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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)

EXEMPT CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of Wison Engineering Services Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated March 26, 2014, where the Company announced that, Wison Engineering Ltd. (惠生工程(中國)有限公司) (“**Wison Engineering**”) and Jiangsu Xinhua Chemical Engineering Co., Ltd. (江蘇新華化工機械有限公司) (“**Jiangsu Xinhua**”) entered into a renewed framework agreement dated March 26, 2014 (the “**Renewed Framework Agreement**”), pursuant to 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 Renewed Framework Agreement has a term of three years commencing from April 25, 2014 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 initial term.

In view that the Renewed Framework Agreement will expire on April 24, 2017, Wison Engineering and Jiangsu Xinhua have, on March 24, 2017, entered into a renewal framework agreement (the “**2017 Jiangsu Xinhua Purchase Framework Agreement**”) to renew the transactions under the Renewed Framework Agreement. The 2017 Jiangsu Xinhua Purchase Framework Agreement will have a term of three years commencing from April 25, 2017 and will be 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 initial term. Apart from the extension of the term of the agreement, the terms and conditions of the 2017 Jiangsu Xinhua Purchase Framework Agreement are the same as the Renewed Framework Agreement.

Pursuant to the 2017 Jiangsu Xinhua Purchase Framework Agreement, 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 price to be charged by Jiangsu Xinhua for the ancillary accessories under the 2017 Jiangsu Xinhua Purchase Framework Agreement will be the prevailing market price, or in the PRC, the price quoted by independent suppliers for similar products. In the absence of a 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%.

After considering the number of contracts awarded and the projections in respect of the contracts that may be awarded to the Group and the size and scale of those contracts, it is expected that the annual consideration payable by Wison Engineering to Jiangsu Xinhua under the 2017 Jiangsu Xinhua Purchase Framework Agreement will not be more than RMB12 million for each of the three years ending December 31, 2017, 2018 and 2019 and this amount has been set as the annual cap for the transactions contemplated under the 2017 Jiangsu Xinhua Purchase Framework Agreement.

The Directors (including the independent non-executive Directors) are of the view that the proposed annual cap for the three years ending December 31, 2017, 2018 and 2019 are fair and reasonable as the shareholders of the Company taken as a whole are concerned.

The aggregate value of the purchases of ancillary accessories from Jiangsu Xinhua under the Renewed Framework Agreement up to the date of this announcement has not exceeded the annual cap as disclosed in the announcement of the Company dated March 26, 2014.

Wison Engineering is a non-wholly owned subsidiary of the Company indirectly owned as to 75% by the Company. Jiangsu Xinhua is a connected person of the Company by virtue of being a substantial shareholder of Wison Engineering, holding 25% of its registered capital (but entitled to 10% of its distributable profits). Accordingly, the transactions contemplated under the 2017 Jiangsu Xinhua Purchase Framework Agreement constitute continuing connected transactions for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Since each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps of the 2017 Jiangsu Xinhua Purchase Framework Agreement is below 1%, and Jiangsu Xinhua is a connected person by virtue of its relationship with Wison Engineering, a subsidiary of the Company, the transactions contemplated under the 2017 Jiangsu Xinhua Purchase Framework Agreement are exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under the Listing Rules.

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

Hong Kong, March 24, 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Liu Haijun, Mr. Zhou Hongliang, Mr. Li Zhiyong and Mr. Dong Hua; 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.