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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS:

- Our revenue for the year ended 31 December 2013 amounted to approximately RMB3,674,518,000, representing a decrease of 24.9% from approximately RMB4,891,908,000 recorded in 2012.

- Our gross profit for the year ended 31 December 2013 amounted to approximately RMB142,810,000, representing a decrease of 87.5% from approximately RMB1,139,631,000 recorded in 2012.

- Our net loss for the year ended 31 December 2013 was approximately RMB513,672,000, representing a decrease of 196.1% from the net profit of approximately RMB534,323,000 recorded 2012.

- Loss attributable to owner of the parent for the year ended 31 December 2013 was approximately RMB471,301,000, representing a decrease of 201.0% from the profit attributable to owner of the parent of approximately RMB466,812,000 recorded in 2012.

BUSINESS OVERVIEW

Overall Review

Looking back at 2013, the global economy grew at a modest pace, while China recorded a year-on-year GDP increase of 7.7%, outperforming other major economies and becoming a major stabilizing force in the region. China's steady economic development, improved external demand, rebound in consumption growth together with the full implementation of economic reforms such as industrialization and urbanization, contributed as major driving forces behind the steady economic growth, energy demand and development of related energy service industries.

Guided by the three established development strategies — "business diversification", "strengthening technological R&D and innovation capabilities" and "improving operational management backed by talents development and information technology", in the first half of the year, Wison Engineering Services Co. Ltd (the "**Company**", together with its subsidiaries, the "**Group**") has well grasped the favorable trends in coal-to-chemicals industry and reaped satisfactory results in business diversification. In addition to the high-standard delivery and commencement of Baoji Methanol Project of Xuzhou Coal Mining Group and Jinchengtai Methanol Project , the Group secured a number of new orders, including Shanxi Lu'an Mining (Group) High Sulfur Coal-to-Liquid, Chemical, Heat and Power Integration Project, and Shandong Yangmei Hengtong's MTO Project. The Group's first overseas EPC project achieved mechanical completion as well. Furthermore, technological development and promotion of proprietary technologies progressed smoothly with the start of collaboration in areas of coal-to-glycol and coal-to-substitute natural gas, laying a foundation for the Group's long-term technological reserves.

2013 has been a year of challenges for the Group. The Chairman and the executive director of the Company, Mr. Hua Bangsong was required to assist the relevant PRC authorities in their investigations and was therefore temporarily unable to perform his duties. In March 2014, the Company learned from a family member of Mr. Hua Bangsong that Mr. Hua has been arrested by PRC public security authority over alleged bribery activity. However, the case is still under investigation. Trading in the shares of the Company on the Stock Exchange has been suspended since 2 September 2013.

The board of directors (the "**Board**") of the Company made proactive and swift responses to this unexpected incident by constantly reviewing its business operations and engaging in an array of initiatives. First, the Group strengthened its professional management team and structure through the appointments in September 2013 of Mr. Cui Ying, who has extensive experience in strategic management, sales and marketing, and Mr. Zhou Hongliang, who has 20 years of experience in project management and operations in the petrochemicals industry, as executive directors of the Group, to ensure that the Group's operations continue smoothly and are in line with its business plans. Second, the Group reinforced its cash flow control and actively communicated with its bankers to seek their understanding and support. The Board promptly changed the use of its IPO proceeds, reallocating idle cash from the net proceeds that was either not of immediate use or no longer needed for their originally intended purposes, to be earmarked for additional working capital as well as to reduce the Group's leverage level, to facilitate the effective use of financial resources. Meanwhile, the Group has been in active communications and negotiations with its bankers with the immediate aim of reaching consensus on a debt stabilization programme so that the Group could continue to fulfill its contracts and other obligations and to maintain normal business operations, mitigating the impacts that the investigations would otherwise have on the Group, its shareholders, customers and other stakeholders. Moreover, the Group abided by and enhanced its corporate governance standards and took an active approach in maintaining close communications with external parties by constantly updating the market via announcements on latest developments in purpose for a high degree of transparency. The Board will continue to assess the impact of the investigations on the Group's business operation and financial performance from time to time, and will announce updates on any results of the investigations as they become available for disclosure to enable shareholders, stakeholders and the public to stay abreast of the Group's operations on a timely basis.

In addition to the measures described above, the Board with all the staff continues to adhere to its established development strategies since the occurrence of the incident. MTO separation technology, for which the Company has proprietary intellectual property rights, was successfully commercialized in September 2013 at the Nanjing Chemical Industrial Park, and qualified ethylene and propylene products have been successfully produced at the plant, thus serving as a solid record for its future promotion of this proprietary technology. Further to Shandong Yangmei Hengtong and other clients who adopted the Group's proprietary MTO separation technology, more projects have been applied this technology, including Shandong Lianmeng 360kta polystyrene and auxiliary project — 300kta MTO plant. Meanwhile, the Wison-Shell Hybrid Gasification Demonstration Plant has successfully started up in Nanjing in October 2013, marking the commencement of the demonstration and application phase of the technology.

Led by technological R&D and innovation, the Group's design and consultation services have opened up new space for development by constantly making breakthroughs. In 2013, the Group leveraged its technological advantages to enter into 18 new design or technology service or consulting service contracts. In addition to the engineering design contracts, patent licensing, process design package compilation and technology service contracts for the aforesaid MTO plants, the Group also secured engineering design contracts for Shandong Longgang 800kta heavy oil hydrocracking project and Xuzhou Coal Mining Group's 600kta methanol phase I upgrading project, etc. The Group also made further breakthroughs in overseas markets by obtaining an EPC contract for a newly built cracking furnace in Saudi Arabia and the site preparation contract for the Puerto La Cruz Refinery Deep Conversion Project in Venezuela in September 2013. The latter is the largest oil refinery project in Latin America to be acquired by Chinese company. These business developments have built a sound foundation for the Group to bottom out and take a new leap forward.

FINANCIAL HIGHLIGHTS

For the twelve months ended 31 December 2013 ("**Year under Review**"), the Group's revenue amounted to approximately RMB3,674.5 million (2012: approximately RMB4,891.9 million). Gross profit was approximately RMB142.8 million (2012: approximately RMB1,139.6 million). The decreases in revenue and gross profit levels were mainly due to: (i) the postponement of an individual project at the request of its owner during the year, resulting in its progress lagging behind the targeted project schedule for the year 2013; (ii) delay in construction of the project that was originally scheduled for kick-off during the year; (iii) the change in pricing method for individual projects during the year, which reduced the overall gross profit margin of the projects concerned, with impacts recognized during the year; and (iv) the recognition of miscellaneous additional costs associated with some modifications related to various installations of certain completed projects during the year, but clearings of increased expenses with the owners have not yet completed. The aforesaid reasons were all related to the uncertainties derived earlier on from the investigations.

Loss for the year amounted to approximately RMB513.7 million (2012 profit for the year of approximately RMB534.3 million), while loss for the year attributable to owner of the parent amounted to approximately RMB471.3 million (2012 profit for the year attributable to owner of the parent: approximately RMB466.8 million). The decline in profitability after tax was mainly due to the decline in gross profit itself as well as to (i) increased equity settled share option employee benefits expense in respect of share options that were granted in November 2012; (ii) recognition of exchange loss from IPO proceeds (denominated in HK dollars); (iii) additional management fees for the newly opened R&D headquarter in Shanghai; and (iv) increased salary costs resulting from the increase in average headcounts as compared to 2012.

During the Year under Review, the Group continued to expand its customer base, with new contract value, net of estimated value added tax ("**VAT**"), amounting to RMB12,923.2 million (2012: approximately RMB20,759.7 million), of which coal-to-chemicals, oil refineries, petrochemicals and other products and services business segments accounted for 49.4%, 40.0%, 3.9% and 6.7%, respectively. Backlog amounted to approximately RMB23,560.8 million (2012: approximately RMB27,341.1 million), of which coal-to-chemicals, oil refineries, petrochemicals and other products and services business segments accounted for 31.6%, 46.8%, 19.4% and 2.2%, respectively.

During the Year under Review, the Group's operating results have impact on the financial position of the Group as at 31 December 2013. As at 31 December 2013, the Group has unpledged cash and bank balances of RMB293.5 million (2012: RMB1,746.0 million), net current assets of RMB19.5 million (2012: RMB1,344.6 million) and net assets of RMB1,503.2 million (2012: RMB2,052.2 million).

Business Review

Coal-to-chemicals

During the Year under Review, revenue from the Group's coal-to-chemicals business amounted to RMB1,407.5 million (2012: RMB3,173.2 million), accounting for approximately 38.3% of total revenue. The decrease in revenue from this business segment was primarily due to the completion of the Baoji Methanol Project of Xuzhou Coal Mining Group during the previous year under review, and that other coal-to-chemicals projects including Shanxi Lu'an Projects have not entered into their principal construction phase. Moreover, an individual project was postponed at the request of its owner during the year, and therefore its progress lagged behind the targeted schedule for 2013. The project was resumed by 31 December 2013.

Backlog and new contract value amounted to RMB7,439.9 million and RMB6,379.8 million respectively (2012: RMB15,516.5 million and RMB12,755.4 million respectively).

Despite the enormous challenges it faced, the Group endeavored to sign a number of new contracts during the year, backed by its proprietary coal-to-chemical technologies and excellent track records, and also made major breakthroughs in the R&D and commercialization of coal-to-chemical technologies. For example:

The Group once again collaborated with Shaanxi Changqing Energy & Chemical Co., Ltd. ("**Changqing Energy**") in November 2013 to provide design services for Xuzhou Coal Mining Group's 600 kta methanol phase I upgrading project.

In June 2013, the Group entered into an engineering design contract with Erdos Jinchengtai Chemical Co., Ltd. ("**Jinchengtai**") for its coal-to-methanol project phase II marking a second-time cooperation after the Group undertook the basic and detailed designs and project management services for all production facilities, public utilities and ancillary facilities of its phase I methanol plant.

The Group has also been building up its experience and track record in methanol-to-olefins ("**MTO**") technological and engineering services. In November 2013, the Group, with its proprietary MTO technology, entered into a technology licensing, process package design and technological services contract for the olefin separation unit of a 360kta polystyrene (EPS) project with Shandong Lianmeng Chemical Group Co., Ltd. as well as an engineering design contract for its MTO plant, further strengthening the commercialization of this technology. In the following month, the Group forged ahead to secure an engineering design contract for a 300 kta MTO plant with Shandong Dongrun Clean Energy Co., Ltd..

Moreover, the Group announced in June 2013 that it entered into a procurement and construction (PC) contract with Shandong Yangmei Hengtong Chemicals Company Ltd. to provide equipment and materials procurement, construction and project management services for its 300kta MTO plant. Procurement and preliminary construction of the project are already underway. The project also employed the Group's MTO separation technology in 2012, with engineering design services provided by the Group as well. This is yet another showcase of the Group's provision of one-stop services ranging from patent licensing, design, procurement and construction.

The Group made announcements during the Year under Review, on three contracts it signed with Shanxi Lu'an Mining (Group) Co., Ltd concerning its High Sulfur Coal-to-Liquid, Chemical, Heat and Power Integration Project, including a basic engineering design contract, an EPC contract for the coal gasification plant and a procurement and construction (PC) contract for the purification unit, all OSBL process and heat-supply pipelines. Amongst these, the basic design for public utilities and the coal gasification plant have been completed.

Also in July 2013, the Group entered into overall design coordination, basic design and technology service contracts for the propane dehydrogenation plant of the second and third productions lines for Shenhua coal-to-liquid phase I project.

The Group received a request from Jiangsu Sailboat Petrochemical Co., Ltd ("Jiangsu Sailboat") in relation to the termination of an EPC and overall design and engineering contract for the Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I) signed in May 2012. The Group is currently engaged in discussions with Jiangsu Sailboat relating to the matter. The termination of the contract, if officially taking effect, would pose material impact on the Group's expected performance. Based on prudent considerations, the Group has decided not to include the contract amount in its current backlog.

During the Year under Review, good progress was made in a number of projects under construction, with Baoji Methanol Project of Xuzhou Coal Mining Group and Jinchengtai Methanol Project completing successful trial run in one attempt and commencing production in May 2013, and Shaanxi Pucheng Clean Energy's public utilities and auxiliary facility projects and polyethylene plant project progressing smoothly. Inner Mongolia Guotai Chemical 400kta coal-to-methanol project is currently under construction.

The first MTO project to employ the Group's MTO separation technology commenced commercial operation at Nanjing Chemical Industrial Park, and the Wison-Shell Hybrid Gasification Demonstration Plant successfully started up in Nanjing in October 2013, marking the commencement of the demonstration and application phase of the new Wison-Shell hybrid gasification technology.

Oil refineries

During the Year under Review, revenue from the Group's oil refinery business segment was RMB51.1 million (2012: RMB301.6 million), representing 1.4% of total revenue. The decline was primarily because the Group's existing oil refinery projects (including refinery projects in PetroChina Sichuan) were substantially completed in the previous year under review, while other oil refinery projects, including the site preparation for the Puerto La Cruz Refinery Deep Conversion Project in Venezuela, have not yet entered into their principal construction phase. As such, overall revenue from the oil refinery business segment for the year ended 31 December 2013 significantly decreased as compared with that of the year ended 31 December 2012.

Backlog and new contract value were RMB11,034.7 million and RMB5,168.4 million respectively (2012: RMB5,909.4 million and RMB6,054.9 million respectively).

The Group actively expanded its oil refinery business during the Year under Review. In September 2013, it secured a design and engineering contract for the first residue hydrocracking plant in China. In relation to Shandong Longgang Chemical Co., Ltd. 800kta heavy oil hydrocracking project, the Group is providing the basic and detailed design services for its residue hydrocracking plant, oil hydrogenation plant, gas recovery plant, as well as design and engineering services for some auxiliary public utilities.

Moreover, the Group secured a procurement and construction contract from PDVSA Petróleo, S.A. ("**PDVSA**") in September 2013 involving the site preparation for the Puerto La Cruz Refinery Deep Conversion Project in Venezuela. The total contract value amounted to approximately US$834 million, making it the largest oil refinery project in Latin America to date to be acquired by a Chinese enterprise. This was the second contract awarded to the Group by PDVSA since the Group won the EPC contract in June 2012 for the Deep Conversion Project at the Puerto La Cruz Refinery, in which Hyundai Engineering & Construction Co. Ltd. and Hyundai Engineering Co,. Ltd. jointly participated to form a Hyundai-Wison consortium. The awarding of the contract is yet another testimony to the Group's strategy of business diversification, marking a milestone of its overseas business expansion strategy.

Petrochemicals

During the Year under Review, revenue from the Group's petrochemicals business segment rose to RMB1,473.0 million, increased by 223.2% from the previous year and accounting for 40.1% of total revenue. The increased revenue from the petrochemical business segment was mainly due to the smooth progress made in major petrochemical projects such as Sichuan Shengda project and the benzene mitigation project in Saudi Arabia during the year.

Backlog and new contract value amounted to RMB4,561.1 million and RMB506.0 million respectively (2012: RMB5,534.0 million and RMB623.9 million respectively).

During the Year under Review, new contracts awarded include the 20kta Hexene Unit-1 of the newly built ethylene plant for PetroChina Dushanzi Petrochemical and an EPC contract for a newly built cracking furnace for a company in Saudi Arabia, a follow-on EPC contract the Group secured from the same client.

Sichuan Shengda 1mta purified terephthalic acid (PTA) project has entered installation phase during the Year under Review; 'modularization' concept has been adopted in the construction of Yantai Wanhua 750kta propane dehydrogenation heating furnace project to improve the efficiency and to reduce the construction risk by prefabrication, thus laying a foundation for the smooth hand-over of the project on 30 June 2013. Chongqing's BASF MDI project and the benzene mitigation project in Saudi Arabia have entered major construction phase during the Year under Review.

Other Products and Services

Revenue from other products and services in 2013 was RMB743.0 million (2012: RMB961.4 million), accounting for approximately 20.2% of total revenue, mainly contributed by the overseas Saudi De-Bottlenecking Project and the Zhoushan Wison Marine Engineering Base Project. Revenue from the manufacturing and sales of integrated pining systems composed of heat-resistant alloy tubes and fittings by Wison (Yangzhou) Chemical Machinery Co., Ltd. ("**Wison Yangzhou**"), a wholly-owned subsidiary of the Group, amounted to RMB19.2 million (2012: RMB24.9 million).

Continuous enhancement of advantages in technological innovation

The Group continued to engage in technological innovations during the Year under Review. During the Year under Review, the Group filed new applications for four invention patents, and as of 31 December 2013, the Group was granted 11 licenses for invention patents along with another two applications for software copyright. Moreover, the Group actively pushed on in-depth research and commercialization of the whole set of MTO technologies, technology in butene oxidization and dehydrogenation of butadiene, coal-to-glycol and coal-to-gas technologies. In particular, coal-to-glycol and butene oxidization and dehydrogenation technologies have now reached the stage ready for commercialization.

During the Year under Review, the MTO (methanol-to-olefins) plant designed by the Group and which employed its proprietary olefin separation technology completed a successful start-up at the Nanjing Chemical Industrial Park, producing up-to-standard ethylene and propylene products, marking the first successful commercial application of the Group's proprietary olefin separation technology.

In addition to proprietary technological R&D, the Group took active initiatives in strengthening internal and external cooperations during the Year under Review. Wison-Shell Hybrid Gasification Demonstration plant commenced operation during the Year under Review, marking the commencement of the demonstration and application phase of this new hybrid gasification technology jointly developed with Shell. Moreover, during the Year under Review, the Group entered into a cooperation agreement with a subsidiary of Foster Wheeler's Global Engineering and Construction Group and Clariant International Ltd. to jointly build a substitute natural gas (SNG) pilot plant. During the Year under Review, the Group also co-established with Tianjin University the "Tianjin University — Wison Research & Development Center for Energy and Chemical Technologies", which is dedicated to the R&D and commercialization of innovative synthesis gas-to-methanol technology. The two parties will jointly conduct exclusive research on innovative and cutting edge technologies that are recognized by both parties in the energy and chemical sector to maintain its leading and advantageous position. Upon its completion within the next few years, the joint R&D center will aim to become an important state-level R&D center in China's energy and chemical industry.

Some laboratories at the R&D centre in Shanghai built with part of the proceeds from the IPO have been put into use and are conducting experiments on catalyst synthesis and testing. Upon commencement of full operation, the labs will focus on research on new coal-to-chemicals technologies, new chemicals technologies and high molecular new materials. The acquisition of land for the R&D centre in Beijing is still pending for approval by the relevant government authorities.

In addition to external cooperation, internal cooperation was also encouraged within the Group. During the Year under Review, Wison Engineering Ltd., an indirect non-wholly owned subsidiary of the Group, entered into a patent-sharing agreement with Wison (Nanjing) Clean Energy Co., Ltd., an indirect non-wholly owned subsidiary of the Company's controlling shareholder Wison Group Holding Limited, pursuant to which both parties agreed to share the ownership of intellectual property rights to four patents — namely methanol regeneration technology in low temperature methanol washing and showering, methanol heat pump distillation technology, gasification plant for liquid or solid fuel water slurry, and petroleum slurry at high ash fusion temperature for gasification purposes — as well as their preparation methods in order to consolidate the Group's technical competitiveness.

Comprehensive enhancement of operational management capabilities

After the occurrence of the investigation incident, the Group optimized its workforce and management structures to suit the needs in business development to improve operational efficiency by an effective approach of its personal performance appraisal scheme. The allocation of resources was also reviewed in order for the Group to continue to optimize operating costs, cope with its current challenges and be fully prepared for future development.

As digitalization, the "cloud" platform and highly integrated software enter the field of engineering design, the quality of engineering design for EPC industry has improved substantially, thus ensuring the accuracy of materials procurement and management as well as error-free construction, which in turn have crucial significance in reducing EPC project investment costs, shortening project cycles and improving project quality. To enhance its core competitiveness, the Group also promoted informatization development in projects by ways including setting up an online project management platform, a digital design platform and a Smartplant Material (Mairian) procurement system, thus reaping initial achievements in the digital EPC project management.

Outlook

Global demand for petrochemicals and refineries products is expected to rise steadily as prospects for the global economy become more evident. According to estimates by ICIS Consulting, the CAGR of capital expenditures for the global chemical industry and the oil refining industry will amount to approximately 9.5% and 3.6% respectively between 2011 and 2016, indicating that capital investment levels in the petrochemical and oil refining industries will continue to increase steadily.

The Chinese economy is also expected to achieve a growth rate of 7.5% in 2014, with the urbanization process and the demand for clean energy being expected to continue to boost technological upgrades and renovation works for existing petrochemical, oil refining and coal-to-chemicals projects such that the pace of investment in related projects will continue to grow steadily. In addition, the government, promulgating the "Plan for Building National Independent Innovative Capabilities under the Twelfth Five-year Plan" ("十二五" 國家自主創新能力建設規劃) issued in the first half of 2013 by the NDRC, is encouraging innovative technologies in major energy-saving and emission-reducing projects such as new coal-to-chemicals projects, and has designated areas of the coal-to-chemicals sector such as coal-to-olefins and coal-to-natural gas as the key areas for building innovative capabilities for the energy sector. In 2013 alone, the NDRC approved preliminary works for over 20 new coal-to-chemicals projects, while over 45 new coal-to-chemicals projects have obtained such approval, indicating that the coal-to-chemicals industry has entered a period of accelerating development. This positive market environment will create favourable conditions for the renewed advancement of the Group's future business development.

Looking forward to 2014, the Group will be positive in continuing to cope with challenges posed to it and will aim to facilitate sustainable business development in line with the core objective of "consolidating the growth foundation and improving earning capacity". The Board will from time to time assess the impact of the investigations on our business operations and financial performance, and will make timely adjustments to its development strategies to bring the Group's business back to a growth track as soon as possible.

1. Establish a comprehensive scientific operation system to increase profitability

As for corporate governance, the Group will improve every aspect of its corporate governance system and is forming a number of cross-departmental management teams to enhance the Group's overall competitiveness and its execution capabilities, to lift degree of customer satisfaction so as to build a foundation for a wider client base and sustainable growth.

To enhance project execution and management capabilities remains a top priority across the Group's operations management. First, full-cycle cost management of a project is a crucial focus, with profitability of projects to be improved by precision management. For example, a sound and effective cost-based man hour system will be set up to strengthen cost accounting and control during project execution and a project cost audit team will be formed at corporate level to strengthen project subcontracting, budgeting, accounting and audit. Second, project execution will be separated from project audit, and a project accountability system will be established for the Group's management, with the main initiatives to include the formation of a company project support and audit team to assist in preliminary project planning and strengthening project compliance management as well as project quality and safety management; and the formation of an expert project management team to assist in project execution, marketing and pricing, as well as to reinforce project execution.

Human resources management is a major aspect with which the Group can sustain and enhance its competitiveness. It is the Group's principle to consolidate, motivate and build a strong team. By strengthening performance management, establishing a strong link between personal and company performance and rewards strengthening performance culture as management practices so to further motivate and consolidate the team and to improve efficiency, illustrating a win-win concept between the Group and employees. The Group will establish a multi-level performance appraisal system under which performance appraisal of the Group's management and general staff will be closely linked to how the overall target of the Group is achieved. Moreover, incremental incentives will be stepped up in line with the requirements of various positions; meanwhile, a number of profit centers will be set up within the Group to facilitate and reinforce assessment, enhance overall marketing capabilities and boost sales growth.

In respect of IT development, the Group will continue to strengthen its advantages in IT and digitalization, improve its technology management system and enhance the level of corporate management as well as the quality and efficiency of design leveraging information technology and digital design, so as to expand its brand influences.

2. Continue to implement diversification strategies in client base, geographical reach and business scope

The Group will continue to execute the strategy of balanced development across the petrochemicals, oil refining and coal-to-chemicals businesses; reinforce the strategy of leveraging innovative technologies to drive business development: the Group will utilize its superior technology and capability in MTO and heavy oil hydrocracking as the main ways to bring breakthroughs; aggressively promote proprietary technologies in the new Wison-Shell gasification technology, coal-to-ethanol and butene oxidization and dehydrogenation to butadiene; set up a group of technical consulting experts to support the marketing of technologies; strengthen the analysis and management of business opportunities and focus the Group's resources on key opportunities to improve the chances of securing orders; pay closer attention to preliminary marketing of projects and the whole production chain when identifying business opportunities, thus allowing for early engagement with clients to guide them and explore their needs; and continue to expand and diversify the customer mix through marketing while maintaining in-depth communications with major existing clients.

In overseas markets, the Group will strive to achieve breakthroughs by leveraging its superior resources with focus on regional markets in Southeast Asia, the Middle East, South America and the Americas. It will also capitalize on its own strengths, integrate domestic and overseas resources and seek to secure new orders from the petrochemicals, new coal-to-chemicals and modularized supply segments.

3. **Continue to commit resources to technological R&D for advanced technology-driven business development**

Strengthening technological R&D remains one of the Group's most important development strategies. The Group will rely on its established cooperation platforms such as the Tianjin University — Wison Research & Development Center for Energy and Chemical Technologies to jointly further technological research and create a win-win situation, and will also continue to seek opportunities for cooperation with leading enterprises within the industry to intensify technology acquisition capabilities therefore strengthening the Group's driving force for sustainable business development. Apart from continued efforts in new coal-to-chemicals technologies, the Group will, sticking to its business diversification strategy, form a specialized team dedicated to modularization design research to facilitate the development of the Group's upstream operations such as LNG and oil & gas pre-processing modularization. Furthermore, the Group will strengthen the promotion and commercialization of its existing core technologies; will step up the relevant internal incentive system to accelerate the marketization and commercialization of the achievements of existing patented technologies in coal-to-gas, coal-to-olefins, coal-to-ethylene glycol, coal-to-ethanol and butene oxidization and dehydrogenation to butadiene.

The year 2014, given the tremendous challenges and heavy tasks that lie ahead, marks a major turning point for the Group. The Group will execute its established strategies resolutely and cohesively, and will treat the challenges as opportunities for self-improvement and upgrading in times of crisis in order to achieve breakthroughs. By capitalizing on our industry-leading engineering technological R&D and design capabilities, professional project management capabilities, rich experience in project execution, a broad customer base and diversified business areas, the Group is fully confident that it can pick itself up from the current downturn, being well-positioned for a new round of rapid growth.

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2013. The annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the year ended 31 December 2013
(Expressed in RMB)

	Notes	**2013** *RMB'000*	2012 *RMB'000*
REVENUE	*4*	**3,674,518**	4,891,908
Cost of sales		**(3,531,708)**	(3,752,277)
GROSS PROFIT		**142,810**	1,139,631
Other income and gains	*4*	**33,959**	35,959
Selling and marketing expenses		**(100,533)**	(55,040)
Administrative expenses		**(356,544)**	(187,529)
Other expenses		**(124,626)**	(106,492)
Finance costs	*5*	**(141,451)**	(126,504)
Share of profit/(loss) of an associate		**94**	(96)
(LOSS)/PROFIT BEFORE TAX	*6*	**(546,291)**	699,929
Income tax expenses	*7*	**32,619**	(165,606)
(LOSS)/PROFIT FOR THE YEAR		**(513,672)**	534,323
Attributable to:			
Owner of the parent	*9*	**(471,301)**	466,812
Non-controlling interests		**(42,371)**	67,511
		(513,672)	534,323
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
— Basic		**RMB(0.12)**	RMB0.13
— Diluted		**N/A**	RMB0.13

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2013
(Expressed in RMB)

	2013	2012
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(513,672)**	534,323
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	**361**	(213)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**361**	(213)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**361**	(213)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(513,311)**	534,110
Attributable to:		
Owner of the parent	**(470,940)**	466,599
Non-controlling interests	**(42,371)**	67,511
	(513,311)	534,110

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
At 31 December 2013
(Expressed in RMB)

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,274,438**	799,454
Investment properties		**14,716**	15,296
Prepaid land lease payments		**182,732**	187,185
Goodwill		**15,752**	15,752
Other intangible assets		**15,191**	13,171
Investment in an associate		**1,992**	1,898
Long-term prepayments		**2,042**	20,867
Deferred tax assets		**–**	4,752
Total non-current assets		**1,506,863**	1,058,375
CURRENT ASSETS			
Inventories		**241,823**	113,974
Gross amounts due from contract customers		**2,923,402**	3,970,267
Trade and bills receivables	*10*	**261,567**	161,214
Due from a related company		**117**	1,022
Due from a fellow subsidiary		**121**	–
Due from the ultimate holding company		**87**	87
Prepayments, deposits and other receivables		**904,830**	146,840
Pledged bank balances and time deposits	*11*	**791,030**	471,290
Unpledged cash and bank balances	*11*	**293,510**	1,745,951
Tax recoverable		**22,547**	–
Total current assets		**5,439,034**	6,610,645
CURRENT LIABILITIES			
Gross amounts due to contract customers		**574,915**	89,281
Trade and bills payables	*12*	**2,526,183**	2,611,976
Other payables, advance from customers and accruals		**491,002**	201,408
Interest-bearing bank borrowings		**1,554,049**	2,265,764
Due to a related company		**78**	–
Due to an associate		**630**	630
Dividends payable		**272,674**	16,353
Tax payable		**–**	80,668
Total current liabilities		**5,419,531**	5,266,080
NET CURRENT ASSETS		**19,503**	1,344,565
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,526,366**	2,402,940

	Notes	**2013** *RMB'000*	2012 *RMB'000*
NON-CURRENT LIABILITIES			
Finance lease payables		**171**	327
Interest-bearing bank borrowings		**–**	290,000
Deferred tax liabilities		**20,803**	58,173
Government grants		**2,213**	2,250
Total non-current liabilities		**23,187**	350,750
NET ASSETS		**1,503,179**	2,052,190
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*13*	**329,803**	324,560
Reserves		**1,086,408**	1,576,376
		1,416,211	1,900,936
Non-controlling interests		**86,968**	151,254
Total equity		**1,503,179**	2,052,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Group incurred a net loss of approximately RMB513,672,000 during the year ended 31 December 2013.

In September 2013, the Group received a demand notice from a bank for the immediate repayment of loans in an aggregate amount of RMB186 million. In December 2013, the bank reached an agreement on a repayment schedule with the Group and withdrew the repayment demand. In addition, the Group's office buildings have been frozen as a condition for the withdrawal of the demand notice. Thereafter, the Group was in default of its repayment on certain secured bank borrowings of RMB250 million as at 31 December 2013. As a result of the default, other banks have the right to demand immediate repayment for loans at 31 December 2013 with aggregate outstanding principal amount of RMB1,304 million.

In order to improve the Group's operating and financial position, the directors of the Company have taken the following measures:

1. the directors of the Company are active in negotiations with potential strategic investors in respect of a possible equity investment in the Company;

2. the directors of the Company are active in negotiations with the banks and other creditors to defer or roll over the Group's bank and other borrowings;

3. urging the collection of trade receivables and amounts due from contract customers; and

4. the Group continues to monitoring the operating cash flows through cutting costs and capital expenditures.

The directors are of the opinion that, after taking into account the measures as mentioned above and existing contract backlogs, the Group will have sufficient working capital to meet its financial obligations as they fall due in the next twelve months from 31 December 2013. Accordingly the consolidated financial statements have been prepared on a going concern basis.

Should the going concern assumption be inappropriate, adjustments would have been made to state the values of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in the financial statements.

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinances. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 BASIS OF PREPARATION

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments *Guidance*	Amendments to IFRS 10, IFRS 11 and IFRS 12 — *Transition*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*
IAS 27 (Revised)	*Separate Financial Statements*
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets (early adopted)*
IFRIC-20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009–2011 Cycle	Amendments to a number of IFRSs issued in May 2012

Other than as further explained below regarding the impact of IFRS 10, IFRS 11, IFRS 12, IFRS 13, amendments to IFRS 10, IFRS 11 and IFRS 12, IAS 1, IAS 19 and IAS 36, and certain amendments included in *Annual Improvements 2009–2011 Cycle*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in SIC-12 *Consolidation — Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in IFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by IFRS 10 require management of the Group to exercise significant judgment to determine which entities are controlled.

    The application of IFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities —Non-Monetary Contributions by Ventures*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under IFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with IAS 28 (Revised).

    The adoption of the revised standard has had no effect on the financial position or performance of the Group.

(c) IFRS 12 includes sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in IAS 27 *Consolidated and Separate Financial Statements*, IAS 31 *Interests in Joint Ventures* and IAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(d) The IFRS 10, IFRS 11 and IFRS 12 Amendments *Guidance* clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between IFRS 10 and IAS 27 or SIC-12 at the beginning of the annual period in which IFRS 10 is applied for the first time.

(e) IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. IFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in IFRS 13, the policies for measuring fair value have been amended. The application of IFRS 13 does not have significant impact to the Group's financial statements.

(f) The IAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition,the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments to these financial statements.

(g) IAS 19 (Amendments to IAS 19) include a number of amendments that range from fundamental changes to simple clarifications and re-wording. The amendments introduce significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the amendments has had no effect on the financial position or performance of the Group.

(h) The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009–2011 Cycle* issued in May 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows

- IAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- IAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) Petrochemicals segment engages in the provision of engineering, procurement and construction ("**EPC**") services to ethylene and downstream petrochemicals producers, which includes design-building of ethylene production facilities, renovating and rebuilding existing ethylene cracking furnaces and technology consultancy, engineering, procurement and construction management services;

(b) Coal-to-chemicals segment engages in the provision of a broad range of EPC services to coal-to-chemicals producers;

(c) Oil refinery segment engages in the provision of procurement and construction management services to the project owners for the construction of oil refineries; and

(d) The other products and services segment engages in the provision of services on other industries, such as fine chemical production facilities and manufacture of integrated piping systems.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations.

Segment assets exclude property, plant and equipment, investment properties, prepaid land lease payment, goodwill, other intangible assets, an investment in an associate, long-term prepayments, deferred tax assets, amounts due from a related company, amounts due from a fellow subsidiary and an amount due from the ultimate holding company, tax recoverable, deposits and other receivables and unpledged cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude other payables and accruals, interest-bearing bank borrowings, an amount due to a related company, an amount due to an associate, dividends payable, tax payable, finance lease payables, government grants and deferred tax liabilities as these liabilities are managed on a group basis.

No further geographical information is presented as over 90% of the Group's revenue from external customers is derived from its operation in Mainland China and over 90% of the Group's non-current assets are located in Mainland China.

Operating segments

Year ended 31 December 2013	Petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	1,472,957	1,407,482	51,111	742,968	3,674,518
Intersegment sales	2,488	45,824	–	–	48,312
Total revenue	1,475,445	1,453,306	51,111	742,968	3,722,830
Reconciliation:					
Elimination of intersegment sales					(48,312)
Revenue from continuing operations					3,674,518
Segment results	132,271	(127,282)	(35,169)	172,990	142,810
Reconciliations:					
Unallocated income					33,959
Unallocated expenses					(581,703)
Share of profit of an associate					94
Finance costs					(141,451)
Loss before tax					(546,291)
Segment assets	1,200,637	1,496,088	775,442	739,728	4,211,895
Reconciliations:					
Elimination of intersegment receivables					(36,329)
Corporate and other unallocated assets					2,770,331
Total assets					6,945,897
Segment liabilities	851,967	840,612	1,120,645	329,394	3,142,618
Reconciliations:					
Elimination of intersegment payables					(37,476)
Corporate and other unallocated liabilities					2,337,576
Total liabilities					5,442,718
Other segment information					
Share of profit of:					
an associate	–	–	–	94	94
Depreciation and amortisation					
Unallocated	–	–	–	–	51,186
Segment	–	–	–	–	–
Investment in an associate	–	–	–	1,992	1,992
Capital expenditure*					
Unallocated	–	–	–	–	504,535
Segment	–	–	–	–	–

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

Year ended 31 December 2012	Petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	455,737	3,173,235	301,580	961,356	4,891,908
Intersegment sales	33,244	29,547	–	–	62,791
Total revenue	488,981	3,202,782	301,580	961,356	4,954,699
Reconciliation:					
Elimination of intersegment sales					(62,791)
Revenue from continuing operations					4,891,908
Segment results	113,492	755,263	75,478	195,398	1,139,631
Reconciliations:					
Unallocated income					35,959
Unallocated expenses					(349,061)
Share of loss of an associate					(96)
Finance costs					(126,504)
Profit before tax					699,929
Segment assets	798,613	1,932,240	757,799	808,069	4,296,721
Reconciliations:					
Elimination of intersegment receivables					(42,904)
Corporate and other unallocated assets					3,415,203
Total assets					7,669,020
Segment liabilities	403,000	1,232,526	479,801	607,588	2,722,915
Reconciliations:					
Elimination of intersegment payables					(17,660)
Corporate and other unallocated liabilities					2,911,575
Total liabilities					5,616,830
Other segment information					
Share of loss of:					
Associate	–	–	–	(96)	(96)
Depreciation and amortisation					
Unallocated	–	–	–	–	31,720
Segment	–	–	–	–	–
Investment in an associate	–	–	–	1,898	1,898
Capital expenditure*					
Unallocated	–	–	–	–	418,132
Segment	–	–	–	–	–

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, long-term prepayments and other intangible assets.

Information about major customers

Revenue from major customers which individually amounted to 10% or more of the Group's revenue is set out below:

	2013	2012
Customer A (Petrochemicals segment)	**23.5%**	N/A*
Customer B (Other products and services segment)	**11.7%**	18.4%
Customer C (Coal-to-chemicals segment)	**10.2%**	N/A*
Customer D (Coal-to-chemicals segment)	**N/A***	29.2%
Customer E (Coal-to-chemicals segment)	**N/A***	24.8%

* The revenue derived from each of these customers amounted to less than 10% of the Group's revenue during the years ended 31 December 2012 or 2013.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts; the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered during the year.

An analysis of revenue and other income and gains is as follows:

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Construction contracts	**3,331,850**	4,622,603
Sale of goods	**19,213**	24,909
Rendering of services	**323,455**	244,396
	3,674,518	4,891,908
Other income		
Government grants*	**13,818**	5,974
Interest income	**11,754**	19,989
Rental income	**7,538**	8,035
Sales of scrap materials	**–**	2
Others	**638**	1,959
	33,748	35,959
Gains		
Gain on disposal of items of property, plant and equipment	**211**	–
	33,959	35,959

* Government grants have been received from the local governments as incentives to promote and accelerate development in the local province. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans	**134,161**	125,868
Interest on bills receivable	**6,670**	556
Interest on finance leases	**620**	80
	141,451	126,504

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2013	2012
	RMB'000	*RMB'000*
Cost of inventories sold	**15,145**	13,787
Cost of services provided	**3,516,563**	3,738,490
Depreciation	**41,481**	22,004
Research and development costs	**124,134**	104,417
Amortisation of prepaid land lease payments	**4,453**	4,804
Amortisation of intangible assets	**5,252**	4,912
(Gain)/loss on disposal of items of property, plant and equipment	**(211)**	16
Minimum lease payments under operating leases	**20,239**	15,559
Auditors' remuneration	**4,477**	8,480
Foreign exchange differences, net	**29,560**	3,160
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**554,992**	382,848
Equity settled share options	**78,401**	6,908
Retirement benefit scheme contributions	**52,665**	35,573
	686,058	425,329

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group was not subject to any income tax in the Cayman Islands and British Virgin Islands. The Group was not liable for income tax in Hong Kong, Singapore and United States of America as the Group did not have any assessable income arising in Hong Kong, Singapore and United States of America during the year ended 31 December 2013 (2012: Nil).

	2013	2012
	RMB'000	*RMB'000*
Current — Mainland China:		
Charge for the year	**–**	102,282
Deferred	**(32,619)**	63,324
Total tax (credit)/charge for the year	**(32,619)**	165,606

惠生工程(中國)有限公司 ("Wison Engineering") was qualified as a "High and New Technology Enterprise" in 2011 and was entitled to a preferential corporate income tax ("CIT") rate of 15% for three years successively from 2011 to 2013. Hence, Wison Engineering was subject to CIT at a rate of 15% in 2012 and 2013.

惠生(揚州)化工機械有限公司 ("Wison Yangzhou") was entitled to a CIT rate of 25%.

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for the year as follows:

	2013	2012
	RMB'000	*RMB'000*
(Loss)/Profit before tax	**(546,291)**	699,929
At the statutory income tax rates	**(136,573)**	174,982
Lower tax rate enacted by local authority	**41,911**	(75,940)
Tax losses not recognised	**94,593**	15,058
Withholding taxes on undistributed profits of the subsidiaries in Mainland China	**(37,370)**	59,136
Additional tax deduction	**(4,674)**	(9,687)
Expenses not deductible for tax	**9,494**	2,057
Tax (credit)/charge for the year	**(32,619)**	165,606

8. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
2013 Interim — RMB0.057424 per share (2012: N/A)	**233,406**	256,556

The Company declared interim dividends to its shareholder of RMB0.057424 per share during 2013. The rates of dividends and the number of shares ranking for dividends for 2012 are not presented as such information is not considered meaningful for the purpose of these financial statements.

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount for 2013 is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,060,904,022 in issue during the year.

The calculation of the basic earnings per share amount for 2012 is based on the profit for the year ended 31 December 2012 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,525,260,274 issued during the year after taking into account the capitalisation issue in 30 November 2012.

No diluted earnings per share are presented for 2013 because the dilutive potential ordinary shares are anti-dilutive.

The calculation of the diluted earnings per share amounts for 2012 is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2013	2012
	RMB'000	*RMB'000*
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**(471,301)**	466,812
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,060,904,022**	3,525,260,274
Effect of dilution — weighted average number of ordinary shares:		
— Share options	**–**	2,169,019
	4,060,904,022	3,527,429,293

10. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit where payment in advance is normally required. Trade receivables are non-interest-bearing and on credit terms of a period of 90 days or the respective contracts' retention period. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management.

Trade and bills receivables are unsecured and non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, and net of provision for doubtful debts, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Trade and bills receivables:		
Less than 3 months	**35,254**	79,857
4 to 6 months	**52,483**	4,371
7 to 12 months	**106,712**	10,399
Over 1 year	**67,118**	66,587
	261,567	161,214

The movements in provision for impairment of trade and bills receivables are as follows:

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**765**	765
Impairment for the year	**–**	–
At 31 December	**765**	765

The ageing analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**70,093**	82,971
Less than 3 months	**21,684**	2,326
4 to 12 months	**105,864**	10,330
Over 1 year	**63,926**	65,587
	261,567	161,214

The amounts due from a fellow subsidiary and a related company included in the trade receivables are as follows:

	2013	2012
	RMB'000	*RMB'000*
Fellow subsidiary		
惠生(南京)清潔能源股份有限公司 ("Wison Nanjing")	**–**	319
Related company		
陝西長青能源化工有限公司 ("Shaanxi Changqing")	**500**	500
Wison Offshore & Marine Ltd	**2,956**	–

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	2013	2012
	RMB'000	*RMB'000*
Cash and bank balances	**394,390**	1,202,500
Time deposits with original maturity of less than three months	**553,720**	741,687
Time deposits with original maturity of more than three months	**136,430**	273,054
	1,084,540	2,217,241
Less: Pledged bank balances and time deposits	**(791,030)**	(471,290)
Unpledged cash and cash equivalents	**293,510**	1,745,951
Less: Frozen and unpledged cash balances	**(12,786)**	–
Unpledged and unfrozen cash and cash equivalents	**280,724**	1,745,951

At 31 December 2013, bank deposits of RMB240,380,000 (2012: RMB400,125,000) were placed as guarantee deposits for performance of certain construction contracts and for the tendering process.

At 31 December 2013, bank deposits of RMB50,650,000 (2012: RMB52,970,000) were pledged to a bank as security to obtain a letter of credit facility for the purchase of imported equipment.

At 31 December 2013, bank deposits of RMB500,000,000 (2012: nil) were pledged as security for bank loans.

At 31 December 2012, bank deposits of RMB18,195,000 were pledged as security for bill facilities granted by the bank.

At 31 December 2013, the cash and bank balances of the Group denominated in RMB amounted to RMB1,065,244,000 (2012: RMB1,011,510,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2013, certain bank accounts of the Group of RMB193,312,000 were frozen by the PRC regulatory authorities as part of their investigations, among the total frozen bank balances of which, RMB180,526,000 of pledged bank balances and time deposits were frozen.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of cash and cash equivalents and the pledged bank balances and time deposits approximate to their fair values.

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Less than 1 year	**2,346,706**	2,323,626
1 to 2 years	**116,006**	120,618
2 to 3 years	**63,471**	151,506
Over 3 years	**–**	16,226
	2,526,183	2,611,976

The amount due to a related company included in the trade payables is as follows:

	2013	2012
	RMB'000	*RMB'000*
江蘇新華化工機械有限公司 (Jiangsu Xinhua Chemical Engineering Co., Ltd. ("Jiangsu Xinhua"))	**1,984**	–

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

13. ISSUED CAPITAL

Shares

	2013	2012
Number of ordinary shares		
Authorised:		
Ordinary shares of HK$0.1 each	**20,000,000,000**	20,000,000,000
Issued:		
Ordinary shares of HK$0.1 each	**4,064,622,000**	4,000,000,000

	2013	2012
	RMB'000	*RMB'000*
Authorised:		
Ordinary shares of HK$0.1 each	**1,622,757**	1,622,757
Issued:		
Ordinary shares of HK$0.1 each	**329,803**	324,560

Pursuant to a resolution in writing passed by the sole shareholder of the Company on 30 November 2012, the authorised share capital of the Company was increased from HK$300,000 to HK$2,000,000,000 of HK$0.1 each by the creation of additional 19,997,000,000 shares of HK$0.1 each.

Pursuant to resolutions in writing passed by the sole shareholder of the Company on 30 November 2012, the directors of the Company were authorised to capitalise HK$351,999,000 to be standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 3,519,990,000 shares. On 30 November 2012, 3,519,990,000 shares of HK$0.1 each were conditionally allotted and issued on 28 December 2012.

On 28 December 2012, 480,000,000 shares of HK$0.1 each of the Company were issued at HK$2.79 by way of placing and public offering and the Company's shares were listed on the Main Board of the Stock Exchange. The proceeds of HK$48,000,000 (approximately RMB38,947,000), representing the par value, have been credited to the Company's share capital and the remaining proceeds of HK$1,291,200,000 (approximately RMB1,047,680,000) have been credited to the share premium account.

On 22 January 2013, the Company further issued 64,622,000 ordinary shares of HK$0.1 each at a subscription price of HK$2.79 per share pursuant to the exercise of over-allotment options, resulting in a share premium of RMB141,048,000, representing the difference between the subscription price and nominal value of the Company's ordinary shares before netting off share issue cost.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has disclaimed an opinion in its auditor's report on the Group's consolidated financial statements for the year ended 31 December 2013, an extract of which is as follows:

Basis for Disclaimer of Opinion

Impairment of trade receivables and amounts due from contract customers

The Group had outstanding trade receivables and amounts due from contract customers of RMB261,567,000 and RMB2,923,402,000, respectively, at 31 December 2013 of which RMB134,157,000 and RMB1,533,567,000 have been identified as overdue in accordance with contract terms. In addition, an amount due from customers for contract works of RMB660,463,000 relates to a project for which has been substantially behind the contract schedule with slow progress payment. The Group has recorded an impairment provision of RMB765,000 against the trade receivable and amounts due from contract customers balances. We were unable to obtain sufficient audit evidence on the recoverability of the trade receivables and amounts due from contract customer balances. Accordingly, we were unable to satisfy ourselves regarding the adequacy of the impairment provision against the trade receivable and amounts due from contract customers balances as at 31 December 2013. Any under provision for the recoverability of these balances would reduce the net assets of the Group as at 31 December 2013 and increase the Group's net loss for the year ended 31 December 2013.

Impairment of property, plant and equipment and other long-term assets

Included in the consolidated statement of financial position of the Group as at 31 December 2013 are property, plant and equipment of approximately RMB1,274,438,000 (net of depreciation and impairment), prepaid land lease payment of approximately RMB182,732,000, goodwill of approximately RMB15,752,000 and long-term prepayment relating to purchase of property, plant and equipment of approximately RMB2,042,000. In view of the substantial losses incurred by the Group in 2013, the management has performed impairment assessment on these assets based on discounted cash flows and the underlying key assumptions adopted in the assessment are disclosed in the note to the consolidated financial statements. As a result of the assessment, the management is of the view that there was no impairment provision required as at 31 December 2013.

Due to the significant change in the operating condition of the Group and the uncertainty as to whether the Group will remain as a viable going concern, as set out in further detail in the paragraph headed "Going concern basis" below, we are unable to obtain sufficient evidence to assess the appropriateness of the management's estimation of the recoverable amount of the property, plant and equipment, prepaid land lease payment, long-term prepayment related to the purchase of property, plant and equipment and goodwill and whether these assets as at 31 December 2013 were impaired. Any under provision for impairment of these assets will reduce the net assets of the Group at 31 December 2013 and increase the net loss of the Group for the year then ended.

Assistance in an investigation by relevant regulatory authorities in Mainland China

Certain books and records of a subsidiary in Mainland China have been taken away to assist an investigation by relevant regulatory authorities. In this connection, certain bank accounts of the subsidiary have been frozen. We have been unable to obtain further information regarding the nature, scope and status of the investigation and ascertain whether such investigation will have any significant impact on the Group's financial position.

Going concern basis

In September 2013, the Group received a demand notice from a bank for the immediate repayment of loans in an aggregate amount of RMB186 million. In December 2013, the bank reached an agreement on a repayment schedule with the Group and withdrew the repayment demand. In addition, the Group's office buildings have been frozen as a condition for the withdrawal of the demand notice. Thereafter, the Group was in default of its repayment on certain secured bank borrowings of RMB250 million as at 31 December 2013. As a result of the default, other banks have the right to demand immediate repayment for loans at 31 December 2013 with aggregate outstanding principal amount of RMB1,304 million.

As further explained in note 1.1, the directors of the Company are taking steps to improve the Group's liquidity and solvency position. These steps mainly include (i) negotiations with potential strategic investors in respect of a possible equity investment in the Company; (ii) negotiations with the banks and other creditors to defer or roll over the Group's bank and other borrowings, (iii) urging the collection of trade receivables and amounts due from contract customers and (iv) monitoring the operating cash flows through cutting costs and capital expenditures.

As at the date of approval of the financial statements, these measures had not yet been concluded. The foregoing events indicate the existence of material uncertainties which cast significant doubt about the Group's ability to continue as a going concern. The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors of the Company as described above. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of its loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and as to whether they have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2013.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Reference is made to the announcements of the Company dated 19 September 2013 and 19 December 2013, where the Company announced that Mr. Choy Sze Chung Jojo has resigned from his position as an independent non-executive Director, the Chairman of the Audit Committee and a member of the Nomination Committee of the Company, with effect from 19 September 2013, due to his intention to pursue other business opportunities. Therefore, during the period commencing from 19 September 2013 to the date of this announcement, (i) the number of the independent non-executive Directors has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"); (ii) the number of members of the Audit Committee has fallen below the minimum number required under Rule 3.21 of the Listing Rules; (iii) there is a vacancy for chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules; (iv) the Company has failed to comply with the requirements under Rule 3.10(2) of the Listing Rules that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and (v) the number of the independent non-executive

Directors has fallen below the minimum number required under Code Provision A.5.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). The Company is endeavoring to identify suitable candidate to fill the vacancies as soon as possible for the purpose of compliance with the Listing Rules and the Corporate Governance Code.

Save as disclosed above, during the year ended 31 December 2013, the Company has complied with the applicable code provisions of the Corporate Governance Code.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2013.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this announcement, the Audit Committee comprises the two independent non-executive Directors of the Company, namely, Mr. Liu Ji and Mr. Wu Jianmin. The chairman of the Audit Committee is to be appointed.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2013.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and that of the Company (http://www.wison-engineering.com). The annual report will be dispatched to the shareholders and will be available on the website of the Stock Exchange and that of the Company in due course.

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

Hong Kong, 28 March 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Hua Bangsong, Mr. Liu Haijun, Mr. Zhou Hongliang and Mr. Cui Ying and the independent non-executive Directors are Mr. Liu Ji and Mr. Wu Jianmin.