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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 FURTHER SUPPLEMENTAL AGREEMENT,
NEW WISON COMPLEX PROPERTY MANAGEMENT
SERVICES AGREEMENT
AND
REVISION OF ANNUAL CAP**

The Board announces that on July 31, 2018, Wison Engineering entered into (i) the Wison (China) Investment Further Supplemental Agreement with Wison (China) Investment to amend certain terms of the 2017 Wison (China) Investment Property Leasing Agreement (as amended by the Wison (China) Investment Supplemental Agreements), and (ii) the New Wison Complex Property Management Services Agreement with Wison (China) Investment.

Reference is made to the announcement of the Company dated December 19, 2016, pursuant to which the Company announced that Wison Engineering (as landlord) and Wison (China) Investment (as tenant) entered into the 2017 Wison (China) Investment Property Leasing Agreement and the 2017 Wison (China) Investment Property Management Services Agreement. Pursuant to these agreements, certain premises with a gross floor area of 2,000 square metres within the New Wison Complex were leased, with such lease expiring on December 31, 2018 and during the tenancy, Wison Engineering shall provide property management services to Wison (China) Investment.

Reference is also made to the announcement of the Company dated March 24, 2017, pursuant to which the Company announced the Wison (China) Investment Supplemental Agreements pursuant to which the subject premises under the 2017 Wison (China) Investment Property Leasing Agreement were changed and the gross floor area of the subject premises increased from 2,000 square metres to 2,372 square metres, resulting in the monthly rental and monthly property management services fees increasing from RMB267,666.00 to RMB317,452.67 and from RMB44,000.00 to RMB54,556.00, respectively.

Pursuant to the Wison (China) Investment Further Supplemental Agreement and the New Wison Complex Property Management Services Agreement, the subject premises shall be changed from 7th Floor and Rooms 613, 615 to 621, 6th Floor, Block A at the New Wison Complex to the entire 1st Floor, 1,500 square metres of floor space on 4th Floor, the entire 6th Floor and 7th Floor of Block A at the New Wison Complex, with gross floor area being increased from 2,372 square metres to 7,584 square metres and the monthly rental and the monthly property management services fee shall be adjusted from RMB317,452.67 to RMB1,268,740.00 and from RMB54,556.00 to RMB189,600.00, respectively.

Each of the Wison (China) Investment Further Supplemental Agreement and the New Wison Complex Property Management Services Agreement shall be effective from August 1, 2018.

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

LISTING RULES IMPLICATIONS AND ANNUAL CAPS

In the announcement of the Company dated March 24, 2017, the Company also announced the Wison Nantong Supplemental Agreements, pursuant to which certain terms of the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement were amended. 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 Wison (China) Investment and Wison Nantong are indirect subsidiaries of Wison Holding, Wison (China) Investment and Wison Nantong are also connected persons of the Company. Accordingly, the transactions contemplated under the 2017 Wison (China) Investment Property Leasing Agreement (as amended), the New Wison Complex Property Management Services Agreement, the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the 2016 Wison Nantong Property Leasing Agreement was entered into between Wison Engineering (as landlord) and Wison Nantong, an indirect wholly-owned subsidiary of Wison Holding, (as tenant) and the subject premises are also located at New Wison Complex, the transactions contemplated under the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) should be aggregated with that under the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the New Wison Complex Property Management Services Agreement for the purpose of calculating the applicable percentage ratios set out in Rule 14.07 of the Listing Rules. The annual caps under these agreements are revised (as applicable) as follows:

	For the year ending December 31, 2018	
	Old annual cap	Revised annual cap
2017 Wison (China) Investment Property Leasing Agreement (as amended) and the New Wison Complex Property Management Services Agreement		
— <i>aggregate amounts of the rental and property management services fees payable by Wison (China) Investment to Wison Engineering</i>	RMB4,600,000	RMB9,983,000
2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended)		
— <i>aggregate amounts of the rental and property management services fees payable by Wison Nantong to Wison Engineering</i>	RMB4,800,000	Not applicable

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual caps for the amounts payable by Wison (China) Investment under the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the New Wison Complex Property Management Services Agreement and 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) 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 19, 2016, pursuant to which the Company announced that Wison Engineering (as landlord) and Wison (China) Investment (as tenant) entered into the 2017 Wison (China) Investment Property Leasing Agreement and the 2017 Wison (China) Investment Property Management Services Agreement. Pursuant to these agreements, certain premises with a gross floor area of 2,000 square metres within the New Wison Complex were leased, with such lease expiring on December 31, 2018 and during the tenancy, Wison Engineering shall provide property management services to Wison (China) Investment.

Reference is also made to the announcement of the Company dated March 24, 2017, pursuant to which the Company announced the Wison (China) Investment Supplemental Agreements under which the subject premises under the 2017 Wison (China) Investment Property Leasing Agreement were changed and the gross floor area of the subject premises increased from 2,000 square metres to 2,372 square metres, resulting in the monthly rental and monthly property management services fees increasing from RMB267,666.00 to RMB317,452.67 and from RMB44,000.00 to RMB54,556.00, respectively.

WISON (CHINA) INVESTMENT FURTHER SUPPLEMENTAL AGREEMENT AND NEW WISON COMPLEX PROPERTY MANAGEMENT SERVICES AGREEMENT

The Board announces that on July 31, 2018, Wison Engineering entered into (i) the Wison (China) Investment Further Supplemental Agreement with Wison (China) Investment to amend certain terms of the 2017 Wison (China) Investment Property Leasing Agreement (as amended by the Wison (China) Investment Supplemental Agreements), and (ii) the New Wison Complex Property Management Services Agreement with Wison (China) Investment.

Pursuant to the Wison (China) Investment Further Supplemental Agreement and the New Wison Complex Property Management Services Agreement, 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 (as amended by the Wison (China) Investment Supplemental Agreements), shall be changed from 7th Floor and Rooms 613, 615 to 621, 6th Floor, Block A at the New Wison Complex to the entire 1st Floor, 1,500 square metres of floor space on 4th Floor, the entire 6th Floor and 7th Floor of Block A at the New Wison Complex, with gross floor area being increased from 2,372 square metres to 7,584 square metres;
- (ii) the monthly rental shall be adjusted from RMB317,452.67 (equivalent to a daily rental of approximately RMB4.4 per square metre) to RMB1,268,740.00 (equivalent to a daily rental of approximately RMB5.5 per square metre) by reference to the size of the increased gross floor area of the subject premises; and
- (iii) the property management services fee shall be adjusted from RMB54,556.00 per month (equivalent to a monthly management services fee of RMB23 per square metre) to RMB189,600.00 per month (equivalent to a monthly management services fee of RMB25 per square metre).

Each of the Wison (China) Investment Further Supplemental Agreement and the New Wison Complex Property Management Services Agreement shall be effective from August 1, 2018 and shall expire on December 31, 2018.

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

LISTING RULES IMPLICATIONS AND ANNUAL CAPS

In the announcement of the Company dated March 24, 2017, the Company also announced the Wison Nantong Supplemental Agreements, pursuant to which certain terms of the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement were amended. 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 Wison (China) Investment and Wison Nantong are indirect subsidiaries of Wison Holding, Wison (China) Investment and Wison Nantong are also connected persons of the Company. Accordingly, the transactions contemplated under the 2017 Wison (China) Investment Property Leasing Agreement (as amended), the New Wison Complex Property Management Services Agreement, the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the 2016 Wison Nantong Property Leasing Agreement was entered into between Wison Engineering (as landlord) and Wison Nantong, an indirect wholly-owned subsidiary of Wison Holding, (as tenant) and the subject premises are also located at New Wison Complex, the transactions contemplated under the 2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended) should be aggregated with that under the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the New Wison Complex

Property Management Services Agreement for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. The annual caps under these agreements are revised (as applicable) as follows:

	For the year ending December 31, 2018	
	Old annual cap	Revised annual cap
2017 Wison (China) Investment Property Leasing Agreement (as amended) and the New Wison Complex Property Management Services Agreement		
— <i>aggregate amounts of the rental and property management services fees payable by Wison (China) Investment to Wison Engineering</i>	RMB4,600,000	RMB9,983,000
2016 Wison Nantong Property Leasing Agreement (as amended) and the 2016 Wison Nantong Property Management Services Agreement (as amended)		
— <i>aggregate amounts of the rental and property management services fees payable by Wison Nantong to Wison Engineering</i>	RMB4,800,000	Not applicable

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual caps for the amounts payable by Wison (China) Investment under the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the New Wison Complex Property Management Services Agreement and 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) 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 ENTERING INTO THE WISON (CHINA) INVESTMENT FURTHER SUPPLEMENTAL AGREEMENT AND THE NEW WISON COMPLEX PROPERTY MANAGEMENT SERVICES AGREEMENT

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 (China) Investment negotiated with Wison Engineering for the increase of the gross floor area of the subject premises under the 2017 Wison (China) Investment Property Leasing Agreement for the remaining term.

In view that the rental payable under the 2017 Wison (China) Investment Property Leasing Agreement (as amended) and the property management services fees under the New Wison Complex Property Management Services Agreement, in each case, reflect prevailing market rates, the Directors (including the independent non-executive Directors but excluding Ms. Rong Wei who has abstained from voting) are of the view that the entering into of the Wison (China) Investment Further Supplemental Agreement and the New Wison Complex Property Management Services 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 abstained from voting on the Board resolution approving the Wison (China) Investment Further Supplemental Agreement and the New Wison Complex Property Management Services Agreement and the revised proposed annual cap.

The Directors (including the independent non-executive directors but excluding Ms. Rong Wei who has abstained from voting) are of the view that the Wison (China) Investment Further Supplemental Agreement and the New Wison Complex Property Management Services Agreement 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 revised 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 component. Wison Nantong is principally engaged in manufacture and sale of engineering machinery and ancillary steel-structured products, and provision of engineering technology services.

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
“New Wison Complex Property Management Services Agreement”	the property management services agreement dated July 31, 2018 and entered into between Wison Engineering and Wison (China) Investment
“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 Further Supplemental Agreement”	the supplemental agreement to the 2017 Wison (China) Investment Property Leasing Agreement (as amended by the Wison (China) Investment Supplemental Agreements) dated July 31, 2018 and entered into between Wison Engineering as landlord and Wison (China) Investment as tenant
“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.
Rong Wei
Executive Director and Chief Executive Officer

Hong Kong, July 31, 2018

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.