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 2012

Highlights:

- Our revenue for the year ended 31 December 2012 amounted to approximately RMB4,891,908,000, representing a decrease of 2.9% from approximately RMB5,036,622,000 recorded in 2011.

- Our gross profit for the year ended 31 December 2012 amounted to approximately RMB1,139,631,000, representing a decrease of 5.6% from RMB1,206,727,000 recorded in 2011.

- Our net profit for the year ended 31 December 2012 amounted to approximately RMB534,323,000, representing a decrease of 9.4% from approximately RMB589,713,000 recorded in 2011.

- Profit attributable to owner of the parent for the year ended 31 December 2012 amounted to approximately RMB466,812,000, representing a decrease of 10.0% from approximately RMB518,753,000 recorded in 2011.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2012 was a year of great significance for Wison Engineering Services Co. Ltd. (the "Company", together with its subsidiaries, the "Group"). Ever since its establishment, the Group has been committed to providing high-quality integrated engineering and technical services to the petrochemicals, oil refinery and coal-to-chemicals industries, and has become the largest private sector chemical EPC (engineering, procurement and construction management) service provider in China. In 2012, the Group achieved historical breakthroughs in different areas, securing a number of petrochemical and oil refinery projects in overseas markets including Saudi Arabia and Venezuela, and making considerable progress in technological innovation and market expansion in coal-to-chemicals business. Thanks to our increasingly diversified business portfolio and improved customer structure, our new contract value and backlog achieved high growth rate as compared to last year. More importantly, with the support of its shareholders, the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 28 December 2012, marking a milestone for the Group in improving its capital strength and corporate governance as well as enhancing its competitive edge, which laid a solid foundation for the Group's future development.

In recent years, the demand for energy has been growing along with the development of global economy. In particular, the prolonged growth of China's economy has driven the continuous capacity expansion of the petrochemicals, oil refinery and coal-to-chemicals industries, providing enormous opportunities for the development of the EPC industry. With the rising importance of China in the global economy, we believe that Chinese engineering companies will surpass their peers in Europe, the U.S., Japan and Korea and become the leaders of the global energy engineering service industry in the near future. The next era of energy service industry will also belong to Chinese engineering companies. On the other hand, technological innovation has boosted the upgrading of the oil refinery and coal-to-chemical industries and led to the restructuring of the petrochemicals industry featuring project expansion and integration. This creates a wealth of opportunities for the development of the Group as well as the EPC industry. The strategic objective of the Group is to become a world class engineering company in China. By capitalising on the business opportunities arising in the domestic and overseas markets and adhering to its comprehensive business strategy of sustainable growth, the Group will strive to emerge as a world-class enterprise that provides satisfactory project solutions to its customers.

Review

In 2012, amid the slackened global economic growth, the developed economies, emerging markets and developing economies were all exposed to various difficulties. China was no exception, reflecting sluggish economic growth. The operational results of the Group were also impacted by the cyclical nature of its business. As revenue gained from service contracts is recognized according to the percentage of completion of individual projects, revenue and the profit attributable to the owners of the parent company for the year ended 31 December 2012 (the "Year under Review) decreased to RMB4,891.9 million and RMB466.8 million, respectively, as compared to 2011, due to a number of major projects undertaken by the Group not having entered the principal construction phases during the Year under Review.

Nevertheless, the Group's diversified business portfolio has facilitated an increase in the amount of newly-signed contracts during the year and laid a solid foundation for the Group's future development. In the year ended 31 December 2012, the Group's backlog and new contracts value, net of estimated value added tax ("VAT"), amounted to RMB27,341.1 million and RMB20,759.7 million, representing an increase of 137.9% and 67.2%, respectively, as compared to last year, indicating a healthy business development and good revenue visibility of the Group.

In the domestic market, the Group further strengthened its well-established leading position in the petrochemicals industry. The domestic market share of our cracking furnaces for 2012 exceeded 84%. In the meantime, the Chinese government has advocated reducing reliance on petroleum and promoting the use of coal resources in a more environment friendly manner, which provided favourable conditions for the rapid development of the coal-to-chemicals industry. The Group promptly seized this opportunity and stepped up its efforts in expanding its coal-to-chemicals business. The new contract value of coal-to-chemicals business sector, net of estimated VAT, in 2012 amounted to RMB12,755.4 million, representing a surge of 86.5% as compared to 2011.

With regards to the overseas market, while capitalizing on the opportunities arising from emerging economies in the Middle East and South America that possess abundant oil and gas resources, the Group managed to secure a number of new projects in Saudi Arabia and Venezuela and established overseas sales office in Venezuela in addition to its existing branches in Saudi Arabia and Indonesia.

In the area of project management, the Group aims at providing world-class project management and services for its clients. It has established solid and mutually beneficial relationships with international licensors and renowned domestic design and research institutes. Riding on its years of practice in engineering services, the Group has gained extensive knowledge and experience in advanced project management both home and abroad. In 2012, the Group had 25 large-scale major projects under construction or being completed, including 15 new projects under construction, 9 projects that were successfully completed and delivered and 1 project that was mechanically completed. The Group minimized its project risks and improved its operational efficiency through strict control over the various project phases including design, engineering, procurement, construction and trial run.

The Group is committed to becoming an engineering services provider with core technology advantages. As new coal-to-chemicals technologies have developed rapidly in China in recent years, we further increased our investment in the development of coal-to-chemicals processing as well as efficient clean coal utilization technology. We have made outstanding achievements in winning patents and the commercialization of the proprietary technologies. In particular, the light olefin separation technologies developed by the Group received a positive response from customers and have been applied in several projects. In 2012, the Group cooperated with Shell Global Solutions to jointly develop a new hybrid gasification technology to convert low-cost feedstock such as coal into more valuable products, creating enormous business opportunities for the Group's future development in the coal-to-chemicals industry.

Outlook

As the demand for energy increases alongside economic development, further capital investment will be injected into the petrochemicals and oil refinery industries. Given China's energy structure of abundance in coal but a shortage in crude oil, the Chinese government has formulated a long-term energy strategy of substituting oil with coal. Together with enhancements in resources utilization, production efficiency and environmental standards through technology innovation, new coal-to-chemicals projects are bound to demonstrate tremendous growth potential, which will open up significant opportunity for the Group.

Looking ahead to 2013, the global economy is expected to pick up gradually, albeit with occasional fluctuations. Despite the volatile economic conditions, China will maintain stable growth at a macro level. The application of sophisticated large-scale exploitation technology in the North American shale gas market and the supportive measures on the exploitation of coal-bed methane gas recently pushed forward by the Chinese government will bring more opportunities for the industry in which the Group operates.

To capture these promising prospects, the Group will implement a comprehensive business strategy to strive for business growth by diversifying its customer structure, regional market and business scope, which will further be driven by its technological innovation. The Group plans to establish sales and marketing operation in Xinjiang, Inner Mongolia, Shanxi, Shaanxi, Yunnan and Guizhou Provinces in 2013 to proactively expand its customer base in the petrochemicals, oil refinery and coal-to-chemicals markets in China. Meanwhile, by capitalizing on its rich experience of building milestone projects in the Chinese market, the Group will further expand into the overseas emerging markets such as the Southeast Asia, the Middle East, West Africa and Latin America where there is increasing demand for petrochemical products so as to continuously step up business globalization. The Group will also expand and penetrate its business on one hand by extending the upstream and downstream businesses in petrochemicals, oil refinery, coal-to-chemicals such as ethylene downstream and elaborate chemical units; and on the other hand, by enriching the service scope to provide clients with more value-added services spanning from preliminary planning and consultation to the whole project life cycle.

The Group will also explore new businesses and improve its capabilities in core technology development to establish its key competitive edge with new prospectus for future growth. The Group will boost investment in research and development in 2013 to promote technological innovation. Apart from our R&D center in Shanghai, which will be completed and will commence operation soon, we also plan to establish a R&D center in Beijing so that we can further enlarge our R&D team to enhance our R&D capability. We will further develop and upgrade our core technology by establishing cooperative relationships or alliances with domestic and overseas R&D institutes; we will also focus on the development of new technologies of coal-to-chemicals and high value-added downstream methanol products. In response to the global rise of natural gas development, the Group will also develop new technologies in shale gas, oil and gas pre-processing as well as liquidified natural gas (LNG) modularization to further expand the scope of its business.

In the area of operation management, the Group will continue to improve its corporate governance to establish a scientific and efficient operating mechanism. Meanwhile, by making reference to the leading world-class engineering companies, the Group will establish processes and systems of international standards to standardize, regulate and streamline our project management and improve our resource integration capability, so as to strengthen our overseas project execution and risk control capabilities, building a solid platform for the Group to achieve internationalization.

As an engineering service provider, professional talents are the key to our success. In 2013, we will attach greater importance to cultivating a diversified corporate culture, creating a favorable internal and external working environment. We will accelerate our efforts to attract talent by providing competitive remuneration and career prospects so as to strengthen our advantages in human resource and to diversify our talent pool. Further to a continued integration of internal resources, the Group will establish an effective incentive mechanism while further improving the training and talent development schemes. Moreover, information technology system is also important to facilitate the improvement of our overall management efficiency and EPC capacity. The Group will improve and optimize its online project management platform and enhance the integration of application software to smooth the information flow, as well as to improve the efficiency and quality of project management and to reduce operational risks.

As the largest private sector chemical EPC service provider in China, the Group has established a high reputation in the industry, being well recognized for its excellent service quality, proven track record in project management and professional teams. We are well positioned to seize the favorable market opportunities to accelerate our business expansion and achieve a stable and sustainable profitability. We are committed to improving service quality and corporate governance persistently in return for the support of the shareholders, customers and all walks of society. Meanwhile, we will endeavour to realize our vision of becoming a world-class engineering service company that provides satisfactory project solutions to our customers.

Acknowledgement

On behalf of the Board, I hereby extend our gratitude to all shareholders, customers and business partners for their trust and support over the years, and to the management and staff for their dedication and contributions.

While providing quality services to our customers and maximizing value for our shareholders we also strive to become a good corporate citizen, assuming social responsibilities of a public corporation to its staff, clients, shareholders, communities and environment.

Hua Bangsong
Chairman

Hong Kong, 27 March 2013

The board of directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Group for the year ended 31 December 2012. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2012
(Expressed in RMB)

		Year ended 31 December	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
REVENUE	4	**4,891,908**	5,036,622
Cost of sales		**(3,752,277)**	(3,829,895)
GROSS PROFIT		**1,139,631**	1,206,727
Other income and gains	4	**35,959**	30,558
Selling and marketing expenses		**(55,040)**	(24,960)
Administrative expenses		**(187,529)**	(124,073)
Other expenses		**(106,492)**	(155,709)
Finance costs	5	**(126,504)**	(137,944)
Share of (losses)/profits of an associate		**(96)**	618
PROFIT BEFORE TAX	6	**699,929**	795,217
Income tax	7	**(165,606)**	(205,504)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**534,323**	589,713
Attributable to:			
Owner of the parent		**466,812**	518,753
Non-controlling interests		**67,511**	70,960
		534,323	589,713
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
— Basic		**RMB0.13**	N/A
— Diluted		**RMB0.13**	N/A

Details of the dividends are disclosed in note 8.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2012
(Expressed in RMB)

		As of 31 December	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**799,454**	443,702
Investment properties		**15,296**	15,877
Prepaid land lease payments		**187,185**	14,370
Goodwill		**15,752**	15,752
Other intangible assets		**13,171**	12,172
Investment in an associate		**1,898**	1,994
Long-term prepayments		**20,867**	167,834
Deferred tax assets		**4,752**	8,940
Total non-current assets		**1,058,375**	680,641
CURRENT ASSETS			
Inventories		**113,974**	46,850
Gross amounts due from contract customers		**3,970,267**	2,096,204
Trade and bills receivables	10	**161,214**	163,775
Due from a related company		**1,022**	172
Due from fellow subsidiaries		**—**	3,087
Due from the ultimate holding company		**87**	89
Prepayments, deposits and other receivables		**146,840**	80,382
Pledged bank balances and time deposits	11	**471,290**	508,183
Unpledged cash and bank balances	11	**1,745,951**	639,970
Total current assets		**6,610,645**	3,538,712

		As of 31 December	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
CURRENT LIABILITIES			
Gross amounts due to contract customers		**89,281**	562
Trade and bills payables	12	**2,611,976**	1,508,147
Other payables, advance from customers and accruals		**201,408**	175,212
Interest-bearing bank borrowings		**2,265,764**	1,391,604
Due to a related company		**—**	78
Due to an associate		**630**	630
Dividends payable		**16,353**	—
Tax payable		**80,668**	74,711
Total current liabilities		**5,266,080**	3,150,944
NET CURRENT ASSETS		**1,344,565**	387,768
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,402,940**	1,068,409
NON-CURRENT LIABILITIES			
Finance lease payables		**327**	731
Interest-bearing bank borrowings		**290,000**	200,000
Deferred tax liabilities		**58,173**	63,255
Government grants		**2,250**	—
Total non-current liabilities		**350,750**	263,986
NET ASSETS		**2,052,190**	804,423
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	13	**324,560**	1
Reserves		**1,576,376**	649,325
		1,900,936	649,326
Non-controlling interests		**151,254**	155,097
TOTAL EQUITY		**2,052,190**	804,423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2012

1. BASIS OF PRESENTATION

The consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 and 2011 have been prepared as if the current group structure had been in existence throughout the years, or since the respective dates of incorporation or establishment of the respective companies now comprising the Group, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2011 and 2012 have been prepared as if the current group structure had been in existence at that dates and to present the assets and liabilities of the subsidiaries using the then carrying values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the reorganisation.

Pursuant to a reorganisation, the Company became the holding company of the companies now comprising the Group on 16 May, 2011. The companies now comprising the Group were under common control of the controlling shareholder, Wison Group Holding Limited ("Wison Holding"), before and after the reorganisation. Accordingly, these financial statements have been prepared by applying the principles of merger accounting, as if the reorganisation had been completed at the beginning of the reporting periods.

All intra-group transactions and balances have been eliminated on consolidation.

2. BASIS OF PREPARATION

These financial statements has been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standard Board (the "IASB") and the disclosure requirements of 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. As explained above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting.

The merger method of accounting involves incorporating the financial statement items of the consolidating entities or businesses in which the common control consolidation occurs as if they had been consolidated from the date when the consolidating entities or businesses first came under the control of the controlling party. The net assets of the consolidating entities or businesses are consolidated using the existing book value. No amount is recognized in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control consolidation.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

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 recognizes (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.

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 service to petrochemicals products, 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 refineries 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 fellow subsidiaries and an amount due from the ultimate holding company, 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 segment 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.

Year ended 31 December 2012	Petrochemicals *RMB'000*	Coal-to-chemicals *RMB'000*	Oil refinery *RMB'000*	Other products and services *RMB'000*	Total *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					(349,157)
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 losses 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 prepayment and other intangible assets.*

Year ended 31 December 2011	Petrochemicals *RMB'000*	Coal-to-chemicals *RMB'000*	Oil refinery *RMB'000*	Other products and services *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customers	1,624,226	949,736	2,447,046	15,614	5,036,622
Intersegment sales	32,062	—	—	2,417	34,479
Total revenue	1,656,288	949,736	2,447,046	18,031	5,071,101
Reconciliation:					
Elimination of intersegment sales					(34,479)
Revenue from continuing operations					5,036,622
Segment results	408,880	240,298	556,051	1,498	1,206,727
Reconciliations:					
Unallocated income					31,176
Unallocated expenses					(304,742)
Finance costs					(137,944)
Profit before tax					795,217
Segment assets	926,878	597,564	811,465	44,702	2,380,609
Reconciliations:					
Elimination of intersegment receivables					(30,221)
Corporate and other unallocated assets					1,868,965
Total assets					4,219,353
Segment liabilities	547,073	316,125	643,659	3,300	1,510,157
Reconciliations:					
Elimination of intersegment payables					(1,406)
Corporate and other unallocated liabilities					1,906,179
Total liabilities					3,414,930
Other segment information					
Share of profits of:					
Associate	—	—	—	618	618
Impairment losses recognised in profit or loss	975	—	—	—	975
Impairment losses reversed in profit or loss	(2,574)	—	—	—	(2,574)
Depreciation and amortisation					
Unallocated	—	—	—	—	24,417
Segment	—	—	—	—	—
Investment in an associate	—	—	—	—	1,994
Capital expenditure*					
Unallocated	—	—	—	—	369,864
Segment					—

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

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:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Revenue		
Construction contracts	**4,622,603**	4,890,441
Sale of goods	**24,909**	14,683
Rendering of services	**244,396**	131,498
	4,891,908	5,036,622
Other income		
Government grants*	**5,974**	1,209
Interest income	**19,989**	19,075
Rental income	**8,035**	8,056
Sales of scrap materials	**2**	9
Others	**1,959**	2,086
	35,959	30,435
Gains		
Gain on disposal of items of plant and equipments	**—**	123
	—	123
	35,959	30,558

* *Government grants have been received from the local governments as incentive 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:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interest on bank loans	**125,868**	136,901
Interest on bills receivables	**556**	947
Interest on finance leases	**80**	96
	126,504	137,944

6. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Cost of inventories sold	**13,787**	16,106
Cost of services provided	**3,738,490**	3,813,789
Depreciation	**22,004**	19,897
Research and development costs	**104,417**	147,579
Amortisation of prepaid land lease payments	**4,804**	416
Amortisation of intangible assets	**4,912**	4,104
Loss/(gain) on disposal of items of property, plant and equipment	**16**	(123)
Reversal of impairment of trade and bills receivables	**—**	(1,000)
Reversal of provision for inventories	**—**	(599)
Fair value losses:		
Derivative instruments — transaction not qualifying as hedges	**—**	5,764
Minimum lease payments under operating leases	**15,559**	8,242
Auditors' remuneration	**8,480**	5,397
Foreign exchange differences, net	**3,160**	(8,571)
Employee benefits expense (including directors' and chief executive's remuneration):		
Wages and salaries	**382,848**	294,384
Equity settled share options	**6,908**	—
Retirement benefit scheme contributions	**35,573**	26,796
	425,329	321,180

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 and Singapore as the Group did not have any assessable income currently arising in Hong Kong and Singapore during the year ended 31 December 2012 (2011: Nil).

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Current — Mainland China:		
Charge for the year	**102,282**	148,270
Deferred	**63,324**	57,234
Total tax charge for the year	**165,606**	205,504

Wison Engineering Ltd. ("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 2011 and 2012.

Wison (Yangzhou) Chemical Machinery Co., Ltd. ("**Wison Yangzhou**") was qualified as a "production enterprise" and was entitled to full exemption from CIT for the first and second profitable years (after offsetting accumulated tax losses, which could be carried forward for utilisation for a maximum period of five years), and a further 50% exemption for the three succeeding years commencing from 2008. Wison Yangzhou's first profitable year was 2006. Wison Yangzhou was entitled to a preferential tax rate of 12.5% from 2008 to 2010 and 25% from 2011 onwards.

A reconciliation of income tax expense applicable to profit/(loss) 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 as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Profit before tax	**699,929**	795,217
At the statutory income tax rates	**174,982**	198,804
Tax at lower tax rates	**(75,940)**	(82,338)
Tax losses not recognised	**15,058**	11,492
Withholding taxes on undistributed profits of the subsidiaries in Mainland China	**59,136**	59,723
Capital gain tax	**—**	14,831
Additional tax deduction	**(9,687)**	—
Expenses not deductible for tax	**2,057**	2,992
Tax charge for the year	**165,606**	205,504

Pursuant to the new tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities of the PRC to specify that dividends declared and remitted out of the PRC from the undistributed profits as at 31 December 2007 are exempted from withholding tax. The applicable rate of the Group is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

8. DIVIDENDS

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interim	**256,556**	710,000

The Company declared interim dividends to its then shareholder, during the year ended 31 December 2012 and 2011 of RMB256,556,000 and RMB710,000,000, respectively. The rates of dividends and number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of these financial information.

The Board does not recommend the payment of final dividend for the year ended 31 December 2012.

9. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,525,260,274 in issue during the year.

The calculation of diluted earnings per share amounts 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 share.

Earnings per share information for the year ended 31 December 2011 was not considered meaningful due to the reorganisation as described in note 1.

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

	2012
	RMB'000
Earnings	
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**466,812**
Shares	
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,525,260,274**
Effect of dilution-weighted average number of shares	
— Share options	**2,169,019**
	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 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 year, based on the invoice date, and net of provision for doubtful debts, is as follows:

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Trade and bills receivables:		
Less than 3 months	**79,857**	72,838
4 to 6 months	**4,371**	14,555
7 to 12 months	**10,399**	26,703
Over 1 year	**66,587**	49,679
	161,214	163,775

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

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
At 1 January	**765**	1,765
Reversal of impairment for the year	**—**	(1,000)
At 31 December	**765**	765

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

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Neither past due nor impaired	**82,971**	82,869
Less than 3 months	**2,326**	14,555
4 to 12 months	**10,330**	26,703
Over 1 year	**65,587**	39,648
	161,214	163,775

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

	31 December **2012** *RMB'000*	2011 *RMB'000*
Cash and bank balances	**1,202,500**	598,372
Time deposits with original maturity of less than three months	**741,687**	867
Time deposits with original maturity of more than three months	**273,054**	548,914
	2,217,241	1,148,153
Less: Pledged bank balances and time deposits	**(471,290)**	(508,183)
Unpledged cash and bank balances	**1,745,951**	639,970
Unpledged time deposits with original maturity of less than three months	**649,120**	—
Unpledged time deposits with original maturity of more than three months	**134,362**	130,000
Cash and cash equivalents	**962,469**	509,970
Unpledged cash and bank balances	**1,745,951**	639,970

At 31 December 2012, bank deposits of RMB400,125,000 (2011: RMB235,291,000) were placed as guarantee deposits for performance of certain construction contracts and for the tendering process.

At 31 December 2012, bank deposits of RMB52,970,000 (2011: RMB3,967,000) were pledged to a bank as security to obtain a letter of credit facility for the purchase of imported equipment.

At 31 December 2012, bank deposits of RMB18,195,000 (2011: Nil) were pledged as security for bill facilities granted by the bank.

At 31 December 2011, bank deposits of RMB268,925,000 were pledged as security for bank loans.

At 31 December 2012, the cash and bank balances of the Group denominated in RMB amounted RMB1,011,510,000 (2011: RMB1,076,082,000). 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.

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 respectively 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 each year, based on the invoice date, is as follows:

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Less than 1 year	**2,323,626**	1,345,029
1 to 2 years	**120,618**	104,378
2 to 3 years	**151,506**	47,740
Over 3 years	**16,226**	11,000
	2,611,976	1,508,147

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

13. ISSUED CAPITAL

(a) Shares

	31 December	
	2012	2011
Number of ordinary shares		
Authorised:		
Ordinary shares of HK$0.1 each	**20,000,000,000**	3,000,000
Issued:		
Ordinary shares of HK$0.1 each	**4,000,000,000**	10,000

	31 December	
	2012	2011
	RMB'000	*RMB'000*
Authorised:		
Ordinary shares of HK$0.1 each	**1,622,757**	319
Issued:		
Ordinary shares of HK$0.1 each	**324,560**	1

The Company was incorporated with authorized share capital of HK$300,000 divided into 3,000,000 shares of HK$0.1 each, of which 1,000 ordinary share with a par value of HK$0.1 each was allotted and issued, credited as fully paid by the Company to its then sole shareholder on 12 April 2004.

On 16 May 2011, the Company issued 9,000 ordinary shares of HK$0.1 each to Wison Holding pursuant to the Group Reorganization for the acquisition of the entire issued share capital of Wison Engineering Technology Limited.

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 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 were 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.

BUSINESS OVERVIEW

Industry review

The global economy was fraught with challenges and uncertainties in 2012, with weak recovery seen in major advanced economies and slowdowns in China and other Asian economies in the first half of 2012. However, thanks to modest growth in China with the gradual improvement of the external environment in the second half of the year, the rising demand for resources fuelled the expansion of global production capacity.

According to CMAI (Shanghai) Limited, an independent industry consultant, driven by steady economic development in China and the continuous expansion of the country's automotive industry, China's oil refinery capacity in 2012 amounted to 626 million tons. In 2012, China's capacity additions for oil refinery increased by 6.5% year-on-year to 35 million tons. One-off crude oil processing capacity in China amounted to 575 million tons, that exceeding growth in petroleum consumption by 2.5 percentage points. With the higher production capacity, oil refinery capacity was further consolidated to cater for a more structural and a larger scale of production. With 20 oil refineries in China of over ten million tons in production capacity as at August 2012, the number of large-scale refinery and petrochemical complexes will continue to increase. China, as one of the world's largest petrochemicals markets, saw growing production capacity for ethylene, the key petrochemicals building block, which increased by 1,400 kta in 2012, up 8.9% compared to the previous year. Total production capacity of ethylene in China amounted to 17,095 kta, an increase of 8.9% compared to the previous year. ***(Source: "2012 China Petroleum & Petrochemical Industry Overview", Shanghai SteelHome Information Technology Co., Ltd, February 2013)***

In terms of coal-to-chemicals, the Chinese government has promoted the development of the coal-to-chemicals industry and called for reducing dependency on petroleum. It has also advocated using coal resources in a more environmentally friendly manner, creating a favourable environment for the rapid development of the coal-to-chemicals industry. According to the estimation of ASIACHEM consulting, as at December 2012, there would be 39 coal-to-synthetic natural gas projects under planning, preparation, construction or commissioning in China, involving a total investment of about RMB671.4 billion. There are a total of 52 coal-to-olefins (including methanol-to-olefins, with methanol purchased from third parties) projects which will slate for construction in China, including those which have commenced operation and have been commissioned, within the next three years. There are a total of 22 coal-to-liquids projects under planning and construction involving a total investment of about RMB473.0 billion, and 30 coal-to-ethylene glycol projects under planning and construction involving a total investment of about RMB52.0 billion. ***(Source: "China Coal to Liquids, Coal to Olefins, Coal to Ethylene Glycol and Update & Analysis 2012", ASIACHEM Consulting, July 2012)***

In the overseas market, there was considerable activity in energy industry in the Middle East and Africa. Investment in resources by the Gulf states in the Middle East are expected to exceed US$100 billion in the next several years, with total project investment exceeding US$30 billion per year. Leveraging their abundant petroleum reserves and unique geographical and political advantages, Africa and South America have emerged as new markets with the most active petroleum exploration activities in the world. Both regions have become popular investment destinations for Chinese investors. ***(Source: Analysis on Future Development of the Global Oil Refining Market and Investment in the Petrochemical Industry (世界各國未來煉油市場發展趨勢及石化行業投資分析) released by Professor QianBozhang in October 2012)***

In addition to steady growth in demand for resources in both domestic and overseas markets, the global petrochemicals industry has also undergone restructuring with projects transforming to large scale and integrated complex. Owners of engineering, procurement and construction management ("**EPC**") projects further outsourced relevant projects to EPC service providers. The technological advancements in oil refinery and coal-to-chemicals industries also expedited industrial upgrades, bringing significant business opportunities to the Group as well as the EPC industry.

Financial highlights

For the Year under Review, the Group's revenue amounted to about RMB4,891.9 million, down 2.9% compared to 2011 (2011: about RMB5,036.6 million), principally due to the decrease in revenue from two of our principal business segments, petrochemicals and oil refineries, which was offset partially by the increase in revenue from coal-to-chemicals. Gross profit fell 5.6% to about RMB1,139.6 million, down compared to the previous year (2011: about RMB1,206.7 million). Profit after tax amounted to about RMB534.3 million, 9.4% lower compared to the 2011 equivalent (2011: about: RMB589.7 million). Profit after tax attributable to owners of the parent company was RMB466.8 million, representing a decrease of 10.0% compared to the previous year (2011: about RMB518.8 million). Due to the nature of its business, the Group can only recognize revenue for each financial year on the basis of the percentage of completed projects, given the relatively long contract period for each type of service solution it provides. With a number of major projects undertaken by the Group not having entered the principal construction phases during the Year under Review, the Group recorded a decline in revenue and profit in 2012.

As at 31 December 2012, the Group's backlog and new contract value, net of estimated VAT, were about RMB27,341.1 million and RMB20,759.7 million, representing an increase of 137.9% and 67.2%, respectively, over the last year. These were mainly attributable to the coal-to-chemicals and oil refineries segments. Backlog for coal-to-chemicals, oil refineries, petrochemicals and other products and services business segments accounted for 56.8%, 21.6%, 20.2% and 1.4%, respectively, while new contract value for coal-to-chemicals, oil refineries, petrochemicals and others products and services business segments accounted for 61.4%, 29.2%, 3.0% and 6.4%, respectively. Meanwhile, capitalizing on the substantial experience accumulated in China's EPC services industry, the Group expanded its presence in overseas markets to further diversify its revenue sources.

BUSINESS REVIEW

Business diversification

Petrochemicals

During the Year under Review, revenue from the Group's petrochemicals business segment was RMB455.7 million, down 71.9% from the previous year and accounting for 9.3% of total revenue. During the year, major projects, namely the PetroChina Sichuan LLDPE Plant Project, PetroChina Sichuan Ethylene Plant Project and PetroChina Fushun Ethylene Plant Project, were successfully completed and delivered on schedule, while work on the Chongqing BASF MDI Complex Project proceeded as scheduled. However, principal construction of the two projects in Sichuan Plant and the Ethylene Plant Project in Fushun was completed by the end of 2011, resulting in lower revenue contribution for 2012. Furthermore, gross profit margin in the petrochemicals business segment slightly decreased to 24.9% from 2011; the small change was primarily attribute to the model and mix of service provided during the year.

Despite intensifying competition, the Group secured satisfactory contract value by leveraging its proprietary technology and experience in the petrochemicals industry, its outstanding project execution capability and well-established network of business partners. During the Year under Review, backlog in the petrochemicals segment amounted to RMB5,534.0 million. New contract value, net of estimated VAT, amounted to 623.9 million. In particular, the Group entered into an EPC contract with a Saudi Arabian company for the Saudi Benzene Mitigation Project, which started in May 2012 and is slated for completion in December 2013.

The Group continued to provide EPC services to petrochemicals producers in China. During the Year under Review, the Group took part in ten major ethylene production facility construction projects for petrochemicals producers in the PRC and provided EPC services to PetroChina, BASF-YPC and SECCO. As one of the six companies in the world that possesses proprietary commercial ethylene cracking furnace technologies, and with its technological leadership, the Group undertook design, revamp and construction work on 26 ethylene cracking furnaces during the period.

The Group actively expanded its EPC services into the broader petrochemicals industry. Major projects include the Chongqing BASF MDI Complex Project. In June 2011, under an E+PsCM contract, the Group and Daelim Industrial Co., Ltd. commenced work on the building of the BASF MDI Complex in Chongqing, China, for BASF, which consisted of: (i) a MNB plant, (ii) an aniline plant, (iii) a CMDI plant, (iv) a MMDI plant, (v) tank farm/logistics and (vi) certain utility systems. The project is expected to be completed in around May 2014.

Oil refineries

While reinforcing its competitive advantage in the petrochemicals sector, the Group expanded into the coal-to-chemicals and oil refinery industries to diversify the scope of its business. During the Year under Review, revenue from the Group's oil refineries business was RMB301.6 million, down 87.7% from 2011 and accounting for 6.2% of total revenue. The decrease was mainly because the principal construction phases of major refinery projects during the Year under Review namely PetroChina Sichuan Continuous Reforming Plant and PX Plant Project, PetroChina Sichuan Gasoil Hydrocracking Plant Project, PetroChina Sichuan Sulfur Recovery Plant Project and PetroChina Sichuan Refinery and Petrochemical Complex Utilities Project were completed by the end of 2011. Gross profit margin increase to 25.0%, up 2.3% from 2011. The increase was mainly due to the successful claims of certain projects from owners during the Year under Review, while most relevant costs has been recognized in previous years.

The Group was active in expanding its oil refineries business. During the Year under Review, the backlog of the Group was about RMB5,909.4 million, representing an increase of 3,556.8% over the last year, and the new contract value, net of estimated VAT, was about RMB6,054.9 million. In June 2012, the Group, as one of the Party, and PDVSA Petróleo, S.A., entered into an EPC contract involving environmental units, auxiliary units and renovation of the atmospheric distillation units with respect to the Deep Conversion Project at the Puerto La Cruz Refinery in Venezuela. The project is expected to be completed in February 2016.

Leveraging its in-depth knowledge of the petrochemicals industry in the PRC and outstanding EPC project execution capability, the Group completed construction of the PetroChina Sichuan Integrated Refinery and Petrochemical Complex in Sichuan Province, China, under several PC contracts, in December 2012. This has been the Group's largest project in terms of project revenue recognized, and marked its first project undertaken by Group to build an integrated aromatics unit, the main unit of a refinery project.

Coal-to-chemicals

During the Year under Review, revenue from the Group's coal-to-chemicals business amounted to RMB3,173.2 million, representing an increase of 234.1% compared to the previous year, accounting for approximately 64.9% of total revenue. During the Year under Review, the Group made steady progress in various major projects, including the Baoji Methanol Project of Xuzhou Coal Mining Group, the Erdos Guotai Chemical Coal-to-Methanol Project, and the Pucheng Polyethylene Plant Project in Shaanxi that kicked off construction in March 2012. The big revenue boost exactly aligns the long-term development strategy of the Group in expanding coal-to-chemicals business. To support this strategy, the Group adopted a more aggressive approach in project bidding during the Year under Review, such as for PuCheng Project to gain more market share. As a result, overall gross profit margin of the business fell 1.5 percentage points to 23.8% compared to the previous year.

The Group recorded backlog and new contract value, net of estimated VAT, of approximately RMB15,516.5 million and RMB12,755.4 million, respectively during the year. These results were made possible by leveraging its proprietary technologies in the areas of coal-to-olefins, energy-saving coal-to-methanol and coal-to-dimethyl ether; as well as its one-stop services encompassing consulting services, transfer of proprietary technologies, design, procurement construction and commission of coal-to-chemicals plants.

In March and August 2012, the Group entered into an EPC contract with Pucheng Clean Energy Chemical Co. Ltd. to build a polyethylene plant and the PE/PP packaging warehouse, as well as an EM+PC contract for public utility and ancillary facilities in a 700 kta coal to olefins project in Shaanxi. Both projects are slated for completion around December 2013.

In May 2012, the Group entered into a contract and a master design contract with Jiangsu Sailboat PetroChemical Co., Ltd. to provide design and EPC services for its Alcohol Based Cogeneration Project (Phase I). This comprised the overall design of the project, an EPC overall contract for 600 kta MTO plant (including MTO reaction units, olefin conversion units, olefin separation units and butadiene units), an EPC contract for public utilities and ancillary facilities for Phase I, an EM+PC contract for a 350 kta EVA plant (including 250 kta tubular production line and a 100 kta caldron production line), an EM+PC contract for a 260 kta acrylonitrile plant, and an EM+PC contract for an 80 kta MMA plant (including sulfur waste recycling units). Jiangsu Sailboat Alcohol Based Cogeneration Project, marked the Group's largest project in terms of contract value. It is expected to be completed for delivery by the end of July 2015.

In August 2012, the Group signed a technology license, process design package compilation and technology service contract and an engineering design contract on both basic design and detailed design with Shandong Yang Coal Hengtong Chemical Co., Ltd for the olefin separation unit in its 300 kta methanol plant. The design work of this project is expected to be completed by the end of October 2013.

In September 2012, the Group signed a technology license, a technology service contract and an engineering design contract on overall design and basic design with Shenhua Coal to Liquid and Chemical Co., Ltd. for their 680 kta new coal-based materials project in Xinjiang, China. The basic design of the project is expected to be completed in May 2013.

The Group's proprietary olefin separation technologies were adopted in the PuCheng Clean Energy coal-to-olefins Project in Shaanxi, the Shandong Yang Coal Hengtong MTO Project and Shenhua Xinjiang Olefin Separation Unit Project.

Additionally, the Group completed successful delivery of a 600 kta coal-to-methanol project in December 2012 for Erdos Jinchengtai Chemical Co., Ltd in Erdos, Inner Mongolia, China, under an E+PM+C contract signed in April 2009.

Fuelled by the growth momentum in orders in 2012, the Group continues to win new orders in 2013. In March 2013, the Group entered into an engineering, procurement and construction contract with Shanxi Lu'an Mining (Group) (山西潞安礦業（集團）有限責任公司) for the gasification plant of the high sulfur coal to liquid, chemical, heat and power integration project in Shanxi Province.

Other products and services

The Group also provides EPC and PC services to other industries such as steel and marine engineering projects. Futhermore, Wison (Yangzhou) Chemical Machinery Co., Ltd. ("**Wison Yangzhou**"), a wholly-owned subsidiary of the Group, supplies heat-resistant alloy tubes and fittings to third party purchasers, primarily in the petrochemicals industry. The Group has actively sought to forge long-term relationships with the affiliates of industry leaders in the PRC petrochemicals market by providing tailor-made technologies and services to meet customers' overall business needs and the unique technical requirements of their projects.

During the Year, revenue from other products and services of the Group amounted to RMB961.4 million, representing an increase of 6,057.0% compared to 2011, mainly attributable to the revenue contribution from the construction of the fabrication yard of Zhoushan Wison Offshore & Marine Co., Ltd. which commenced in May 2012. In addition, revenue from sales of heat-resistant alloy tubes and fittings, excluding inter-segment sales, amounted to RMB24.9 million, an increase of 69.6%.

During the year, the Group entered into its first major EPC contract outside of China with a Saudi Arabian company for the Saudi De-Bottlenecking (DBN) Project, pursuant to which the Group provided services within and outside of Saudi Arabia. The project commenced construction in May 2012 and is expected to be completed in around September 2013.

Outstanding project management capabilities

The Group has accumulated extensive project experience in providing EPC services along with outstanding execution capabilities. Since 2000, all the petrochemicals, oil refineries and coal-to-chemicals production facilities built or renovated by the Group has successfully started up, thanks to the outstanding project planning and execution capabilities of the Group. With the focus on quality service, effective project cost and schedule control, almost all major construction projects of the Group were completed on or ahead of schedule. This enabled customers to start production sooner, boosting the utilization rate of production capacity. In 2012, 25 of the Group's major projects were under construction or had completed delivery, with 15 new large scale projects underway, 9 large-scale projects completed in high standards, and one in mechanical completion. The three milestone projects listed below were delivered to high standards, attesting to the Group's strengths in large-scale project management:

- At the end of December 2012, the six units of the PC project for the PetroChina Sichuan Integrated Refinery and Petrochemical Complex undertaken by the Group were delivered as scheduled.

- In October 2012, the PC project for the PetroChina Fushun 800 kta Ethylene Plant undertaken by the Group put into operation successfully.

- In 2012, the EPC project for the 600 kta Methanol Plant of Erdos Jinchengtai undertaken by the Group was successfully delivered in high standards.

Furthermore, the Group has maintained an excellent safety record owing to the establishment of its health, safety and environment (HSE) division, which monitors the worksites through prevention-based programs, risk evaluation, job-specific safety training, incident investigation and on-site safety supervision. In 2012, the quality, health, safety and environment (QHSE) management system operated smoothly, with the Group carrying out the annual QHSE review and assessment on all the projects and the departments. There were no occurrences of quality or HSE-related accidents (events) in the year. In addition, the certification authority for the Group's Quality Management System was upgraded to "Shanghai Certification Centre of Quality Systems" and the Group's HSE has undergone a supervisory review by the Qingdao Sinosun Management Certification Center.

Breakthroughs in overseas markets

In addition to focusing our business on petrochemicals, oil refineries and large coal-to-chemicals producers in China, the Group also expanded into overseas markets in the Middle East, Southeast Asia and Latin America, by leveraging its extensive project management experience, proprietary technologies, established network and close relationships with raw material and equipment suppliers and sub-contractors. After opening branch offices in Southeast Asia and the Middle East, the Group set up a branch office in Venezuela in April 2012 and carried out marketing activities and several feasibility studies to seize attractive opportunities abound in these locations. Among the newly granted projects during the year, two were the Saudi Benzene Mitigation Project (in the petrochemicals business segment) and the Saudi De-Bottlenecking (DBN) Project (in the other products and services business segment) located in Saudi Arabia, in addition to the Deep Conversion Project for the Puerto La Cruz Refinery (in the oil refineries business segment) located in Venezuela. The further expansion of the Group's business demonstrates its strong capacities and unique competitive edges in implementing EPC projects.

- In the second quarter of 2012, the Group was awarded two EPC contracts for the Saudi Benzene Mitigation Project (in the petrochemicals business segment) and Saudi De-Bottlenecking (DBN) Project (in the other products and services business segment) located in Saudi Arabia.

- In June 2012, the Group, as one of the party, entered into an EPC contract with PDVSA Petróleos S.A. for the Deep Conversion Project at the Puerto La Cruz Refinery.

Technological innovation and increased investment in research and development

As the leading EPC contractor in the PRC, the Group has always put extensive efforts in technological development and investment to strengthen its leading position in the industry. With our strengths in innovation and research and development, the Group has been recognized as a "high-technology enterprise" by relevant Shanghai authorities since 2008.

During the Year under Review, major technological advances achieved by the Group comprised research on methanol-to-olefin unit technology, demonstrative research on new hybrid gasification technology, research on coal-to-ethylene glycol technology, the development of butene oxidization and dehydrogenation catalyst and related technology. In addition, the Group developed proprietary "pre-cutting plus oil absorption" olefin separation technology to replace the cryogenic separation system with high energy consumption, which significantly reduces energy consumption, enhances ethylene recovery as well as significantly reduces investment in equipment. During the year, the Group applied for two new invention patents and was authorized with eight invention patents.

In 2012, the Group provided more value-added services to its customers with proprietary technologies, such as methanol-to-olefin separation technology, and entered into two technology transfer agreements, including:

- Yang Coal Olefin Separation Unit Project: In August 2012, the Group signed a technology license, process design package compilation and technology service contract and an engineering design contract on both basic design and detailed design with Shandong Yang Coal Hengtong Chemical Co., Ltd for the olefin separation unit in its 300 kta methanol plant. The design work of this project is expected to be completed by the end of October 2013.

- Shenhua Xinjiang Olefin Separation Unit Project: In September 2012, the Group signed a technology license, a technology service contract and an engineering design contract on overall design and basic design with Shenhua Coal to Liquid and Chemical Co., Ltd. for their 680kta new coal-based materials project in Xinjiang, China. The basic design is expected to be completed around May 2013.

In addition, with the Group listed on the Main Board of the Hong Kong Stock Exchange at the end of 2012, part of the proceeds from the listing will be used for the construction of research and development centers. We commenced construction of a research and development center in Shanghai in 2011 and obtained the certificate of real estate ownership for the relevant land use rights from the Shanghai Housing Security and Administration Bureau and the Shanghai Planning, Land and Resources Administration Bureau on, 1 March 2012. This research and development center, the construction of which is expected to be completed in May 2013, will focus on research on new types of coal-to chemicals technologies, new petrochemical engineering and new energy technology. The Group will engage more than 150 research and development personnel in this center and intends to apply for national certification with the National Development and Reform Commission of PRC upon the completion of the center. Furthermore, the Group is also identifying a building site for the establishment of a new engineering, research and development center in Beijing which will focus on the research and development of new petrochemical engineering, new green energy technologies, and biomass energy technology upon completion.

As at 31 December 2012, the Group's research and development team consisted of 50 full-time staff and part-time professional consultants, including 5 former professors from Tsinghua University and the East China University of Science and Technology. The design center had 732 employees, more than 20% of whom have over 15 years of work experience.

Cultivation and development of talent base

Employees are essential to the continued success and technological innovation of the Group. In view of this, the Group provided competitive remuneration packages and safe and comfortable working conditions, as well as cultural compatibility to attract talent in EPC services in the petrochemicals, oil refinery and coal-to-chemicals industries. To enhance the qualification and industrial knowledge of its employees, the Group organized training programs and created an interactive work environment to maximize their potential. The Group strengthened employee training in key positions, optimized the organization structure and improved the efficiency of the design center and project management, to strengthen the team's overall capabilities and service quality. Furthermore, the Group provided valuable career development opportunities to retain talent. As at 31 December 2012, the Group had 1,707 employees.

Outlook

Looking forward into 2013, the global economy will recover slowly, while remaining sluggish, as China's economy will continue to grow constantly despite a fluctuant situation. The application of sophisticated large-scale exploitation technology in the North American shale gas market and the PRC government's supportive measures on the exploitation of coal-bed methane gas will bring more opportunities for the industry in which the Group operates. As the largest private chemical EPC service provider in China, the Group will take full advantage of its advanced technology and high quality services to enhance the development of its petrochemicals and oil refinery businesses, as well as strengthen coal-to-chemicals business. Meanwhile, it will also expand its client base, accelerate the expansion in overseas markets and diversify its business scope. The Group will focus on the following the development strategies to achieve its business goals:

1. Establishing diversified customer base, geographic market presence and business scopes

The Group will implement a comprehensive development strategy for business growth by diversifying its customer base, regional market and business scope, and by the driving power of its innovative technologies, in orders to offset the volatile nature of the business and ensure a stable business growth.

In 2013, the Group plans to establish sales and marketings operations in Xinjiang, Inner Mongolia, Shanxi, Shaanxi, Yunnan and Guizhou Provinces to establish a more effective marketing network via establishing close proximity to its customers, actively expanding its domestic petrochemicals and coal-to-chemicals client base and optimizing its client structure. Furthermore, it will also strengthen its key account management system so as to establish long-term and mutually beneficiary cooperative relationships with them.

In addition, the Group will actively expand into overseas markets to diversify its clientele in the regional markets. The Group has established subsidiaries or branch offices in Singapore, Saudi Arabia, Indonesia and Venezuela. Furthermore, the Group has accumulated execution experience by working on international projects in China managed by multinational giants such as BASF and Shell. The Group will capitalize on its experience in milestone projects in the domestic market to expand into international markets. It expects to achieve sustained growth in regional sales by exploring business opportunities in emerging markets such as Southeast Asia, the Middle East, West Africa and Latin America, where there is growing demand for petrochemical products.

Moreover, the Group will expand business scope and deepen market penetration by further developing upstream and downstream business in petrochemicals, oil refinery, and coal-to-chemicals, such as the ethylene and fine chemical production units. The Group will also enlarge project management service portfolio by providing customers with value-added services spanning from the preliminary project planning and consultation to the whole project life cycle. In addition to maintaining its leading position in petrochemical area, the Group will endeavour to secure more project orders by capitalizing on its strong project execution capabilities, technological innovation, outstanding track record, extensive network of suppliers and subcontractors as well as its strong relationships with customers so as to expand business scope and its market share.

2. Strengthening technology acquisition and innovation capabilities

The Group will boost its future business growth by exploring new business opportunities and strengthening its development and competitive edges in the core technologies. In 2013, the Group will continue to step up its efforts in research and development through various approaches, such as expanding its R&D team, establishing R&D centers in Shanghai and a R&D engineering center in Beijing. In order to fortify its R&D capabilities, the Group will upgrade its existing core technologies by establishing cooperation or alliances with domestic and overseas professional research and development institutions. Furthermore, the Group's market development and technology innovation will be mutually driven and promoted. For example, it is developing new hybrid gasification technology through cooperation with Shell Global Solutions in order to transform low-cost feedstock such as coal into high value-added products. Meanwhile, the Group will commence a research project on the full set of butene oxidation and dehydrogenation technologies in a quick response to market demands, and will strengthen its market promotion for commercial applications in order to support the business growth of the Group. In addition, the Group will also develop new technologies, mainly on shale gas and oil gas pre-processing as well as LNG modularization, so as to diversify its revenues sources.

3. Enhancing operations management

By making reference to the leading international players, the Group will steadily establish operating mechanism and management system that meet international standards to standardize, regulate and streamline our project management and to improve resource integration. Furthermore, it will expand its overseas project execution team to strengthen overseas project management and risk control capabilities, as well as improve the overall EPC capacity and build its brand for overseas projects, so as to set up a good platform for the Group to fortify its overseas expansion.

In 2013, with the commencement of the principal construction phase of various projects, including the Saudi De-Bottlenecking (DBN) Project, Yanpet Benzene Mitigation Project, Chongqing BASF MDI Complex Project, Guotai 400 kta Methanol Project, Pucheng Polyethylene Plant Project and Auxiliary Utilities Project, the Group will further strengthen its comprehensive project management capabilities to ensure the projects will be completed in high quality and timely manner, while reaching key performance indicators.

4. Nurturing talents and strengthening the information system management

In the area of talent development, the Group is committed to cultivating a diversified corporate culture and creating a favorable internal and external working environment. It continues to recruit and retain talent in the field by offering competitive remuneration and promising career prospects. By boosting manpower and executive recruitment, the Group will be able to strengthen its advantage in human resources. It will establish a comprehensive recruitment network in the PRC and overseas to diversify its talent pool to enlarge its overseas project execution, engineering and R&D team. Internal resources will be further integrated in a systematic manner. Furthermore, the Group will establish an effective incentive mechanism and improve its training and team building system.

As for information management, the Group will improve and optimize its online project management platform and enhance the integration of application software used in project management to eliminate any information isolation. It will improve efficiency and quality in project management and reduce operational risks

In addition, the Group will continue to improve the effectiveness and efficiency of its corporate governance structure and internal control system from the perspective of the overall operation so as to meet the standards for an international public company.

As a leading EPC service provider in the petrochemicals, oil refinery and coal-to-chemicals industries, the Group will continue to consolidate its market position and enhance its strengths through the above measures. We will also closely monitor the development trend of the industry, to seize the tremendous opportunities arising in the domestic and overseas markets and strive for a sustainable business development.

PURCHASE, 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 2012.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the period commencing from the date of the listing of the Company on the Stock Exchange on 28 December 2012 (the "**Listing Date**") through to 31 December 2012, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" 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 throughout the period commencing from the Listing Date to 31 December 2012.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Code. As at the date of this announcement, the Audit Committee comprises the three independent non-executive directors of the Company, namely, Mr. Liu Ji, Mr. Choy Sze Chung Jojo and Mr. Wu Jianmin. Mr. Choy Sze Chung Jojo is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2012.

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.

As at the date of this announcement, the executive Directors of the Company are Mr. Hua Bangsong, Mr. Liu Haijun and Mr. Chen Wenfeng and the independent non-executive Directors are Mr. Choy Sze Chung Jojo, Mr. Liu Ji and Mr. Wu Jianmin.