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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)

**AMENDMENT OF TERMS OF
CONTINUING CONNECTED TRANSACTIONS**

The Board announces that on January 10, 2020, Wison Engineering (an indirect wholly-owned subsidiary of the Company), as landlord, entered into the 2020 Wison (China) Investment Supplemental Agreements with Wison (China) Investment (an indirect subsidiary of Wison Holding, a controlling shareholder of the Company), as tenant, to reduce the floor space leased at the premises located at the New Wison Complex under the 2019 Wison (China) Investment Property Leasing Agreement. Pursuant to the 2020 Wison (China) Investment Supplemental Agreements, Wison (China) Investment would cease to lease the entire 1st Floor of Block A at the New Wison Complex, which has a floor area of around 2,035 square metres, with effect from February 1, 2020. As a result of such reduction in floor space leased, the amount of rental and related comprehensive park management fee receivable by Wison Engineering for the year ending December 31, 2020 will be reduced by approximately RMB4.3 million.

LISTING RULES IMPLICATIONS AND ANNUAL CAP

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.82% 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 is an indirect subsidiary of Wison Holding, Wison (China) Investment is also a connected person of the Company. Accordingly, the transactions contemplated under the 2019 Wison (China) Investment Agreements as supplemented by the 2020 Wison (China) Investment Supplemental Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Apart from the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements), Wison Engineering, as landlord, had entered into other property leasing agreements with Wison (China) Investment and Wison Marine (which is also a connected person of the Company), as tenants. The transactions under these property leasing agreements should be aggregated with the transactions contemplated under the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. Due to the reduction in rental and related comprehensive park management fee receivable by Wison Engineering for the year ending December 31, 2020, the annual cap for the aggregate amounts payable under the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) and the other property leasing agreements will be reduced from RMB32,000,000 to RMB27,700,000 for the year ending December 31, 2020. Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of such reduced annual cap is above 0.1% but below 5%, the transactions contemplated under such agreements 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 14, 2018, where the Company announced that, among other things:

- (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; and
- (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.

Pursuant to the 2019 Wison (China) Investment Property Leasing Agreement, rental for the premises leased thereunder is RMB1,268,740.00 per month (equivalent to a daily rental of approximately RMB5.5 per square metre), payable in cash in advance on a monthly basis and exclusive of comprehensive park management fees and electricity charges. Pursuant to the 2019 Wison (China) Investment Supplemental Agreement, a comprehensive park management fee of RMB189,600 per month is payable to Wison Engineering in cash in advance on a monthly basis. The rental was determined with reference to the then prevailing market rates of rentals for comparable properties and the comprehensive park management fee was also determined with reference to market rates.

The Board announces that on January 10, 2020, Wison Engineering, as landlord, entered into the 2020 Wison (China) Investment Supplemental Agreements with Wison (China) Investment, as tenant, to reduce the floor space leased at the premises located at the New Wison Complex under the 2019 Wison (China) Investment Property Leasing Agreement. Pursuant to the 2020 Wison (China) Investment Supplemental Agreements, Wison (China) Investment would cease to lease the entire 1st Floor of Block A at the New Wison Complex, which has a floor area of around 2,035 square metres, with effect from February 1, 2020. Accordingly, the amount of rental and comprehensive park management fee receivable by Wison Engineering for the year ending December 31, 2020 will be reduced proportionately based on the area of the floor space surrendered. The amount of rental and related comprehensive park management fee receivable by Wison Engineering for the year ending December 31, 2020 will be reduced by approximately RMB4.3 million.

AGGREGATION AND ANNUAL CAP

Reference is made to the announcement of the Company dated December 14, 2018, where the Company announced that Wison Engineering (as landlord) had entered into (i) the 2019 Wison (China) Investment Agreements with Wison (China) Investment (as tenant) and (ii) the 2019 Wison Marine Agreements with Wison Marine (an indirect subsidiary of Wison Holding) (as tenant), to renew the leases in relation to certain premises at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises. The term of the 2019 Wison (China) Investment Agreements expires on December 31, 2020 and the term of the 2019 Wison Marine Agreements expired on December 31, 2019.

Reference is also made to the announcement of the Company dated January 25, 2019, where the Company announced that Wison Engineering (as landlord) had entered into the Wison Marine Supplemental Property Leasing Agreement and the Wison Marine Further Supplemental Agreement with Wison Marine (as tenant) to amend certain terms of the lease in relation to certain premises at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises under the 2019 Wison Marine Agreements, the term of which expired on December 31, 2019.

Reference is also made to the announcement of the Company dated February 28, 2019, where the Company announced that Wison Engineering (as landlord) had entered into the Wison (China) Investment First Additional Property Leasing Agreement and the Wison (China) Investment First Additional Supplemental Agreement with Wison (China) Investment (as tenant), in relation to the lease of certain premises located at the entire 3rd Floor of Block C at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises, the term of which expires on March 31, 2021.

Reference is also made to the announcement of the Company dated June 21, 2019, where the Company announced that Wison Engineering (as landlord) had entered into the Wison (China) Investment Second Additional Property Leasing Agreement and the Wison (China) Investment Second Additional Supplemental Agreement with Wison (China) Investment (as tenant), in relation to the lease of certain premises located at Room 401, 4th Floor of Block C at the New Wison Complex and for the provision of property management services by Wison Engineering for the subject premises, the term of which expires on March 31, 2021.

Reference is also made to the announcement of the Company dated December 16, 2019, where the Company announced that Wison Engineering (as landlord) had entered into (i) the 2020 Wison Marine Property Leasing Agreement with Wison Marine, as tenant, to renew the lease in relation to certain premises located at 5th Floor of Block A at the New Wison Complex and (ii) the 2020 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 2020 Wison Marine Property Leasing Agreement. The term of the 2020 Wison Marine Property Leasing Agreement and the 2020 Wison Marine Supplemental Agreement expires on December 31, 2020.

As the 2020 Wison Marine Agreements, the Wison (China) Investment Second Additional Agreements, the Wison (China) Investment First Additional Agreements and the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) were entered into between Wison Engineering (as landlord) and Wison Marine or Wison (China) Investment (as tenant), and the subject premises are all located at the New Wison Complex, the transactions contemplated under the 2020 Wison Marine Agreements, the Wison (China) Investment Second Additional Agreements, the Wison (China) Investment First Additional Agreements and the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) should be aggregated for the purpose of calculating

the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. The amounts payable under these agreements for the years ending December 31, 2020 and December 31, 2021 (as applicable) are as follows:

	For the Year Ending December 31,	
	2020	2021
2020 Wison Marine Property Leasing Agreement	RMB4,014,996.00	Not applicable
2020 Wison Marine Supplemental Agreement	RMB856,000.00	Not applicable
Wison (China) Investment Second Additional Property Leasing Agreement	RMB927,027.00	RMB231,756.75
Wison (China) Investment Second Additional Supplemental Agreement	RMB127,800.00	RMB31,950.00
Wison (China) Investment First Additional Property Leasing Agreement	RMB6,070,512.00	RMB1,517,628.00
Wison (China) Investment First Additional Supplemental Agreement	RMB1,801,140.00	RMB450,285.00
2019 Wison (China) Investment Property Leasing Agreement (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements)	RMB11,479,325.00	Not applicable
2019 Wison (China) Investment Supplemental Agreement (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements)	<u>RMB1,715,465.00</u>	<u>Not applicable</u>
	<u>RMB26,992,265.00</u>	<u>RMB2,231,619.75</u>

The aggregate amount payable under the 2020 Wison Marine Agreements, the Wison (China) Investment Second Additional Agreements, the Wison (China) Investment First Additional Agreements and the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreement) are expected not to exceed RMB27,700,000 for the year ending December 31, 2020. Accordingly, such amount has been set as the annual cap for the aggregate amounts payable under the 2020 Wison Marine Agreements, the Wison (China) Investment Second Additional Agreements, the Wison (China) Investment First Additional Agreements and the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) for the year ending December 31, 2020. As the term of the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) will expire on December 31, 2020, the annual cap for the year ending December 31, 2021 as previously disclosed in the Company's announcement dated December 16, 2019 remains unchanged.

REASONS FOR AND BENEFITS OF THE AMENDMENTS TO THE 2019 WISON (CHINA) INVESTMENT PROPERTY LEASING AGREEMENT AND THE 2019 WISON (CHINA) INVESTMENT SUPPLEMENTAL AGREEMENT

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 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, 2019 was approximately RMB836.011 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 floor space in the 1st Floor of Block A at the New Wison Complex which will be surrendered by Wison (China) Investment can be utilized by Wison Engineering for its own use or for lease and that the amount of reduction in rental and comprehensive park management fee is proportionate to the area of floor space surrendered, 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 2020 Wison (China) Investment Supplemental Agreements 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 2020 Wison (China) Investment Supplemental Agreements and the revised annual cap.

The Directors (including independent non-executive Directors but excluding Ms. Rong Wei who has abstained from voting) are of the view that the 2020 Wison (China) Investment Supplemental Agreements 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 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.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 75.82% 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 is an indirect subsidiary of Wison Holding, Wison (China) Investment is also a connected person of the Company. Accordingly, the transactions contemplated under the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Apart from the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements), Wison Engineering, as landlord, had entered into other property leasing agreements with Wison (China) Investment and Wison Marine (which is also a connected person of the Company), as tenants, as set out above. The transactions under these property leasing agreements should be aggregated with the transactions contemplated under the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. Due to the reduction in rental and related comprehensive park management fee receivable by Wison Engineering for the year ending December 31, 2020, the annual cap for the aggregate amounts payable under the 2019 Wison (China) Investment Agreements (as supplemented by the 2020 Wison (China) Investment Supplemental Agreements) and the other property leasing agreements will be reduced from RMB32,000,000 to RMB27,700,000 for the year ending December 31, 2020. Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of such reduced annual cap is above 0.1% but below 5%, the transactions contemplated under such agreements 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:

“2019 Wison (China) Investment Agreements”	collectively, the 2019 Wison (China) Investment Property Leasing Agreement and the 2019 Wison (China) Investment Supplemental Agreement
“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 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 Agreements”	collectively, the 2019 Wison Marine Property Leasing Agreement and the 2019 Wison Marine Supplemental Agreement
“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 at the New Wison Complex, as amended by the Wison Marine Supplemental Property Leasing Agreement
“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, as amended by the Wison Marine Further Supplemental Agreement
“2020 Wison (China) Investment Supplemental Agreements”	collectively, the supplemental agreement to the 2019 Wison (China) Investment Property Leasing Agreement and the supplemental agreement to the 2019 Wison (China) Investment Supplemental Agreement, both dated January 10, 2020 and entered into between Wison Engineering and Wison (China) Investment, and where the context so requires, any one of the aforementioned supplemental agreement
“2020 Wison Marine Agreements”	collectively, the 2020 Wison Marine Property Leasing Agreement and the 2020 Wison Marine Supplemental Agreement

“2020 Wison Marine Property Leasing Agreement”	the property leasing agreement dated December 16, 2019 and entered into between Wison Engineering as landlord and Wison Marine as tenant in relation to certain premises located at 5th Floor of Block A at the New Wison Complex
“2020 Wison Marine Supplemental Agreement”	the supplemental agreement to the 2020 Wison Marine Property Leasing Agreement dated December 16, 2019 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 First Additional Property Leasing Agreements”	collectively, the Wison (China) Investment First Additional Property Leasing Agreement and the Wison (China) Investment First Additional Supplemental Agreement

“Wison (China) Investment First Additional Property Leasing Agreement”	the property leasing agreement dated February 28, 2019 and entered into between Wison Engineering as landlord and Wison (China) Investment as tenant in relation to certain premises located at Block C at the New Wison Complex
“Wison (China) Investment First Additional Supplemental Agreement”	the supplemental agreement to the Wison (China) Investment First Additional Property Leasing Agreement dated February 28, 2019 and entered into between Wison Engineering and Wison (China) Investment
“Wison (China) Investment Second Additional Agreements”	collectively, the Wison (China) Investment Second Additional Property Leasing Agreement and the Wison (China) Investment Second Additional Supplemental Agreement
“Wison (China) Investment Second Additional Property Leasing Agreement”	the property leasing agreement dated June 21, 2019 and entered into between Wison Engineering as landlord and Wison (China) Investment as tenant in relation to certain premises located at Room 401, 4th Floor, Block C at the New Wison Complex
“Wison (China) Investment Second Additional Supplemental Agreement”	the supplemental agreement to the Wison (China) Investment Second Additional Property Leasing Agreement dated June 21, 2019 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 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 Further Supplemental Agreement”	the further supplemental agreement to the 2019 Wison Marine Supplemental Agreement dated January 25, 2019 and entered into between Wison Engineering and Wison Marine

“Wison Marine Supplemental Property Leasing Agreement” the supplemental agreement to the 2019 Wison Marine Property Leasing Agreement dated January 25, 2019 and entered into between Wison Engineering and Wison Marine

“%” per cent.

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

Hong Kong, January 10, 2020

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.