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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 AGREEMENTS AND REVISION OF ANNUAL CAPS**

The Board announces that on March 24, 2017, Wison Engineering entered into (i) the Wison Nantong Supplemental Agreements with Wison Nantong to amend certain terms of the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement; and (ii) the Wison (China) Investment Supplemental Agreements with Wison (China) Investment to amend certain terms of the 2017 Wison (China) Investment Property Leasing Agreement and the 2017 Wison (China) Investment Property Management Services Agreement.

Pursuant to the Wison Nantong Supplemental Agreements, Wison Engineering (as landlord) and Wison Nantong (as tenant) agreed that the subject premises of the 2016 Wison Nantong Property Leasing Agreement shall be changed from Room 401, 4th Floor, Block A and Room 501, 5th Floor, Block A at the New Wison Complex to Rooms 416 and 417 and a portion of Room 401, 4th Floor and Room 501, 5th Floor, Block A at the New Wison Complex, with gross floor area being reduced from 3,000 square metres to 2,500 square metres and the monthly rental and the monthly property management services fee shall be adjusted from RMB401,500 to RMB334,583.33 and from RMB66,000 to RMB57,500, respectively and the monthly electricity fees shall be adjusted to RMB3,000.

Pursuant to the Wison (China) Investment Supplemental Agreements, Wison Engineering (as landlord) and Wison (China) Investment (as tenant) agreed that the subject premises of the 2017 Wison (China) Investment Property Leasing Agreement shall be changed from 6th Floor, Block A at the New Wison Complex to 7th Floor and Rooms 613, 615 to 621, 6th Floor, Block A at the New Wison Complex, with gross floor area being increased from 2,000 square metres to 2,372 square metres and the monthly rental and the monthly property management services fee shall be adjusted from RMB267,666 to RMB317,452.67 and from RMB44,000 to RMB54,556, respectively and the monthly electricity fees shall be adjusted to RMB3,000.

Each of the Wison Nantong Supplemental Agreements and the Wison (China) Investment Supplemental Agreements shall be effective from April 1, 2017.

Save as disclosed in this announcement, all the other terms of the 2016 Wison Nantong Property Leasing Agreement, the 2016 Wison Nantong Property Management Services Agreement, the 2017 Wison (China) Investment Property Leasing Agreement and the 2017 Wison (China) Investment Property Management Services Agreement shall remain in full force and effect.

As a result of the Wison Nantong Supplemental Agreements and the Wison (China) Investment Supplemental Agreements, the annual caps for the transactions contemplated under (i) the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) and (ii) the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended), are revised as follows:

	For the year ending December 31,			
	2017		2018	
	Old annual cap	Revised annual cap	Old annual cap	Revised annual cap
2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended)				
— aggregate amounts of the rental, property management services fees and electricity fees payable by Wison Nantong to Wison Engineering	RMB5,700,000	RMB5,000,000	RMB5,700,000	RMB4,800,000
2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended)				
— aggregate amounts of the rental, property management services fees and electricity fees payable by Wison (China) Investment to Wison Engineering	RMB3,800,000	RMB4,400,000	RMB3,800,000	RMB4,600,000

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.12% 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 and Wison (China) Investment are indirect subsidiaries of Wison Holding, Wison Nantong and Wison (China) Investment are also connected persons of the Company. Accordingly, the transactions contemplated under the 2016 Wison Nantong Property Leasing Agreement (as amended), the 2016 Wison Nantong Property Management Services Agreement (as amended), the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised annual caps for the amounts payable by Wison Nantong under the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) and for the amounts payable by Wison (China) Investment under the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment 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 August 24, 2016, where the Company announced that, among other things, Wison Engineering entered into the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement with Wison Nantong in relation to certain premises located at Room 401, 4th Floor, Block A and Room 501, 5th Floor, Block A at the New Wison Complex, with a gross floor area of 3,000 square metres.

Reference is also made to the announcement of the Company dated December 19, 2016, where the Company announced that, among other things, Wison Engineering entered into the 2017 Wison (China) Investment Property Leasing Agreement and the 2017 Wison (China) Investment Property Management Services Agreement with Wison (China) Investment in relation to certain premises located at 6th Floor, Block A at the New Wison Complex, with a gross floor area of 2,000 square metres.

WISON NANTONG SUPPLEMENTAL AGREEMENTS

The Board announces that on March 24, 2017, Wison Engineering entered into the Supplemental Wison Nantong Agreements to amend certain terms of the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement.

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

- (i) the subject premises under the 2016 Wison Nantong Property Leasing Agreement shall be changed from Room 401, 4th Floor, Block A and Room 501, 5th Floor, Block A at the New Wison Complex to Rooms 416 and 417 and a portion of Room 401, 4th Floor and Room 501, 5th Floor, Block A at the New Wison Complex, with gross floor area being reduced from 3,000 square metres to 2,500 square metres;
- (ii) the monthly rental shall be adjusted from RMB401,500 (equivalent to a daily rental of approximately RMB4.4 per square metre) to RMB334,583.33 (equivalent to a daily rental of approximately RMB4.4 per square metre) by reference to the size of the reduced gross floor area of the subject premises;
- (iii) the property management services fee shall be adjusted from RMB66,000 per month (equivalent to a monthly management services fee of RMB22 per square metre) to RMB57,500 per month (equivalent to a monthly management services fee of RMB23 per square metre); and
- (iv) Wison Nantong shall pay to Wison Engineering electricity fees of RMB3,000 per month.

The Supplemental Wison Nantong Agreements shall be effective from April 1, 2017. The 2016 Wison Nantong Property Leasing Agreement (as amended) and 2016 Wison Nantong Property Management Services Agreement (as amended) will expire on December 31, 2018.

Save as disclosed above, all the other terms of the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement shall remain in full force and effect.

WISON (CHINA) INVESTMENT SUPPLEMENTAL AGREEMENTS

The Board further announces that on March 24, 2017, Wison Engineering entered into the Supplemental Wison (China) Investment Agreements to amend certain terms of the 2017 Wison (China) Investment Property Leasing Agreement and the 2017 Wison (China) Investment Property Management Services Agreement.

Pursuant to the Supplemental Wison (China) Investment Agreements, Wison Engineering (as landlord) and Wison (China) Investment (as tenant) agreed that:

- (i) the subject premises under the 2017 Wison (China) Investment Property Leasing Agreement shall be changed from 6th Floor, Block A at the New Wison Complex to 7th Floor and Rooms 613, 615 to 621, 6th Floor, Block A at the New Wison Complex, with gross floor area being increased from 2,000 square metres to 2,372 square metres;
- (ii) the monthly rental shall be adjusted from RMB267,666 (equivalent to a daily rental of approximately RMB4.4 per square metre) to RMB317,452.67 (equivalent to a daily rental of approximately RMB4.4 per square metre) by reference to the size of the increased gross floor area of the subject premises;
- (iii) the property management services fee shall be adjusted from RMB44,000 per month (equivalent to a monthly management services fee of RMB22 per square metre) to RMB54,556 per month (equivalent to a monthly management services fee of RMB23 per square metre); and
- (iv) Wison (China) Investment shall pay to Wison Engineering electricity fees of RMB3,000 per month.

The Supplemental Wison (China) Investment Agreements shall be effective from April 1, 2017. The 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended) will expire on December 31, 2018.

Save as disclosed above, all the other terms of the 2017 Wison (China) Investment Property Leasing Agreement and the 2017 Wison (China) Investment Property Management Services Agreement shall remain in full force and effect.

ANNUAL CAPS

As a result of the Wison Nantong Supplemental Agreements, the aggregate amounts of the rental, property management services fees and electricity fees payable by Wison Nantong under the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) are expected to be reduced to not exceeding RMB5,000,000 and RMB4,800,000 for the years ending December 31, 2017 and December 31, 2018, respectively.

As a result of the Wison (China) Investment Supplemental Agreements, the aggregate amounts of the rental, property management services fees and electricity fees payable by Wison (China) Investment under the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended) are expected to be increased to not exceeding RMB4,400,000 and RMB4,600,000 for the years ending December 31, 2017 and December 31, 2018, respectively.

Accordingly, the annual caps for the transactions contemplated under (i) the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) and (ii) the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended), are revised as follows:

	For the year ending December 31,			
	2017		2018	
	Old annual cap	Revised annual cap	Old annual cap	Revised annual cap
2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended)				
— aggregate amounts of the rental, property management services fees and electricity fees payable by Wison Nantong to Wison Engineering	RMB5,700,000	RMB5,000,000	RMB5,700,000	RMB4,800,000
2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended)				
— aggregate amounts of the rental, property management services fees and electricity fees payable by Wison (China) Investment to Wison Engineering	RMB3,800,000	RMB4,400,000	RMB3,800,000	RMB4,600,000

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

The construction of the New Wison Complex was completed in October 2013. The New Wison Complex has a total of 5 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 2016 Wison Nantong Property Leasing Agreement and Wison (China) Investment negotiated with Wison Engineering for the increase of the gross floor area of the subject premises of the 2017 Wison (China) Investment Property Leasing Agreement for their respective remaining terms.

In view that (i) the gross floor area vacated by Wison Nantong could be put for lease in the market at prevailing market rates; and (ii) the rentals payable under the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the property management services fees and the electricity fees payable under the 2016 Wison Nantong Property Management Services Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended), in each case, reflect prevailing market rates, 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 Agreements and the Wison (China) Investment Supplemental Agreements is in the interests of the Company and its shareholders as a whole.

As Mr. Cui Ying is also a director of Wison Holding and the general manager of Wison Nantong, Mr. Cui Ying abstained from voting on the Board resolutions approving the Wison Nantong Supplemental Agreements and the Wison (China) Investment Supplemental Agreements.

The Directors (including independent non-executive Directors but excluding Mr. Cui Ying who has abstained from voting) are of the view that the Wison Nantong Supplemental Agreements and the Wison (China) Investment Supplemental Agreements were entered into after arm's length negotiation between Wison Engineering and Wison Nantong and Wison (China) Investment (as the case may be) and in the ordinary and usual course of business of the Group, reflect normal commercial terms and the terms as well as the proposed revised annual caps 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 Nantong is principally engaged in manufacture and sale of engineering machinery and ancillary steel-structured products, and provision of engineering technology services.

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 component.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.12% 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 and Wison (China) Investment are indirect subsidiaries of Wison Holding, Wison Nantong and Wison (China) Investment are also connected persons of the Company. Accordingly, the transactions contemplated under the 2016 Wison Nantong Property Leasing Agreement (as amended), the 2016 Wison Nantong Property Management Services Agreement (as amended), the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment Property Management Services Agreement (as amended) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised annual cap for the amounts payable by Wison Nantong under the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) and for the amounts payable by Wison (China) Investment under the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the 2017 Wison (China) Investment 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.

DEFINITIONS

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

“2016 Wison Nantong Property Leasing Agreement”	the property leasing agreement dated August 24, 2016 and entered into between Wison Engineering as landlord and Wison Nantong as tenant in relation to certain premises located at Block A at the New Wison Complex
“2016 Wison Nantong Property Management Services Agreement”	the property management services agreement dated August 24, 2016 and entered into between Wison Engineering and Wison Nantong
“2017 Wison (China) Investment Property Leasing Agreement”	the property leasing agreement dated December 19, 2016 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
“2017 Wison (China) Investment Property Management Services Agreement”	the property management services agreement dated December 19, 2016 and entered into between Wison Engineering and Wison (China) Investment
“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 Supplemental Agreements”	collectively, the supplemental agreement to the 2017 Wison (China) Investment Property Leasing Agreement and the supplemental agreement to the 2017 Wison (China) Investment Property Management Services Agreement, each dated March 24, 2017 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 Nantong”	Wison (Nantong) Heavy Industry Co., Ltd. (惠生(南通)重工有限公司), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of Wison Holding
“Wison Nantong Supplemental Agreements”	collectively, the supplemental agreement to the 2016 Wison Nantong Property Leasing Agreement and the supplemental agreement to the 2016 Wison Nantong Property Management Services Agreement, each dated March 24, 2017 and entered into between Wison Engineering and Wison Nantong
“%”	per cent.

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

Hong Kong, March 24, 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Haijun, Mr. Zhou Hongliang, Mr. Li Zhiyong and Mr. Dong Hua; the non-executive Director is Mr. Cui Ying; and the independent non-executive Directors are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.