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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)**

**MAJOR TRANSACTION AND CONNECTED TRANSACTION  
IN RELATION TO THE PROPOSED ACQUISITION OF 25%  
EQUITY INTEREST IN WISON ENGINEERING LTD.**

**THE COOPERATION CONDITIONS TRANSFER AGREEMENT**

On 6 June 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company and the Vendor entered into the Cooperation Conditions Transfer Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Equity, comprising 25% of the total equity interest of the Target Company, at an aggregated Consideration of RMB350 million (equivalent to approximately HK\$429 million).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Target Company is a 75% indirectly owned subsidiary of the Company, and the remaining 25% equity interest in the Target Company is held by the Vendor. Therefore the Vendor is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transaction; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained the approval from the Board (including the independent non-executive Directors) regarding the Cooperation Conditions Transfer Agreement and the Acquisition contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation Conditions Transfer Agreement and the Acquisition contemplated thereunder are fair and reasonable, and that the Acquisition is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the Acquisition is exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules. No Director is considered to have a material interest in the Acquisition and therefore no Director was required to abstain from voting on the Board resolution approving the Cooperation Conditions Transfer Agreement and the Acquisition.

Further, since the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Acquisition.

As at the date of this announcement, Wison Investment owns 3,088,782,146 Shares in the Company which represent approximately 75.92% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, Wison Investment has issued a written Shareholder's approval certificate to approve the Acquisition and accordingly, no extraordinary general meeting will be convened by the Company to approve the Acquisition.

A circular containing, among other things, details about the Acquisition required under the Listing Rules is expected to be despatched for the Shareholders' information on or around 28 June 2018.

**Shareholders and potential investors should note that the Acquisition is subject to various conditions which may or may not be fulfilled or waived (as the case may be). There is therefore no assurance that the Acquisition will proceed as contemplated or at all. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.**

The Board is pleased to announce that on 6 June 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company and the Vendor entered into the Cooperation Conditions Transfer Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Equity, comprising 25% of the total equity interest of the Target Company. As at the date of this announcement, the Target Company is owned as to 75% by

Wison Energy Engineering (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company, and 25% by the Vendor. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **THE COOPERATION CONDITIONS TRANSFER AGREEMENT**

### **Date**

6 June 2018

### **Parties**

- (i) Ningbo Chuang Huan Investment Management Company Limited\* (寧波創煥投資管理有限公司), as purchaser; and
- (ii) Ningbo Wei Yu Shang Zhi Investment Management Partnership (Limited Partnership)\* (寧波威宇尚致投資管理合夥企業(有限合夥)), as vendor.

### **Sale Equity to be acquired**

The Sale Equity comprises 25% of the total equity interest of the Target Company.

### **Consideration**

The Consideration for the Sale Equity of RMB350 million (equivalent to approximately HK\$429 million) payable by the Purchaser to the Vendor shall be settled by cash within 180 days from the date of Completion or before 31 December 2018 (whichever is later). The Consideration will be funded by internal resources of the Group.

The deferred payment of the Consideration was agreed to by the Vendor and the Purchaser as a result of arm's length negotiations between the parties after taking into account all the terms and conditions of the Acquisition (including the amount of the Consideration) as a whole.

### **Basis of the Consideration**

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser and with reference to the consolidated audited financial information and market capitalisation of the Group, as well as the net asset value of the Target Company. The Directors believe that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### **Conditions precedent**

Completion of the Acquisition is conditional upon the fulfilment or waiver (as the case may be), of the following conditions precedent:

- (a) the Vendor's representations and warranties remaining true, accurate and complete at all times between the date of the Cooperation Conditions Transfer Agreement and the Completion;

- (b) there being no material adverse change to the Target Company's operation, financial position, and prospects prior to Completion;
- (c) the Vendor having obtained approval from all of the partners in respect of the Acquisition in accordance with its partnership agreement and applicable laws and regulations;
- (d) the Purchaser having obtained written shareholder's approval in respect of the Acquisition in accordance with its articles of association and the Listing Rules;
- (e) the Target Company having complied with all the necessary registration, updates and filings from the relevant governmental authorities in the PRC in respect of the Cooperation Conditions Transfer Agreement and the Acquisition contemplated thereunder; and
- (f) the Acquisition not being in violation of any applicable laws and regulations in the PRC or the Listing Rules or regarded as in violation of any laws and regulations by the relevant PRC government authorities.

Save and except for conditions (d), (e) and (f) which are not waivable, all of the above conditions can be waived by the Purchaser, while the Vendor is not entitled to waive any of the conditions. As at the date of this announcement, none of the conditions above has been waived.

### **Termination**

The Cooperation Conditions Transfer Agreement may be terminated:

1. if the above conditions precedent are not satisfied or waived (where applicable) and the Completion does not take place on or before 31 July 2018 (the "**Long Stop Date**"), by the Purchaser by written notice to the Vendor within seven (7) days after the Long Stop Date;
2. by the innocent party unilaterally if the defaulting party does not remedy or rectify the fundamental breach within twenty (20) days after the innocent party giving notice requiring it to remedy or rectify that breach; or
3. by both parties after negotiation upon the occurrence of an event of force majeure that makes the performance of the Cooperation Conditions Transfer Agreement become impossible or unnecessary.

### **Completion**

Completion will take place on or before the fifth (5th) business day, or such other date as the parties may agree, after all the conditions precedent have been fulfilled or waived (as the case may be). As at the date of this announcement, the Target Company is owned as to 75% by Wison Energy Engineering (Hong Kong) Limited, an indirectly wholly-owned subsidiary of the Company, and 25% by the Vendor. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## INFORMATION OF THE TARGET COMPANY

The Target Company is an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, Wison Energy Engineering (Hong Kong) Limited, an indirectly wholly owned subsidiary of the Company and the Vendor holds 75% and 25%, respectively, of the total equity interest of the Target Company. The Target Company and its subsidiaries are principally engaged in the provision of project solutions to petrochemical and coal-to-chemicals producers in terms of design, building and commissioning of their production facilities through technology consultancy, engineering, procurement and construction management services in the PRC and overseas.

Set out below are the net profits (both before and after taxation) of the Target Company based on the audited consolidated accounts of the Target Company prepared in accordance with IFRS, for the two financial years ended 31 December 2017:

	<b>For the financial year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>RMB million</i>	<i>RMB million</i>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net profit before taxation	167.8	325.4
Net profit after taxation	72.2	274.1

As at 31 December 2017, the total assets and the net assets of the Target Company amounted to approximately RMB7,459.2 million (equivalent to approximately HK\$9,140.5 million) and RMB975.4 million (equivalent to approximately HK\$1,195.3 million), respectively, based on the audited consolidated accounts of the Target Company prepared in accordance with IFRS.

To the best knowledge of the Company and after making reasonable enquiries, the aggregate original acquisition cost of 25% of the total equity interest of the Target Company by Jiangsu Xinhua was approximately RMB130.5 million (equivalent to approximately HK\$159.9 million), and by the Vendor from Jiangsu Xinhua was approximately RMB52.7 million (equivalent to approximately HK\$64.6 million).

## INFORMATION OF VENDOR

The Vendor, which is controlled by the sole shareholder of Jiangsu Xinhua, is an investment management partnership and was established in the PRC as limited partnership on 30 May 2018. The Vendor is principally engaged in investment management and investment consulting.

## INFORMATION OF THE COMPANY

The Company is an investment holding company and was incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. 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 lifecycle from feasibility studies, consulting services, provision of proprietary technologies, design, engineering, raw materials and equipment procurement and construction management to maintenance and after-sales technical support.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Board believes that the Acquisition would be beneficial to the Company and its Shareholders as a whole due to the following reasons:

- (1) it allows the Company to gain full ownership in the Target Company, which is principally engaged in the provision of EPC management service; and
- (2) it allows full consolidation of the Target Company at the Company level, enhancing financial transparency to Shareholders and eliminating any value leakage associated with a sizable minority interest.

The Directors (including the independent non-executive Directors) consider that the terms of the Cooperation Conditions Transfer Agreement and the Acquisition contemplated thereunder are entered into on normal commercial terms after arm's length negotiations among the parties, and are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Target Company is a 75% indirectly owned subsidiary of the Company, and the remaining 25% equity interest in the Target Company is held by the Vendor. Therefore the Vendor is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transaction; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained the approval from the Board (including the independent non-executive Directors) regarding the Cooperation Conditions Transfer Agreement and the Acquisition contemplated thereunder and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Cooperation Conditions Transfer Agreement and the Acquisition contemplated thereunder are fair and reasonable, and that the Acquisition is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 14A.101 of the Listing Rules, the Acquisition is exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules. No Director is considered to have a material interest in the Acquisition and therefore no Director was required to abstain from voting on the Board resolution approving the Cooperation Conditions Transfer Agreement and the Acquisition.

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To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Acquisition.

As at the date of this announcement, Wison Investment owns 3,088,782,146 Shares in the Company which represent approximately 75.92% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, Wison Investment has issued a written Shareholder's approval certificate to approve the Acquisition and accordingly, no extraordinary general meeting will be convened by the Company to approve the Acquisition.

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**Shareholders and potential investors should note that the Acquisition is subject to various conditions which may or may not be fulfilled or waived (as the case may be). There is therefore no assurance that the Acquisition will proceed as contemplated or at all. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares of the Company.**

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Equity by the Purchaser pursuant to the terms of the Cooperation Conditions Transfer 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
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of RMB350 million (equivalent to approximately HK\$429 million) payable by the Purchaser to the Vendor in accordance with the Cooperation Conditions Transfer Agreement

“Cooperation Conditions Transfer Agreement”	the cooperation conditions transfer agreement dated 6 June 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Jiangsu Xinhua”	Jiangsu Xinhua Chemical Engineering Co., Ltd.* (江蘇新華化工機械有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Ningbo Chuang Huan Investment Management Company Limited* (寧波創煥投資管理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	equity interest in the Target Company, comprising 25% of the total equity interest of the Target Company, to be acquired by the Purchaser from the Vendor pursuant to the Cooperation Conditions Transfer Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules



“Target Company”	Wison Engineering Ltd.* (惠生工程(中國)有限公司), a Sino-foreign co-operative joint venture established in the PRC, which is owned as to 75% by Wison Energy Engineering (Hong Kong) Limited, an indirectly wholly-owned subsidiary of the Company, and 25% by the Vendor as at the date of this announcement
“Vendor”	Ningbo Wei Yu Shang Zhi Investment Management Partnership (Limited Partnership)* (寧波威宇尚致投資管理合夥企業(有限合夥)), a limited partnership established in the PRC, which owns 25% equity interest in the Target Company (but is entitled to 10% of its distributable profits) and is controlled by the sole shareholder of Jiangsu Xinhua as at the date of this announcement
“Wison Investment”	Wison Engineering Investment Limited (惠生工程投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder of the Company
“%”	per cent

*Note: Unless specified otherwise, the exchange rate of RMB1=HK\$1.22540 has been used, where applicable, for illustration purposes only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate, at any other rates or at all.*

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

Hong Kong, 6 June 2018

*As at the date of this announcement, the executive Directors 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.*

\* *For identification purposes only*