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WISON ENGINEERING SERVICES CO. LTD.

惠生工程技術服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2236)

CONTINUING CONNECTED TRANSACTIONS

WISON (CHINA) INVESTMENT ADDITIONAL PROPERTY LEASING AGREEMENT AND WISON (CHINA) INVESTMENT ADDITIONAL SUPPLEMENTAL AGREEMENT

The Board announces that on February 28, 2019, Wison Engineering (an indirect wholly-owned subsidiary of the Company), as landlord, entered into the Wison (China) Investment Additional Property Leasing Agreement with Wison (China) Investment (an indirect subsidiary of Wison Holding, a controlling shareholder of the Company), as tenant, in relation to certain premises located at the entire 3rd Floor of Block C at the New Wison Complex, with a gross floor area of 2,003.80 square metres for a monthly rental of RMB505,876.

On the same date, Wison Engineering entered into the Wison (China) Investment Additional Supplemental Agreement with Wison (China) Investment in relation to the provision of property management services by Wison Engineering for the subject premises under the Wison (China) Investment Additional Property Leasing Agreement for a monthly comprehensive park management fee of RMB50,095. Pursuant to the Wison (China) Investment Additional Supplemental Agreement, Wison (China) Investment may rent the conference facilities at the New Wison Complex at a charge of RMB1,500 to RMB5,000 per day depending on the size of the conference rooms. Also, pursuant to the Wison (China) Investment Additional Supplemental Agreement, an electricity fee of RMB1.20 per unit of consumption is payable by Wison (China) Investment to Wison Engineering.

Each of the Wison (China) Investment Additional Property Leasing Agreement and the Wison (China) Investment Additional Supplemental Agreement shall be for a term of two years commencing from April 1, 2019 and expiring on March 31, 2021. In the event that the Wison (China) Investment Additional Property Leasing Agreement is terminated prior to the expiry of its term, the Wison (China) Investment Additional Supplemental Agreement shall be terminated simultaneously.

LISTING RULES IMPLICATIONS AND ANNUAL CAP

Reference is made to the announcement of the Company dated December 14, 2018, where the Company announced that Wison Engineering (as landlord) had entered into (i) the 2019 Wison (China) Investment Agreements with Wison (China) Investment (as tenant) and (ii) the 2019 Wison Marine Agreements with Wison Marine (an indirect subsidiary of Wison Holding) (as tenant), to renew the leases in relation to certain premises at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises.

Reference is also made to the announcement of the Company dated January 25, 2019, where the Company announced that Wison Engineering (as landlord) had entered into the Wison Marine Supplemental Property Leasing Agreement and the Wison Marine Further Supplemental Agreement with Wison Marine (as tenant) to amend certain terms of the lease in relation to certain premises at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises under the 2019 Wison Marine Agreements.

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.88% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As each of Wison (China) Investment and Wison Marine is an indirect subsidiary of Wison Holding, each of Wison (China) Investment and Wison Marine is also a connected person of the Company. Accordingly, the transactions contemplated under the Wison (China) Investment Additional Agreements, the 2019 Wison (China) Investment Agreements and the 2019 Wison Marine Agreements (as amended) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the 2019 Wison (China) Investment Agreements were entered into between Wison Engineering (as landlord) and Wison (China) Investment (as tenant), and (ii) the 2019 Wison Marine Agreements (as amended) were entered into between Wison Engineering (as landlord) and Wison Marine (as tenant), and the subject premises are also located at the New Wison Complex, the transactions contemplated under the 2019 Wison (China) Investment Agreements and the 2019 Wison Marine Agreements (as amended) should be aggregated with the transactions contemplated under the Wison (China) Investment Additional Agreements for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. The amounts of the rental, comprehensive park management fees and the estimated electricity fees and charges for conference facilities payable under these agreements for the year ending December 31, 2019, December 31, 2020 and December 31, 2021 (as applicable) are as follows:

	For the Year Ending December 31,		
	2019	2020	2021
Wison (China) Investment Additional Property Leasing Agreement	RMB3,541,132.00	RMB6,070,512.00	RMB1,517,628.00
Wison (China) Investment Additional Supplemental Agreement			
— Comprehensive park management fees	RMB450,855.00	RMB601,140.00	RMB150,285.00
— Estimated electricity fees	RMB400,000.00	RMB500,000.00	RMB125,000.00
— Estimated charges for conference facilities	<u>RMB530,000.00</u>	<u>RMB700,000.00</u>	<u>RMB175,000.00</u>
Sub-total for Wison (China) Investment Additional Supplemental Agreement	<u>RMB1,380,855.00</u>	<u>RMB1,801,140.00</u>	<u>RMB450,285.00</u>
2019 Wison (China) Investment Property Leasing Agreement	RMB15,224,880.00	RMB15,224,880.00	Not applicable
2019 Wison (China) Investment Supplemental Agreement	RMB2,275,200.00	RMB2,275,200.00	Not applicable
2019 Wison Marine Property Leasing Agreement (as amended)	RMB4,098,645.80	Not applicable	Not applicable
2019 Wison Marine Supplemental Agreement (as amended)	<u>RMB612,500.00</u>	Not applicable	Not applicable
	<u>RMB27,133,212.80</u>	<u>RMB25,371,732.00</u>	<u>RMB1,967,913.00</u>

The aggregate amount of the rental, comprehensive park management fees, electricity fees and charges for conference facilities payable under the Wison (China) Investment Additional Agreements, the 2019 Wison (China) Investment Agreements and the 2019 Wison Marine Agreements (as amended) are expected not to exceed RMB28,000,000, RMB26,000,000 and RMB2,000,000 for the three years ending December 31, 2019, December 31, 2020 and December 31, 2021, respectively. Accordingly, such amounts have been set as the respective annual cap for the aggregate amount of the rental, comprehensive park management fees, electricity fees and charges for conference facilities payable under the Wison (China) Investment Additional Agreements, the 2019 Wison (China) Investment Agreements and the 2019 Wison Marine Agreements (as amended) for the three years ending December 31, 2019, December 31, 2020 and December 31, 2021.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the amounts payable by Wison (China) Investment under the Wison (China) Investment Additional Agreements and the 2019 Wison (China) Investment Agreements, and the amounts payable by Wison Marine under the 2019 Wison Marine Agreements (as amended), on an aggregate basis, is above 0.1% but below 5%, the transactions contemplated thereunder are only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from the independent shareholders' approval requirement under the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated December 14, 2018, where the Company announced that Wison Engineering (as landlord) had entered into (i) the 2019 Wison (China) Investment Agreements with Wison (China) Investment (as tenant) and (ii) the 2019 Wison Marine Agreements with Wison Marine (an indirect subsidiary of Wison Holding) (as tenant), to renew the leases in relation to certain premises at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises.

Reference is also made to the announcement of the Company dated January 25, 2019, where the Company announced that Wison Engineering (as landlord) had entered into the Wison Marine Supplemental Property Leasing Agreement and the Wison Marine Further Supplemental Agreement with Wison Marine (as tenant) to amend certain terms of the lease in relation to certain premises at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises under the 2019 Wison Marine Agreements.

WISON (CHINA) INVESTMENT ADDITIONAL PROPERTY LEASING AGREEMENT AND WISON (CHINA) INVESTMENT ADDITIONAL SUPPLEMENTAL AGREEMENT

The Board announces that on February 28, 2019, Wison Engineering, as landlord, entered into the Wison (China) Investment Additional Property Leasing Agreement with Wison (China) Investment, as tenant, in relation to certain premises located at the entire 3rd Floor of Block C at the New Wison Complex. On the same date, Wison Engineering entered into the Wison (China) Investment Additional Supplemental Agreement with Wison (China)

Investment in relation to the provision of property management services by Wison Engineering for the subject premises under the Wison (China) Investment Additional Property Leasing Agreement.

Wison (China) Investment Additional Property Leasing Agreement

Date: February 28, 2019

Parties: (i) Wison Engineering, as landlord
(ii) Wison (China) Investment, as tenant

Leased Properties: Certain premises located at the entire 3rd Floor of Block C at the New Wison Complex, with a gross floor area of 2,003.80 square metres.

Term: Two years commencing from April 1, 2019 and expiring on March 31, 2021. The rent free period commences from April 1, 2019 and expires on May 31, 2019, during which period, rental is not payable but Wison (China) Investment shall continue to pay the comprehensive park management fee.

Wison (China) Investment may terminate the agreement before the expiry of its term by giving a two months' written notice to Wison Engineering. Wison (China) Investment may by giving Wison Engineering a two months' written notice before the expiry of the term of the agreement, requesting for the renewal of the lease. Wison Engineering and Wison (China) Investment shall enter into a property leasing agreement for such renewal.

Rental: RMB505,876 per month (equivalent to a daily rental of approximately RMB8.30 per square metre), payable in cash in advance on a monthly basis and exclusive of comprehensive park management fees, electricity fees and charges for conference facilities.

The rental was determined with reference to the prevailing market rates of rentals for comparable properties as of the date of the agreement.

Usage: Office

Wison (China) Investment Additional Supplemental Agreement

On February 28, 2019, Wison Engineering entered into the Wison (China) Investment Additional Supplemental Agreement with Wison (China) Investment, pursuant to which Wison Engineering shall provide property management services for the subject premises under the Wison (China) Investment Additional Property Leasing Agreement.

Pursuant to the Wison (China) Investment Additional Supplemental Agreement, Wison (China) Investment shall pay to Wison Engineering a comprehensive park management fee of RMB50,095 per month, which shall be payable in cash in advance on a monthly basis. The comprehensive park management fee payable under the Wison (China) Investment Additional Supplemental Agreement was determined with reference to market rates.

Pursuant to the Wison (China) Investment Additional Supplemental Agreement, Wison (China) Investment may rent the conference facilities at the New Wison Complex at a charge of RMB1,500 to RMB5,000 per day depending on the size of the conference rooms. The actual amount payable will depend on the actual usage and will be settled in cash on a monthly basis. The charges for the conference facilities were determined with reference to market rates and are the same as Wison Engineering charges the other independent third party tenants.

Also, pursuant to the Wison (China) Investment Additional Supplemental Agreement, an electricity fee of RMB1.20 per unit of consumption is payable by Wison (China) Investment to Wison Engineering. The actual amount payable will depend on Wison (China) Investment's actual electricity consumption usage and will be settled in cash on a monthly basis. The electricity fee was determined with reference to the national electricity price of the PRC.

Each of the Wison (China) Investment Additional Property Leasing Agreement and the Wison (China) Investment Additional Supplemental Agreement shall be for a term of two years commencing from April 1, 2019 and expiring on March 31, 2021. In the event that the Wison (China) Investment Additional Property Leasing Agreement is terminated prior to the expiry of its term, the Wison (China) Investment Additional Supplemental Agreement shall be terminated simultaneously.

LISTING RULES IMPLICATIONS AND ANNUAL CAPS

Reference is made to the announcement of the Company dated December 14, 2018, where the Company announced that Wison Engineering (as landlord) had entered into (i) the 2019 Wison (China) Investment Agreements with Wison (China) Investment (as tenant) and (ii) the 2019 Wison Marine Agreements with Wison Marine (an indirect subsidiary of Wison Holding) (as tenant), to renew the leases in relation to certain premises at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises.

Reference is also made to the announcement of the Company dated January 25, 2019, where the Company announced that Wison Engineering (as landlord) had entered into the Wison Marine Supplemental Property Leasing Agreement and the Wison Marine Further Supplemental Agreement with Wison Marine (as tenant) to amend certain terms of the lease in relation to certain premises at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises under the 2019 Wison Marine Agreements.

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.88% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As each of Wison (China) Investment and Wison Marine is an indirect subsidiary of Wison Holding,

each of Wison (China) Investment and Wison Marine is also a connected person of the Company. Accordingly, the transactions contemplated under the Wison (China) Investment Additional Agreements, the 2019 Wison (China) Investment Agreements and the 2019 Wison Marine Agreements (as amended) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the 2019 Wison (China) Investment Agreements were entered into between Wison Engineering (as landlord) and Wison (China) Investment (as tenant), and (ii) the 2019 Wison Marine Agreements (as amended) were entered into between Wison Engineering (as landlord) and Wison Marine (as tenant), and the subject premises are also located at the New Wison Complex, the transactions contemplated under the 2019 Wison (China) Investment Agreements and the 2019 Wison Marine Agreements (as amended) should be aggregated with the transactions contemplated under the Wison (China) Investment Additional Agreements for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. The amounts of the rental, comprehensive park management fees and the estimated electricity fees and charges for conference facilities payable under these agreements for the year ending December 31, 2019, December 31, 2020 and December 31, 2021 (as applicable) are as follows:

	For the Year Ending December 31,		
	2019	2020	2021
Wison (China) Investment Additional Property Leasing Agreement	RMB3,541,132.00	RMB6,070,512.00	RMB1,517,628.00
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— Estimated electricity fees	RMB400,000.00	RMB500,000.00	RMB125,000.00
— Estimated charges for conference facilities	<u>RMB530,000.00</u>	<u>RMB700,000.00</u>	<u>RMB175,000.00</u>
Sub-total for Wison (China) Investment Additional Supplemental Agreement	<u><u>RMB1,380,855.00</u></u>	<u><u>RMB1,801,140.00</u></u>	<u><u>RMB450,285.00</u></u>
2019 Wison (China) Investment Property Leasing Agreement	RMB15,224,880.00	RMB15,224,880.00	Not applicable
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2019 Wison Marine Property Leasing Agreement (as amended)	RMB4,098,645.80	Not applicable	Not applicable
2019 Wison Marine Supplemental Agreement (as amended)	<u>RMB612,500.00</u>	<u>Not applicable</u>	<u>Not applicable</u>
	<u><u>RMB27,133,212.80</u></u>	<u><u>RMB25,371,732.00</u></u>	<u><u>RMB1,967,913.00</u></u>

The aggregate amount of the rental, comprehensive park management fees, electricity fees and charges for conference facilities payable under the Wison (China) Investment Additional Agreements, the 2019 Wison (China) Investment Agreements and the 2019 Wison Marine Agreements (as amended) are expected not to exceed RMB28,000,000, RMB26,000,000 and RMB2,000,000 for the three years ending December 31, 2019, December 31, 2020 and December 31, 2021, respectively. The Company estimated the electricity fees and the charges for conference facilities payable by Wison (China) Investment under the Wison (China) Investment Additional Supplemental Agreement with reference to the average electricity consumption of the tenants and after discussion with Wison (China) Investment for their anticipated usage of the conference facilities. Accordingly, such amounts have been set as the respective annual cap for the aggregate amount of the rental, comprehensive park management fees, electricity fees and charges for conference facilities payable under the Wison (China) Investment Additional Agreements, the 2019 Wison (China) Investment Agreements and the 2019 Wison Marine Agreements (as amended) for the three years ending December 31, 2019, December 31, 2020 and December 31, 2021.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the amounts payable by Wison (China) Investment under the Wison (China) Investment Additional Agreements and the 2019 Wison (China) Investment Agreements, and the amounts payable by Wison Marine under the 2019 Wison Marine Agreements (as amended), on an aggregate basis, is above 0.1% but below 5%, the transactions contemplated thereunder are only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from the independent shareholders' approval requirement under the Listing Rules.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE WISON (CHINA) INVESTMENT ADDITIONAL AGREEMENTS

The construction of the New Wison Complex was completed in October 2013. Located at No. 699 Zhongke Road, Pudong New District, Shanghai, PRC, the New Wison Complex is in the middle section of Zhangjiang Hi-Tech Park at the north side of off-ramp exit of the Jinke Road of the Central Line, adjacent to the upcoming Zhongke Road Metro Station of the Line 13. The New Wison Complex has a total of 5 blocks with a total gross floor area of 126,703 square metres. The net carrying amount of the New Wison Complex as at June 30, 2018 was approximately RMB889.623 million. Wison Engineering is the legal owner of the New Wison Complex. The Group occupies certain premises at the New Wison Complex as its offices. For the premises that are not occupied by the Group, Wison Engineering would put them for lease in the market so as to better utilise the Group's assets and to generate returns for the Group.

In view that the rental payable under the Wison (China) Investment Additional Property Leasing Agreement and the comprehensive park management fees, electricity fees and charges for conference facilities payable under the Wison (China) Investment Additional Supplemental Agreement, in each case, reflect prevailing market rates, the Directors (including the independent non-executive Directors but excluding Ms. Rong Wei who has to abstain from voting and was absent from the Board meeting approving the Wison (China) Investment Additional Agreements) are of the view that the entering into of the Wison

(China) Investment Additional Property Leasing Agreement and the Wison (China) Investment Additional Supplemental Agreement is in the interests of the Company and its shareholders as a whole.

As Ms. Rong Wei is a director and vice president of Wison Holding, Ms. Rong Wei has to abstain from voting on the Board resolution approving the Wison (China) Investment Additional Agreements and the proposed annual cap. Ms. Rong Wei was absent from the Board meeting approving the Wison (China) Investment Additional Agreements.

The Directors (including independent non-executive Directors but excluding Ms. Rong Wei who has to abstain from voting and was absent from the Board meeting approving the Wison (China) Investment Additional Agreements) are of the view that the Wison (China) Investment Additional Agreements were entered into after arm's length negotiation between Wison Engineering and Wison (China) Investment and in the ordinary and usual course of business of the Group, reflect normal commercial terms and the terms as well as the proposed annual cap for the transactions thereunder are fair and reasonable.

GENERAL INFORMATION

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

Wison (China) Investment is principally engaged in investment, provision of consultancy services and other services in relation to trading, import and export of equipment, materials and components.

DEFINITIONS

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

“2019 Wison (China) Investment Agreements”	collectively, the 2019 Wison (China) Investment Property Leasing Agreement and the 2019 Wison (China) Investment Supplemental Agreement
“2019 Wison (China) Investment Property Leasing Agreement”	the property leasing agreement dated December 14, 2018 and entered into between Wison Engineering as landlord and Wison (China) Investment as tenant in relation to certain premises located at Block A at the New Wison Complex
“2019 Wison (China) Investment Supplemental Agreement”	the supplemental agreement to the 2019 Wison (China) Investment Property Leasing Agreement dated December 14, 2018 and entered into between Wison Engineering and Wison (China) Investment

“2019 Wison Marine Agreements”	collectively, the 2019 Wison Marine Property Leasing Agreement and the 2019 Wison Marine Supplemental Agreement
“2019 Wison Marine Property Leasing Agreement”	the property leasing agreement dated December 14, 2018 and entered into between Wison Engineering as landlord and Wison Marine as tenant in relation to certain premises located Block A at the New Wison Complex, as amended by the Wison Marine Supplemental Property Leasing Agreement
“2019 Wison Marine Supplemental Agreement”	the supplemental agreement to the 2019 Wison Marine Property Leasing Agreement dated December 14, 2018 and entered into between Wison Engineering and Wison Marine, as amended by the Wison Marine Further Supplemental Agreement
“Board”	the board of Directors of the Company
“Company”	Wison Engineering Services Co. Ltd. (惠生工程技術服務有限公司), an exempted company with limited liability incorporated in the Cayman Islands whose issued shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Wison Complex”	the premises located at No. 699 Zhongke Road, Pudong New District, Shanghai, PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wison (China) Investment”	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 subsidiary of Wison Holding

“Wison (China) Investment Additional Agreements”	collectively, the Wison (China) Investment Additional Property Leasing Agreement and the Wison (China) Investment Additional Supplemental Agreement
“Wison (China) Investment Additional Property Leasing Agreement”	the property leasing agreement dated February 28, 2019 and entered into between Wison Engineering as landlord and Wison (China) Investment as tenant in relation to certain premises located at Block C at the New Wison Complex
“Wison (China) Investment Additional Supplemental Agreement”	the supplemental agreement to the Wison (China) Investment Additional Property Leasing Agreement dated February 28, 2019 and entered into between Wison Engineering and Wison (China) Investment
“Wison Engineering”	Wison Engineering Ltd. (惠生工程(中國)有限公司), a company established in the PRC with limited liability, and an indirect non wholly-owned subsidiary of the Company
“Wison Holding”	Wison Group Holding Limited (惠生控股(集團)有限公司), a company incorporated in the British Virgin Islands with limited liability, and a controlling shareholder of the Company
“Wison Marine”	Shanghai Wison Offshore & Marine Co., Ltd. (上海惠生海洋工程有限公司), a company established in the PRC with limited liability, and an indirect subsidiary of Wison Holding
“Wison Marine Further Supplemental Agreement”	the further supplemental agreement to the 2019 Wison Marine Supplemental Agreement dated January 25, 2019 and entered into between Wison Engineering and Wison Marine
“Wison Marine Supplemental Property Leasing Agreement”	the supplemental agreement to the 2019 Wison Marine Property Leasing Agreement dated January 25, 2019 and entered into between Wison Engineering and Wison Marine
“%”	per cent.

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

Hong Kong, February 28, 2019

As at the date of this announcement, the executive Directors of the Company are Ms. Rong Wei, Mr. Zhou Hongliang, Mr. Li Zhiyong and Mr. Dong Hua; and the independent non-executive Directors are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.