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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)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

The Board announces that on December 14, 2018:

- (i) Wison Engineering (an indirect wholly-owned subsidiary of the Company), as landlord, entered into the 2019 Wison (China) Investment Property Leasing Agreement with Wison (China) Investment (an indirect subsidiary of Wison Holding, a controlling shareholder of the Company) as tenant, to renew the lease in relation to certain premises located at 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 a gross floor area of 7,584 square metres for a monthly rental of RMB1,268,740.00 for a term of two years commencing on January 1, 2019;
- (ii) Wison Engineering entered into the 2019 Wison (China) Investment Supplemental Agreement with Wison (China) Investment in relation to the provision of property management services by Wison Engineering for the subject premises under the 2019 Wison (China) Investment Property Leasing Agreement for a monthly comprehensive park management fee of RMB189,600.00 for a term of two years commencing on January 1, 2019;
- (iii) Wison Engineering, as landlord, entered into the 2019 Wison Marine Property Leasing Agreement with Wison Marine (an indirect subsidiary of Wison Holding, a controlling shareholder of the Company) as tenant, to renew the lease in relation to certain premises located at a portion of 4th Floor and 5th Floor of Block A at the New Wison Complex, with a gross floor area of 2,500 square metres for a monthly rental of RMB418,229.17 for a term of one year commencing on January 1, 2019; and

(iv) Wison Engineering entered into the 2019 Wison Marine Supplemental Agreement with Wison Marine in relation to the provision of property management services by Wison Engineering for the subject premises under the 2019 Wison Marine Property Leasing Agreement for a monthly comprehensive park management fee of RMB62,500.00 for a term of one year commencing on January 1, 2019.

The aggregate amounts of the rental and the comprehensive park management fees payable by (i) Wison (China) Investment under the Wison (China) Investment Agreements, and (ii) Wison Marine under the Wison Marine Agreements, are as follows:

	<b>For the Year Ending December 31,</b>	
	<b>2019</b>	<b>2020</b>
2019 Wison (China) Investment Property Leasing Agreement	RMB15,224,880.00	RMB15,224,880.00
2019 Wison (China) Investment Supplemental Agreement	RMB2,275,200.00	RMB2,275,200.00
2019 Wison Marine Property Leasing Agreement	RMB5,018,750.04	N/A
2019 Wison Marine Supplemental Agreement	<u>RMB750,000.00</u>	<u>N/A</u>
	<b><u>RMB23,268,830.04</u></b>	<b><u>RMB17,500,080.00</u></b>

As the aggregate amounts of the rental and the comprehensive park management fees payable by (i) Wison (China) Investment under the Wison (China) Investment Agreements, and (ii) Wison Marine under the Wison Marine Agreements, are expected not to exceed RMB25,000,000.00 for each of the years ending December 31, 2019 and 2020, such amount has been set as the respective annual cap for the aggregate amounts of the rental and the comprehensive park management fees payable under the Wison (China) Investment Agreements and the Wison Marine Agreements for each of the two years ending December 31, 2019 and 2020.

## **LISTING RULES IMPLICATIONS**

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 Agreements and the Wison Marine Agreements 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 annual cap for the amounts payable by (i) Wison (China) Investment under the Wison (China) Investment Agreements and (ii) Wison Marine under the Wison Marine Agreements, 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

The New Wison Complex is owned by Wison Engineering and is located at No. 699 Zhongke Road, Pudong New District, Shanghai, PRC, where 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. Total gross floor area of the New Wison Complex is 126,703 square metres. As at June 30, 2018, the net carrying amount of the New Wison Complex was approximately RMB889.623 million. The Group occupies certain premises at the New Wison Complex as its offices and the rest would be put for lease in the market.

Reference is made to the announcements of the Company dated December 19, 2016, March 24, 2017 and July 31, 2018, where the Company announced that, among other things, Wison Engineering entered into the 2017 Wison (China) Investment Property Leasing Agreement, the 2017 Wison (China) Investment Property Management Services Agreement and various supplemental agreements with Wison (China) Investment in relation to certain premises located at Block A at the New Wison Complex, the term of which shall expire on December 31, 2018.

Reference is also made to the announcements of the Company dated August 24, 2016 and March 24, 2017, where the Company announced that, among other things, Wison Engineering entered into the 2016 Wison Nantong Property Leasing Agreement, the 2016 Wison Nantong Property Management Services Agreement and the Wison Nantong Supplemental Agreements with Wison Nantong in relation to certain premises located at Block A at the New Wison Complex, the term of which shall expire on December 31, 2018.

The Board announces that on December 14, 2018:

- (i) Wison Engineering, as landlord, entered into the 2019 Wison (China) Investment Property Leasing Agreement with Wison (China) Investment as tenant, to renew the lease in relation to certain premises located at 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 a gross floor area of 7,584 square metres for a monthly rental of RMB1,268,740.00 for a term of two years commencing on January 1, 2019;
- (ii) Wison Engineering entered into the 2019 Wison (China) Investment Supplemental Agreement with Wison (China) Investment in relation to the provision of property management services by Wison Engineering for the subject premises under the 2019 Wison (China) Investment Property Leasing Agreement for a monthly comprehensive park management fee of RMB189,600.00 for a term of two years commencing on January 1, 2019;
- (iii) Wison Engineering, as landlord, entered into the 2019 Wison Marine Property Leasing Agreement with Wison Marine as tenant, to renew the lease between Wison Engineering and Wison Nantong (the sole shareholder of Wison Marine) as the original tenant in relation to certain premises located at a portion of 4th Floor and 5th Floor of Block A at the New Wison Complex, with a gross floor area of 2,500 square metres for a monthly rental of RMB418,229.17 for a term of one year commencing on January 1, 2019; and

- (iv) Wison Engineering entered into the 2019 Wison Marine Supplemental Agreement with Wison Marine in relation to the provision of property management services by Wison Engineering for the subject premises under the 2019 Wison Marine Property Leasing Agreement for a monthly comprehensive park management fee of RMB62,500.00 for a term of one year commencing on January 1, 2019.

## **THE WISON (CHINA) INVESTMENT AGREEMENTS**

### **The 2019 Wison (China) Investment Property Leasing Agreement**

**Date:** December 14, 2018

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

**Leased Properties:** Certain premises located at 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 a gross floor area of 7,584 square metres.

**Term:** Commencing from January 1, 2019 and expiring on December 31, 2020. 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:** RMB1,268,740.00 per month (equivalent to a daily rental of approximately RMB5.50 per square metre), payable in cash in advance on a monthly basis and exclusive of comprehensive park management fees and electricity charges.

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

### **The 2019 Wison (China) Investment Supplemental Agreement**

On December 14, 2018, Wison Engineering entered into the 2019 Wison (China) Investment Supplemental Agreement with Wison (China) Investment, pursuant to which Wison Engineering shall provide property management services for the subject premises under the 2019 Wison (China) Investment Property Leasing Agreement.

Pursuant to the 2019 Wison (China) Investment Supplemental Agreement, Wison (China) Investment shall pay to Wison Engineering a comprehensive park management fee of RMB189,600 per month, which shall be payable in cash in advance on a monthly basis. The comprehensive park management fee payable under the 2019 Wison (China) Investment Supplemental Agreement was determined with reference to market rates.

Each of the 2019 Wison (China) Investment Property Leasing Agreement and the 2019 Wison (China) Investment Supplemental Agreement shall be for a term of two years commencing from January 1, 2019 and expiring on December 31, 2020. In the event that the 2019 Wison (China) Investment Property Leasing Agreement is terminated prior to the expiry of its term, the 2019 Wison (China) Investment Supplemental Agreement shall be terminated simultaneously.

## **THE WISON MARINE AGREEMENTS**

### **The 2019 Wison Marine Property Leasing Agreement**

**Date:** December 14, 2018

**Parties:** (i) Wison Engineering, as landlord  
(ii) Wison Marine, as tenant

**Leased Properties:** Certain premises located at a portion of 4th Floor and 5th Floor of Block A at the New Wison Complex, with a gross floor area of 2,500 square metres.

**Term:** Commencing from January 1, 2019 and expiring on December 31, 2019. Wison Marine may terminate the agreement before the expiry of its term by giving a two months' written notice to Wison Engineering. Wison Marine 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 Marine shall enter into a property leasing agreement for such renewal.

**Rental:** RMB418,229.17 per month (equivalent to a daily rental of approximately RMB5.50 per square metre), payable in cash in advance on a monthly basis and exclusive of comprehensive park management fees and electricity charges.

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

## The 2019 Wison Marine Supplemental Agreement

On December 14, 2018, Wison Engineering entered into the 2019 Wison Marine Supplemental Agreement with Wison Marine, pursuant to which Wison Engineering shall provide property management services for the subject premises under the 2019 Wison Marine Property Leasing Agreement.

Pursuant to the 2019 Wison Marine Supplemental Agreement, Wison Marine shall pay to Wison Engineering a comprehensive park management fee of RMB62,500 per month, which shall be payable in cash in advance on a monthly basis. The comprehensive park management fee payable under the 2019 Wison Marine Supplemental Agreement was determined with reference to market rates.

Each of the 2019 Wison Marine Property Leasing Agreement and the 2019 Wison Marine Supplemental Agreement shall be for a term of one year commencing from January 1, 2019 and expiring on December 31, 2019. In the event that the 2019 Wison Marine Property Leasing Agreement is terminated prior to the expiry of its term, the 2019 Wison Marine Supplemental Agreement shall be terminated simultaneously.

### ANNUAL CAP

The aggregate amounts of the rental and the comprehensive park management fees payable by (i) Wison (China) Investment under the Wison (China) Investment Agreements, and (ii) Wison Marine under the Wison Marine Agreements, are as follows:

	For the Year Ending December 31,	
	2019	2020
2019 Wison (China) Investment Property Leasing Agreement	RMB15,224,880.00	RMB15,224,880.00
2019 Wison (China) Investment Supplemental Agreement	RMB2,275,200.00	RMB2,275,200.00
2019 Wison Marine Property Leasing Agreement	RMB5,018,750.04	N/A
2019 Wison Marine Supplemental Agreement	<u>RMB750,000.00</u>	<u>N/A</u>
	<u>RMB23,268,830.04</u>	<u>RMB17,500,080.00</u>

As the aggregate amounts of the rental and the comprehensive park management fees payable by (i) Wison (China) Investment under the Wison (China) Investment Agreements, and (ii) Wison Marine under the Wison Marine Agreements, are expected not to exceed RMB25,000,000.00 for each of the years ending December 31, 2019 and 2020, such amount has been set as the respective annual cap for the aggregate amounts of the rental and the comprehensive park management fees payable under the Wison (China) Investment Agreements and the Wison Marine Agreements for each of the two years ending December 31, 2019 and 2020.

The aggregate amount of the rental and the property management services fees payable by Wison (China) Investment under the 2017 Wison (China) Investment Property Leasing Agreement and the 2017 Wison (China) Investment Property Management Services Agreement, as amended, is RMB9,895,760.69 and as of the date hereof the relevant annual cap for the year ending December 31, 2018 has not been exceeded.

The aggregate amount of the rental and the property management services fees payable by Wison Nantong under the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement, as amended, is RMB4,704,999.96 and as of the date hereof the relevant annual cap for the year ending December 31, 2018 has not been exceeded.

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

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 and the comprehensive park management fees payable under the Wison (China) Investment Agreements and the Wison Marine Agreements reflect prevailing market rates, the Directors (including independent non-executive Directors but excluding Ms. Rong Wei who has abstained from voting) are of the view that entering into of the Wison (China) Investment Agreements with Wison (China) Investment and the Wison Marine Agreements with Wison Marine is in the interests of the Company and its shareholders as a whole.

As Ms. Rong Wei is also a director and vice president of Wison Holding, Ms. Rong Wei abstained from voting on the Board resolutions approving the transactions contemplated under the Wison (China) Investment Agreements and the Wison Marine Agreements.

The Directors (including independent non-executive Directors but excluding Ms. Rong Wei who has abstained from voting) are of the view that the Wison (China) Investment Agreements and the Wison Marine Agreements were entered into after arm's length negotiation between the parties and in the ordinary and usual course of business of the Group, reflect normal commercial terms and are in the interests of the Company and its shareholders as a whole, 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 component.

Wison Marine is principally engaged in research and development in marine engineering and systems in relation to offshore wind power.

## **LISTING RULES IMPLICATIONS**

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 Agreements and the Wison Marine Agreements 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 annual cap for the amounts payable by (i) Wison (China) Investment under the Wison (China) Investment Agreements and (ii) Wison Marine under the Wison Marine Agreements, 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
“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 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
“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 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 at a portion of 4th Floor and 5th Floor of Block A at the New Wison Complex
“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
“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 Agreements”	collectively, the 2019 Wison (China) Investment Property Leasing Agreement and the 2019 Wison (China) Investment Supplemental Agreement
“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 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 Agreements”	collectively, the 2019 Wison Marine Property Leasing Agreement and the 2019 Wison Marine Supplemental Agreement
“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, December 14, 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.*