

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

SUPPLEMENTAL ANNOUNCEMENT PURSUANT TO RULE 14.36 OF THE LISTING RULES IN RELATION TO DISCLOSEABLE TRANSACTION ESTABLISHMENT OF LIMITED PARTNERSHIP

This announcement is made by Wison Engineering Services Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the announcements of the Company dated June 22, 2020 and July 2, 2020 (the “**Announcements**”) in respect to the establishment of the Limited Partnership. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Announcements.

INTRODUCTION

On June 22, 2020, Shanghai Huicheng, a wholly-owned subsidiary of the Company, entered into the Limited Partnership Agreement with Silver Saddle, Sinochem International and Haimen South Huanghai, pursuant to which, Shanghai Huicheng (as limited partner), Sinochem International (as limited partner), Haimen South Huanghai (as limited partner) and Silver Saddle (as general partner) agreed to establish the Limited Partnership (the “**Previous Limited Partnership Agreement**”).

The Board announces that on December 4, 2020, Shanghai Huicheng entered into a new limited partnership agreement to amend the terms of the Previous Limited Partnership Agreement (the “**New Limited Partnership Agreement**”). Pursuant to the New Limited Partnership Agreement, Nanjing Industrial Development Fund Co., Ltd.* (南京市產業發展基金有限公司) (“**Nanjing Fund**”) has been added as a Limited Partner of the Limited Partnership and the New Limited Partnership Agreement shall replace and supersede the Previous Limited Partnership Agreement.

* For identification purpose only

NEW LIMITED PARTNERSHIP AGREEMENT

Date: December 4, 2020

Parties:

Existing Limited Partners (“Existing Limited Partners”)

- (1) Shanghai Huicheng;
- (2) Sinochem International;
- (3) Haimen South Huanghai;

New Limited Partner (the “New Limited Partner”, together with “Existing Limited Partners”, the “Limited Partners”)

- (4) Nanjing Fund; and

General partner

- (5) Silver Saddle

Except for Nanjing Fund, each of the Limited Partners and Silver Saddle are parties under the Previous Limited Partnership Agreement.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save for (i) Mr. Qu Song (a director of Wison Group Holding Limited, the controlling shareholder of the Company) being a director of Silver Saddle and (ii) the Company being indirectly interested in 15% of the total registered capital of Silver Saddle, each of Sinochem International, Haimen South Huanghai, Nanjing Fund and Silver Saddle and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Target Total Capital Contribution

Pursuant to New Limited Partnership Agreement, the target total capital contribution size of the Limited Partnership has been reduced from RMB950,000,000 to RMB910,000,000 (the “**Target Total Capital Contribution**”).

Initial Capital Contribution

Pursuant to the New Limited Partnership Agreement, Sinochem International (as an Existing Limited Partner) will contribute an additional RMB20,000,000 to the Limited Partnership and Nanjing Fund (as a New Limited Partner) will contribute RMB208,000,000 to the Limited Partnership (together with the capital contribution made by the Existing Limited Partners under the Previous Limited Partnership Agreement, the “**Initial Capital Contribution**”). There is no change to the contribution amount of Shanghai Huicheng in the Limited Partnership (being RMB160,000,000).

Set forth below is a summary of the Initial Capital Contribution of the Limited Partnership.

Name of partners	Initial Capital Contribution (RMB)	Approximate percentage of the Initial Capital Contribution
Shanghai Huicheng	160,000,000	21.11%
Sinochem International	280,000,000	36.94%
Haimen South Huanghai	100,000,000	13.19%
Nanjing Fund	208,000,000	27.44%
Silver Saddle	<u>10,000,000</u>	<u>1.32%</u>
Total	<u>758,000,000</u>	<u>100.00%</u>

The investment in the Limited Partnership by Shanghai Huicheng will be classified as “equity investments designated at fair value through other comprehensive income” in the Company’s financial statements.

Subsequent Capital Contribution(s)

Shanghai Huicheng is not obligated under the New Limited Partnership Agreement to, and currently does not contemplate it will, take part in any subsequent capital contribution(s) of the Limited Partnership.

Assuming the Target Total Capital Contribution has been fully subscribed, the percentage of Shanghai Huicheng’s capital contribution in the Limited Partnership will be reduced from approximately 21.11% to approximately 17.58%.

Investment mandate and strategy of the Limited Partnership

Investment mandate and strategy

Under the New Limited Partnership Agreement, the investment mandate and strategy of the Limited Partnership has extended beyond the original investment mandate and strategy as set out in the Announcements and the extended investment mandate and strategy is as follows:

- (i) With reference to the key industries in Nanjing, Jiangsu Province, the Limited Partnership will carry out equity and equity-related investments in life health fields with a focus on high-performance new materials, replacing imports, and fine and functional new materials required by future core industries.
- (ii) New materials and related industries are the main investment areas of the Limited Partnership (the “**Main Investment Areas**”). The proportion of the Limited Partnership’s investment in the Main Investment Areas shall not be less than 80% of the total capital contribution of the Limited Partnership and the remaining capital of the Limited Partnership may be used investments in upstream and downstream fields of the Main Investments Areas.

- (iii) The aggregate investment amount of the Limited Partnership in a single project shall not be higher than 20% of the total capital contribution of the Limited Partnership and any such investments shall not exceed 30% of the total investment or equity interest of any such project. The Limited Partnership shall not become the largest investor or shareholder of any such project.

Investment restrictions

Under the New Limited Partnership Agreement, in addition to the original investment restrictions as set out in the Announcements, the Limited Partnership is also not permitted to, among other things, engage in the following businesses:

- (i) mortgage, entrusted loan or other related businesses;
- (ii) investments in futures, securities investment funds, corporate bonds rated below AAA, trust products, non-capital-protected financial products, insurance plans and other financial derivatives;
- (iii) taking deposits or taking deposits in disguised form, or providing loans and interbank financing to third parties;
- (iv) conducting outward investments which shall bear unlimited joint and several liabilities;
- (v) raising capital by issuing trust products or collective asset management plan; and
- (vi) business prohibited by other laws and regulations.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Limited Partnership currently has no proposed investment targets.

Term of the Limited Partnership

Under the New Limited Partnership Agreement, similar to the term of the Limited Partnership under the Previous Limited Partnership Agreement, the first five years commencing on the date on which Initial Capital Contributions by Existing Limited Partners and Silver Saddle have been fully contributed to the Limited Partnership shall be the investment period (the “**Investment Period**”), and the subsequent two years after the Investment Period shall be the exit period (the “**Exit Period**”).

During the Exit Period, the Limited Partnership shall not engage in any new project investment activities, except in the case where letter(s) of intent, framework agreement(s) or other binding agreement(s) in respect of the investment(s) have been executed within the Investment Period. However, under the New Limited Partnership Agreement, such investment(s) shall not be required to be completed within 180 days after the end of the Investment Period.

Management of the Limited Partnership

Under the New Limited Partnership Agreement, (i) Silver Saddle will continue to be appointed as the executive partner of the Limited Partnership and is responsible for the day-to-day management and operation of the Limited Partnership and (ii) the investment decision committee will continue to be responsible for making decisions in respect of project investments and exits. Shanghai Huicheng does not have control of the investment decision committee.

Management Fee and Profit Distribution

There is no change to the arrangements relating to the management fee and the profit distribution of the Limited Partnership under the New Limited Partnership Agreement. For ease of reference, set forth below are the arrangements relating to the management fee and the profit distribution to the Limited Partnership.

Management Fee

In consideration of the management of the Limited Partnership and other related services, Silver Saddle shall be entitled to an annual management fee of (a) 1.5% per year of the total capital contribution of the Limited Partnership from during the Investment Period; and (b) during the Exit Period, 0.75% per year of the total amounts invested by the Limited Partnership for investments that have not been realized. No management fee shall be payable to Silver Saddle during the extended term of the Limited Partnership or during dissolution of the Limited Partnership.

Profit Distribution

Pursuant to the New Limited Partnership Agreement, any Distributable Proceeds of the Limited Partnership shall be distributed in the following order:

- (i) firstly, to the Limited Partners in accordance with their respective capital contribution ratio until each of them has received its aggregate capital contribution; then to Silver Saddle until it has received its aggregate capital contribution;
- (ii) in case there is any surplus Distributable Proceeds after the distributions set out in paragraph (i) above, to the Limited Partners until each of them achieves a rate of return of 8% per annum; then to Silver Saddle until it achieves a rate of return of 8% per annum;
- (iii) in case there is any surplus Distributable Proceeds after the distribution set out in paragraphs (i) and (ii) above, in respect of the portion of Distributable Proceeds derived from investments with returns of 15% per annum or below (“**Third Round Distributable Proceeds**”), 80% of the Third Round Distributable Proceeds shall be distributed to the Limited Partners in accordance with their respective capital contribution ratio and 20% of the Third Round Distributable Proceeds shall be distributed to Silver Saddle; and

- (iv) in case there is any surplus Distributable Proceeds after the distribution set out in paragraphs (i), (ii) and (iii) above, that is in respect of the portion of Distributable Proceeds derived from investments with returns of more than 15% per annum (“**Remaining Distributable Proceeds**”), 70% of the Remaining Distributable Proceeds shall be distributed to the Limited Partners in accordance with their respective capital contribution ratio and 30% of the Remaining Distributable Proceeds shall be distributed to Silver Saddle.

INFORMATION OF THE PARTIES TO THE NEW LIMITED PARTNERSHIP AGREEMENT

The Company, Shanghai Huicheng, Silver Saddle, Sinochem International and Haimen South Huanghai

For information of the Company, Shanghai Huicheng, Silver Saddle, Sinochem International and Haimen South Huanghai, please refer to the Announcements.

Nanjing Fund

Nanjing Fund is a state-owned enterprise in the PRC formed by the Nanjing Municipal Government. Nanjing Fund, established by the Nanjing Municipal Government with a capital of RMB10 billion, aims to promote the industrial transformation and upgrading of Nanjing and the development of the real economy through market-oriented methods. Nanjing Fund focuses on 14 key areas in seven categories, including next-generation information technology, integrated circuits, high-end equipment manufacturing, new materials, and biomedicine.

REASONS FOR ENTERING INTO THE NEW LIMITED PARTNERSHIP AGREEMENT

For reasons relating to the establishment of the Limited Partnership, please refer to the Announcements.

The additional capital contribution by Nanjing Fund under the New Limited Partnership Agreement will provide additional capital for the Limited Partnership to make investments in accordance with the terms of the New Limited Partnership Agreement. The amendment to the Previous Limited Partnership Agreements has been agreed in light of the addition of Nanjing Fund as a Limited Partner and was determined by the parties after arm’s length negotiations with reference to, among others, the projected capital requirements of the Limited Partnership and the investment requirements of the Limited Partners.

The Directors are of the view that the terms of the New Limited Partnership Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company’s shareholders as a whole.

LISTING RULES IMPLICATION

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules, as the entering into the New Limited Partnership Agreement constitutes a variation to the terms of the transactions previously announced under the Announcements (being the establishment of and investment in the Limited Partnership pursuant to the Previous Limited Partnership Agreement, which constituted a discloseable transaction of the Company).

WARNING: The Limited Partnership and its investments may or may not generate economic return and hence, the entering into of the New Limited Partnership Agreement and the investment in the Limited Partnership may or may not bring profit to the Group. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, December 4, 2020

As at the date of this announcement, the executive Directors are Ms. Rong Wei, Mr. Zhou Hongliang, Mr. Dong Hua and Mr. Zheng Shifeng; the non-executive Director is Mr. Liu Hongjun; and the independent non-executive Directors are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.