
CONNECTED TRANSACTIONS

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We have entered into certain transactions with parties who will become connected persons (as defined in the Listing Rules) of our Company upon Listing, and some of such transactions will continue following the Global Offering, and will therefore constitute continuing connected transactions of our Company under the Listing Rules.

CONNECTED PERSONS

Upon Listing, the following persons and companies will become connected persons of our Company with which we have entered into continuing connected transactions:

Mr. Hua, an executive Director and the Chairman of our Company, is a connected person of our Company under Rule 14A.11(1) of the Listing Rules.

Wison Holding, a company wholly owned by Mr. Hua, holds 100% of Wison Investment. Wison Investment will own approximately 79.39% of our Company immediately following completion of the Global Offering, the Capitalization Issue and the Sun-Rising Adjustment, without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued pursuant to the options granted under the Pre-IPO Share Option Scheme or under the Share Option Scheme. Wison Holding will therefore be a Controlling Shareholder and a connected person of our Company.

Wison Nanjing is owned as to 87.8% by Wison (China) Investment, which is an indirectly wholly owned subsidiary of Wison Holding. Wison Nanjing is an associate of Mr. Hua and therefore a connected person of our Company under the Listing Rules. The business scope of Wison Nanjing includes production and sale of large-scale coal chemical products and provision of relevant auxiliary services. The net profit of Wison Nanjing (including Nanjing Ruigu which has been de-registered and merged into Wison Nanjing in November 30, 2011) for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012 amounted to approximately RMB92.8 million, RMB232.8 million, RMB334.8 million and RMB168.0 million, respectively. The revenue of Wison Nanjing (including Nanjing Ruigu) for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012 amounted to approximately RMB1,047.4 million, RMB1,874.6 million, RMB2,057.0 million and RMB1,086.2 million, respectively. These figures were extracted from the audited accounts of Wison Nanjing prepared based on PRC GAAP, without having been independently verified by us.

Prior to its de-registration and merger into Wison Nanjing on November 30, 2011, Nanjing Ruigu was a wholly owned subsidiary of Wison Nanjing. Nanjing Ruigu was therefore a connected person of our Company until its merger into Wison Nanjing. The principal business scope of Nanjing Ruigu included production and sale of chemical products. Nanjing Ruigu was a discrete business dedicated only to the production segment of the methanol-to-olefins sets pilot phase cooperative research (甲醇制烯烴成套技術中試階段合作研究) and had no other lines of business.

Jiangsu Xinhua is a substantial shareholder of Wison Engineering holding 25% of its equity interest (but is entitled as to 10% of its distributable profits). Jiangsu Xinhua is therefore a connected person of our Company under the Listing Rules. The business scope of Jiangsu

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Xinhua includes the manufacturing and sale of chemical machinery equipment and its ancillary products as well as heatproof stainless steel products, the sale of components for petrochemical machinery, and the provision of promotional services for application of advanced and practical technology.

Wison Telecommunication is owned as to 80% by Jiangsu Xinhua and as to 10%, 5% and 5%, respectively, by three Independent Third Parties. Wison Telecommunication is therefore an associate of Jiangsu Xinhua (a substantial shareholder of Wison Engineering) and a connected person of our Company under the Listing Rules. The business scope of Wison Telecommunication includes development, production (limited to branch operation), installation and sale of communication devices, computer software products; computer system integration; provision of consulting service on relevant business; and importation and exportation of goods and technologies.

Wison Nantong is indirectly wholly owned by Wison Holding. Wison Nantong is therefore an associate of Mr. Hua and a connected person of our Company under the Listing Rules. The business scope of Wison Nantong includes production and sale of port logistics engineering machine, petrol engineering machine, marine equipment and other heavy steel structure products; and provision of technology service for port logistics engineering and offshore oil engineering. The net profit of Wison Nantong for the year ended December 31, 2009 amounted to approximately RMB24.1 million while it suffered a loss of RMB205.1 million and RMB270.7 million, respectively for the years ended December 31, 2010 and 2011. The revenue of Wison Nantong for the years ended December 31, 2009, 2010 and 2011 amounted to approximately RMB899.9 million, RMB661.2 million and RMB488.2 million, respectively. These figures were extracted from the audited accounts of Wison Nantong prepared based on PRC GAAP, without having been independently verified by us.

Zerun Biotech is indirectly wholly owned by Wison Holding. Zerun Biotech is therefore an associate of Mr. Hua and a connected person of our Company under the Listing Rules. The business scope of Zerun Biotech includes production and sale of vaccines, storage and transport of food, sale of chemical products (other than dangerous goods), sale of medicine intermediaries (other than medications), technical development, technical consultation and technical servicing of biological products, food and health food, medicines, chemicals, information and the special field of natural element extraction; and import and export of cargo and technology.

Zhoushan Wison is indirectly wholly owned by Wison Holding and is therefore an associate of Mr. Hua and a connected person of our Company under the Listing Rules. The business scope of Zhoushan Wison includes design and construction of offshore drilling rigs and production platforms, design and construction of pile foundation fixed drilling rigs, production platforms and modules, design and construction of offshore floating oil production, storage and offloading equipment, offshore floating storage and offloading equipment, liquefied natural gas vessels and liquefied petroleum gas vessels, design and construction of luxury cruises, design and construction of port machinery and equipment, and alteration and repair and maintenance of various marine engineering platforms.

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I. TRANSACTIONS COMPLETED PRIOR TO THE LISTING

During the three years ended December 31, 2011 and the six months ended June 30, 2012, our Group entered into and completed the following transactions with certain entities controlled by the Controlling Shareholders that were not within our Group. Our Directors confirm that all these transactions were on normal commercial terms.

a. Wison (Nanjing) Synthesis Gas Project (Project 42)

On September 23, 2009, Wison Engineering and Wison Nanjing entered into a supplemental procurement and construction lead contractor contract to vary the terms of a contract entered into on June 26, 2007 in respect of the construction of Wison Nanjing's phase II synthesis gas project in Nanjing Chemical Industry Park. The total consideration of the contract was RMB35.0 million which was paid by Wison Nanjing to Wison Engineering. The phase II synthesis gas project was completed on November 30, 2009.

b. Technology Consultancy Agreements

On October 24, 2011, Wison Engineering and Wison Nanjing entered into five technology consultancy agreements pursuant to which Wison Nanjing engaged Wison Engineering to produce feasibility study reports within one month or three months of the date of the agreements in respect of (i) a 600kta methanol-to-olefins equipment, (ii) a 725kta carbon monoxide and 100kta hydrogen project, (iii) a syngas renovation project, (iv) the Butanol and Octanol Project, and (v) the Hydrogen Plant Renovation Project, all of which were completed in December 2011. The total consideration paid by Wison Nanjing to Wison Engineering for the five technology consultancy agreements was RMB2,450,000.

c. Erdos Guotai Methanol Project (Project 43)

On August 20, 2009, Wison Engineering and Erdos Guotai Chemical Co., Ltd. (鄂爾多斯市國泰化工有限公司), a company established in the PRC on July 8, 2008 with limited liability and deregistered on May 5, 2011, which was then indirectly non-wholly owned by Mr. Hua ("Old Erdos Guotai"), entered into an engineering, procurement and construction contract for a 400kta methanol plant (the "Erdos Guotai Methanol Project"). Old Erdos Guotai, the project owner of Erdos Guotai Methanol Project, was a chemical production company that began the construction of a coal-to-chemicals facility after obtaining a preliminary allocation of coal supply granted by the Erdos local government. The completion of the project was dependent on obtaining a significant ongoing allocation of coal. Due to an increase in the number of industry participants in the Erdos area and a limit on coal production, Erdos Guotai Methanol Project did not obtain the final amount of coal allocation from the government that it previously expected. Therefore, on January 20, 2010, Wison Engineering and Old Erdos Guotai agreed to terminate the Old Erdos Guotai Methanol Project and reduced the contract value from RMB1,997.5 million to RMB89.4 million, which was paid by Old Erdos Guotai to Wison Engineering.

d. Leases

On May 15, 2007, Wison Engineering entered into a lease agreement with Zerun Biotech pursuant to which Wison Engineering leased out certain premises of 900 m² located

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at 3rd Floor, 1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC to Zerun Biotech for RMB886,950 per annum for a three-year period commencing from May 20, 2007. On January 1, 2010, Wison Engineering and Zerun Biotech entered into a lease agreement pursuant to which Wison Engineering leased out certain laboratory and office space of 154 m² located at Building No. 3, 333 Edison Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC to Zerun Biotech for RMB151,767 per annum for a three-year period commencing from January 1, 2010. On December 30, 2010, Wison Engineering and Zerun Biotech agreed to terminate the above lease agreement dated January 1, 2010 with effect from January 1, 2011. On May 10, 2011, Wison Engineering entered into a lease agreement with Zerun Biotech pursuant to which Wison Engineering leased out certain laboratory and office of 2,130.4 m² located at Building Nos. 1 and 2, 1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC and certain industrial space of 4,749.66 m² located at Factory No. 8, 1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC to Zerun Biotech for RMB1,321,913.20 and RMB2,947,164.03, respectively, per annum for a three-year period commencing from January 1, 2010. The above lease agreement dated May 10, 2011 was superseded with effect from July 1, 2011 by an agreement entered into by Wison Engineering and Zerun Biotech on June 10, 2011, pursuant to which Wison Engineering leased out certain laboratory and office of 2,330.4 m² located at Building Nos. 1 and 2, 1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC and certain industrial space of 5,049.66 m² located at Factory No. 8, 1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC to Zerun Biotech for RMB1,446,013.20 and RMB3,133,314.03, respectively, per annum for a three-year period commencing from July 1, 2011 as described in “—Continuing connected transactions exempt from the independent shareholders’ approval requirement—Leases”.

On January 1, 2010, Wison Engineering entered into a lease agreement with Genor BioPharma Co., Ltd. (嘉和生物藥業有限公司) (“Genor BioPharma”), a company wholly-owned by Wison (China) Investment which is an indirect subsidiary of Wison Holding. Pursuant to such lease agreement, Wison Engineering leased out certain industrial space of 700 m² located at Building No. 4, 333 Edison Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC and certain laboratory and office space of 46 m² located at Building No. 3, 333 Edison Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC to Genor BioPharma for RMB689,850 and RMB45,333, respectively, per annum for a three-year period commencing from January 1, 2010. On December 20, 2011, Wison Engineering and Genor BioPharma agreed to terminate the above lease agreement dated January 1, 2010 with effect from January 1, 2012. On May 10, 2011, Wison Engineering and Genor BioPharma entered into a new lease agreement, pursuant to which Wison Engineering leased out certain laboratory space of 710.14 m² located at Building No. 1, 1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC and certain industrial space of 300 m² located at 1st to 3rd Floors, Factory No. 8, 1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC to Genor BioPharma for RMB440,641.87 and RMB186,150, respectively, per annum for a three-year period commencing from January 1, 2011. On June 10, 2011, Wison Engineering and Genor BioPharma agreed to amend the lease agreement dated May 10, 2011, pursuant to which Genor BioPharma reduced the laboratory space located at Building No. 1, 1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC to 510.14 m² for RMB316,541.87 per annum commencing and ceased to lease the industrial space of 300 m² located at 1st to 3rd Floors, Factory No. 8,

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1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC with effect from July 1, 2011. On December 20, 2011, Wison Engineering and Genor BioPharma agreed to terminate the above lease agreement dated May 10, 2011 as amended on June 10, 2011 with effect from January 1, 2012.

On August 29, 2011, Nanjing Ruigu leased to our Group a parcel of land of 36,800 m² in Nanjing Chemical Industry Park. The lease was for a term of 2.5 years commencing from July 1, 2011 to December 31, 2013. Rental expenses for the year ended December 31, 2011 and for the five months ended May 31, 2012 amounted to RMB331,000 and RMB276,000, respectively. The lease agreement was terminated on May 31, 2012.

II. ONE-OFF TRANSACTIONS

The following transactions are one-off transactions entered into by our Group prior to the Listing. Such transactions therefore will not, following completion of the Global Offering, constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules, and will not be subject to further requirements under the Listing Rules. For all such transactions, we will comply with the relevant requirements under Chapter 14A of the Listing Rules should there be any material change to the terms thereof or if we enter into other connected transactions in relation thereto after Listing.

a. Butanol and Octanol Project

On September 29, 2011, Wison Engineering and Wison Nanjing entered into a design contract (the “Butanol and Octanol Project Design Contract”) for the 250kta butanol and octanol project plant of Wison Nanjing at Nanjing Chemical Industrial Park in Nanjing, Jiangsu Province, PRC (the “Butanol and Octanol Project”) for a total consideration of RMB42,973,100 paid or payable by Wison Nanjing to Wison Engineering. Pursuant to the Butanol and Octanol Project Design Contract, Wison Engineering agrees to provide services relating to the overall design of the Butanol and Octanol Project including a 250kta butanol and octanol processing unit, a 300kta propane processing unit and other ancillary facilities, participate in the examination of the design at various design stages and provide key technology services on equipment procurement and construction management, and Wison Nanjing agreed to provide a research report, an environmental impact assessment and information relating to the design and technology.

The Butanol and Octanol Project Design Contract became effective in September 2011 and the project appraisal of the Butanol and Octanol Project is expected to be completed in November 2013. We consider the terms of the Butanol and Octanol Project Design Contract to be consistent with normal commercial terms that are fair and reasonable. Such terms were reached after arm’s length negotiations between Wison Engineering and Wison Nanjing.

b. Technology licensing

On September 29, 2011, Wison Engineering and Wison Nanjing entered into a technology licensing agreement (the “Technology Licensing Agreement”) pursuant to which Wison Engineering agreed to grant to Wison Nanjing a non-exclusive license to use its olefins separation technology that is applied to the propylene separation device (the “Device”) at the Butanol and Octanol Project. Wison Nanjing may only apply the olefins separation technology

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in the design, procurement, installation and operation of the Device, and the olefins separation technology may not be transferred to any third party or used for any other purpose other than the implementation of the Device. The total consideration for such technology licensing amounts to approximately RMB8.1 million, which is a fixed amount and no other consideration will be payable under the Technology Licensing Agreement, the total consideration comprises RMB1.0 million for the olefins separation technology, approximately RMB6.5 million for technology packages such as technology process, data and operation manuals and documentation fees for the technology packages and RMB0.6 million for the technology service fees. The consideration of RMB1.0 million for the olefins separation technology was determined by reference to our Group's contract entered into with an Independent Third Party in relation to a 600kta butanol and octanol project at a consideration of RMB2.0 million. The consideration of RMB6.5 million and RMB0.6 million for technology packages and technology service fees, respectively, was determined by reference to the labor hours and the blended rate of the individual labor required for the documentation fees and the technology services rendered. The consideration is based on arm's length negotiations between Wison Engineering and Wison Nanjing and we consider the Technology Licensing Agreement is on normal commercial terms that are fair and reasonable. For the year ended December 31, 2011, Wison Nanjing paid RMB2.8 million to us. Based on the payment schedule of the Technology Licensing Agreement, Wison Nanjing will pay RMB3.2 million, RMB1.6 million and RMB0.5 million for each of the three years ending December 31, 2012, 2013 and 2014, respectively. No other consideration will be payable under the Technology Licensing Agreement. The Technology Licensing Agreement continues for as long as the Device is in operation but is subject to early termination by either party upon breach of contract, insolvency of either party or force majeure.

c. Technology co-operation development contract

On June 8, 2011, Wison Engineering and Nanjing Ruigu entered into a technology co-operation development contract (the "Co-operation Contract") in connection with a cooperative research project for methanol-to-olefins sets pilot phase (甲醇製烯烴成套技術中試階段合作研究) (the "MTO Pilot Project"). The MTO Pilot Project involved pilot phase equipment design and construction of the pilot phase equipment, trial run of the pilot phase equipment and research report. Nanjing Ruigu owned the land required for construction of a pilot phase equipment in Nanjing Chemical Industry Park with comprehensive utility facilities. The key responsibilities of Nanjing Ruigu includes deciding the location for the pilot phase equipment facility and obtaining the necessary approvals in connection with the MTO Pilot Project, construction and trial run of the pilot phase equipment, operating and making necessary improvements to the pilot phase equipment, ensuring safety and providing research report. Wison Engineering will be responsible for quality assurance of the pilot phase equipment based on the research report and the completion of the construction of the pilot phase equipment designed by Nanjing Ruigu, producing operation manuals, and providing technical support for the construction and operation of the pilot phase equipment. As Nanjing Ruigu owned the land and expertise required for the construction of the pilot phase equipment, by co-operating with Nanjing Ruigu, Wison Engineering can reduce the expenses in relation to fixed assets investment and maintenance, management and operation of equipment to facilitate the research and development of the MTO Pilot Project.

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Wison Engineering will pay RMB23 million to Nanjing Ruigu for funding the costs of research and development activities of the MTO Pilot Project. No other payment will be payable by us to Nanjing Ruigu. Nanjing Ruigu will bear any other expenses relating to the MTO Pilot Project. All the payments paid or payable by us to Wison Nanjing have been or will be made between 2010 and 2012. Under the Co-operation Contract, both Nanjing Ruigu and Wison Engineering agreed not to disclose to any third parties, without prior written consent of the other party, any information in connection with the MTO Pilot Project and the Co-operation Contract for a term of 20 years. The intellectual property rights jointly created or generated from the MTO Pilot Project will be jointly owned by Nanjing Ruigu and Wison Engineering. Wison Engineering solely owns the production and distribution rights of the research products of the MTO Pilot Project. The profits generated under the Co-operation Contract will be shared between Nanjing Ruigu and Wison Engineering as to 30% and 70%, respectively, after deduction of reasonable expenses.

Nanjing Ruigu was de-registered and merged into Wison Nanjing on November 30, 2011 and the rights and obligations of Nanjing Ruigu under the Co-operation Contract were automatically subsumed into Wison Nanjing. The research and development of the MTO Pilot Project has an initial expected timetable from September 2010 to March 2012 and was completed in August 2012. The Co-operation Contract has no specific term and is subject to termination by either party upon the failure of the other party to perform any of its obligations under the Co-operation Contract.

d. Hydrogen Plant Renovation Project

On February 23, 2012, Wison Engineering and Wison Nanjing entered into a design contract (the “Hydrogen Plant Renovation Project Design Contract”) for the 35kta hydrogen plant renovation project (3.5萬噸／年氫氣改擴建項目) of Wison Nanjing in the Nanjing Chemical Industrial Park in Nanjing, Jiangsu Province, PRC (the “Hydrogen Plant Renovation Project”) for a total consideration of RMB16.9 million paid by Wison Nanjing to Wison Engineering for its services provided to Wison Nanjing. Pursuant to the Hydrogen Plant Renovation Project Design Contract, Wison Engineering is responsible for the renovation of a hydrogen processing unit and other ancillary facilities. Wison Engineering agreed to participate in the examination of the design at various design stages and provide key technology services on equipment procurement and construction management, and Wison Nanjing agreed to provide a research report, environmental impact assessment and information relating to the design and technology.

The Hydrogen Plant Renovation Project Design Contract became effective in February 2012 and the project appraisal of the Hydrogen Plant Renovation Project is expected to be completed in June 2013. We consider the terms of the Hydrogen Project to be consistent with normal commercial terms that are fair and reasonable. Such terms were reached after arm’s length negotiations between Wison Engineering and Wison Nanjing.

e. Zhoushan marine engineering base project

On May 16, 2012, Wison Engineering and Zhoushan Wison entered into a procurement and construction lead contractor agreement (as supplemented by a supplemental agreement dated August 15, 2012) (the “Zhoushan PC Agreement”) for the

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“construction of the marine engineering base” project (海洋工程建造基地工程) in Zhoushan, Zhejiang Province, PRC pursuant to which Zhoushan Wison engaged Wison Engineering to procure all equipment and materials and oversee quality assurance and completion of the construction of the Zhoushan marine engineering base for an estimated consideration of RMB990.93 million, such consideration may be adjusted due to an increase or decrease in the volume of work resulting from the change in the design of the marine engineering base, fluctuation in market price of equipment and materials that significantly deviates from the initial quotation, change in the applicable legal and regulatory framework governing this type of project and other factors as agreed between the two parties. The marine engineering base project is for a term of 17 months commencing from May 28, 2012 to October 31, 2013. Upon completion, the marine engineering base will be the principal integrated production facilities of Zhoushan Wison to undertake the construction of various large scale offshore and marine engineering projects such as offshore oil drilling platforms and oil production platforms.

The Zhoushan PC Agreement was awarded by Zhoushan Wison through a public tender process. Our Directors consider the consideration payable under the Zhoushan PC Agreement was comparable to the prevailing market price based on the then market conditions and is on normal commercial terms.

f. Wison Nanjing Phase III Syngas Project

On June 28, 2012, Wison Engineering and Wison Nanjing entered into a design contract (the “Wison Nanjing Phase III Syngas Project Design Contract”) for Wison Nanjing’s phase III syngas project (三期合成氣項目) in the Nanjing Chemical Industry Park in Nanjing, Jiangsu Province, PRC (“Wison Nanjing Phase III Syngas Project”) for a total consideration of RMB36,830,000 to be paid by Wison Nanjing to Wison Engineering. Pursuant to the Wison Nanjing Phase III Syngas Project Design Contract, Wison Engineering has agreed to provide services relating to the overall design of the Wison Nanjing Phase III Syngas Project including utilities and other ancillary facilities of the production plant and ancillary facilities, process package planning for procurement of the Linde scrubbing process (林德低溫甲醇洗), participate in the examination of the design at various design stages and provide technical services for engineering procurement, construction, testing and assessment stage.

The Wison Nanjing Phase III Syngas Project Design Contract became effective on July 12, 2012 and the project appraisal of the Wison Nanjing Phase III Syngas Project is expected to be completed in November 2013.

III. EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the following transactions will be regarded as continuing connected transactions exempt from the reporting, announcement and independent shareholders’ approval requirements under Rule 14A.33 of the Listing Rules.

a. Trade mark licensing

Wison Holding, as licensor, has entered into three trade mark licensing agreements (the “Trade Mark Licensing Agreements”) with our Company and two of our subsidiaries, Wison Yangzhou and Wison Engineering, as licensees, respectively, in respect of the right to

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use certain trade marks (the “Trade Marks”) as described in the relevant Trade Mark Licensing Agreements below. Details of the trade mark application/registration are more particularly set out in “Appendix VI—Statutory and General Information—Further information about our business—Intellectual property rights of our Group”.

- (i) Wison Holding entered into a trade mark licensing agreement dated May 18, 2012 with our Company, pursuant to which Wison Holding agreed to grant to our Company the right to use the trade marks “惠生”, “WISON” and **WISON** in Hong Kong, the United States, Russia, Japan, Saudi Arabia, Korea, Thailand, Australia, Mexico, Norway, Iran, Singapore, Canada, Iraq and the European Union (the “Territory”) in connection with our Company’s business on a perpetual and non-exclusive basis at a nominal consideration of HK\$1.0.
- (ii) Wison Holding entered into a trade mark licensing agreement in March 2012 with Wison Yangzhou, pursuant to which Wison Holding agreed to grant to Wison Yangzhou the right to use the trade marks “惠生” and “WISON” in the PRC in connection with Wison Yangzhou’s business on a perpetual and non-exclusive basis at nil consideration.
- (iii) Wison Holding entered into a trade mark licensing agreement dated March 21, 2012 with Wison Engineering, pursuant to which Wison Holding agreed to grant to Wison Engineering the right to use the trade marks “惠生” and “WISON” in the PRC in connection with Wison Engineering’s business on a perpetual and non-exclusive basis at nil consideration.

Pursuant to the Trade Mark Licensing Agreements, we have the non-exclusive right to use, sub-license and permit our subsidiaries to use the Trade Marks in connection with our business and must not further sub-license or permit any third party that is not a member of our Group to use the Trade Marks. We undertake to use the Trade Marks exclusively for the purposes authorized in the Trade Mark Licensing Agreements and, in particular, undertakes not to use the Trade Marks in any way that may make them become generic, lose their distinctiveness, become susceptible to mislead the public, or be materially detrimental to or inconsistent with the good name, goodwill, reputation and image of Wison Holding. We agree not to adopt or use any trade mark, symbol or device that incorporates or is confusingly similar to, or is a simulation or colorable imitation of the Trade Marks, or unfairly competes with the Trade Marks. We further undertake not to at any time, whether during or after termination of the Trade Mark Licensing Agreements, apply anywhere in the world to register any trade marks identical to or so nearly resembling the Trade Marks as to be likely to deceive or cause confusion.

Pursuant to the Trade Mark Licensing Agreements, Wison Holding undertakes to duly complete and maintain registration of the Trade Marks in the relevant jurisdictions and undertakes not to license or permit any third party that is not a subsidiary of Wison Holding to use the Trade Marks. However, Wison Holding may grant licenses to any third party to use the Trade Marks outside the scope of our Company’s business or outside the Territory pursuant to the agreement between Wison Holding and our Company.

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In the event of any demand, action or claim against us by any third party arising from the use of any Trade Marks in accordance with the terms of the Trade Mark Licensing Agreements, Wison Holding must indemnify and keep harmless our Group from and against all liabilities, losses, damages, costs, charges and expenses sustained or incurred by us in connection therewith. We undertake to inform Wison Holding of any misappropriation or infringement of the Trade Marks of which we becomes aware, and in the event Wison Holding takes legal action against such misappropriation or infringement, we will provide reasonable assistance to Wison Holding upon request.

The Trade Mark Licensing Agreements may be terminated if Wison Holding ceases to be a shareholder of our Group or if any parties thereto breach their respective warranties and undertakings.

The Trade Mark Licensing Agreements were entered into by Wison Holding and our Group in the ordinary and usual course of business of our Group on terms favorable to our Group, and are fair and reasonable and in the interest of our Shareholders as a whole. Wison Holding considers it to be in its commercial interest to retain ownership of the Trade Marks developed by them and grant a non-exclusive license to Wison Entities, including our Company, Wison Yangzhou and Wison Engineering.

As the licensing of the Trade Marks involves nominal or nil consideration, the transactions under the Trade Mark Licensing Agreements will be exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

b. Patent licensing

On May 18, 2010, Wison Engineering entered into four separate patent licensing agreements, each for a term of six years (save for patent numbered ZL 2006 10106940.4, which is for a term of 16 years) with Wison Nanjing, pursuant to which Wison Engineering agreed to grant an exclusive license to Wison Nanjing to use certain patented technology relating to the generation of carbon monoxide and methanol gas, namely patents numbered ZL 2006 10106940.4, ZL 2007 20004872.0, ZL 2007 20005160.0 and ZL 2007 20005161.5 free of royalty and can only be used by Wison Nanjing in the production of its coal-chemical products (instead of business activities that are similar to those of our Group). Patent numbered ZL 2006 10106940.4 refers to city gas cogeneration methanol integration process (城市煤氣聯產甲醇集成工藝) that uses coal to produce a variety of gas products and improves production equipments so as to save energy. Patent numbered ZL 2007 20004872.0 refers to a low-cost equipment that adjusts the optimum hydrogen-carbon ratio during methanol gas generation process (煤氣聯產甲醇過程中原料氣的氫碳比調節裝置). Patent numbered ZL 2007 20005160.0 refers to methanol synthesis reactor (一種甲醇合成反應器) that improves the stability of the methanol synthesis equipment. Patent numbered ZL 2007 20005161.5 refers to methanol separator (甲醇分離器) that reduces methanol content in synthesis gas by mechanical separation and physical dissolution methods.

We believe that it is fair and reasonable to grant Wison Nanjing the licenses to use the patented technologies for trial purposes at nil consideration as we have only incurred minimal cost in the research and development of the patented technologies and such patented

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technologies are only conceptual and theoretical ideas and will require significant amount of time and financial resources before such patented technologies can be put into actual practical application. Further, there is no guarantee that Wison Nanjing will be successful in putting such patented technologies into actual practical application. As the patent licensing is free of royalty, the patent licensing agreements will be exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

c. Domain name licensing

On November 30, 2012, Wison Holding, as licensor, and our Company, as licensee, entered into a domain name license agreement (the "Domain Name License Agreement") in respect of the right to use the domain name "wison-engineering.com" registered under the name of Wison Holding (the "Domain Name"). Pursuant to the Domain Name License Agreement, Wison Holding has agreed to grant our Company, and our Company has accepted, a royalty-free license to use the Domain Name on an exclusive basis. The Domain Name License Agreement is for a perpetual term and may be terminated in certain circumstances, such as if Wison Holding ceases to be a shareholder of our Company.

The Domain Name License Agreement was entered into by Wison Holding and our Company in the ordinary and usual course of business of our Group on terms favorable to our Company, and is fair and reasonable and in the interest of our Shareholders as a whole.

As the licensing of the Domain Name involves nominal or nil consideration, the transaction under the Domain Name License Agreement will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

d. Administrative services agreement

Pursuant to an administrative services agreement (the "Administrative Services Agreement") entered into between Wison Holding and our Company on November 30, 2012, Wison Holding agreed to provide to us general legal services and legal consultation, information system management services, data management services, back-up services and other related support services that is charged by Wison Holding based on the cost involved and the portion of actual time incurred by the staff of Wison Holding towards the provision of such services.

Pursuant to the Administrative Services Agreement, we have agreed to provide administrative services and certain compliance and secretarial services to Wison Holding and its subsidiaries (except members of our Group) that is charged by us based on the cost involved and the portion of actual time incurred by our staff towards the provision of such services.

The Administrative Services Agreement has an initial term from the Listing Date to December 31, 2014 and, thereafter, will be automatically renewed for success periods of three years each unless either party gives notice of non-renewal to the other party at least 90 days prior to the expiry of the initial term. The Administrative Services Agreement may be

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terminated by either party prior to the expiry date upon the occurrence of certain events, including the default or insolvency of the other party or the failure of our Company to obtain or maintain the necessary shareholders' approval or waiver from the Stock Exchange in respect of the agreement pursuant to the Listing Rules.

The transactions contemplated under the Administrative Services Agreement as stated above are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(2) of the Listing Rules, as they involve the sharing of general administrative services on a cost basis, and which are identifiable and allocated to the parties involved on a fair and equitable basis.

IV. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

Upon Listing, the following transactions will be regarded as continuing connected transactions of our Group under Rule 14A.34(1) of the Listing Rules as each of the relevant percentage ratios as set out in Rule 14.07 of the Listing Rules is less than 5% and, accordingly, will be subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement set out in Chapter 14A of the Listing Rules.

a. Leases

We leased (the "Leases") to Wison Telecommunication and Wison Nantong on January 1, 2011, and to Zerun Biotech on July 1, 2011 and January 1, 2012 specified parts of Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC (collectively referred to as the "Leased Properties"). Wison Telecommunication, Wison Nantong and Zerun Biotech intend to continue the Leases following the Listing.

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Details of the above Leases are as follows:

Lesser	Lessee	Leased Properties	Duration of Lease	g.f.a of Leased Properties (m ²)	Authorized use of relevant land	Annual Rental (RMB in thousands)	Rental for the year ended December 31, 2011 (RMB in thousands)
Wison Engineering	Wison Telecommunication	<ul style="list-style-type: none"> A portion of level 2, Building No.4, No.1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC 	January 1, 2011 to December 31, 2013	718.00	Industrial (office)	466.5	466.5
Wison Engineering	Wison Nantong	<ul style="list-style-type: none"> Portions of Level 1, Building No.4, No.1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC 	January 1, 2011 to December 31, 2013	748.00	Industrial (office)	486.0	486.0
Wison Engineering	Zerun Biotech	<ul style="list-style-type: none"> Portions of Buildings Nos.1 and 2, No.1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC 	July 1, 2011 to December 31, 2013	2,330.40	Industrial (production facility)	1,446.0	723.0
		<ul style="list-style-type: none"> Portions of Levels 1 to 3, Factory No.8, No.1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC 	July 1, 2011 to December 31, 2013	5,049.66	Industrial (production facility)	3,133.3	1,566.7
		<ul style="list-style-type: none"> Portions of Building No.1, No.1399 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC 	January 1, 2012 to December 31, 2013	510.14	Industrial (production facility)	316.5	not applicable

Total rental payment per annum: RMB5.8 million RMB3.2 million

Aggregation of transactions

As the Leases were entered into by Wison Engineering with Wison Telecommunication, Wison Nantong and Zerun Biotech, respectively, all of which are connected persons or associates of connected persons (as described above), the Leases will be considered under Rule 14A.26(1) of the Listing Rules to be entered into between our Group and “parties connected or otherwise associated with one another”. Hence, the Leases should be aggregated under Rule 14A.26(1) of the Listing Rules.

Historical figures

For each of the three years ended December 31, 2011 and the six months ended June 30, 2012, the total rental paid or payable by Wison Telecommunication, Wison Nantong and Zerun Biotech to our Group under the Leases amounted to approximately nil, nil, RMB3.2 million and RMB2.9 million, respectively.

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Annual caps

The aggregate annual rental payable by Wison Telecommunication, Wison Nantong and Zerun Biotech to us will not exceed RMB5.8 million, RMB5.8 million and RMB5.8 million for each of the three years ending December 31, 2014, respectively. The relevant estimates have been determined with reference to the terms of the Leases and the historical rental paid for the Leased Properties. The increase in the proposed caps when compared to the historical figures is due to the increase in the rental area mainly because Zerun Biotech requires greater rental area for its vaccine research and development projects and hence the higher rental income to be received by us. For example, the lease area for the years ended December 31, 2010 and 2011 amounted to approximately 900.0 square meters and 9,356.2 square meters, respectively, with rental payments of approximately RMB0.9 million and RMB3.2 million for the years ended December 31, 2010 and 2011, respectively.

Pricing basis

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of professional surveyors and valuers independent of our Group, has reviewed the Leases and has confirmed that the rental payable by each of Wison Telecommunication, Wison Nantong and Zerun Biotech to our Group under the Leases is consistent with the prevailing market rents for similar properties in similar locations as of the commencement date of their respective tenancies and is thus on normal commercial terms, fair and reasonable to our Group.

b. Chemical machinery equipment and ancillary products purchasing

Wison Engineering and Jiangsu Xinhua entered into a framework agreement (the “Framework Agreement”) dated April 25, 2011 that sets out the principal terms and conditions under which Wison Engineering will purchase anchor, refractory support plunge hook and other ancillary accessories for its cracking furnaces and chemical engineering tower from Jiangsu Xinhua. The Framework Agreement has a term of three years from April 25, 2011 and is renewable for another three years upon Wison Engineering giving notice in writing to Jiangsu Xinhua at least one month prior to the expiry of the original term.

Our Directors consider it to be in the interests of our Group and our Shareholders as a whole to purchase ancillary accessories from Jiangsu Xinhua because based on our long standing business relationship with Jiangsu Xinhua, we believe that the products produced by Jiangsu Xinhua are of consistent quality and better value when compared with other independent suppliers in the PRC at the prices charged, and based on Wison Engineering’s past experience, Jiangsu Xinhua has proved to be more flexible than other PRC suppliers in terms of production process and arrangements for delivery of the products to Wison Engineering.

Pricing basis

Wison Engineering and Jiangsu Xinhua agreed that the price to be charged by Jiangsu Xinhua for the ancillary accessories will be the price or indicative price set by the state, provincial government or other regulatory bodies for that specific category of products, or in its absence, the prevailing market price available in the general area where the products are supplied, or in the PRC, the price of similar products charged by suppliers who are

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independent of and not connected with any director, chief executive, substantial shareholder of our Company or any of our subsidiaries or any of their respective associates. In the absence of government set price or comparable market price, the price will be determined by arm's length negotiations between the parties with reference to the reasonable cost incurred by Jiangsu Xinhua for manufacturing and supplying the products, plus a margin of 5% thereof which has been determined based on the parties' knowledge regarding the average industry margin range according to prevailing market information in the PRC and of overseas suppliers of similar products. The reasonable cost of products supplied will be determined in accordance with PRC accounting standards and agreed by the parties following negotiations.

Historical figures

The following is a summary of the value of connected transactions in relation to purchases by Wison Engineering of ancillary accessories from Jiangsu Xinhua for each of the periods indicated:

	Years ended December 31,			Six months ended June 30,
	2009	2010	2011	2012
Purchase from Jiangsu Xinhua				
—Anchor ancillary accessories (RMB '000)	1,805	1,626	2,980	nil
Our Group's total purchase of ancillary accessories (RMB '000)	4,132.6	24,157.0	6,966.2	589.7
Purchase from Jiangsu Xinhua as a % of our Group's ancillary accessories	43.7%	6.7%	42.8%	0.0%

Annual caps

Based upon the number of contracts awarded and the projections of our Group in respect of the contracts that may be awarded for the relevant period for the construction and renovation of ethylene cracking furnaces and the size and scale of those contracts, our Directors estimate that the maximum aggregate annual value of the purchases of ancillary accessories from Jiangsu Xinhua under the Framework Agreement will not exceed RMB4.0 million, RMB5.0 million and RMB6.5 million for each of the three years ending December 31, 2014, respectively. The increase in the proposed annual caps when compared to the historical figures is due to the appointment of Jiangsu Xinhua by our clients in 2011 as the qualified supplier for a number of contracts with greater contract value, and as we believe we have the requisite knowledge and skills and a good understanding of our clients' needs to have a high chance of winning the bids of contracts, we anticipate an increasing need to purchase from Jiangsu Xinhua. Further, the increase in the proposed annual caps includes our estimation in our increase in purchase for the column internals (塔內件) for projects that we will undertake in 2012 and 2013.

Our Directors (including the independent non-executive Directors) are of the opinion that the Framework Agreement was entered into in the ordinary and usual course of business of our Group and are based on arm's length negotiations, and on normal commercial terms that are fair and reasonable and in the interests of our shareholders as a whole. Our Directors also consider that each of the proposed annual caps of the purchases from Jiangsu Xinhua is fair and reasonable as our shareholders taken as a whole are concerned.

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V. WAIVERS SOUGHT FROM THE STOCK EXCHANGE

Based on the aggregation of the rental payable under the Leases and the estimated annual caps under the Framework Agreement, the percentage ratios under Chapter 14A of the Listing Rules, where applicable, in respect of the above continuing connected transactions are expected to be, on an annual basis, less than 5%. As such, these transactions will constitute continuing connected transactions of our Company that are subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules.

Accordingly, we have requested the Stock Exchange, and the Stock Exchange has agreed, to grant a waiver from strict compliance with the announcement requirement under the Listing Rules in respect of the above continuing connected transactions.

CONFIRMATION FROM DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions described above have been or will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms that are fair and reasonable and in the interests of our Shareholders taken as a whole, and that the proposed annual caps for each of the three financial years ending December 31, 2014 set out above are fair and reasonable and in the interests of our Company and our Shareholders taken as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the continuing connected transactions described above are entered into in the ordinary and usual course of business of our Group, on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole, and that the proposed annual caps for the continuing connected transactions are fair and reasonable and in the interests of the Shareholders as a whole.