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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

**SUPPLEMENTAL AGREEMENT AND
REVISION OF ANNUAL CAPS**

The Board announces that on August 27, 2015, Wison Engineering entered into the Wison Nantong Supplemental Agreement with Wison Nantong to amend certain terms of the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement.

Pursuant to the Wison Nantong Supplemental Agreement, Wison Engineering (as landlord) and Wison Nantong (as tenant) agreed that the subject premises of the 2014 Wison Nantong Property Leasing Agreement shall be changed from 8th Floor to 11th Floor, Block C at the New Wison Complex to 9th Floor and 10th Floor, Block C at the New Wison Complex with gross floor area being reduced from 7,000 square metres to 4,000 square metres and the monthly rental and the property management services fee shall be adjusted proportionally from RMB851,666 to RMB486,666.6 and from RMB154,000 per month to RMB88,000 per month, respectively, by reference to the size of the reduced gross floor area of the subject premises.

The Wison Nantong Supplement Agreement shall be effective from September 1, 2015.

Save as disclosed in this announcement, all the other terms of the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement shall remain in full force and effect.

As a result of the Wison Nantong Supplemental Agreement, the annual caps for the transactions contemplated under the 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) for the years ending December 31, 2015 and 2016 are revised as follows:

	For the year ending December 31,			
	2015		2016	
	Old annual cap	Revised annual cap	Old annual cap	Revised annual cap
2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) — aggregate amounts of the rental and the property management services fees payable by Wison Nantong to Wison Engineering	RMB12,100,000	RMB10,400,000	RMB12,100,000	RMB7,000,000

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.13% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As Wison Nantong is an indirect subsidiary of Wison Holding, Wison Nantong is also a connected person of the Company. Accordingly, the transactions contemplated under the 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised annual caps for the amounts payable by Wison Nantong under the 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended), as aggregated, is, on an annual basis, 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 12, 2013 (the “**Announcement**”) where the Company announced that, among other things, Wison Engineering, as landlord, entered into the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement with Wison Nantong as tenant in relation to certain premises located at 8th Floor to 11th Floor, Block C at the New Wison Complex with a gross floor area of 7,000 square metres.

Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

WISON NANTONG SUPPLEMENTAL AGREEMENT

The Board announces that on August 27, 2015, Wison Engineering entered into a supplemental agreement (the “**Wison Nantong Supplemental Agreement**”) with Wison Nantong to amend certain terms of the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement.

Pursuant to the Wison Nantong Supplemental Agreement, Wison Engineering (as landlord) and Wison Nantong (as tenant) agreed that:

- (i) the subject premises of the 2014 Wison Nantong Property Leasing Agreement shall be changed from 8th Floor to 11th Floor, Block C at the New Wison Complex to 9th Floor and 10th Floor, Block C at the New Wison Complex with gross floor area being reduced from 7,000 square metres to 4,000 square metres;
- (ii) the monthly rental shall be adjusted proportionally from RMB851,666 (equivalent to a daily rental of approximately RMB4 per square metre) to RMB486,666.6 (equivalent to a daily rental of approximately RMB4 per square metre) by reference to the size of the reduced gross floor area of the subject premises; and
- (iii) the property management services fee shall be adjusted proportionally from RMB154,000 per month (equivalent to a monthly management services fee of RMB22 per square metre) to RMB88,000 per month (equivalent to a monthly management services fee of RMB22 per square metre) by reference to the size of the reduced gross floor area of the subject premises.

The Wison Nantong Supplemental Agreement shall be effective from September 1, 2015. The 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) will expire on December 31, 2016.

Save as disclosed above, all the other terms of the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement shall remain in full force and effect.

ANNUAL CAPS

As a result of the Wison Nantong Supplemental Agreement, the aggregate amounts of the rental and the property management services fees payable by Wison Nantong under the 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) are expected to be reduced to not exceeding RMB10,400,000 and RMB7,000,000 for the years ending December 31, 2015 and December 31, 2016, respectively.

Accordingly, the annual caps for the transactions contemplated under the 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) for the years ending December 31, 2015 and 2016 are revised as follows:

	For the year ending December 31,			
	2015	2015	2016	2016
	Old annual cap	Revised annual cap	Old annual cap	Revised annual cap
2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) — aggregate amounts of the rental and the property management services fees payable by Wison Nantong to Wison Engineering	RMB12,100,000	RMB10,400,000	RMB12,100,000	RMB7,000,000

REASONS FOR THE TRANSACTIONS

The construction of the New Wison Complex was completed in October 2013. The New Wison Complex has a total of five blocks with a total gross floor area of 126,703 square metres. 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.

As a result of the changes in its business needs, Wison Nantong negotiated with Wison Engineering for the reduction of the gross floor area of the subject premises of the 2014 Wison Nantong Property Leasing Agreement for its remaining term.

As of the date of this announcement, all outstanding rental and property management services fees due from and payable by Wison Nantong as of June 30, 2015 have been fully settled. Therefore, the Group accepted the proposal by Wison Nantong for reducing the gross floor area of the subject premises of its lease.

In view that the gross floor area vacated by Wison Nantong could be put for lease in the market at prevailing market rates which the Company believes would be no less favourable than the rentals and property management services fees agreed between Wison Engineering and Wison Nantong pursuant to the agreement entered in December 2013, the Directors (including the independent non-executive Directors but excluding Mr. Cui Ying who has abstained from voting) are of the view that the entering into of the Wison Nantong Supplemental Agreement is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.13% of the total issued share capital of the Company as at the date of this announcement. Hence, Wison Holding is a connected person of the Company. As Wison Nantong is an indirect subsidiary of Wison Holding, Wison Nantong is also a connected person of the Company. Accordingly, the transactions contemplated under the 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised annual caps for the amounts payable by Wison Nantong under the 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended), as aggregated, is, on an annual basis, 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.

As Mr. Cui Ying is also a director of Wison Holding, Mr. Cui Ying abstained from voting on the Board resolution approving the Wison Nantong Supplemental Agreement.

The Directors (including independent non-executive Directors but excluding Mr. Cui Ying who abstained from voting) are also of the view that the Wison Nantong Supplemental Agreement reflect normal commercial terms and are in the interests of the Company and its shareholders as a whole and that the terms of the Wison Nantong Supplemental Agreement as well as the proposed revised annual caps for the transactions contemplated under the 2014 Wison Nantong Property Leasing Agreement (as amended) and the 2014 Wison Nantong Property Management Services Agreement (as amended) 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 Nantong is principally engaged in manufacture and sale of engineering machinery and ancillary steel-structured products, and provision of engineering technology services.

By Order of the Board
Wison Engineering Services Co. Ltd.
Liu Haijun
Executive Director

Hong Kong, August 27, 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Haijun, Mr. Zhou Hongliang and Mr. Cui Ying and the independent non-executive Directors are Mr. Liu Ji and Mr. Lawrence Lee.