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation.

Having taken into account the terms of the Equity Transfer Agreement and the Acquisition, and the principal factors and reasons considered by, and the advice from, the Independent Financial Adviser, we are of the opinion that the Equity Transfer Agreement was entered into in the ordinary and usual course of the business of the Group after arm's length negotiation between the parties, reflect normal commercial terms and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Acquisition.

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

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Transaction prepared for the purpose of incorporation in this circular.

红日资本有限公司
RED SUN CAPITAL LIMITED

Room 310, 3/F., China Insurance Group Building,
141 Des Voeux Road Central, Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

18 October 2024

To: The Independent Board Committee and the Independent Shareholders of Wison Engineering Services Co. Ltd.

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 35% EQUITY INTERESTS IN LEVIMA WISON (JIANGSU) ADVANCED MATERIALS CO. LTD.

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Equity Transfer Agreement and the transactions contemplated thereunder (the "**Proposed Transaction**"). Details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company (the "**Circular**") to the shareholders dated 18 October 2024, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As set out in the announcement of the Company dated 11 September 2024, on 11 September 2024 (after trading hours), Wison Engineering (an indirect wholly-owned subsidiary of the Company) (as the purchaser) and Wison (China) Investment (an indirect wholly-owned subsidiary of Wison Holding, a controlling shareholder of the Company) (as the vendor) entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, 35% equity interests in the Target Company at the consideration of RMB255,000,000 in cash.

As at the Latest Practicable Date, 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. Hence, Wison Holding is a connected person of the Company. As the Vendor is an indirect wholly-owned subsidiary of Wison Holding, the Vendor is also a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Furthermore, as one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major and connected transaction of the Company under the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Board consists of seven Directors, namely Mr. Zhou Hongliang (Chief Executive Officer), Mr. Zheng Shifeng and Mr. Li Dun (Chief Financial Officer) as executive Directors, Mr. Liu Hongjun (Chairman) as non-executive Director and Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua as independent non-executive Directors.

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 Equity Transfer Agreement are fair and reasonable; (ii) whether the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the Acquisition 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 have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Proposed Transaction for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, Wison Holding and their respective shareholders, directors or chief executives, or any of their respective associates or any relevant parties in connection with the Equity Transfer Agreement. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Proposed Transaction.

In the previous two years, save for this appointment and our appointment as the independent financial adviser in connection with (i) the continuing connected transactions with Wison Holdings in relation to the Engineering Design Framework Agreement, details of which are set out in the circular of the Company dated 13 October 2023; and (ii) the connected transactions in relation to the EPCIC Stage Topside Engineering Design Contract, details of which are set out in the circular of the Company dated 9 June 2023, we have not acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company for any other transactions.

Apart from the normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice to the Independent Board Committee and the Independent Shareholders, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the "**Management**") and/or the Directors. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background, business or affairs or future prospects of the Group, Wison Holding and their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

V. BACKGROUND INFORMATION OF THE PROPOSED TRANSACTION

In formulating our opinion on the Proposed Transaction, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

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

Set out below is a summary of the Group's financial information as extracted from the Company's latest published (i) interim results announcement for the six months ended 30 June 2024 (the "**2024 Interim Results Announcement**"); and (ii) annual report for the year ended 31 December 2023 (the "**2023 Annual Report**"):

Summary of the Group's revenue breakdown by segment

	For the year ended 31 December		For the six months ended 30 June	
	2023	**2022**	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	3,842,719	4,658,780	1,837,914	1,893,621
— Engineering, procurement and construction	3,528,535	4,463,620	1,687,217	1,748,402
— Engineering, consulting and technical services	314,184	195,160	150,697	145,219

As set out in the 2024 Interim Results Announcement, the Group recorded revenue of approximately RMB1,837.9 million and approximately RMB1,893.6 million for the six months ended 30 June 2024 and 2023, respectively, representing a slight decrease of approximately RMB55.7 million or 2.9%. The decrease in revenue was mainly attributable to the existing on-going EPC projects are in the early to middle stage and are expected to be delivered in the second half of 2024 to 2026, therefore their contribution to revenue was limited during the six months ended 30 June 2024.

As disclosed in the 2023 Annual Report, the Group recorded revenue of approximately RMB3,842.7 million and approximately RMB4,658.8 million for the years ended 31 December 2023 and 2022, respectively, representing a decrease of approximately RMB816.1 million or 17.5%. The decrease in revenue was mainly attributable to (i) decrease in revenue contribution since the existing projects in EPC segment acquired in prior years have already entered into middle to late construction phrase; and (ii) the limited revenue contribution since new projects acquired in 2022 and 2023 were still in early to middle construction phrase for the EPC segment. As set out above, EPC accounted for approximately 91.8% and approximately 95.8% of the Group's total revenue for the years ended 31 December 2023 and 2022, respectively.

Summary of the Group's consolidated financial position

As set out in the 2024 Interim Results Announcement, the Group recorded (i) unaudited total assets and net assets of approximately RMB10,318.6 million and RMB2,402.2 million, respectively; and (ii) unaudited cash and bank balances and pledged bank balances and time deposits of approximately RMB1,979.5 million, in aggregate, and unaudited interest-bearing borrowings of approximately RMB1,104.2 million, as at 30 June 2024.

It is noted from the Letter from the Board that the consideration of the Acquisition shall be satisfied by the Group's internal resources.

2. Information of the Target Company

The Target Company is a limited liability company established in the PRC on 23 August 2023 and is principally engaged in manufacturing and sales of chemical products (excluding licensed chemicals), specific chemical products (excluding hazardous chemicals) and synthetic materials, provision of technologies services, development, consultation, exchange, transfer, promotion, marketing services, applications and new materials research and development. Its main product is polyolefin elastomer ("**POE**"). In particular, the Target Company will focus on the production of POE, being a synthetic material for the production of high-end polyolefin used in the solar energy industry. For further details of POE, please refer to the section headed "2.2 Overview of POE market in the PRC" in this letter.

As at the Latest Practicable Date, the registered capital of the Target Company is RMB700,000,000, which is fully paid. It is held as to 35% and 65% by the Vendor and Levima Advanced Materials, respectively. To the best knowledge of the Company and after making reasonable enquiries, the initial investment of 35% equity interests of the Target Company by the Vendor was RMB245,000,000.

The audited net assets and total assets of the Target Company as at 30 June 2024 were RMB701,574,000 and RMB717,107,000, respectively. Based on the valuation on the Target Company conducted by the Independent Valuer, the appraised market value of the Target Company on the Valuation Benchmark Date was RMB742,309,000.

The financial information of the Target Company is set out as follows:

	Period from 23 August 2023 (date of establishment) to 31 December 2023	**Six months ended 30 June 2024**
	RMB'000	*RMB'000*
	(audited)	(audited)
Revenue	—	—
Net profit before tax	762	1,338
Net profit after tax	571	1,003

Upon completion of the Acquisition, the Purchaser and Levima Advanced Materials will hold 35% and 65% equity interests in the Target Company, respectively. The Target Company will not become a subsidiary of the Company (but will be an associated company of the Group) as a result of the Acquisition and hence, the financial results of the Target Company will not be consolidated into those of the Group.

2.1 Business plan and status of the Target Company

As advised by the Management, the Target Company has commenced the setup of the production line in January 2024, there are four major milestones, namely (i) the design of the "Three Major Components* (三大件)"; (ii) 30% scaled operational model inspection being satisfactorily completed; (iii) 60% scaled operational model inspection is expected to commence and completed by end of 2024; and (iv) trial production, which is to be followed by actual POE production (together the "**POE Project**").

We understand from the Management that the first two milestones have been attained as at the Latest Practicable Date and the Target Company is preparing for its 60% scaled operational model inspection, which is expected to be completed in or around fourth quarter 2024 with the setup of the production line expected to be completed by the fourth quarter of 2025, and the Target Company is expected to commence production of POE in the same quarter. Once fully operational, the production line is expected to have a production capacity of up to 100,000 tons of POE per annum.

The Management also advised that the Target Company is in the process of obtaining certain approvals/permits for trial production of POE as at the Latest Practicable Date, including an energy conservation inspection approval* (節能審查批覆) and a pollution discharge permit/registration* (排污許可證／固定污染源排污登記). To the best of the Management's knowledge and based on the actual progress of the subject project as at the Latest Practicable Date, the Management does not foresee any material difficulties in obtaining the requisite approvals and/or licenses for trial production and actual production.

As at the Latest Practicable Date, the registered capital of the Target Company is RMB700,000,000, which has been fully paid. The total estimated investment costs for the POE Project is approximately RMB2,000 million, the remaining approximately RMB1,300 million of which is expected to be funded by a combination of existing internal resources of the Target Company and external bank borrowings by the Target Company. As at the Latest Practicable Date, barring unforeseen circumstances, the Management does not expect the Group to contribute additional capital and/or financing to the Target Company for the POE Project.

2.2 Overview of POE market in the PRC

With reference to the website of the National Library of Medicine (www.ncbi.nlm.nih.gov), being an official website of the United States government, POE has easy processing, good chemical stability, good aging recyclability, and acoustic insulation performance, and POE foams are mainly used as cushioning and sealing materials.

According to (i) the ''Fourteenth Five-Year Plan'' Development Guide for the Petroleum and Chemical Industry* (石油和化學工業「十四五」發展指南) as published by China Petroleum and Chemical Industry Federation* (中國石油和化學工業聯合會) and referred to by Municipal Ecology and Environment Bureau of Wuhan* (武漢市生態環境局)[1]; and (ii) the Catalogue of Industries that Encourage Foreign Investment (version of 2022)* (鼓勵外商投資產業目錄(2022年版)) as announced by National Development and Reform Commission and Ministry of Commerce* (國家發展和改革委員會)[2] set out that key areas, including the field of high-end polyolefin with green production technology of metallocene catalyst, should be developed and that foreign investment is encouraged to develop and produce high-end polyolefins, of which POE was one of the high-end polyolefins.

1 *Source: hbj.wuhan.gov.cn/fbjd_19/xxgkml/zwgk/wrfz/dqwrfz/202103/t20210315_1650693.html*
2 *Source: https://www.gov.cn/zhengce/zhengceku/2022-10/28/content_5722417.htm*

Moreover, according to the data of the General Administration of Customs of the PRC[3], imports of Polymers of other olefins, in primary forms* (其他初級形狀的乙烯—α—烯烴共聚物), of which POE falls within this category, to the PRC increased from approximately 224,400 tons to approximately 860,000 tons from 2017 to 2023, demonstrating a continuous increase in demand of POE in the PRC.

It is expected that the development of the POE market in the PRC will continue to be influenced by the promotion and implementation of PRC government policies at a national and regional level, such as the development of new quality productive forces* (新質生產力), which is intended to develop the capabilities and productivities of high-end technological and strategical industries in the PRC.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Reasons for and benefits of entering into the Equity Transfer Agreement

We have summarised the reasons for and benefits of the Acquisition from the Letter from the Board below. The Group has focused on the strategic plan of "driven by innovations", the development and utilisation of new technologies such as new materials constitute the major focus of its business development. The Acquisition will enable the Group to (i) better implement its strategy of "driven by innovation", ensuring that the Group maintains its leading position in the face of fierce market competition; (ii) the Target Company can serve as a demonstration base for the industrialisation of high-end new materials for the Group in the future, which can incubate new cooperation and business opportunities; and (iii) the Acquisition is expected to bring stable investment income to balance the cyclical fluctuations in traditional engineering business income of the Group.

The Board believes that the Acquisition will effectively expand the Group's business operations relating to the new materials, achieve diversification, transformation and upgrading of business areas and inject new impetus into the Group's long-term development. This will enhance the core competitiveness of the Group and fully promote high-quality profitability development.

We are advised by the Company that the Group has been considering to allocate resources to examine the possibility of entering into the segment of POE aiming to diversify products within the Group to keep pace with the changing market and to improve its operating results. From time to time, the Company reviews its capacity and market conditions, and pursue possible business opportunities. We understand from the Company that POE, being the Target Company's business focus, is a material widely used as a fundamental raw material in the photovoltaic industry. Given its wide usage in the photovoltaic industry, the Company considered such Acquisition shall facilitate the Group's expansion into its new energy & new materials business. As discussed under the

[3] *Source: http://stats.customs.gov.cn/*

sub-section headed "2.2 Overview of POE market in the PRC" in the previous section in this letter, we noted the potential demand for POE and the promotional policy in the PRC.

In this connection, we have discussed with the Company and noted that (i) the production of POE requires advanced technology, specialised equipment as well as specific design to the production line. Furthermore, the production site of the Target Company needs to fulfil various requirements and maintained the required permits/ registrations with the PRC government including those as set out under the sub-section headed "2.1 Business plan and status of the Target Company" in this letter; (ii) the establishment and setup of a POE production line is not only time consuming, such would also require notable capital expenditure, however, the establishment and setup of the Target Company's POE production line is already well underway with certain key milestones having been attained. Having considered the progress made by the Target Company, the Management is of the view that participating in the Target Company via the Acquisition is more appropriate than commencing a brand new POE project of this type on its own, in particular, participating in the Target Company as a minority shareholder rather than a majority shareholder, whom is responsible for greater capital commitment in accordance with its equity holding and thereby assumes a relatively larger risk exposure. In addition, the Target Company can leverage expertise and economy of scales of its majority shareholder, being Levima Advanced Materials, a listed company on the Shenzhen Stock Exchange with a market capitalisation in the region of RMB17,000 million as at 31 August 2024, whom is also a member of the Legend Holdings Corporation, a listed company on the Stock Exchange, with sizeable operations. Furthermore, based on our review of the interim financial information of Levima Advanced Materials for the six months ended 30 June 2024, it had a net asset balance of approximately RMB7.7 billion, and cash and bank deposits of approximately RMB2.9 billion as at 30 June 2024; and (iii) the Company is optimistic about the future development of POE in the PRC. On this basis, we concur with the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Equity Transfer Agreement

The following information has been extracted from the Letter from the Board:

Date	:	11 September 2024
Parties	:	(1) Wison Engineering (as the Purchaser); and (2) Wison (China) Investment (as the Vendor)
Assets to be acquired	:	The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, 35% equity interests in the Target Company subject to the terms and conditions of the Equity Transfer Agreement.

Consideration	:	The consideration of the Acquisition is RMB255,000,000, which will be financed by the Group's internal resources. The aforesaid consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the appraised market value of the Target Company of RMB742,309,000 on the Valuation Benchmark Date, which was appraised by the Independent Valuer.
Payment terms	:	The consideration shall be paid by the Purchaser by cash to such bank account as designated by the Vendor in the following manner: (i) the first installment in the sum of RMB63,750,000 (representing 25% of the consideration) shall be paid within three months of the date of the Equity Transfer Agreement; and (ii) the second installment in the sum of RMB191,250,000 (representing the remaining 75% of the consideration) shall be paid within 18 months after the date of the Equity Transfer Agreement.

Further details of the principal terms of the Equity Transfer Agreement are set out in the Letter from the Board.

3. Analysis on the principal terms of the Equity Transfer Agreement and work performed

3.1 Basis for determining the consideration of the Acquisition

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the appraised market value of the Target Company of RMB742,309,000 on the Valuation Benchmark Date as appraised by the Independent Valuer (the "**Appraised Value**").

According to the Valuation Report as set out in Appendix V to the Circular, the fair value of 100% equity interest in the Target Company was approximately RMB742.3 million as at 30 June 2024. It is noted from the Independent Valuer that for the period commencing on the Valuation Benchmark Date and ended on the Latest Practicable Date, which was in the region of four months apart, there were (i) no material changes on the operational status and financial positions of the Target Company, as confirmed by the Company; and (ii) no further new comparable land transactions in the locality were identified, based on the desktop search conducted by the Independent Valuer. On this basis and having considered our work performed, including our discussion with the Independent Valuer and the Company, we understood the basis of the view from the Independent Valuer that there is no material difference on the Appraised Value from the Valuation Benchmark Date to the Latest Practicable Date.

It is also noted that the consideration for the Acquisition of RMB255.0 million represents a discount of approximately 1.8% to the corresponding valuation of the 35% equity interest in the Target Company of approximately RMB259.8 million. Having considered that (i) the basis of discount was determined after arm's length negotiations; (ii) the corresponding valuation of the 35% equity interest is based on the Appraised Value as appraised by the Independent Valuer, which represents the fair market value, being "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts" in accordance with the International Valuation Standards; and (iii) given the factors as set out under (ii) above, the consideration for the Acquisition shall therefore be fair and reasonable even without the discount with reference to the Appraised Value, we are of the view that the basis of consideration for the Acquisition, which includes a discount to Appraised Value, is fair and reasonable.

We further understand from the Independent Valuer that the asset-based valuation approach was adopted by the Independent Valuer for the valuation of the Target Company after considering the three commonly adopted valuation approaches, namely the market approach, the income approach and the asset-based approach.

The Independent Valuer has considered the principal business of the Target Company, being the manufacturing and sales of chemical products (excludes licensed chemicals), specific chemical products (excludes hazardous chemicals) and synthetic materials, provision of technologies services, development, consultation, exchange, transfer, promotion, marketing services, applications and new materials research and development. However, as there are only a small number of comparable companies based on the selection criteria of listed comparable companies with sufficient public available information, and that these companies are considered to be different from that of the Target Company in terms of main products, enterprise scale and business composition. As a result, the market approach was not considered to be appropriate in the valuation as the comparability requirement was not met.

The income valuation approach was also considered to be not appropriate as it was difficult to objectively and reasonably predict the expected returns brought by the overall profitability of the Target Company, and it was challenging to qualitatively judge or roughly quantify the risks associated with the future income generation for the appraised entity, which failed to provide a basis for the estimation of long-term forecast.

Lastly, the asset-based approach was considered to be the most appropriate valuation approach because the Appraised Value can be determined based on the composition of the Target Company's balance sheet as the Target Company has yet to commence its operations and therefore most of its value can be attributable to the costs it has incurred and the appraised value of the assets it possess.

3.2 Our work performed on the Valuation Report

With a view to evaluate the basis of the Appraised Value of the Target Company, we have reviewed and discussed the contents of the valuation report (the "**Valuation Report**") with representative of the Independent Valuer.

As part of our work performed, we have reviewed the key assumptions adopted by the Independent Valuer as set out under the sector headed "12. Valuation Assumptions" in the Valuation Report. We understand from the Independent Valuer that these key assumptions are in line with other similar valuation conducted by the Independent Valuer and is therefore considered to be reasonable.

We have discussed with representative of the engagement team of the Independent Valuer as to their expertise, valuation experience, their scope of work and valuation procedures conducted in relation to the valuation of the Target Company. In relation to the expertise of the Independent Valuer, we noted that the signor of the Valuation Report, Mr. Damon S.T. Wan is a charterholder of Chartered Financial Analyst, a Certified FRM and a member of Royal Institution of Chartered Surveyors, who has over sixteen years of experience in the professional valuation field. In relation to the scope of work, we noted from the engagement letter entered into between the Company and the Independent Valuer that the scope of work was appropriate for the Independent Valuer to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Independent Valuer in the Valuation Report. Having considered the above, we are of the view that the Independent Valuer are qualified, experienced and competent in performing business valuations and providing a reliable opinion in respect of the valuation of the Target Company, and we are not aware of any matters that would cause us to doubt the Independent Valuer's expertise and the sufficiency of the scope of work.

We have also discussed with the Independent Valuer on the selection of its valuation methodology. The analysis and the appropriateness of each of the three commonly adopted valuation methods, namely the market approach, the income approach and the asset-based approach, have been set out in the sub-section of headed "3.1 Basis for determining the consideration of the Acquisition" in this letter above.

We noticed and understand from the Valuation Report that the valuation was carried on adjusted net assets method ("**Adjusted NAV**"), of which all of the subject's individual asset and liability account categories are analysed and valued separately. The value of the individual assets (both tangible and intangible) less the value of the liabilities (both recorded and contingent) represents the subject business value. The Adjusted NAV is a common method for estimating the value of business which is still under development. Details of which are set forth below:

It is noted from the Valuation Report that the book value of total assets of the Target Company as of the Valuation Benchmark Date was RMB717,107,000 compared to the revaluation of RMB757,842,000, representing an appreciation in the amount of RMB40,735,000. The increase in the valuation of total assets as compared to its book value was primarily due to the increase in the revaluation of right-of-use assets.

The book value of total liabilities of the Target Company as of the Valuation Benchmark Date was RMB15,533,000 compared to the appraised value of was RMB15,533,000, no adjustment was made for the revaluation.

We noted from the Valuation Report that the assets mainly include (i) cash and bank balances, primarily related to the bank balance; (ii) prepayments and other receivables, primarily being the tax assets associated with the input tax to be credited of the value-added tax borne by the Target Company, fair value was estimated as approximating to the respective carrying amount; (iii) property, plant and equipment, primarily consisted of structures, machineries, equipment and fixtures, as well as the construction in progress in relation to the construction and set-up cost of the POE project; (iv) right-of-use assets, the land use rights of the factory construction site of the POE project, have been valued by using direct comparison approach (as discussed below); and (v) other non-current assets, mainly comprised of construction prepayments in relation to the POE project to the third-party suppliers, fair value was estimated as approximating to the respective carrying amount.

For the liabilities of the Target Company, which amounted to approximately RMB15.5 million, which comprised of (i) trade payables of approximately RMB12.4 million, mainly referred to the non-interest-bearing payables mainly associated with the procurement of property, plant and equipment and construction service engagements, and shall be settled by the Target Company within one year from the Valuation Date, the Independent Valuer have checked and reviewed information including but not limited to the creditors' names and payable amount as provided by the Management; (ii) other payables and accruals of approximately RMB3.0 million; and (iii) tax payable of approximately RMB0.2 million. In view of the nature of these liabilities, the Independent Valuer considers that their book values are able to represent the fair value of the liabilities given the discounting effect of value on these items shall be minimal, and market value adjustment to the liabilities is not necessary. Accordingly, in appraising the market value of the liabilities of the Target Company, the Independent Valuer has based such balances on their book value as at 30 June 2024.

We noted from the Valuation Report that in the course of measurement, the Independent Valuer has made relevant enquiries to and obtained necessary information from the Management about the assets and liabilities for the six months ended 30 June 2024.

For prepayments and other receivables, the Independent Valuer have checked and reviewed against the relevant receivable information as provided by the Management, including but not limited to the debtors' names and exposure amount.

In relation to the property, plant and equipment, we noted from the Independent Valuer that they have checked and reviewed the information of the equipment and fixtures provided by the Management including but not limited to names, quantity, specifications, models and carrying amount.

For the liabilities, which comprised of mainly trade payables, the Independent Valuer have checked and reviewed information including but not limited to the creditors' names and payable amount as provided by the Management.

The assets and liabilities and other items involved in the Valuation Report were checked and reviewed by the Independent Valuer in accordance with normal procedures, and no matters affecting the asset valuation work were found by the Independent Valuer.

We noted from the Valuation Report that there was an increase in the value of right-of-use assets from its book value of approximately RMB86.4 million to a revaluation of approximately RMB127.1 million. The right-of-use assets represent the interests in three parcels of land, which are located in Binjiang Town, Taixing City, Jiangsu Province, the PRC (the "**Land Parcels**"). In determining the market value on the right-of-use assets, the Independent Valuer advised that it has considered the characteristics of the Land Parcels such as location, site areas, adopted plot ratio, unexpired tenure and usage. Comparable lands (which provide the basis/range on sale price per unit gross floor area ("**GFA**") when making the fair value measurement) are identified by the Independent Valuer.

To examine the selection of the comparable lands by the Independent Valuer, we have (i) obtained from the Independent Valuer and examined the source of information of the comparable lands; (ii) conducted independent desktop search on the comparable lands and retrieved information about the comparable lands on a sample basis with the following criteria, (a) the comparable lands were within the same district (i.e. Binjiang District, Taixing City, Jiangsu Province, the PRC (中國江蘇省泰興市濱江區)); (b) the land usage was industrial usage; (c) the timing of the land transactions were conducted within one year from the month of Valuation Benchmark Date (i.e. June 2023 to June 2024), however, only limited samples of land transactions were identified during such period, we therefore extend the review period from one year to two years from the month of Valuation Benchmark Date (i.e. June 2022 to June 2024). In this connection, we have identified 8 samples, the sample size of which is considered to be sufficient and representative of the prevailing market price. We have also compared the aforesaid characteristics of the Land Parcels from the desktop search conducted with those of the comparable lands and noted that, among others, the comparable lands locate in the same district and are of the same usage as the Land Parcels, the results from desktop search was in line with those comparable lands provided by the Independent Valuer, thus, we consider that our research on the comparable lands to be sufficient and representative; and (iii) examined the basis of selection of the comparable lands by the Independent Valuer and noted that the location (i.e. Binjiang District, Taixing City, Jiangsu Province, the PRC (中國江蘇省泰興市濱江區)), the land usage (i.e. industrial use) and the timing of the land transactions (i.e. conducted during 2022 to 2024) were taken into account as the selection criteria. We consider such selection criteria is relevant to facilitate the comparison and the comparable lands carrying similar characteristics as the Land Parcels could serve as an appropriate reference for the recent market value of the land use right of the Land Parcels. Based on the above, we consider the selection of the comparable lands to be reasonable. In arriving at the market value of the Target Company's right-of-use assets, the Independent Valuer applied the sale price per unit GFA of the comparable lands to the Land Parcels and adopted an adjustment rate to reflect the remaining years of the land use right of the Land Parcels. To examine the market value adjustment on the right-of-use assets, apart from the aforementioned work performed by us on the selection of the comparable lands, we have also, among others, (i) examined the basis for applying the sale price per unit GFA of the comparable lands in the adjustment and note the comparable lands were generally sold at the similar range of unit sale price, and considered that it is reasonable to apply the adopted unit sale price for each of the Land Parcels; (ii) examined the reason/basis for applying certain adjustments made on the unit price per square metre of the comparable land, including, the time and size adjustment. The comparable land transactions were completed within two years from the Valuation Benchmark Date, and therefore the unit rates of the land comparables are adjusted for the expected price changes from the respective transaction completion date to the Valuation Benchmark Date by making reference to the industrial land price index in the locality. The unit rates of the properties with smaller size are generally higher, and vice versa, attributable to general market practise. Therefore, downward adjustments are made for the land comparables with the GFA smaller than the subject land, and vice versa, hence the Independent Valuer considered that the adjustments are reasonable and the Appraised Value reflects the value of the land use right of the Land Parcels at its current status; (iii) examined the reason for applying the median of the comparable lands, of which the Independent Valuer have considered mean and median, and considered applying the median to be the most representative of the two as it could minimise the impact of outliers, and given the reasoning and basis as set out above, we concur with the Independent Valuer that applying the median is fair and reasonable; and (iv) cross-checked the major calculations in relation to the fair value adjustment as shown in valuation workings prepared by the Independent Valuer.

Accordingly, the Independent Valuer appraised the fair value of the Target Company's right-of-use assets to be approximately RMB127.1 million as at 30 June 2024. After taking into account the revaluation, the appraised value of the Target Company's total assets was approximately RMB757.8 million as at 30 June 2024.

Our view

Based on our review of the Valuation Report and discussion with the Independent Valuer regarding, among others, the scope of work and experiences of the Independent Valuer, the reasons and appropriateness of adopting the adjusted net assets method for the valuation of the Target Company, the basis, assumptions and methodology adopted in the Valuation Report, and the valuation work and adjustments performed by the Independent Valuer, nothing has come to our attention that causes us to doubt the reasonableness of the preparation of the Valuation Report. In the view of the above, we consider that the valuation performed by the Independent Valuer as well as the basis, assumptions and methodology adopted in the Valuation Report to be appropriate.

When assessing the consideration of the Acquisition, we have, among others, (i) considered the background of the Target Company, reviewed the Equity Transfer Agreement as well as the accountants' report of the Target Company prepared by the auditors of the Company; (ii) considered the registered and paid up capital of the Target Company attributable to the 35% equity interest under the Acquisition as at the date of the Equity Transfer Agreement and conducted desktop search on the Target Company in this respect; (iii) reviewed the Letter from the Board setting out the basis and factors considered by the Directors in determining the consideration; (iv) reviewed the Valuation Report, interviewed representative of the Independent Valuer and obtained the valuation workings and related documents to examine its selection basis of the valuation methodology, major assumptions adopted, details of its work procedures/work done with respect to the balance sheet items of the Target Company under the adjusted net assets method and any valuation adjustments made thereto, and its relevant valuation experience to conclude our view relating to the valuation of the Target Company, details of which are set out under the sub-section headed "3.2 Our work performed on the Valuation Report" in this letter above; (v) noted that the consideration represents a discount to the corresponding appraised market value of the Target Company as at 30 June 2024; and (vi) the factors considered as discussed under the section headed "1. Reasons for and benefits of entering into the Equity Transfer Agreement" in this letter, we concur with the Directors that the terms of the Equity Transfer Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

4. Financial effect of the Acquisition

Based on our discussion with and the representation from the Directors, we understand from the Directors that they have taken into account the following factors when they considered the potential impact of the Acquisition on the financial positions of the Group, where the Target Company become an associate of the Company and will be accounted for as an investment in associate in the consolidated financial statements of the Group. However, as it will not be a subsidiary of the Company upon completion of the Acquisition, the financial position and results of the Target Company will not be consolidated into those of the Group on a line-by-line basis:

(i) Net asset value

According to the 2024 Interim Results Announcement, the Group's net assets as at 30 June 2024 were approximately RMB2,402.2 million. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, assuming the Acquisition had been completed, the net assets of the Enlarged Group would be approximately RMB2,415.2 million.

(ii) Liquidity

According to 2024 Interim Results Announcement, the Group's cash and bank balances as at 30 June 2024 were approximately RMB1,248.9 million, and generated net cash inflow from operating activities of approximately RMB364.8 million during the six months ended 30 June 2024. As set out in the Letter from the Board, the consideration shall be settled by the Group's internal resources. On this basis, the cash and bank balance of the Group will decrease as a result of the Acquisition.

It should be noted that the aforementioned analysis is for illustrative purposes only and do not purport to represent how the financial positions of the Group will be upon completion.

VII. RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that although the Acquisition is not conducted in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition and the transactions contemplated under the Equity Transfer Agreement.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Jimmy Chung
Managing Director

Mr. Jimmy Chung is a licensed person registered with the Securities and Futures Commission of Hong Kong and responsible officers of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Jimmy Chung has over 25 years of experience in corporate finance industry.

* *For identification purposes only*

1. FINANCIAL INFORMATION

The financial information of the Group for each of the financial years ended 31 December 2021, 2022 and 2023 is disclosed in the following annual reports of the Company, which have been published on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.wison-engineering.com):

— Annual Report of the Company for the financial year ended 31 December 2021 on pages 78 to 202:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042600748.pdf

— Annual Report of the Company for the financial year ended 31 December 2022 on pages 83 to 208:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042502961.pdf

— Annual Report of the Company for the financial year ended 31 December 2023 on pages 81 to 204:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042503799.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 August 2024, being the most recent practicable date for the sole purpose of determining this statement of indebtedness and contingent liabilities of the Group prior to the date of this circular, we had the following indebtedness:

	RMB'000
Bank loans	
— secured and unguaranteed	874,958
— unsecured and unguaranteed	250,638
Other borrowings	
— secured and unguaranteed	54,050
Lease liabilities	
— unsecured and unguaranteed	21,898
Total	1,201,544

(i) Mortgage and Charges

As at 31 August 2024, the investment property of the Group with carrying value of approximately RMB3,489,097,000 was mortgaged to secure the Group's bank loan of RMB874,958,000. Furthermore, the Group's equity interests in CSSC (Hong Kong) Shipping Company Limited with an aggregate carrying value of RMB197,395,000 was charged to secure other borrowings of RMB54,050,000.

(ii) Banking and Other Facilities

As at 31 August 2024, the Group had bank credit facilities of RMB18,232,000 and unused credit facilities granted by a fellow subsidiary of the Group of RMB200,000,000, which are both unguaranteed.

(iii) Contingent Liabilities

As at 31 August 2024, several subcontractors have claimed the Group for settlements of outstanding contract amounts of RMB53,850,000.

The Group is of the opinion that additional provision for the lawsuits amounting to RMB15,110,000 has been made. For the other lawsuits amounting to RMB38,740,000 which are without merit, the possibility for the Group being subject to additional payment claims is expected to be remote on the basis of the available evidence and legal advice obtained, the Group is of the opinion that no additional provision is required.

Save as disclosed above and apart from intra-group liabilities and normal trade payables and accruals in the ordinary course of business, as at the close of business on 31 August 2024, the Group did not have any debt securities issued and outstanding, and authorized or otherwise created but unissued, bank overdrafts, liabilities under acceptances, acceptance credits, hire purchase commitments or other similar indebtedness, or any guarantees or other material contingent liabilities.

The Directors confirm that there have been no material changes in the indebtedness and contingent liabilities of the Group since 31 August 2024 up to the Latest Practicable Date.

3. WORKING CAPITAL SUFFICIENCY

Taking into account present financial resources available to the Group, including the internally generated funds, the available banking and other facilities and the ability of the Group to renew or rollover its banking facilities and other financing sources, in the absence of unforeseen circumstances, the Directors are in the opinion that the Group upon completion will have sufficient working capital to meet its requirements for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The petrochemicals market in 2023 faced multi-faceted challenges and opportunities, and went through changes because of multiple factors, such as the global economic environment, energy price fluctuations and policy adjustments. The Group remained committed to its mission of "Technology Innovation for a Better Future" and strove to become a world-leading provider of environmentally friendly services. Upholding the values of integrity, innovation, progress, commitment, respect, and win-win results, the Company continued to drive both its own growth and that of society.

In the first half of 2024, the Company streamlined its organisational structure, strengthened delicacy management, tightened risk control, enhanced its digital and modular capabilities, and consolidated its core competitiveness. In the face of new challenges and opportunities, the Company deepened its presence in the field of energy and chemical engineering and accelerated its pace to tap into the fields of new energy and new materials, in a bid to seize opportunities to open up new markets. The Company continuously improved operation and management benefits and created values for customers.

In the second half of 2024, the global economy is expected to face pressures, with the overseas interest rate hike cycle gradually winding down and many countries adjusting their monetary policies. In China, the economy is anticipated to continue its stable and positive development trend, supported by ongoing policy implementations. Demand is projected to rise steadily, further enhancing market dynamics. The real estate sector is expected to stabilise and recover following policy adjustments. Although the recovery may be gradual, it is likely to positively impact the overall economy.

The Company is currently navigating a crucial period of business transformation and internationalisation. Capitalizing on the market opportunities presented by the rapidly growing global new energy industry, the Company is dedicated to building its core competitiveness, exploring new markets and sectors, and continuously enhancing its ability to develop standardised, digitised, and modularised products as it expands into the international new energy field. Faced with challenges and opportunities stemming from market fluctuations and policy adjustments, the Company will adopt proactive strategies and make flexible adjustments to attain sound and sustainable development.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WISON ENGINEERING SERVICES CO. LTD.

Introduction

We report on the historical financial information of Levima Wison (Jiangsu) Advanced Materials Co. Ltd. (the "**Target Company**") set out on pages II-3 to II-23, which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Company for the period from 23 August 2023 (the date of establishment of the Target Company) to 31 December 2023 and the six months ended 30 June 2024 (the "**Relevant Periods**"), and the statements of financial position of the Target Company as at 31 December 2023 and 30 June 2024 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-3 to II-23 forms an integral part of this report, which has been prepared for inclusion in the circular of Wison Engineering Services Co. Ltd. (the "**Company**") dated 18 October 2024 (the "**Circular**") in connection with the acquisition of the 35% equity interest of the Target Company by a subsidiary of the Company (the "**Acquisition**").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 31 December 2023 and 30 June 2024 and of the financial performance and cash flows of the Target Company for each of the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to note 8 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong

18 October 2024

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with International Standards on Auditing ("**ISAs**") issued by the International Auditing and Assurance Standards Board ("**IAASB**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Target Company was established on 23 August 2023 and there is no comparative period for the six months ended 30 June 2024.

(A) STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Period from 23 August 2023 (date of establishment) to 31 December 2023 *RMB'000*	Six months ended 30 June 2024 *RMB'000*
Revenue	*6*	—	—
Other income	*6*	921	1,847
Administrative expenses		(159)	(509)
PROFIT BEFORE TAX		762	1,338
Income tax expense	*8*	(191)	(335)
PROFIT FOR THE PERIOD		571	1,003
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		571	1,003

(B) STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2023 RMB'000	30 June 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	284,919	333,222
Right-of-use assets	11	77,984	86,350
Other non-current assets		—	77,590
Total non-current assets		362,903	497,162
CURRENT ASSETS			
Prepayments and other receivables	12	23,621	30,452
Cash and bank balances	13	319,275	189,493
Total current assets		342,896	219,945
CURRENT LIABILITIES			
Trade payables	14	2,103	12,390
Other payables and accruals	15	2,934	2,993
Tax payable		191	150
Total current liabilities		5,228	15,533
NET CURRENT ASSETS		337,668	204,412
TOTAL ASSETS LESS CURRENT LIABILITIES		700,571	701,574
Net assets		700,571	701,574
EQUITY			
Paid-up capital	16	700,000	700,000
Reserves	17	571	1,574
Total equity		700,571	701,574

(C) STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital *RMB'000*	Statutory surplus reserves *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
At 23 August 2023 (date of establishment)	—	—	—	—
Profit for the period	—	—	571	571
Total comprehensive income for the period	—	57	514	571
Capital paid up	700,000	—	—	700,000
Transfer to statutory surplus reserves	—	57	(57)	—
At 31 December 2023 and 1 January 2024	700,000	57	514	700,571
Profit for the period	—	—	1,003	1,003
Total comprehensive income for the period	—	—	1,003	1,003
At 30 June 2024	700,000	57	1,517	701,574

(D) STATEMENTS OF CASH FLOWS

	Notes	Period from 23 August 2023 (date of establishment) to 31 December 2023 RMB'000	Six months ended 30 June 2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		762	1,338
Adjustments for:			
Interest income	5	(921)	(1,847)
		(159)	(509)
Increase in prepayments and other receivables		(180)	(17)
Increase in trade payables		2,103	10,287
Increase in other payables and accruals		2,934	59
Cash generated from operations		4,698	9,820
Interest received	5	921	1,847
Tax paid		—	(376)
Net cash flows from operating activities		5,619	11,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(301,300)	(131,751)
Purchases of right-of-use assets		(85,044)	(9,322)
Net cash flows used in investing activities		(386,344)	(141,073)

(D) STATEMENTS OF CASH FLOWS *(continued)*

	Notes	Period from 23 August 2023 (date of establishment) to 31 December 2023 RMB'000	Six months ended 30 June 2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital paid up		700,000	—
Net cash flows from in financing activities		700,000	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		319,275	(129,782)
Cash and cash equivalents at beginning of period		—	319,275
CASH AND CASH EQUIVALENTS AT END OF PERIOD		319,275	189,493
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*11*	319,275	189,493

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company is established in the People's Republic of China (the "**PRC**") with limited liability on 23 August 2023. The principal place of business is located in No. 333, Chengjiang West Road, Taixing Economic Development Zone, Taizhou City, Jiangsu Province, China.

During the Relevant Periods, the Target Company is in the construction phase. The Target Company will engage in the manufacture of chemical raw materials and products.

The Target Company's ultimate holding company is Legend Holdings Corporation, a company incorporated in the PRC. Its registered office is located at 17/F, Building 1, Courtyard 2, Keyuan South Road, Haidian District, Beijing, China.

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by International Accounting Standards Board (the "**IASB**"). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention and is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Target Company has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Target Company intends to apply these new and revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchange ability*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Annual Improvements to IFRS Accounting Standards — Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

The Target Company is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Target Company considers that these new and revised IFRSs are unlikely to have a significant impact on the Target Company's results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired assets, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Company if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5%
Plant and machinery	10%
Motor vehicles	12.5%
Office equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal or retirement of an item of property, plant and equipment recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

The Target Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Target Company as a lessee

The Target Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Target Company recognises right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	44 to 50 years

If ownership of the leased asset transfers to the Target Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Target Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Company's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Target Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ''pass-through'' arrangement; and either (a) the Target Company has transferred substantially all the risks and rewards of the asset, or (b) the Target Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Company continues to recognise the transferred asset to the extent of the Target Company's continuing involvement. In that case, the Target Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Company could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Target Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables)

After initial recognition, trade and other payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management.

Income tax

Income tax comprises current tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Company operates.

Revenue recognition

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

The employees of the Target Company are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Target Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of the Target Company's financial statements requires management to make judgements and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Target Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Expenditure capitalization

The Target Company is currently in the construction phase for the manufacture of chemical raw materials and products, resulting in substantial expenditures on construction related to property, plant and equipment. The Target Company evaluates the necessity of these expenditures for the construction process and subsequently assesses whether to capitalise or expense them accordingly.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-current assets

The Target Company assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

6. REVENUE AND OTHER INCOME

No revenue derived during the Relevant Periods.

	Period from 23 August 2023 (date of establishment) to 31 December 2023	**Six months ended 30 June 2024**
	RMB'000	*RMB'000*
Other income		
Bank interest income	921	1,847

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	Period from 23 August 2023 (date of establishment) to 31 December 2023	**Six months ended 30 June 2024**
	RMB'000	*RMB'000*
Other emoluments:		
Salaries, allowances and benefits in kind	504	488
Pension scheme contributions	23	46
Total other emoluments	527	534

8. INCOME TAX

The Target Company is subject to the PRC corporate income tax at a rate of 25% during the Relevant Periods.

	Period from 23 August 2023 (date of establishment) to 31 December 2023	**Six months ended 30 June 2024**
	RMB'000	*RMB'000*
Current charge for the period	191	335

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Target Company is domiciled to the tax expense at the effective income tax rate for the period is as follows:

	Period from 23 August 2023 (date of establishment) to 31 December 2023	**Six months ended 30 June 2024**
	RMB'000	*RMB'000*
Profit before tax	762	1,338
Tax at the statutory tax rate and the Target Company's effective rate	191	335

9. DIVIDEND

No dividend was paid or proposed during the Relevant Periods.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
30 June 2024						
At 1 January 2024						
Cost	68,062	48,276	791	855	168,227	286,211
Accumulated depreciation	(310)	(923)	(18)	(41)	—	(1,292)
Net carrying amount	67,752	47,353	773	814	168,227	284,919
At 1 January 2024, net of accumulated depreciation	67,752	47,353	773	814	168,227	284,919
Additions	—	—	—	636	52,511	53,147
Depreciation provided during the period	(1,864)	(2,767)	(53)	(160)	—	(4,844)
At 30 June 2024, net of accumulated depreciation	65,888	44,586	720	1,290	220,738	333,222
At 30 June 2024						
Cost	68,062	48,276	791	1,491	220,738	339,358
Accumulated depreciation	(2,174)	(3,690)	(71)	(201)	—	(6,136)
Net carrying amount	65,888	44,586	720	1,290	220,738	333,222

	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 23 August 2023 (date of establishment)						
Cost	—	—	—	—	—	—
Accumulated depreciation	—	—	—	—	—	—
Net carrying amount	—	—	—	—	—	—
At 23 August 2023 (date of establishment), net of accumulated depreciation	—	—	—	—	—	—
Additions	68,062	48,276	791	855	168,227	286,211
Depreciation provided during the period	(310)	(923)	(18)	(41)	—	(1,292)
At 31 December 2023, net of accumulated depreciation	67,752	47,353	773	814	168,227	284,919
At 31 December 2023						
Cost	68,062	48,276	791	855	168,227	286,211
Accumulated depreciation	(310)	(923)	(18)	(41)	—	(1,292)
Net carrying amount	67,752	47,353	773	814	168,227	284,919

11. RIGHT-OF-USE ASSETS

	Properties
	RMB'000
As at 23 August 2023 (date of establishment)	—
Additions	78,275
Depreciation charge	(291)
As at 31 December 2023 and 1 January 2024	77,984
Additions	9,322
Depreciation charge	(956)
As at 30 June 2024	86,350

12. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2023	30 June 2024
	RMB'000	*RMB'000*
Prepayments	175	129
Deposits and other receivables	23,446	30,323
Net carrying amount	23,621	30,452

13. CASH AND BANK BALANCES

	31 December 2023	30 June 2024
	RMB'000	*RMB'000*
Cash and cash equivalents	319,275	189,493

At 30 June 2024, the cash and bank balances of the Target Company denominated in RMB amounted to RMB189,412,000 (2023: RMB319,275,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the bank balances approximate to their fair values. All the bank balances are deposited with creditworthy banks with no recent history of default.

14. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2023	30 June 2024
	RMB'000	*RMB'000*
Within 1 year	2,103	12,390

The amount due to a related company included in the trade payables is as follows:

	31 December 2023	30 June 2024
	RMB'000	*RMB'000*
Related company *(note 19)* 惠生（泰州）新材料科技有限公司 (Wison (Taizhou) New Material Technology Co., Ltd., "**Wison Taizhou**")	2,100	2,100

The trade payables are unsecured, non-interest-bearing and are normally settled on 90-day terms.

15. OTHER PAYABLES AND ACCRUALS

	31 December 2023 *RMB'000*	30 June 2024 *RMB'000*
Other payables	2,734	2,752
Accruals	200	241
Total	2,934	2,993

The other payables are unsecured, non-interest-bearing and are normally settled on 90-day terms.

16. PAID-UP CAPITAL

A summary of movements in the Company's paid-up capital is as follows:

	Registered capital *RMB'000*	Paid-up capital *RMB'000*
At 23 August 2023 (date of establishment)	700,000	—
Capital paid-up	—	700,000
At 31 December 2023, 1 January 2024 and 30 June 2024	700,000	700,000

17. RESERVES

In accordance with the Company Law of the PRC and the articles of association of the Target Company, the Target Company may appropriate to its statutory surplus reserve fund as a percentage of its profit after tax. The amount of the appropriation is subject to the approval of the board of directors of the Target Company in accordance with the articles of association of the Target Company. Subject to certain restrictions set out in the Company Law of the PRC and the articles of association, part of these reserves may be converted to increase the Target Company's registered capital, provided that the remaining balance after the capitalization on is not less than 25% of the registered capital.

The statutory surplus reserves are non-distributable except in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as paid-up capital.

The amounts of the Target Company's reserves and the movements therein for the Relevant Periods are presented in the statements of changes in equity.

18. COMMITMENTS

The Target Company had the following contractual commitments at the end of the reporting period:

	31 December 2023 *RMB'000*	30 June 2024 *RMB'000*
Plant and machinery	89,600	283,706
Construction services	36,050	48,153
Total	125,650	331,859

19. RELATED PARTY TRANSACTIONS

(a) The Target Company had the following transactions with related parties during the period:

Name of related parties	**Relationship**
聯泓新材料科技股份有限公司 (Levima Advanced Materials Corporation, "**Levima Corporation**")	Equity holder owned 65% equity interest in the Target Company
惠生（中國）投資有限公司 ("**Wison (China) Investment**")	Equity holder owned 35% equity interest in the Target Company
惠生工程（中國）有限公司 (Wison Engineering Services Co. Ltd., "**Wison Engineering**")	Fellow subsidiary of Wison (China) Investment
聯泓（江蘇）新材料研究院有限公司 (Levima (Jiangsu) Advanced Materials Research Institute Co., Ltd., "**Levima Research Institute**")	Subsidiary of Levima Corporation
Wison Taizhou	Subsidiary of Wison (China) Investment

	Period from 23 August 2023 (date of establishment) to 31 December 2023 *RMB'000*	**Six months ended 30 June 2024** *RMB'000*
Purchases of property, plant and equipment from:		
Wison Taizhou	122,675	—
Purchases of land-use rights from:		
Wison Taizhou	78,275	—
Purchases of property, plant and equipment from:		
Wison (China) Investment	132,066	—
Services received from:		
Wison Engineering	14,575	14,575
Wison (China) Investment	94	283
Levima Research Institute	—	118
Capital paid up by:		
Levima Corporation	455,000	—
Wison (China) Investment	245,000	—

In the opinion of the directors of the Target Company, the transactions between the Target Company and Levima Corporation, Wison (China) Investment, Wison Engineering, and Levima Research Institute were conducted based on mutually agreed terms.

(b) Balances with related parties:

Details of the Target Company's payables to its related company as at the end of the reporting period are disclosed in note 14 to the historical financial information.

(c) Compensation of key management personnel of the Company

	Period from 23 August 2023 (date of establishment) to 31 December 2023	**Six months ended 30 June 2024**
	RMB'000	*RMB'000*
Short term employee benefits	1,668	1,692
Total compensation paid to key management personnel	1,668	1,692

Further details of directors' emoluments are included in note 7 to the historical financial information.

20. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets and liabilities of the Target Company as at the end of each of the Relevant Periods were financial assets stated at amortised cost and financial liabilities stated at amortised cost, respectively.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Target Company's financial instruments reasonably approximate to their fair values.

Management has assessed that the fair values of bank balances, financial assets included in prepayments and other receivables and financial liabilities included in trade payables and other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's financial instruments comprise cash and bank balances, trade payables, financial assets included in prepayments and other receivables and financial liabilities included in other payables and accruals. Details of these financial instruments are disclosed in the respective notes to the historical financial information.

The carrying amount of financial assets included in prepayments and other receivables were not significant as at 31 December 2023 and 30 June 2024. The bank balances are deposited with mainly creditworthy banks with no recent history of default. The Target Company will be able to provide sufficient funds to finance its working capital requirements. The Target Company does not have any significant credit and liquidity risk.

Capital management

The primary objectives of the Target Company's capital management are to safeguard the Target Company's ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Target Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Company may return capital to equity holders. The Target Company is not subject to any externally imposed capital requirements.

	31 December 2023	**30 June 2024**
	RMB'000	*RMB'000*
Total debt	5,228	15,533
Total equity	700,571	701,574
Gearing ratio	1%	2%

23. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 June 2024.

*The following is the management discussion and analysis of the Target Company for the period from 23 August 2023 (the date of establishment of the Target Company) to 31 December 2023 and the six months ended 30 June 2024 (the "**Relevant Periods**") based on the financial information of the Target Company set out in Appendix II to this circular.*

BUSINESS REVIEW

The Target Company is a limited liability company established in the PRC on 23 August 2023 and is principally engaged in manufacturing and sales of chemical products (excluding licensed chemicals), specific chemical products (excluding hazardous chemicals) and synthetic materials, provision of technologies services, development, consultation, exchange, transfer, promotion, marketing services, applications and new materials research and development. Its main product is polyolefin elastomer (POE). During the Relevant Periods, the Target Company was in the pre-operating phase.

As at the Latest Practicable Date, the Target Company owned three parcels of land located in Binjiang Town, Taixing City and Jiangsu Province in the PRC, with an aggregate site area of approximately 210,000 square meters. The land parcels are designated for industrial use ready for the construction of the production plant, and public auxiliary equipment including roads, transformer station and pipes have been built and installed.

The Target Company had commenced the set-up of the production line in January 2024. The purchase orders of the three major components namely the polymerization reactor & mixer, the flash devolatilization system and the extrusion granulation system had placed in June 2024, and 30% scaled operation model inspection has also been passed in July 2024. The 60% scaled operation model inspection is expected to commence and completed by end of 2024. The production line is expected to complete by the fourth quarter in 2025 and start trial production.

RESULTS OF OPERATIONS

	For the period from 23 August 2023 (date of establishment) to 31 December 2023	For the six months ended 30 June 2024
	RMB'000	*RMB'000*
	(audited)	(audited)
Other income	921	1,847
Administrative expenses	(159)	(509)
Profit before tax	762	1,338
Income tax expense	(191)	(335)
Profit for the period	571	1,003

FINANCIAL REVIEW

Other income

During the Relevant Periods, other income represented the bank interest income recognized by the Target Company.

Administrative Expenses

During the Relevant Periods, administrative expenses mainly represented the taxes and surcharges recognized by the Target Company.

Liquidity and Financial Resources

As at 31 December 2023 and 30 June 2024, the Target Company's cash and bank balances amounted to RMB319,275,000 and RMB189,493,000, respectively, which were mainly denominated in Renminbi. The cash and bank balances represented approximately 93.1% and 86.2% of the Target Company's current assets as at 31 December 2023 and 30 June 2024, respectively.

The Target Company did not have any bank and other borrowings as at 31 December 2023 and 30 June 2024.

During the Relevant Periods, the Target Company meets its working capital and other capital requirements principally with cash generated from share capital.

Asset-Liability Ratio

The Asset-Liability Ratio of the Target Company, which was derived by dividing total liabilities by total assets, were 0.7% and 2.2% as at 31 December 2023 and 30 June 2024, respectively.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investments, material acquisitions or disposals during the Relevant Periods.

SEGMENTAL INFORMATION

During the Relevant Periods, the Target Company was in the pre-operating phase. Therefore, no segmental information is available.

CAPITAL STRUCTURE

During the Relevant Periods, the capital structure of the Target Company comprised bank balances, payables and issued share capital.

The Target Company did not have any bank and other borrowings as at 31 December 2023 and 30 June 2024.

FOREIGN EXCHANGE EXPOSURE

The Target Company monetary assets are denominated in Renminbi. During the Relevant Periods and as at the Latest Practicable Date, the Target Company did not have a foreign currency hedging policy.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

During the Relevant Periods, the Target Company had no contingent liabilities.

For details of capital commitment of the Target Company, please refer to note 18 to Appendix II Accountants' Report of the Target Company.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Target Company had no plan for any material investments or capital assets.

REMUNERATION GUIDELINES AND EMPLOYMENT

The Target Company employed 42 employees as at 30 June 2024 with majority of them are technical, production and research related staffs. The Target Company's remuneration guidelines are primarily based on prevailing market salary levels and the performance of the individuals concerned. Fringe benefits include provident fund, medical insurance and training. During the Period from 23 August 2023 to 31 December 2023 and the six months ended 30 June 2024, the Target Company's total employee costs amounted to RMB4,176,000 and RMB5,441,000, respectively.

BUSINESS PROSPECTS

Upon completion of the Acquisition, the Target Company will continue to engage in manufacturing and sales of chemical products (excluding licensed chemicals), specific chemical products (excluding hazardous chemicals) and synthetic materials, provision of technologies services, development, consultation, exchange, transfer, promotion, marketing services, applications and new materials research and development. Its main product is polyolefin elastomer (POE).

POE is a synthetic material and can be used for, among others, the production of high-end polyolefin used in the solar energy industry and automotive industry. With the development of electric vehicles, solar energy and relevant industries, the demand for POE is expected to growth. As at the Latest Practicable Date, at least five potential customers have indicated interests in polyolefin elastomer (POE) produced by the Target Company.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

To the Directors of Wison Engineering Services Co. Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wison Engineering Services Co. Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") and Levima Wison (Jiangsu) Advanced Materials Co. Ltd. (the "**Target Company**") (together with the Group hereafter collectively referred to as the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2024, and related notes as set out on pages IV-4 to IV-8 of the circular dated 18 October 2024 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in note II.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of the 35% equity interest of the Target Company by a subsidiary of the Company (the "**Acquisition**") on the Group's financial position as at 30 June 2024 as if the Acquisition had taken place at 30 June 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited interim financial information for the six months ended 30 June 2024, on which an interim review report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, and Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong

18 October 2024

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Basis of preparation of the Unaudited Pro Forma Financial Information of the Group

The unaudited pro forma consolidated statement of financial position (the ''**Unaudited Pro Forma Financial Information**'') has been prepared for the purpose of providing shareholders of the Company with information about the impact of the Acquisition by illustrating the effects of the acquisition of the 35% equity interest in Levima Wison (Jiangsu) Advanced Materials Co. Ltd. (the ''**Target Company**'') by a subsidiary of the Company (the ''**Acquisition**''), as if the Acquisition had taken place at 30 June 2024.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Group that would have been attained had the Acquisition been completed on 30 June 2024. Neither does the Unaudited Pro Forma Financial Information purports to predict the future financial position of the Group.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition.

The Unaudited Pro Forma Financial Information has been prepared based on unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 as set out in the interim report of the Company for the six months ended 30 June 2024, and the audited statement of financial position of the Target Company as at 30 June 2024 as set out in the accountants' report on the Target Company included in Appendix II to this circular, after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this Circular and other financial information included elsewhere in the Circular.

Unaudited Pro Forma Financial Information of the Enlarged Group

	The Group as at 30 June 2024	Pro forma adjustments	Pro forma of the Enlarged Group as at 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	
NON-CURRENT ASSETS			
Property, plant and equipment	43,523		43,523
Investment properties	3,489,097		3,489,097
Other non-current assets	86,907		86,907
Right-of-use assets	19,986		19,986
Goodwill	15,752		15,752
Other intangible assets	28,333		28,333
Investments in associates	214,504	256,244	470,748
Long-term prepayments	2,951		2,951
Equity investments designated at fair value through other comprehensive income	28,876		28,876
Total non-current assets	3,929,929	256,244	4,186,173
CURRENT ASSETS			
Equity investments designated at fair value through other comprehensive income	241,747		241,747
Inventories	229,927		229,927
Trade receivables	471,705		471,705
Bills receivable	39,964		39,964
Contract assets	1,376,427		1,376,427
Prepayments, other receivables and other assets	1,973,540		1,973,540
Due from fellow subsidiaries	75,806		75,806
Pledged bank balances and time deposits	730,666		730,666
Cash and bank balances	1,248,882		1,248,882
Total current assets	6,388,664		6,388,664

	The Group as at 30 June 2024	Pro forma adjustments	Pro forma of the Enlarged Group as at 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	
CURRENT LIABILITIES			
Trade and bills payables	2,118,603		2,118,603
Other payables and accruals	3,423,753	63,750	3,487,503
Interest-bearing bank and other borrowings	573,187		573,187
Lease liabilities	17,149		17,149
Due to fellow subsidiaries	300		300
Due to an associate	630		630
Tax payable	152,732		152,732
Total current liabilities	6,286,354	63,750	6,350,104
NET CURRENT ASSETS	102,310	(63,750)	38,560
TOTAL ASSETS LESS CURRENT LIABILITIES	4,032,239	192,494	4,224,733
NON-CURRENT LIABILITIES			
Lease liabilities	8,210		8,210
Interest-bearing bank and other borrowings	531,000		531,000
Long-term payables	415,480	179,527	595,007
Deferred tax liabilities	398,833		398,833
Government grants	3,762		3,762
Other non-current liabilities	272,745		272,745
Total non-current liabilities	1,630,030	179,527	1,809,557
Net assets	2,402,209	12,967	2,415,176

	The Group as at 30 June 2024	Pro forma adjustments	Pro forma of the Enlarged Group as at 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	
EQUITY			
Equity attributable to owners of the parent			
Share capital	330,578		330,578
Share premium	869,201		869,201
Other reserves	1,223,758	12,967	1,236,725
	2,423,537	12,967	2,436,504
Non-controlling interests	(21,328)		(21,328)
Total equity	2,402,209	12,967	2,415,176

Notes to the Unaudited Pro Forma Financial Information of the Group

(1) The unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 is extracted without adjustment from the published interim report of the Company for the six months ended 30 June 2024.

(2) On 11 September 2024, the Group entered into an equity transfer agreement (the "**Equity Transfer Agreement**") in respect of the Acquisition with Wison (China) Investment (a equity holder of the Target Company), the aggregate consideration (the "**Consideration**") for the Acquisition shall be paid by cash as follows:

i. the first installment in the sum of RMB63,750,000 shall be paid within 3 months of the date of the Equity Transfer Agreement.

ii. the second installment, being the balance of the Consideration, in the sum of RMB191,250,000 shall be paid within 18 months after the date of the Equity Transfer Agreement.

iii. For the purpose of preparing the Unaudited Pro Forma Financial Information, in the opinion of the Directors, the second tranche of the Consideration is considered to be settled in the eighteenth month from date of the Equity Transfer Agreement.

iv. For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the identified assets and liabilities of the Target Company with reference to the valuation carried out by an independent qualified professional valuer.

v. Considering the proportion of net fair value of the Target Company's identifiable assets and liabilities owned by the Group exceeds the Consideration, and taking into account the time value of the Consideration to be settled, when the transaction takes place, gains were recognised.

(3) The transaction costs of the Acquisition are not material and have not been taken into account for the purpose of preparing the Unaudited Pro Forma Financial Information.

(4) No other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular, received from Valplus Consulting Limited, an independent valuer, in connection with this valuation of the fair value of the 100% equity interests in the Target Company as at 30 June 2024.

Valplus Consulting Limited
Unit 907, 9/F, Houston Centre
63 Mody Road
Tsim Sha Tsui East
Hong Kong

18 October 2024

The Board of Directors,
Wison Engineering Services Company Limited,
Suite 2507, 25/F,
Central Plaza,
18 Harbour Road,
Wan Chai,
Hong Kong

Dear Sirs/Madams,

Re: Valuation of 100% equity interests in 聯泓惠生(江蘇)新材料有限公司

In accordance with the instructions from Wison Engineering Services Company Limited (“**Company**” and together with its subsidiaries, “**Group**”), we have conducted a valuation of the fair value of 100% equity interests (“**Equity Interests**”) in 聯泓惠生(江蘇)新材料有限公司 (unofficially translated as “Levima Wison (Jiangsu) Advanced Materials Co. Ltd.” and hereinafter, “**Wison Jiangsu Advanced Materials**” or “**Target Company**”), a private limited liability company incorporated in the People’s Republic of China (“**PRC**” or “**China**”) that is specialized in the research, development and production of new industrial materials named polyolefin elastomer (“**POE**”) in the PRC. We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the fair value of Wison Jiangsu Advanced Materials as at 30 June 2024 (“**Valuation Date**”).

This report states the purpose of valuation and premise of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion on value.

1. PURPOSE OF VALUATION

This report is being solely prepared for the directors and management of the Company for internal reference in connection with a proposed acquisition ("**Proposed Acquisition**") by the Company over certain equity stake in Wison Jiangsu Advanced Materials.

The Proposed Acquisition, if approved and materialized, would be a commercial decision made by the transacting parties and the corresponding transaction price would be the result of negotiations between the transacting parties. The directors and management of the Company should be solely responsible for determining the consideration of the Proposed Acquisition, in which Valplus Consulting Limited ("**Valplus**") is not involved in the negotiation and has no comment on the agreed consideration.

Furthermore, this valuation report does not constitute an opinion on the commercial merits and structure of the Proposed Acquisition. We are not responsible for any unauthorized use of this report. Valplus assumes no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

2. BASIS AND PREMISE OF VALUE

Our valuation has been prepared in accordance with the International Valuation Standards ("**IVS**") published by the International Valuation Standards Council.

Our valuation is based on going concern premise and conducted on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3. SCOPE OF WORK

Our valuation opinion is based on the assumption stated herein and the information provided by the management of the Group, Wison Jiangsu Advanced Materials or their representatives (together, "**Management**"). In the course of our valuation work, we have conducted the following process to evaluate the reasonableness of the adopted basis and assumption provided:

- Held discussion with the Management in relation to the background, development, operation, financial performance and other relevant information of Wison Jiangsu Advanced Materials;

- Reviewed relevant financial information, operational information and other relevant data concerning Wison Jiangsu Advanced Materials;

- Reviewed and held discussion with the Management on the business development concerning the Wison Jiangsu Advanced Materials provided to us by the Management;

- Performed market research in relation to the economic outlook in general and the specific economic environment and market elements affecting the business, industry, and market and obtained relevant statistical figures from the public sources;

- Examined relevant basis and assumptions of both the financial and operational information of Wison Jiangsu Advanced Materials, which were provided by the Management;

- Designed an appropriate valuation model to derive the fair value of the Equity Interests;

- Presented all relevant information on the scope of work, sources of information, overview of Wison Jiangsu Advanced Materials, major assumptions, valuation methodology, limiting conditions, remarks and opinion of value in this report.

4. SOURCES OF INFORMATION

We relied on the following major documents and information in our valuation analysis. Some of the information and materials are furnished by the Management. Other information is extracted from public sources such as government sources, HKEXnews, Bloomberg and Duff & Phelps, LLC, etc., if applicable.

The major documents and information include the following:

- The joint venture agreement (“**Joint Venture Agreement**”) entered into between 聯泓新材料科技股份有限公司 (officially translated as “Levima Advanced Materials Company Limited” and hereinafter, “**Levima Advanced Materials**”) and 惠生(中國)投資有限公司 (officially translated as “Wison (China) Holding Company” and hereinafter, “**Wison China Investment**”), and dated 22 August 2023;

- The master and supplemental strategic cooperation agreements (collectively, “**Strategic Cooperation Agreements**”) entered into between Levima Advanced Materials, Wison China Investment and 惠生(泰州)新材料科技有限公司 (officially translated as “Wison (Taizhou) New Material Technology Company Limited” and hereinafter, “**Wison Taizhou New Material**”), and dated 26 May 2023 and 22 August 2023 respectively;

- Articles of Association of Wison Jiangsu Advanced Materials dated 22 August 2023;

- The technology transfer agreement ("**Technology Transfer Agreement**") in relation to the POE technology ("**POE Technology**") entered into between Wison China Investment and Wison Jiangsu Advanced Materials, and dated 23 August 2023;

- The asset transfer agreement ("**Asset Transfer Agreement**", and together with the Technology Transfer Agreement, "**Transfer Agreements**") in relation to the POE production project ("**POE Project**") entered into between Wison Taizhou New Material and Wison Jiangsu Advanced Materials, and dated 23 August 2023;

- Approval letters in relation to the transfer of the POE Technology to Wison Jiangsu Advanced Materials issued by China National Intellectual Property Administration and dated October 2023;

- The feasibility study report ("**Feasibility Report**") in relation to the POE Project undertaken by Wison Taizhou New Material;

- Copies of certificates, contracts and agreements ("**Land Doc**") of the land use rights ("**Land Use Rights**") in relation to the POE Project and owned by Wison Jiangsu Advanced Materials, including but not limited to:

  (i) 《國有建設用地使用權出讓合同》 entered into between 泰興市自然資源和規劃局 (unofficially translated as Taixing Municipal Natural Resources and Planning Bureau), Wison Taizhou New Material, Wison Jiangsu Advanced Materials and 泰興市成興國有資產經營投資有限公司 (unofficially translated as Taixing Chengxing State-owned Assets Management and Investment Company Limited and hereinafter, "**Taixing Chengxing AM**"), and dated 29 December 2017, 17 May 2019 and 7 February 2024;

  (ii) The master and supplemental agreements of 《國有土地使用權轉讓協議書》 entered into between Wison Taizhou New Material and Taixing Chengxing AM and dated 10 December 2018 and 6 June 2019; and

  (iii)《不動產權證書》 of the Land Use Rights;

- Announcement(s) and/or circular(s) made by the Company in relation to Wison Jiangsu Advanced Materials;

- Audited annual reports and unaudited interim reports of the Group; and

- Historical financial information of Wison Jiangsu Advanced Materials for the six months ended 30 June 2024 ("**FS**").

In the course of our valuation, we had discussion with the Management on the industry and the development of Wison Jiangsu Advanced Materials. Furthermore, we have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We consider that we have obtained adequate information from the sources described above to provide a reliable opinion on value.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

5. COMPANY PROFILE

Wison Jiangsu Advanced Materials is a private limited liability company incorporated in the PRC on 23 August 2023 with registered capital of RMB700 million. The business scope of Wison Jiangsu Advanced Materials is confined to the production and selling of chemical products (excluding licensed chemical products), production and selling of specialized chemical products (excluding hazardous chemicals), production and selling of synthetic materials (excluding hazardous chemicals), technical services, technology development, technical consulting, exchange and transfer, technology promotion and related services, technology promotion and application services, new material technology research and development.

Based on the FS provided by the Management, for the six-month period ended 30 June 2024, Wison Jiangsu Advanced Materials recorded nominal revenue or net profit from operating activities. As at 30 June 2024, Wison Jiangsu Advanced Materials had total assets of approximately RMB717.1 million and its net assets were approximated to RMB701.6 million.

6. BUSINESS OVERVIEW

According to the Joint Venture Agreement, the Strategic Cooperation Agreements, and the Transfer Agreements, Wison Jiangsu Advanced Materials was established as a joint venture to undertake the POE Project in Binjiang Town, Taixing City, Jiangsu Province, the PRC. Pursuant to the Feasibility Report and the Land Use Rights, the POE Project covers the construction of (i) POE production facilities; (ii) public works and ancillary facilities; and (iii) supporting engineering works outside the factory areas, such as power supply networks. The entire construction period is estimated to be 2 years commencing in June 2023, and shall include various technical testing and trial production prior to official market launch in the second half of 2025. The aggregated investment cost of the POE Project approximated to RMB2.0 billion, including purchase of fixed assets, acquisition of technology, finance cost, tax and surcharges and etc. Upon the completion of the construction work-done, the POE Project is expected to sustain a production capacity of approximately 100,000 tonnes of POE materials per annum.

Pursuant to the Management, POE is a modern versatile material which is uniquely capable of offering strength and flexibility, equipping with a balance of properties common for both plastic and rubber. The raw materials required for POE manufacturing are common and ordinary base chemicals, consisting primarily of ethylene, 1-butene and octene. POE is considered as widely applicable in numerous end-user products, such as solar photovoltaic panel packaging, automotive exteriors and interiors, vehicle belts and hoses, weatherstripping, packaging adhesives, footwear, roofing membranes and flooring.

7. ECONOMIC OVERVIEW

This section of economic overview is based on the data provided by Hong Kong Trade Development Council ("**HKTDC**"). China's gross domestic product ("**GDP**") grew by 5.0% in first half of 2024. During the first half of 2024, added-value industrial output rose by 6.0%, fixed-assets investment increased by 3.9%, and retail sales climbed by 3.7%. Meanwhile, in June 2024, the consumer price index rose by 0.2% on a year-on-year basis. In the first half of 2024, exports and imports in US-dollar terms increased by 3.6% and 2.0% respectively, resulting in a trade surplus of US$435.0 billion in the period. The Manufacturing Purchasing Managers' Index came in at 49.5 in June, holding steady for the second straight month. In January 2024, The National Business Work Conference stated that the national commercial system had been urged to expedite the construction of a new development pattern. This includes co-ordinating the expansion of domestic demand and deepening supply-side structural reform, as well as co-ordinating new urbanization and comprehensive rural revitalization.

	2023		**2024 (Latest)**	
	Value	*Growth (%)*	*Value*	*Growth (%)*
Population, year-end *(mn)*	1,409.7	-0.2	1,409.7	n/a
Gross Domestic Product *(RMB bn)*	126,058.2	5.2	61,683.6[1]	5.0[1]
Fixed assets investment *(RMB bn)*	50,303.6	3.0	24,539.1[1]	3.9[1]
Consumer goods retail sales *(RMB bn)*	47,149.5	7.2	23,596.9[1]	3.7[1]
Exports *(US$ bn)*	3,380.0	-4.6	1,707.6[1]	3.6[1]
Imports *(US$ bn)*	2,556.8	-5.5	1,272.6[1]	2.0[1]
Trade surplus *(US$ bn)*	823.2	n/a	435.0[1]	n/a
Utilized foreign direct investment *(US$ bn)*	1,133.9	-8.0	498.9[1]	-29.1[1]
Foreign currency reserves *(US$ bn)*	3,238.0	3.5	3,222.4[2]	0.9

Table 1: China economic indicators (2023 – 2024 Latest)

Source: *HKTDC*

Notes:

1) Data period from January to June 2024.

2) Data as of end of June 2024 from The National Bureau of Statistics, Ministry of Commerce, and General Administration of Customs.

8. INDUSTRY OVERVIEW

This section of industry overview is based on the research conducted and data provided by (i) the Chyxx; (ii) the Huaon; (iii) Global Information and (iv) Insight&Info.

Global and China Market Outlook

The global POE market has undergone substantial growth in recent years. The global POE market size increased from US$2.7 billion in 2015 to US$3.6 billion in 2022, with a compound annual growth rate of approximately 4.4%. Traditionally, the POE consumption was mainly contributed by Japan, North America and Europe; however, with the development of downstream industries, China's demand for POE has increased significantly since 2017. It is estimated that the China POE market will increase from US$731.0 million in 2023 to US$2.0 billion by 2029, with a compound annual growth rate of approximately 18.5%.

The demand for POE in China has kept increasing over the years, and in 2022, China's POE consumption was approximated 242,000 tons. The photovoltaic industry has accounted for approximately 40% of the total POE consumption, and then followed by automative industry, which accounted for approximately 26% of the market. Due to the high technical threshold, intellectual property barriers and raw material constraints, China has yet realized the industrialized production of POE currently. It has to rely on importing POE products from foreign countries, and the domestic selling price of POE products has kept at a considerably high level, ranging from approximately RMB16,000/ton to RMB19,000/ton.

Currently, the major production bases of global POE are located in the United States, Japan, South Korea and other regions, and the POE manufacturers are dominated by a few companies such as Dow Chemical, Mitsui Chemicals, Exxon Mobil Chemical, South Korea's LG Chemical, South Korea's SK Chemical, Borealis, etc. The domestic circulation of POE products in China are mainly provided by Dow Chemical and Exxon Mobil in the United States, LG Chem and SK Group in South Korea.

Policies and Regulations

In recent years, the PRC government has actively promoted the development of polyolefin products. In May 2021, the launch of "The 14th Five Year Plan of Petrochemical Industry of China" emphasized the acceleration of new industrial materials development and to achieve the self-sufficiency rate of 75%, accounting for 10% of the overall chemical industry. In October 2022, the National Development and Reform Commission and the Ministry of Commerce jointly published the latest edition (2022 edition) of the Catalogue of Encouraged Industries for Foreign Investment, which encourages foreign investments on the development and production of high-end polyolefin. Under the guidance of the PRC government policies, many domestic enterprises have accelerated their deployment in the POE field and to promote product research and development.

POE Applications

Given the exceptional properties and versatility, POE has been widely used across various industries in China:

i) Photovoltaic industry

- Historically, ethyl vinyl acetate (“**EVA**”) has been the most commonly used material for encapsulation films in solar panels. POE can act as a critical component used to adhere and protect solar cells within PV modules. It provides adhesion between the top surface, rear surface, and the solar cells themselves. The advantages of POE include but not limited to:

  (a) POE exhibits good light transmittance, allowing sunlight to reach the solar cells effectively.

  (b) POE forms a reliable bond with the solar cell and other components, and resists deformation over time, maintaining its integrity.

  (c) POE elastomers exhibit excellent stability at elevated temperatures and under UV exposure.

  (d) POEs have improved potential induced degradation performance compared to EVA-based encapsulants. This means that over time, the power output of the PV module remains consistent, with low leakage current.

  (e) The use of POE materials in encapsulation films contributes to the overall more durable service life of solar panels compared to the traditional EVA materials.

ii) Other applications

- One of the primary applications of POEs is as impact modifiers for polypropylene (“**PP**”). By blending POEs with PP, manufacturers can improve the toughness and impact resistance of PP-based materials. Scanning electron microscopy studies reveal that an increased flowability of the POE rubber reduces the domain size within the PP matrix. Smaller rubber domains lead to enhanced impact strength in the composite. The size of the rubber particles (POE domains) within the PP matrix plays a crucial role. When an increased concentration of ethylene octene random copolymer is used as the POE, the PP/POE composite exhibits maximum impact strength. In this way, POEs contribute to the balance between stiffness and toughness in PP-based materials. They allow PP to retain its processability while significantly improving its impact resistance. Applications of the PP/POE composites include but not limited to:

(a) PP/POE blends find use in automotive interior components, such as instrument panels, door panels, and trim parts. The enhanced toughness ensures better performance during impact events.

(b) Shoe soles and other footwear components benefit from PP/POE composites due to their improved durability and resilience.

(c) PP/POE materials are suitable for medical devices and equipment where impact resistance and ease of processing are essential.

(d) In roofing membranes and other construction applications, PP/POE blends provide weather resistance and impact toughness.

(e) PP/POE can be found in various consumer goods, including toys, containers, and household items.

9. INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to historical performance, operations and industry, and other relevant information of Wison Jiangsu Advanced Materials. In addition, we have made relevant enquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation. As part of our analysis, we have made reference to financial information and other pertinent data concerning Wison Jiangsu Advanced Materials provided to us by the Management.

The valuation of Wison Jiangsu Advanced Materials requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of Wison Jiangsu Advanced Materials;
- Historical information of Wison Jiangsu Advanced Materials;
- Financial condition of Wison Jiangsu Advanced Materials;
- Proposed business development of Wison Jiangsu Advanced Materials;
- Nature, terms and conditions of relevant agreements, contracts, licenses, permits and rights, if applicable;

- Expected economic income from relevant agreements, contracts, licenses, permits and rights, if applicable;
- Regulations and rules of relevant industries;
- Economic and industry data affecting markets and other dependent industries;
- Market-derived investment return(s) of similar business; and
- General global economic outlook.

10. GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to value a business subject:

- Market approach;
- Asset approach; and
- Income approach.

Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing businesses that are similar in nature. It is also common practice to employ a number of valuation methods under each approach. Therefore, no one business valuation approach or method is definitive. A more detailed discussion of each approach is presented in the *ADDENDUM I — VALUATION APPROACHES* of this report.

11. VALUATION ANALYSIS

11.1. Methodology

In the process of valuing a business subject, we have taken into consideration of business nature, assets type, specialty of its operations, assets owned, and liabilities assumed and industry it is participating. Having considered the three general valuation methodologies, we believed that the asset approach would be appropriate and reasonable in the valuation of Wison Jiangsu Advanced Materials.

Based on discussion with the Management and information provided by the Management, Wison Jiangsu Advanced Materials was incorporated in August 2023 and the POE Project was still under development as at the Valuation Date, thus Wison Jiangsu Advanced Materials has not yet commenced its commercial operations pending completion of the development. Therefore, the use of historical data is not sufficient to form a reliable basis of projections. Also, the use of projections would involve a high level of uncertain, long-term forecast estimates and underlying assumptions. Given available limited basis, qualifications and explanations, the income approach is therefore considered to be not appropriate for this valuation.

The market approach is also considered not appropriate as there are insufficient relevant comparable transactions and companies to form a reliable basis for opinion on value given the uniqueness of the POE Project and the early development stage of Wison Jiangsu Advanced Materials. Also, as Wison Jiangsu Advanced Materials was newly established with short operating track records, the market approach based on latest financial metrices is not reasonable and applicable after considering the development status and operational scale of Wison Jiangsu Advanced Materials.

Under the asset approach, we have adopted adjusted net assets method (“**Adjusted NAV**”), of which all of the subject’s individual asset and liability account categories are analysed and valued separately. The value of the individual assets (both tangible and intangible) less the value of the liabilities (both recorded and contingent) represents the subject business value. The Adjusted NAV is a sound method for estimating the value of start-up business which is not mature but still under development.

11.2. Assets and Liabilities Measurement

Under the asset approach, the value of the valuation target is determined by reasonably assessing the value of the assets and liabilities as stated on the balance sheet of the enterprise. To prepare the valuation, we have reviewed the assets & liabilities as stated in the FS of Wison Jiangsu Advanced Materials as of the Valuation Date. Pursuant to the Management, Wison Jiangsu Advanced Materials had no off-balance sheet assets or liabilities as of the Valuation Date. In the course of our measurement, we have made relevant enquiries to and obtained necessary information from the Management about the assets & liabilities of the FS. The measurement is prepared on the basis of agreed upon procedures, approaches and methods. However, the assessed values provided by us in this report rely to a great extent on the representations made by the Management reflecting their best available estimates, judgment and knowledge concerning the assets & liabilities of the audited accounts. Based on the FS of Wison Jiangsu Advanced Materials as of the Valuation Date, the major and material assets and liabilities of Wison Jiangsu Advanced Materials are cash & bank balances, prepayments and other receivables, property, plant & equipment, right-of-use assets in relation to the Land Use Rights, other non-current assets and trade payables.

Cash & Bank Balances

The cash & bank balances primarily referred to the bank balance which were highly liquid and were available for withdrawal upon demand, and therefore they were subject to cost basis where the fair value was equivalent to the corresponding carrying amount stipulated on the FS.

Prepayments and Other Receivables

The prepayments and other receivables were primarily consisted of prepayments, deposits and tax assets associated with the input tax to be credited of the value-added tax borne by Wison Jiangsu Advanced Materials, which were expected to be settled within one year from the Valuation Date. We have checked and reviewed against the relevant receivable information as provided by the Management, including but not limited to the debtors' names and exposure amount. Based on the above analysis, the fair value of the prepayments and other receivables were estimated as approximately their respective carrying amount on the FS.

Property, Plant & Equipment

The property, plant & equipment primarily consist of (i) structures, machineries, equipment and fixtures transferred to Wison Jiangsu Advanced Materials under the execution of the Transfer Agreements in the end of 2023 and shall be used for the construction of the POE Project; and (ii) construction in progress which refers to the construction and set-up cost injected by Wison Jiangsu Advanced Materials to build and establish the production lines and the related ancillary structures of the POE Project. We have checked and reviewed the information of the equipment and fixtures provided by the Management including but not limited to the names, quantity, specifications, models and carrying amount. Considering that (i) those property, plant & equipment were newly acquired under the Transfer Agreements in late 2023; (ii) Wison Jiangsu Advanced Materials has not yet commenced the POE production operation as at the Valuation Date; and (iii) the asset transfer dates were incurred approximately within one year prior to the Valuation Date, the fair value of the property, plant & equipment was estimated as approximating to the respective carrying amount stipulated on the FS.

Right-of-Use Assets

The right-of-use assets include the Land Use Rights of the factory construction site of the POE Project. The Land Use Rights represent the interests in three parcels of land located in Binjiang Town, Taixing City, Jiangsu Province, the PRC, with the respective site area of approximately 34,000 sq.m. ("**Land A**"), 156,000 sq.m. ("**Land B**") and 20,000 sq.m. ("**Land C**"), with initial tenures of 50 years. The Land Use Rights have been valued by using direct comparison approach. This approach calculates the market value of the properties by referring to comparable land transactions and other sales evidence that are available in the relevant market. Detailed calculation and a list of comparable land transactions are set out in *ADDENDUM II — CALCULATION & COMPARABLE LAND TRANSACTIONS* of this report. The summary of the fair value measurement of the Land Use Rights are set forth as below:

Aggregated site area[1]	210,000 sq.m.[3]
Adopted plot ratio[1]	2.5
Unexpired tenure[1]	44.1 years – 49.7 years
Usage[1]	Industrial
Adopted unit rate[2]	RMB240 – RMB290

* *Figures above are subject to rounding.*

Notes:

1) These are based on the information of the Land Doc.

2) These are based on the median of the comparable land sale (i) in the same/similar locality as the subject land; (ii) same usage as the subject land; and (iii) traded within approximately 2 years prior to the Valuation Date.

3) This is the sum of the site areas of the Land A, the Land B and the Land C.

Based on the above inputs and analysis, the fair value of the Land Use Rights approximated to RMB127,085,000 as at the Valuation Date.

Other Non-Current Assets

The other non-current assets were mainly comprised of construction prepayments in relation to the POE Project to the third-party suppliers. As advised by the Management, such prepayment balance shall be reclassified and transferred to the property, plant & equipment upon completion of certain construction progress of the POE Project under the development plan as stipulated in *Section 6 BUSINESS OVERVIEW*. Considering that the POE Project was still under construction in accordance with the aforementioned schedule as the Valuation Date, the fair value was estimated as approximating to the respective book value on the FS.

Trade Payables

The trade payables were mainly referred to the non-interest-bearing payables associated with the procurement of property, plant & equipment and construction service engagements, and shall be settled by Wison Jiangsu Advanced Materials within one year from the Valuation Date. We have checked and reviewed information including but not limited to the creditors' names and payable amount as provided by the Management, and considered that the fair value shall be approximated to their respective carrying amount on the FS.

Other Assets and Liabilities

Upon our analysis and discussion with the Management, other assets and liabilities mainly included miscellaneous items including other payables and accruals, and tax payable, which were accounted for minority balances and were all subject to cost basis for the purpose of this valuation.

11.3. Value Summary

	Book value	**Revaluation**
	RMB'000	*RMB'000*
Assets		
Cash & bank balances	189,493	189,493
Prepayments and other receivables	30,452	30,452
Property, plant & equipment	333,222	333,222
Right-of-use assets	86,350	127,085
Other non-current assets	77,590	77,590
TOTAL ASSETS:	**717,107**	**757,842**
Liabilities		
Trade payables	12,390	12,390
Other payables and accruals	2,993	2,993
Tax payable	150	150
TOTAL LIABILITIES:	**15,533**	**15,533**
NET ASSETS:	**701,574**	**742,309**

* *Figures above are subject to rounding*

The revaluation of the net assets of Wison Jiangsu Advanced Materials as at the Valuation Date was approximately RMB742,309,000 as compared to the respective book value of approximately RMB701,574,000, representing an appreciation in amount of approximately RMB40,735,000. The increase in the value was primarily due to the increase in the revaluation of the right-of-use assets.

12. VALUATION ASSUMPTIONS

- As advised by the Company, the likelihood of any potential tax liabilities for the properties being crystalized is remote as the Group has no intention to sell the properties;

- Wison Jiangsu Advanced Materials is assumed to have no contingent assets and liabilities or any other off-balance sheet items which should be recognized or valued attributable to Wison Jiangsu Advanced Materials;

- To continue as a going concern, Wison Jiangsu Advanced Materials will successfully carry out all necessary activities for the development of its business;

- The contractual parties of relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;

- The audited financial and operational information of Wison Jiangsu Advanced Materials as supplied to us have been prepared in a manner which truly and accurately reflect the financial position of Wison Jiangsu Advanced Materials as at the respective balance sheet date;

- Market trends and conditions where Wison Jiangsu Advanced Materials operates will not deviate significantly from the economic forecasts in general;

- Key management, competent personnel and technical staff will all be retained to support ongoing operations of Wison Jiangsu Advanced Materials;

- There will be no material changes in the business strategy of Wison Jiangsu Advanced Materials and its expected operating structure;

- Interest rates and exchange rates in the localities for the operations of Wison Jiangsu Advanced Materials will not differ materially from those presently prevailing;

- All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where Wison Jiangsu Advanced Materials operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which Wison Jiangsu Advanced Materials operates or intends to operate, which would adversely affect the revenues and profits attributable to Wison Jiangsu Advanced Materials.

13. LIMITING CONDITIONS

Our conclusion of the value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Our work in connection with this engagement is of a different nature to that of a formal audit or a review of information, as those terms are understood in applicable to relevant auditing and accounting standards. We do not, as part of this exercise, perform an audit, review, or examination of any of the historical, present or prospective financial information used and therefore, do not express any opinions with regard to it.

The estimated or assessed value of other assets were only used for the purpose of this valuation and does not constitute to be a formal valuation or second opinions of their fair or market values.

This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates as identified or being furnished by others, which have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for their accuracy. The value might be adjusted should more specific and update information of the valuation subject is made available to us.

We have made reference to the information provided by the Management in arriving at our opinion on value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and that any material facts have been omitted from the information provided. No responsibility for the operational and financial information that have not been provided to us is accepted.

We accept no responsibility for the realization and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this report. We assumed that financial and other information provided to us are accurate and complete.

We have not investigated the title to or any legal liabilities of Wison Jiangsu Advanced Materials. We have assumed no responsibility for the title to Wison Jiangsu Advanced Materials.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value(s) are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value(s) represents the consideration based on information furnished by the Company/engagement parties and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

We would particularly point out that our valuation was based on the information such as company background, business nature, market share, and future prospects of Wison Jiangsu Advanced Materials provided to us by the Management.

14. REMARKS

The Management has reviewed and agreed on the report and confirmed the factual content of the report.

We hereby confirm that we have neither present nor prospective interests in Wison Jiangsu Advanced Materials, the Group or the value reported herein.

15. OPINION ON VALUE

Based on the investigation and analysis stated above and on the valuation methods employed, we are of the opinion that the fair value of the Equity Interests in Wison Jiangsu Advanced Materials as at the Valuation Date was in the sum of **RMB742,309,000 (RENMINBI SEVEN HUNDRED FORTY-TWO MILLION THREE HUNDRED AND NINE THOUSAND ONLY)**.

Respectfully submitted,
For and on behalf of
VALPLUS CONSULTING LIMITED
Damon S.T. Wan, *CFA, FRM, MRICS*
Founding Partner

Analyzed and reported by: **Willy T.Y. Yu,** *CESGA*
Associate Director

Stella S.Y. Lam, *CFA*
Manager

ADDENDUM I — VALUATION APPROACHES

Market Approach

The market approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analysing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to derive an indication of value.

Asset Approach

The asset approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operations, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interests of the business entity.

Income Approach

The income approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the income approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

ADDENDUM II — CALCULATION & COMPARABLE LAND TRANSACTIONS

Based on the information of the Land Doc provided by the Management, details of the Land A, the Land B and the Land C are summarized as below:

	Land A	**Land B**	**Land C**
Location	Binjiang Town, Taixing City	Binjiang Town, Taixing City	Binjiang Town, Taixing City
Usage	Industrial	Industrial	Industrial
Site area *(sq.m.)*	34,000	156,000	20,000
Plot ratio	2.5	2.5	2.5
Permitted gross floor area (“**GFA**”) *(sq.m.)*	85,000	391,000	50,000
Tenure expiry date	2069–06–11	2068–08–15	2074–02–26

* *Figures above are subject to rounding.*

In valuing the Land Use Rights, we have conducted our comparable search based on the following selection criteria:

- Location in the same district as the valuation subject;
- Industrial use; and
- Precedent transactions completed within approximately 2 years prior to the Valuation Date.

Based on the above selection criteria, on best effort basis, we have identified an exhaustive list of 8 comparable land transactions of similar attributes. Appropriate adjustments to the unit rates based on the GFA have been made to reflect factors including time and size in arriving at our opinion of value. The rationale of the relevant adjustments adopted to cater for the differences between the subject land and the comparables are as follows:

i. Location — all land comparables are located in the same district as the subject land. Hence, the location adjustments are nil.

ii. Time — the unit rates of the land comparables are adjusted for the expected price changes from the respective transaction completion dates to the Valuation Date by making reference to the industrial land price index in the locality.

iii. Size — the unit rates of the properties with smaller size are generally higher, vice versa due to the general market practice. Therefore, downward adjustments are made for the land comparables with the GFA smaller than the subject land, and vice versa.

Summary of the land comparables and the adjusted rates are illustrated as below:

Comparable	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Location	Binjiang Town	Binjiang Town	Binjiang Town	Binjiang Town	Binjiang Town	Binjiang Town	Binjiang Town	Binjiang Town
Usage	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial
Transaction date	2nd quarter, 2024	4th quarter, 2023	4th quarter, 2023	4th quarter, 2023	1st quarter, 2023	4th quarter, 2022	4th quarter, 2022	2nd quarter, 2022
Permitted GFA *(sq.m.)*	193,000	82,000	94,000	127,000	592,000	428,000	73,000	123,000
Unit rate *(RMB/sq.m.)*	227	308	237	253	275	269	235	337
Adjusted unit rate for:								
The Land A *(RMB/sq.m.)*	239	308	238	260	345	318	236	346
The Land B *(RMB/sq.m.)*	204	261	202	221	303	277	200	295
The Land C *(RMB/sq.m.)*	243	314	243	264	350	323	240	352

* *Figures above are subject to rounding.*

Based on the above analysis, we have made reference to the land comparables in the locality and adopted (i) the median unit rate of approximately RMB280 per sq.m. within the comparable range from approximately RMB236 per sq.m. to RMB346 per sq.m. for the Land A; (ii) the median unit rate of approximately RMB240 per sq.m. within the comparable range from approximately RMB200 per sq.m. to RMB303 per sq.m. for the Land B; and (iii) the median unit rate of approximately RMB290 per sq.m. within the comparable range from approximately RMB240 per sq.m. to RMB352 per sq.m. for the Land C. All the adopted unit rates are consistent with the range of the comparable transactions and are thus considered to be fair and reasonable.

Based on the abovementioned unit rates, the calculation of the fair value of each subject land is illustrated as follows:

		Formula	Land A	Land B	Land C
(1)	Permitted GFA *(sq.m.)*		85,000	391,000	50,000
(2)	Adopted unit rate *(RMB/sq.m.)*		280	240	290
(3)	Discount factor[1]		96.4%	95.7%	99.8%
(4)	Value of the land *(RMB'000)*	(1) x (2) x (3)	22,837	89,812	14,436

* *Figures above are subject to rounding.*

Note:

1) As the adopted comparable unit rates represent only the price of new land use rights with minimal amortization, discount factors are necessary to adjust for the remaining tenures of the subject land as at the Valuation Date. The discount factors are derived by making reference to the Above-5-Year Commercial Lending Rate in China as at the date of the valuation.

Based on the above analysis, the total fair value of the Land Use Rights is approximated to RMB127,085,000 as at the Valuation Date.

ADDENDUM III — STAFF BIOGRAPHY

Damon S.T. Wan, *CFA, FRM, MRICS*
Founding Partner

Mr. Damon S.T. Wan is a CFA Charterholder, a Certified FRM and a member of Royal Institution of Chartered Surveyors. Mr. Wan has been working in the professional valuation field since 2008. He is experienced and specialized in performing properties, financial instruments, intangible assets and business valuations for the purposes of corporate advisory, merger & acquisition and public listing.

Willy T.Y. Yu, *CESGA*
Associate Director

Mr. Willy T.Y. Yu is a Certified ESG Analyst and has been working in the banking and financial industry since 2014. He possesses experience in the aspects of corporate credit risk, cash trading, business valuation and ESG analysis.

Stella S.Y. Lam, *CFA*
Manager

Ms. Stella S.Y. Lam is a CFA Charterholder and has been working in the valuation industry since 2016. She is experienced in intangible assets, financial instruments and business valuation.

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/or 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 C3 to the Listing Rules, were as follows:

Name of Director	Company/Name of Group Company	Capacity/Nature of Interest	Number of Shares/ Underlying Shares(1)	Approximate % of shareholding(2)
Zhou Hongliang	Company	Beneficial owner	4,250,000 (L)	0.10%
Zheng Shifeng	Company	Beneficial owner	2,250,000 (L)	0.06%
Liu Hongjun	Company	Beneficial owner	1,000,000 (L)	0.02%

Notes:

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

(2) As at the Latest Practicable Date, the Company had 4,073,767,800 issued Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

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

Mr. Liu Hongjun, a non-executive Director, is a director and president of Wison Holding. 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 Latest Practicable Date.

Save as disclosed above and as at the Latest Practicable Date, 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, CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date:

(a) none of the Directors had any interest, direct or indirect, in any asset which had been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or was proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and

(b) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group.

4. SERVICE CONTRACTS

None of the Directors has entered into a service agreement with any member of the Enlarged 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. EXPERTS AND CONSENT

The following are the qualifications of the experts who have given advice which are contained in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants Registered Public Interest Entity Auditor
Red Sun Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Valplus Consulting Limited	Independent valuer

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its report and/or letter of advice and the references to its name in the form and context in which they are respectively included.

As at the Latest Practicable Date, none of the experts above had any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts above had any interest, direct or indirect, in any asset which had been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or was proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. LITIGATION

(a) During 2024, a sub-contractor of Wison Engineering filed a claim to the People's Court of Pengzhou City, Sichuan Province in the PRC against Wison Engineering for an additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB35,155,000.

(b) During 2024, a sub-contractor of Jiangsu Wison Construction Technology Co., Ltd. ("**Jiangsu Wison**", a wholly-owned subsidiary of the Company) filed claims to the People's Count of Gaogang District, Taizhou City, Jiangsu Province in the PRC against another sub-contractor of Jiangsu Wison for an additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB3,577,000. Jiangsu Wison was accused assuming the joint and several liability in the case.

(c) During 2023, a sub-contractor of Wison Engineering filed a claim to the People's Court of Pengzhou City, Sichuan Province in the PRC against Wison Engineering for an additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB10,785,000.

(d) During 2023, a sub-contractor of Wison Engineering filed a claim to the People's Court of Pudong District, Shanghai City in the PRC against Wison Engineering for an additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB4,330,000.

As at the Latest Practicable Date, for case (a), Wison Engineering and the sub-contractor have yet completed the judicial cost audit by an independent third party arranged by the court and trial are yet to be scheduled. The trials of cases (b), (c) and (d) are still in progress.

For cases (a) and (b), which are without merits, the possibility for the Group being subject to additional payment claims is expected to be remote on the basis of the available evidence and legal advice obtained, hence the Directors are of the view that no additional provision is required. For cases (c) and (d), the additional provision of RMB15,110,000 in total has been made. The Directors are of the view that such additional provision would be sufficient.

Save as disclosed above and as at the Latest Practicable Date, the Directors were not aware of any member of the Enlarged Group engaging in any litigation or claims of material importance, and the Directors were not aware of any litigation or claims of material importance pending or threatened against any member of the Enlarged Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date:

(a) On 18 October 2022, Shanghai Huicheng Enterprise Management Limited (上海惠宬企業管理有限公司) ("**Shanghai Huicheng**", a wholly-owned subsidiary of the Company) entered into a new limited partnership agreement (the "**2022 Limited Partnership Agreement**") with (i) Bank of Communications International Trust (交銀國際信託有限公司) ("**Bocomm Trust**"); (ii) the general partner of the limited partnership, namely Silver Saddle Equity Investment Management (Shanghai) Co., Ltd. (上海銀鞍股權投資管理有限公司) ("**Silver Saddle**"); and (iii) the then existing limited partners of the limited partnership, namely Sinochem International Corporation (中化國際(控股)股份有限公司) ("**Sinochem International**"), Jiangsu Haiyi Holding Group Co. Ltd. (江蘇海奕控股集團有限公司) ("**Jiangsu Haiyi**") and Nanjing Industrial Development Fund Co., Ltd. (南京市產業發展基金有限公司) ("**Nanjing Fund**") to amend the terms of the previous limited partnership agreement dated 4 December 2020 (the "**2020 Limited Partnership Agreement**"). Pursuant to the 2022 Limited Partnership Agreement, Bocomm Trust has been added as a limited partner of the limited partnership and the 2022 Limited Partnership Agreement shall replace and supersede the 2020 Limited Partnership Agreement.

For details, please refer to the announcement published by the Company on 18 October 2022.

(b) On 10 January 2023, Shanghai Huicheng entered into a new limited partnership agreement (the "**2023 Limited Partnership Agreement**") with (i) Nanjing Chuangrun Equity Investment Partnership (Limited Partnership) (南京創潤股權投資合夥企業(有限合夥)) ("**Nanjing Chuangrun**"); (ii) the general partner of the limited partnership, namely Silver Saddle; and (iii) the then existing limited partners of the limited partnership, namely Sinochem International, Jiangsu Haiyi, Nanjing Fund and Bocomm Trust to amend the terms of the 2022 Limited Partnership Agreement. Pursuant to the 2023 Limited Partnership Agreement, Nanjing Chuangrun has been added as a limited partner of the limited partnership and the 2023 Limited Partnership Agreement shall replace and supersede the 2022 Limited Partnership Agreement.

For details, please refer to the announcement published by the Company on 10 January 2023.

10. GENERAL

(a) The registered office of the Company, as well as the principal share registrar and transfer office of the Company, is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1–1111, Cayman Islands.

(b) The global headquarters, principal place of business and head office in the PRC of the Company is at 633 Zhongke Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai 201210, PRC.

(c) The principal place of business in Hong Kong of the Company is at Suite 2507, 25/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong.

(d) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(e) The company secretary of the Company is Ms. Tsang Chi Ka, who is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(f) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS AVAILABLE ON DISPLAY

The following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.wison-engineering.com) for display for a period of not less than 14 days before the date of the EGM:

(a) a copy of the Equity Transfer Agreement;

(b) a copy of each of the material contracts referred to in the paragraph headed "9. Material Contracts" in Appendix VI to this circular;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 15 to 16 of this circular;

(d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 34 of this circular;

(e) the accountants' report of the Target Company prepared by Ernst & Young, the text of which is set out in Appendix II to this circular;

(f) the report of the unaudited pro forma financial information of the Enlarged Group prepared by Ernst & Young, the text of which is set out in Appendix IV to this circular;

(g) the valuation report prepared by Valplus Consulting Limited, the text of which is set out in Appendix V to this circular;

(h) the letter of consent referred to in the paragraph headed "6. Experts and Consent" in Appendix VI to this circular; and

(i) 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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Wison Engineering Services Co. Ltd. (the "**Company**") will be held on Tuesday, 12 November 2024 at 10:00 a.m. at 633 Zhongke Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC to consider and, if thought fit, to pass (with or without amendments) the following as ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the Equity Transfer Agreement (as defined in the circular of the Company dated 18 October 2024 (the "**Circular**"), a copy of the Circular marked "A" together with a copy of the Equity Transfer Agreement marked "B" being tabled before the meeting and initialed by the chairman of the meeting for identification purpose) and the Acquisition (as defined in the Circular) be and are hereby approved and confirmed; and

(b) any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds and to do all such things and take all such actions on behalf of the Company as he may consider necessary, desirable or expedient for the purpose of giving effect to the terms of the Equity Transfer Agreement and completing the Acquisition."

By Order of the Board
Zhou Hongliang
Executive Director and Chief Executive Officer

Hong Kong, 18 October 2024

Notes:

(1) All resolution(s) at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

(2) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or if he is the holder of two or more shares, more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

(3) In order to be valid, the form of proxy and any power of attorney or other authority, if any, under which it is signed, or a certified copy thereof, must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 10:00 a.m. on Sunday, 10 November 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

(4) Where there are joint holders of any shares, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(5) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 7 November 2024 to Tuesday, 12 November 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates and other relevant documents, if any, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 6 November 2024.

(6) Reference to time and dates in this notice are to Hong Kong time and dates.