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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

**2016 WISON NANTONG PROPERTY LEASING AGREEMENT
AND 2016 WISON NANTONG PROPERTY MANAGEMENT
SERVICES AGREEMENT**

The Board announces that on August 24, 2016, Wison Engineering, as landlord, entered into the 2016 Wison Nantong Property Leasing Agreement with Wison Nantong as tenant in relation to certain premises located at Room 401, 4th Floor, Block A and Room 501, 5th Floor, Block A at the New Wison Complex, with a gross floor area of 3,000 square metres for a monthly rental of RMB401,500.

On the same date, Wison Engineering entered into the 2016 Wison Nantong Property Management Services Agreement with Wison Nantong in relation to the provision of property management services by Wison Engineering for the subject premises under the 2016 Wison Nantong Property Leasing Agreement for a monthly property management services fee of RMB66,000.

Each of the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement shall be for a term commencing from September 1, 2016 and expiring on December 31, 2018. In the event that the 2016 Wison Nantong Property Leasing Agreement is terminated prior to the expiry of its term, the 2016 Wison Nantong Property Management Services Agreement shall be terminated simultaneously.

The aggregate amounts 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 are expected not to exceed RMB1,900,000, RMB5,700,000 and RMB5,700,000 for the three years ending December 31, 2016, December 31, 2017 and December 31, 2018 respectively. Accordingly, such amounts have been set as the respective annual cap for the aggregate amounts 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 for the three years ending December 31, 2016, December 31, 2017 and December 31, 2018.

Pursuant to the 2016 Wison Nantong Property Leasing Agreement, Wison Engineering and Wison Nantong agreed that the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement shall terminate with effect from August 31, 2016. Wison Nantong shall vacate the subject premises of the 2014 Wison Nantong Property Leasing Agreement and deliver vacant possession of the premises to Wison Engineering by no later than August 31, 2016.

LISTING RULES IMPLICATIONS

Wison Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.12% 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 Nantong is an indirect subsidiary of Wison Holding, Wison Nantong is also a connected person of the Company. Accordingly, the transactions contemplated under the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since at least one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the amounts payable by Wison Nantong under the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement, 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

Reference is made to the announcement of the Company dated December 12, 2013, where the Company announced that, among other things, Wison Engineering entered into the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement with Wison Nantong in relation to certain premises located at 8th Floor to 11th Floor, Block C at the New Wison Complex with a gross floor area of 7,000 square metres, the term of which shall expire on December 31, 2016.

Reference is also made to the announcement of the Company dated August 27, 2015, where the Company announced that Wison Engineering entered into a supplemental agreement with Wison Nantong to amend certain terms of the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement, where the subject premises of the 2014 Wison Nantong Property Leasing Agreement were changed to 9th Floor and 10th Floor, Block C at the New Wison Complex with the gross floor area reduced from 7,000 square metres to 4,000 square metres and the monthly rental and the property management services fee adjusted proportionally from RMB851,666 to RMB486,666.6 and from RMB154,000 per month to RMB88,000 per month, respectively. Such changes were to take effect from September 1, 2015, while all the other terms (including the dates of expiry) of the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement shall remain in full force and effect.

The Board announces that on August 24, 2016, Wison Engineering, as landlord, entered into the 2016 Wison Nantong Property Leasing Agreement with Wison Nantong as tenant in relation to certain premises located at Room 401, 4th Floor, Block A and Room 501, 5th Floor, Block A at the New Wison Complex. On the same date, Wison Engineering entered into the 2016 Wison Nantong Property Management Services Agreement with Wison Nantong in relation to the provision of property management services by Wison Engineering for the subject premises under the 2016 Wison Nantong Property Leasing Agreement.

The 2016 Wison Nantong Property Leasing Agreement

- Date:** August 24, 2016
- Parties:** (i) Wison Engineering, as landlord
(ii) Wison Nantong, as tenant
- Leased Properties:** Certain premises located at Room 401, 4th Floor, Block A and Room 501, 5th Floor, Block A at the New Wison Complex, with a gross floor area of 3,000 square metres
- Term:** Commencing from September 1, 2016 and expiring on December 31, 2018. Wison Nantong may terminate the agreement before the expiry of its term by giving a three months' notice to Wison Engineering. Wison Nantong may by giving Wison Engineering a three months' written notice before the expiry of the term of the agreement, request for the renewal of the lease. Wison Engineering and Wison Nantong shall enter into a new property leasing agreement if mutual agreement could be reached.
- Rental:** RMB401,500 per month (equivalent to a daily rental of approximately RMB4.40 per square metre), payable in advance on a quarterly basis and exclusive of property management services fees and utilities. 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 2016 Wison Nantong Property Management Services Agreement

On the same date, Wison Engineering entered into the 2016 Wison Nantong Property Management Services Agreement with Wison Nantong pursuant to which Wison Engineering shall provide property management services for the subject premises under the 2016 Wison Nantong Property Leasing Agreement.

Pursuant to the 2016 Wison Nantong Property Management Services Agreement, Wison Nantong shall pay to Wison Engineering a property management services fee of RMB66,000 per month, which shall be payable in advance on a quarterly basis. The property management services fee payable under the 2016 Wison Nantong Property Management Services Agreement was determined with reference to market rates.

Each of the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement shall be for a term commencing from September 1, 2016 and expiring on December 31, 2018. In the event that the 2016 Wison Nantong Property Leasing Agreement is terminated prior to the expiry of its term, the 2016 Wison Nantong Property Management Services Agreement shall be terminated simultaneously.

Annual Caps

The aggregate amounts 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 are expected not to exceed RMB1,900,000, RMB5,700,000 and RMB5,700,000 for the three years ending December 31, 2016, December 31, 2017 and December 31, 2018 respectively. Accordingly, such amounts have been set as the respective annual cap for the aggregate amounts 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 for the three years ending December 31, 2016, December 31, 2017 and December 31, 2018.

Termination of the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement

Pursuant to the 2016 Wison Nantong Property Leasing Agreement, Wison Engineering and Wison Nantong agreed that the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement shall terminate with effect from August 31, 2016. Wison Nantong shall vacate the subject premises of the 2014 Wison Nantong Property Leasing Agreement and deliver vacant possession of the premises to Wison Engineering by no later than August 31, 2016.

The aggregate amounts of the rental and the property management services fees payable by Wison Nantong under the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement for the eight months ending August 31, 2016 are approximately RMB4,600,000, which have not exceeded the annual cap for the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement for the year ending December 31, 2016.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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 operational needs of Wison Nantong, Wison Nantong negotiated with Wison Engineering for the reduction of gross floor area of the premises at the New Wison Complex that it leased from Wison Engineering.

In view that (i) the premises leased to Wison Nantong under the 2016 Wison Nantong Property Leasing Agreement are vacant, (ii) the subject premises of the 2014 Wison Nantong Property Leasing Agreement vacated by Wison Nantong could be put for lease in the market at prevailing market rates which the Company believes would be no less favourable than the rentals and property management services fees agreed between Wison Engineering and Wison Nantong under the 2014 Wison Nantong Property Leasing Agreement, (iii) the rentals payable under the 2016 Wison Nantong Property Leasing Agreement and the property management services fees payable under the 2016 Wison Nantong Property Management Services Agreement, in each case, reflect prevailing market rates, Wison Engineering agreed to enter into the 2016 Wison Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement with Wison Nantong and to terminate the 2014 Wison Nantong Property Leasing Agreement and the 2014 Wison Nantong Property Management Services Agreement upon the commencement of the term of the 2016 Wison Nantong Property Leasing Agreement.

As Mr. Cui Ying is also a director of Wison Holding, Mr. Cui Ying abstained from voting on the Board resolutions approving the transactions contemplated under the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreement.

The Directors (including independent non-executive Directors but excluding Mr. Cui Ying who has abstained from voting) are of the view that the 2016 Wison Nantong Property Leasing Agreement and the 2016 Wison Nantong Property Management Services Agreements were entered into after arm's length negotiation between Wison Engineering and Wison Nantong 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 caps 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 Nantong is principally engaged in manufacture and sale of engineering machinery and ancillary steel-structured products, and provision of engineering technology services.

LISTING RULES IMPLICATIONS

Wisou Holding is a controlling shareholder of the Company which is indirectly interested in approximately 78.12% of the total issued share capital of the Company as at the date of this announcement. Hence, Wisou Holding is a connected person of the Company. As Wisou Nantong is an indirect subsidiary of Wisou Holding, Wisou Nantong is also a connected person of the Company. Accordingly, the transactions contemplated under the 2016 Wisou Nantong Property Leasing Agreement and the 2016 Wisou Nantong Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since at least one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps for the amounts payable by Wisou Nantong under the 2016 Wisou Nantong Property Leasing Agreement and the 2016 Wisou Nantong Property Management Services Agreement, 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:

“2014 Wisou Nantong Property Leasing Agreement”	the property leasing agreement dated December 12, 2013, and as amended by the supplemental agreement dated August 27, 2015, entered into between Wisou Engineering as landlord and Wisou Nantong as tenant in relation to certain premises located at Block C at the New Wisou Complex
“2014 Wisou Nantong Property Management Services Agreement”	the property management services agreement dated December 12, 2013, and as amended by the supplemental agreement dated August 27, 2015, entered into between Wisou Engineering and Wisou Nantong
“2016 Wisou Nantong Property Leasing Agreement”	the property leasing agreement dated August 24, 2016 and entered into between Wisou Engineering as landlord and Wisou Nantong as tenant in relation to certain premises located at Room 401, 4th Floor, Block A and Room 501, 5th Floor, Block A at the New Wisou Complex
“2016 Wisou Nantong Property Management Services Agreement”	the property management services agreement dated August 24, 2016 and entered into between Wisou Engineering and Wisou Nantong
“Board”	the board of Directors of the Company

“Company”	Wisong 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 Wisong 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
“Wisong Engineering”	Wisong 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
“Wisong Holding”	Wisong 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
“Wisong Nantong”	Wisong (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 Wisong Holding
“%”	per cent.

By Order of the Board
Wisong Engineering Services Co. Ltd.
Liu Haijun
Executive Director

Hong Kong, August 24, 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Haijun and Mr. Zhou Hongliang; the non-executive Director is Mr. Cui Ying; and the independent non-executive Directors are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.