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 2020

HIGHLIGHTS:

- Our revenue for the year ended 31 December 2020 amounted to approximately RMB5,296,064,000, representing an increase of 21.3% from approximately RMB4,367,271,000 recorded in 2019.

- Our gross profit for the year ended 31 December 2020 amounted to approximately RMB301,202,000, representing a decrease of 26.2% from approximately RMB408,227,000 recorded in 2019.

- Our loss for the year ended 31 December 2020 amounted to approximately RMB271,511,000, representing a decrease of 637.0% from a profit for the year of approximately RMB50,558,000 recorded in 2019.

- Loss attributable to owners of the parent for the year ended 31 December 2020 amounted to approximately RMB271,238,000, representing a decrease of 635.9% from profit attributable to owners of the parent of approximately RMB50,609,000 recorded in 2019.

- Our total new contract value (net of estimated value added tax) for the year ended 31 December 2020 amounted to approximately RMB10,657,186,000, representing a decrease of 16.6% from approximately RMB12,776,606,000 recorded in the corresponding period in 2019.

- Our total backlog value (net of estimated value added tax) as at 31 December 2020 amounted to approximately RMB27,172,942,000, representing an increase of 24.3% from approximately RMB21,867,958,000 recorded as at 31 December 2019.

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Wison Engineering Services Co. Ltd. ("**Wison Engineering**" or the "**Company**") is pleased to announce annual result and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Year**") together with selected explanatory notes and the relevant comparative figures for 2019.

In this announcement, "we", "us", "our" refer to the Company and where the context otherwise requires, the Group.

BUSINESS OVERVIEW

REVIEW OF 2020 ANNUAL RESULTS AND OUTLOOK

(I) BUSINESS OVERVIEW

In 2020, the Group continued to uphold the strategy of "improving people's livelihood with innovative technology". Taking full advantage of the rapid and flexible operating mechanism of a private enterprise, the Group proactively responded to the challenges and changes in the market and the industry. Meanwhile, the Group continued to optimize the organization structure, refined project management, increased the value creation of digitalization and modularization, and boosted the strategic investment in technology R&D and industry chain extension. The Group forged ahead overcoming difficulties, actively explored new opportunities, and earnestly implemented the philosophy of "technology-oriented development", striving to become a leading and renowned energy and chemical technology engineering solutions provider in the domestic and international markets.

For the twelve months ended 31 December 2020 (the "**Period under Review**"), the global economy was affected by the outbreak of the novel coronavirus ("**COVID-19**") pandemic and the tense global trade relations, resulting in weak demand for crude oil and of chemical market at home and abroad. During the Period under Review, total new contract secured by the Group amounted to approximately RMB10,657.2 million (net of estimated value added tax), representing a year-on-year decrease of 16.6%. As at 31 December 2020, the Group's total backlog value was approximately RMB27,172.9 million (net of estimated value added tax), representing an increase of 24.3% compared to that as at 31 December 2019. During the period, the main reason for the decrease in total new contract value was the global rampage of COVID-19, which caused uncertainties for macroeconomy and the industry and therefore delayed the planning and contract progress for some potential projects. In addition, the planning and progress of certain projects have been affected due to the adjustments to the environmental policy in places where the projects were located.

Market Environment

Global crude oil prices fluctuated in 2020. The crude oil market saw a historic plunge and a sluggish recovery in the first half of the year and gradually regained its confidence in the second half of the year. At the end of February, crude oil demand showed a steep decline due to the travel restrictions imposed by governments following the global outbreak of COVID-19. On the other hand, the Organization of the Petroleum Exporting Countries and its allies ("**OPEC+**") failed to agree on the terms of output cut of crude oil in March and led to a freefall in oil price. The price of WTI crude oil futures contract for May delivery, traded on New York Mercantile Exchange, hit historic low at US$-37.63 per barrel since its listing. During the period, major economies in Europe and America were still greatly affected by the epidemic and economic activities were significantly disrupted. Facing unprecedented pressure on the operations, most energy and chemical enterprises around the world significantly announced to scale-down their investment and budget, and cancelled or postponed a number of projects. However, with the conclusion of a record deal by OPEC+ to cut production by 9.7 million barrels per day in early May, oil prices were well supported and the international crude oil market rebounded.

On another front, China's economy has recovered rapidly since April and registered a year-on-year GDP growth of 6.5% in the fourth quarter, due to the containment of COVID-19 within its borders following rigorous pandemic control measures in the second quarter, coupled with economic stimulus policies issued by the central and local governments, boosting the domestic energy and chemical markets and thus enabling the Asia Pacific region to be the main driving force for the recovery of the global oil market. Following the stepping up efforts of various countries in launching fiscal relief measures in the second half of the year in tandem with the anticipation of availability of effective vaccines, the market has gradually regain confidence in recovery. Brent crude oil prices climbed slowly and returned to the level of over US$50 per barrel at the end of the year.

During the Period under Review, benefitting from low oil price, as well as low cost and their competitive advantage arising from economies of scale and refinery-petrochemical integration, refinery-petrochemical enterprises in China achieved speedy turnaround in profit in the second quarter amid fluctuations in the crude oil market. Driven by the demand for medical protective supplies and packaging, the olefin industry recorded highest profit for these two years amid the downward cycle. In the coming years, propped up by the macroeconomy of the development of Midwestern China and the promotion of "Domestic and International Dual Circulation strategy", the demand for energy and chemical materials in China will continue to grow, thus promoting more investment. In the short term, foreign investment will decline due to the impact of the pandemic and low oil prices. It is expected that the chemical industry will start an upward cycle after 2022 along with the recovery of the economy and oil prices, ramping up investment in the industry.

Constantly enhancing the ecosystem and promoting diversified business development

During the Period under Review, the Group established headquarters-level and project-level disease emergency response task forces at home and abroad in line with the anti-pandemic government policies issued to implement stringent infection control measures including the procurement, customs clearance and transportation of disease prevention materials worldwide. To reduce the impact of the pandemic on projects, the Group developed a COVID-19 emergency response plan to ensure the safety and health of employees and construction workers before an orderly reopening.

To address the changing market, Wison Engineering was committed to enhancing its institutional structure, cutting costs and boosting efficiency in addition to strengthening technological research, development and innovation and refined management. The Group continued to optimize its supply chain and extend its industrial chain, while looking for premium investment opportunities to explore new markets and business opportunities. On 19 May, Wison Engineering entered into a strategic cooperation agreement with Shenyang Blower Works Group Corporation (瀋陽鼓風機集團股份有限公司), pursuant to which both parties agreed to carry out all-round cooperation in market expansion, product research and development and service provision in relation to refinery, petrochemical, coal-to-chemicals. On 22 June, the Group entered into a limited partnership agreement with Silver Saddle Equity Investment Management (Shanghai) Company Limited (上海銀鞍股權投資管理有限公司) and other limited partners including Sinochem International to establish a limited partnership for carrying out investments in new materials, fine chemicals and other projects related to national strategic emerging industries, with a target total capital contribution size of RMB950 million.

Meanwhile, Wison Engineering not only focused on petrochemical engineering and other core business activities, but also strived to explore new business and markets to achieve diversified development. During the Period under Review, the Group successfully established its presence in the municipal engineering market through the public-private partnership ("**PPP**") model, undertaking a total of three ongoing and newly contracted PPP projects. As the Group's first important municipal engineering livelihood project, the Yangtze River diversion project in Xinghua City, Jiangsu, with a total planned capacity of 430,000 tonnes per day, will ensure the water supply to approximately 1.58 million residents upon its completion scheduled for 2021. Wison Engineering will stick to high standards, high quality and refined management in its PPP business, aiming to create a new area of profit growth for the Group.

(II) BUSINESS AND OPERATIONS REVIEW

(1) International Markets

During the Period under Review, the global economy and the energy and chemical markets were seriously affected by the COVID-19 pandemic. The overall chemical market declined both at home and abroad and investment projects suffered different levels of delay worldwide. During the period, the Group remained committed to the internationalization strategy and constantly improved its international marketing, project execution and management team. Moreover, based on the demand in the overseas market, it further strengthened its modular prefabrication capability and enhanced its market competitiveness. During the period, Wison Engineering successfully secured new customers and explored new markets overseas and further established its presence in regions such as Russia, Central Asia and Southeast Asia, and is expected to make breakthrough in securing projects in emerging markets.

The Middle East:

The Middle East is a global energy hub. Meanwhile, the petrochemical industry has taken steps for a downstream transformation, becoming more active in gas field development, LNG and investment in major petrochemical projects in addition to crude oil mining, and has therefore generated new opportunities for engineering companies. With nearly ten years of presence in the Middle East, Wison Engineering continued to enhance its competitiveness in the region by establishing the operating centre in the Middle East to quickly respond to the needs of local owners. Thanks to its outstanding capabilities in project execution, engineering quality, safety management and resource integration, the Group has delivered a number of quality projects for clients including Saudi Aramco, Abu Dhabi National Oil Company ("**ADNOC**") and Saudi Basic Industries Corporation ("**SABIC**"), and has therefore established a premium brand image and reputation.

During the Period under Review, Wison Engineering entered into an EPC contract with Saudi Aramco for the dew point control device in Shaybah, Saudi Arabia. This project is the first oil and gas upstream EPC project in relation to natural gas processing secured by Wison Engineering in the Middle East market, marking Wison Engineering's first breakthrough achieved in Saudi Arabia in terms of modular solutions.Wison Engineering will construct a new dew point control device in the desulfurization unit of the natural gas processing plant in the upstream on behalf of Saudi Aramco, at the same time increasing the natural gas processing capacity of the relevant devices downstream. The project is the first EPC project secured by Wison Engineering from Saudi Aramco independently, giving full play to Wison Engineering's excellent project execution and management capability in the Middle East and the recognition of its modular solutions by international top-class owners.

During the Period under Review, the STC-J UPP project of SABIC, undertook by the Group under EPC, was in progress as scheduled. The project is an interim test plant project for polyolefin of SABIC's research and development ("**R&D**") centre, and is the largest R&D investment project for SABIC so far. It will be the largest global R&D centre for SABIC after its completion, providing technical assurance for SABIC in developing and applying new products of polyolefin for commercial use. The project has now entered into the peak construction stage as scheduled.

The EPC Project for Saudi Aramco Total Refining and Petrochemical Company ("**SATORP**")'s Refinery Debottlenecking Project jointly obtained by the Group and Kellogg Brown & Root ("**KBR**") during the Period under Review, was in progress as scheduled. The project has achieved mechanical completion with high standards in mid-October 2020.

North America:

North America is another major market for the Group's global strategy. In view of issues such as high labour cost and delay in engineering progress in the North American market, the Group developed modularized EPC delivery services. The Group, through means of modularized factory prefabrication, assembly and integrated delivery, has reduced the cost of construction for projects in North America and significantly shortened the construction cycle, thus enhancing the economic efficiency of the projects. The modularized EPC service products enabled the Group to increase the competitiveness in the U.S market and have set a new benchmark for Chinese engineering enterprises.

During the Period under Review, the Group was awarded an engineering, procurement and modular service contract by Air Products & Chemicals, Inc ("**AP**") for a petrochemical project in the Gulf of Mexico in the United States. The construction is expected to commence in 2021 and the start-up in the first half 2023. AP is one of Wison Engineering's major clients in the expansion of its global EPC business. This project, representing the first collaboration between Wison Engineering and AP in the North America market, is a major milestone in Wison Engineering's business development in the United States, marking the entry into the growth phase by the Group's business in North America.

During the Period under Review, the Group strengthened its whole-process management of the petrochemical EPC project located in Texas of the United States amid the outbreak of COVID-19 pandemic to minimize the impact of the pandemic on construction. As the largest general contractor contract solely undertaken in the United States by a EPC engineering company in the petrochemical industry in China, the successful execution of the project again proves the Group's capability in managing design, procurement, construction and transportation for the modular EPC delivery project throughout the whole process, hence building up the Group's brand image as being outstanding in EPC project execution capability in the global market.

Other regions:

In addition to the key regions such as the Middle East and North America, the Group is determined to implement its international strategy and will continue to strengthen strategic investment in its global marketing layout by establishing branches in the countries in Central Asia, Southeast Asia as well as those along the "Belt and Road" initiative. During the period, the Group's MTO Front End Engineering Design (Pre-FEED) Project in Russia was successfully delivered as planned, laying the foundation for further expansion in Russian natural gas chemical EPC projects.

(2) Domestic markets

During the Period under Review, the Group actively consolidated its leading position in traditional fields such as ethylene and coal-to-chemicals in the core domestic market, and proactively explored emerging fields, which led to breakthroughs in aspects such as PDH, PTA and new chemical materials. During the Period under Review, with upgrading consumption and increasing environmental protection regulatory requirements in Mainland China, coupled with successive commencement of operation of large-scale integrated joint devices, and in particular, strong investment by large-scale private petrochemical enterprises in the bulk basic chemicals and fine chemicals market, the industry was injected with new impetus. In 2020, Wison Engineering had made significant progress on multiple key domestic projects in the PRC and gained high recognition.

SP Chemicals project group set a new benchmark for Taixing Chemical Industrial Park: On 12 October 2020, Wison Engineering officially entered into a PC contract with SP Chemicals for devices with annual production capacity of 400,000 tons of chloroethylene, 500,000 tons of polyvinyl chloride and 310,000 tons of high impact polystyrene with a total contract value of approximately RMB2 billion. This project involves multiple projects. Leveraging its experience in overall coordination and management of EPC projects accumulated over the years, the Group will tackle challenges such as short construction period, concentrated management difficulties, coordination of multiple production lines, excessive cross-operation and long term equipment, striving to achieve the goal of completing the construction and delivery of the project by mid-2022. This is the first cooperation project between Wison Engineering and SP Chemicals, laying a foundation for a more extensive and in-depth cooperation between both parties in fields such as new materials in the future.

PDH facilities for Shandong Binhua accelerated the build-up of advantages in the PDH field: In June 2020, Wison Engineering successfully entered into a general contractor contract with Shandong Binhua New Material Co., Ltd. ("**Shandong Binhua**") for the PDH facilities for a C3C4 comprehensive use project with a capacity of 600kta. As a core project in Shandong Province, the construction of this project was jointly invested by Binhua Group and Beijing Tsinghua Industrial Development Research Institute with more than RMB10 billion. Upon completion of this project, various indicators such as equipment technology, energy consumption and resource consumption will serve as the best standards in the industry, which is of major strategic significance in terms of accelerating the development and construction of Binzhou Lingang High-end Petrochemical Industrial Park and building a large-scale refining and chemical integrated base. This project helps Wison Engineering to continuously strengthen its design and enhancement standards in the PDH field, and raises the capacity for the construction of PDH facilities to create a higher economic value for its customers.

PTA project for Dongying Weilian was built as a benchmark project for the PTA industry: In June 2020, Wison Engineering entered into a contract with Dongying Weilian Chemical Co., Ltd. ("**Dongying Weilian**") for a purified terephthalic acid ("**PTA**") project with a capacity of 2,500kta. The contract covered the project design and procurement services of PTA process facilities as well as supporting public and auxiliary projects. As one of the key construction projects in Shandong Province in 2020, Dongying Weilian's PTA project of 2,500kta will, upon completion, further improve the company's crude oil-aromatic hydrocarbon-polyester industrial chain, which is of great significance in terms of the transformation and upgrade of local refining enterprises as well as the extension of the regional petrochemical industrial structure to a pattern with high-end and refined development. Following the Xinfengming project, this project is the second collaborated PTA project between Wison Engineering and British Petroleum ("**BP**"), which will further establish the Group's position as a leading player in the PTA field.

Ethylene plant project for Zhejiang Petrochemical highlighted the Group's capabilities in project execution and global procurement: As the general contractor of Zhejiang Petroleum & Chemical Co., Ltd. ("**Zhejiang Petrochemical**") for 2# 1,400kta ethylene plant, the Group fully leveraged its modular design, manufacturing experience and global procurement capabilities as well as project management experience. The construction progress beat expectations after a large number of construction staff as well as machinery and equipment were added since March, achieving an accumulated completion rate of 98%. Since the ethylene plant project is one of the principal part of Zhejiang Petrochemical's integrated refining and chemical project with a capacity of 40,000kta, the Group placed great emphasis on project safety, construction and management in a disciplined manner. The Company received a number of awards for this project, such as "**HSE Model Project**", "**First Place in Quality Management**" and "First Place in Disciplined Construction", signifying the wide recognition from project owners and the industry.

Fujian ShenYuan's Coal-to-Hydrogen and Synthetic Ammonia Project set a new benchmark for safe environmental protection: The EPC project of 75,000Nm3/h Coal-to-Hydrogen Plant and 300kta Synthetic Ammonia Plant of Fujian ShenYuan New Materials Co., Ltd. (福建申遠新材料有限公司) ("**Fujian ShenYuan**"), undertaken by the Group under a general contract, was in progress in a steady manner during the Period under Review. Its scope includes engineering management, basic design and detailed design of the project, supply of equipment and materials, construction and construction management as well as instructing the commissioning and start-up. Once completed, the Coal-to-Hydrogen and Synthetic Ammonia Project, which is a key part of the second phase of the 400kta integrated polyamide project of Fujian ShenYuan, will achieve upstream and downstream integration as well as production capacity expansion of the world's largest production base for caprolactam, and become a new industrial benchmark that is safe, reliable, energy-saving and environment-friendly. It also marks another breakthrough of the Group in the new material application area as well as a significant strategic presence for the Group to deepen its expansion in the South China market.

Wison Taizhou New Materials Project has achieved preliminary breakthroughs: The High-performance Polyamide EPC Project of Wison (Taizhou) New Material Technology Co., Ltd. (惠生(泰州)新材料科技有限公司) ("**Wison Taizhou**"), undertaken by the Group under a general contract, achieved significant breakthroughs. Currently, the construction and intermediate handover of PA10T device and public and auxiliary projects as well as PA12T device of the project have been completed. This project fully demonstrated the Group's capabilities in technological engineering conversion and will become a benchmark of Wison Engineering in the new material sector.

(3) Technological Research and Development and Social Recognition

In 2020, keeping abreast of the global technological development trend of the industry and in congruence with the Chinese government's strategic framework on sustainable development, the Group closely monitored and maintained strategic investment in, amongst others, green chemistry, energy conservation process, high-end new material intermediates and breakthrough technology of basic chemicals, putting in continuous effort to implement its strategic objective of "improving people's livelihood with innovative technology". During the Period under Review, the Group successfully passed the re-evaluation of its High and New Technology Enterprise status, while the Shanghai Green Chemical and Energy Conservation Engineering Research Center also passed the evaluation and was approved for establishment. In addition, The Group continued to enrich its intellectual property portfolio by securing 20 new licensed patents and 7 new patent applications during the year, up to a total of 118 licensed patents and 177 patent applications.

In 2020, China undertook that it would achieve the goals of carbon peak in 2030 and carbon neutral in 2060. Under this context, the Group continued to deepen its green and low-carbon development strategies and proactively promoted the implementation of the national key research and development project titled as "new technology for efficient CO_2 synthesis of chemicals". During the Period under Review, given that the construction of the testing platform for ethylene carbonate and hydrogen was basically completed, the Group started the preparation for various productions, at the same time pushing ahead the relevant IP application and subsequent design of technology packages for 100kta projects.

During the Period under Review, the Group entered into an agreement with Qingdao Sanli Group on the "development, design and technological services in relation to the technology packages of methyl methacrylate ("**MMA**")". This was the first project in China to develop ethylene-MMA industrial production equipment, which adopted leading technologies of olefin hydrogen formylation and one-step oxidation and esterification of methacrylaldehyde. These technologies have successfully passed the assessment by the China Petroleum and Chemical Industry Federation, and was identified as the first scientific achievement in China and certified to reach international advanced standards. The implementation of the project will effectively change the current predicament of the production of MMA in China using primarily the acetone cyanohydrin process, which involves heavy contamination and high energy consumption, offering advanced technical solutions for achieving green and sustainable development in this field. By continuously leveraging its extensive engineering capability and practical experience regarding this new technology, the Group will work together with its domestic and foreign partners to push forward the industrial application of this new technology so as to boost the quality and sustainable development of the industry.

During the Period under Review, the Group completed the development of DME-based ethanol technology package for 100kta projects, and will actively expand industrial applications in dimethyl ether, methanol, acetic acid, polyvinyl alcohol, pharmaceutical intermediaries and other industries, as well as in the comprehensive use of tail gas resources mainly in coking and calcium carbide, so as to help the above industries achieve industrial upgrading through extension of the value chain and develop toward a differentiated and efficiency direction. Besides, the Group completed the design and delivery of the technology packages for the acid gas removal unit of the technical transformation project of the 45,000Nm3/h syngas plant for Huayuan New Material Co., Ltd.. The technology, self-developed by the Group, is used to provide qualified clean gas for downstream butanol plants by removing the acid gas in upstream syngas. This licensed technology has once again highlighted the Group's leading edges in the efficient and environment-friendly use of new coal-to-chemicals in the industry.

(4) Digitalization

Adopting a digital and smart operational approach is the development trend for the energy and chemical engineering industry. During the Period under Review, the Group proactively promoted digital transformation, and implemented the mission of "enhancing the digital capacity of Wison and supporting the One-Core and Two-Wing strategy". By enhancing its digital capability involved in "client-oriented" EPC, project management and other processes, the Group gradually developed "Intelligent Factory" through conducting "Smart Project". Simultaneously, the Group enhanced its operating efficiency and effectiveness by constantly improving its digital system with a focus on building up "Wison's digital strength", and continuously carrying out the reform of its institutions and operational models, procedures and methods, as well as systems and platforms. Wison Engineering's industry leading digital capability and system will continue to create values for customers.

In terms of Smart Project, Wison Engineering commenced the development of a digitalized engineering platform during the Period under Review. Propped up by the trend of digitalized engineering in various disciplines, such as process, piping, instruments and electricity, this project, pursuing the philosophy of Digital Thread, researched and identified the demands for the cross-disciplinary data transmission among various design models and relevant information, thereby effectively strengthening cross-disciplinary information sharing and operation synergy, as well as improving design efficiency and quality. Furthermore, by virtue of the latest information technology, including big data, mobile internet and application of QR code, the Groups has self-developed a QR code-based management system ("**WQRS**") for engineering materials, ensuring information tracing, dynamic monitoring, process examination and status enquiry of the materials from ordering to on-site installation in order to improve efficiency and cut costs.

During the Period under Review, Wison Engineering has adopted digitalized engineering in various new projects in China and abroad, with a view to enhancing design capability and work efficiency. In particular, the domestic Wanhua ethylene project of 100 kta has completed the delivery of digitalized engineering; the SRU project and STC project in the Middle East were in the process of digital delivery, near the final phase of the design stage. The SRU project represents the world's highest standards of digital delivery in the design phase, the completion of which will facilitate the Group to formulate a complete set of digital delivery standards in the design phase and the corresponding documentation system. In addition, Wison Engineering continued to deepen the cooperation with Honeywell, the leading enterprise implementing intelligent factory, by jointly forming a task group to focus on petrochemical ethylene business and collaborate on data integration and smart application in the process of digital delivery and intelligent factory construction in potential ethylene projects.

(5) Going Modular

Modular prefabrication, assembly and integrated delivery can effectively diminish constraints of the construction environment, significantly shorten construction period and improve work efficiency. Especially for regions with high construction costs, resource shortage and higher construction risks, modular construction of large-scale petrochemical plants is a highly effective solution. The Group has set up a modular master planning working office and established a dedicated professional modular design and execution team. During the Period under Review, with sustainable improvement in capabilities of planning and design of process modules and refined construction, Wison Engineering collated and compiled the FEED execution plan and work procedures for modular projects, promoted the use of three-dimensional models to complete modular research and layout design, and facilitated the seamless connection between modular and digital operations, thereby solidifying the foundation for the Company's modular business.

Meanwhile, the Group is equipped with the capabilities of module feasibility studies, basic design, detailed design and construction for medium and large-scale land facility. Combining with its sea and land transport and lifting design, the Group has integrated capabilities in modular "design, construction and delivery", thereby establishing its leading competitiveness in both the domestic and international energy and chemical engineering markets. During the Period under Review, the Group successfully adopted advanced modular technology in various domestic and overseas projects, which was indispensable for reducing construction cost and enhancing work efficiency.

(6) Talent Scheme and Organizational Structure

The Group adhered to the philosophy of being "market-oriented and customer focused" amid market changes, continued to introduce high-end talents based on its business needs to improve its internal management, and enhance its organizational structure, so as to achieve a quick response to customers' needs and satisfy the demand of human resources for new project orders. During the period, the Group introduced outstanding postdoctoral researchers through its corporate postdoctoral workstations, enhancing the capability and creativity of its research team.

Adhering to the philosophy of being "business-oriented and project-focused", the Group continued to optimize the organizational structure of the Company based on the transformation in the petrochemical engineering industry and the development needs of the Company. The new structure achieved enhancements in the allocation of talents and resources without compromising either the focus or flexibility, and attained a flexible and responsive approval procedure with an efficient, simple and convenient flattened matrix structure.

While enhancing its new organizational structure, the Group established an incentive scheme with order acquisition and project execution as its core elements to lay emphasis on value contribution, increase awareness of competition and develop a champion mindset. The Group strengthened its performance management system in line with the implementation of the incentive scheme, and improved its performance management process. By promoting project delivery responsibilities featuring low cost and high quality, the Group encouraged its employees to achieve better performance, thus improving the performance of both the individual entities and the Company. In addition, Wison Engineering attached great importance to talent cultivation and kept improving leadership and management capabilities of the middle management and the core roles. During the pandemic, the Group continued to provide quality training via online platforms and enhance employees' management and problem-solving skills through case studies with individual guidance and support.

(III) OUTLOOK

The year 2021 marks the beginning of China's "14th Five-Year Plan" and the petrochemical energy industry will encounter new challenges and opportunities. The COVID-19 pandemic, how far the crude oil production cut agreement can be performed and geopolitics will continue to affect the trend of global economy and oil price. On the other hand, as various countries put more efforts in implementing financial relief measures and vaccines are gradually becoming available, market confidence will continue to be boosted, which will be beneficial to the global economic recovery and increase the market demand for energy and chemical products. With the launch of environmental policies such as carbon peak and carbon neutral by the Chinese government, new processes for energy saving and emission reduction, new energy and new technology of environmental protection will become the key development direction of the industry, at the same time clean energy represented by LNG will also be widely employed.

The petrochemical industry will continue to explore new development direction in the new market environment. In the long run, new project investment will focus more on individual areas and reasonable extension of its regional competitive edges, which in turn highlights integration advantages, and hence resisting the impact of industrial volatility and maximizing the benefit. Geographically, the China-led Asia-Pacific region is still a region with the largest trading volume and fastest growth rate in the global petrochemical market, and in particular has a strong demand for fine chemical industry. The trend of future development in the EPC engineering market will concentrate on the richly assorted fine chemical products and by-products, while the production of which requires a high level of engineering technology and design capability.

Faced with new challenges and opportunities, Wison Engineering upholds its operation tenet of "integrity-oriented, customer-oriented, innovation-oriented, achieving mutual success in harmony" (誠信為本、客户為尊、創新為要、和諧共贏), promptly responds to market demand by leveraging its advantages of high efficiency and flexibility as a private enterprise, pushes forward innovation in technology and management, and enhances its new technology engineering and design capabilities through continuous consolidation of research and development of its core technology and expansion of technological collaboration, with a view to developing the leading edges of its core products and enabling them to become the major growing business segment of the Company.

Benchmarking international leading enterprises, Wison Engineering strives to increase the application of digitalization and provides support to owners to achieve full-life cycle intelligent management in their factories through digitalization in the entire process of delivery with high standards. It focuses on enhancing control of the refined process based on data as well as the flexible and efficient on-site intelligent management system to enhance its management and delivery capabilities, thereby increasing the core competitiveness of the Company. On the other hand, the Group continues to enhance its overall advantages of modularized planning, design, manufacturing and on-site construction, demonstrating its operation edges in short construction period with high quality at low cost, which has achieved significant effectiveness and secured new orders in markets such as North America and Middle East. In addition, the Group continues to optimize its talent team and institution restructuring, develops the potential of its employees at all levels, strengthens collaboration between departments and systems, and highlights Wison Engineering's advantages in refined management, responsive and flexible mechanisms as well as efficient innovation.

(1) Building on local market and grasping new opportunities in domestic market, while being committed to the internationalization strategy

Faced with new challenges and fully leveraging the advantages of private enterprises in responsiveness and flexibility, Wison Engineering promptly responds to changes in the market and the industry. Meanwhile, the Group upholds the development strategy of building on local market and expanding into the international market. Domestic market will remain the world's biggest growth driver as well as the core market of Wison Engineering. Following a series of reform policies, domestic oil and gas, petrochemical and coal-to-chemical markets will gradually open to private and foreign enterprises, so as to attract more capital into domestic market and propel its rapid growth. With years of presence in the industry, Wison Engineering has established good cooperative relationship with a number of domestic outstanding petrochemical enterprise customers. Facing the intensifying competition in the industry, the Company has reinforced its focus on the high-quality execution, delivery and services of the existing contracted projects, hence gaining the trust from the customers and securing new collaborative opportunities in the course of upgrade, transformation and expansion of production in industries where its existing customers operate; at the same time, Wison Engineering will continue to optimize the procurement and execution of its projects and unleash value by means of shortening the construction period and reducing procurement and construction cost in a reasonable manner, aiming to secure new customers and new orders. In terms of domestic foreign-funded market, in virtue of its experience and edges in the international market, Wison Engineering will actively expand its customer coverage and further enhance its cooperation with renowned foreign enterprises such as Shell, BASF, SABIC, Air Liquide and Evonik Wynca in new domestic projects with a focus on clients' intellectual property protection.

Expanding into the overseas market is an inevitable step for the Group to become an international engineering company. With development of over a decade, Wison Engineering has developed well-established reputation and brand advantages. Wison Engineering has formulated prioritized development strategies catering to the characteristics of different markets in order to invest with corporate resources in a more effective manner. Given its abundant energy resources, the Middle East region actively developed refining and chemical industry, bringing new opportunities to the petrochemical industry. As the oil price recovered to a reasonable level, it is expected that the economic vitality of the region will increase significantly in the second half of 2021, which will further promote the regional development of the petrochemical industry. Wison Engineering has a high-quality customer base and sound reputation in the Middle East. The Company will devote greater efforts and focus on the expansion of the Middle East market to seize new opportunities. The Company's operation center in the Middle East which has been operating for years has achieved outstanding performance. With quality services, cost and working period control, the operation center has made breakthroughs in orders obtained from different sectors. In particular, the Group obtained the EPC contract from Saudi Aramco for the first time during the Period under Review, which was the first EPC project for upstream oil and gas relating to natural gas treatment of Wison Engineering in the Middle East, marking the Group's breakthrough in modularized solutions in Saudi Arabia. In addition to the Middle East, emerging markets such as Russia, Central Asia and Southeast Asia are growing rapidly with huge market potential, which are also the key regions developed by Wison Engineering. Currently, the Group has obtained the front-end engineering design projects in Russia and other regions and is expected to further expand the market in the region. Furthermore, despite the fierce competition in the well-developed energy and chemical market in North America, the market in North America region has still provided sufficient market potential for Chinese enterprises with high execution efficiency and cost advantages. By leveraging its advantages in modularized construction and refined management, Wison Engineering will resolve the weaknesses of high labour costs and long working period for owners located in North America, thereby creating more value for customers and building a leading international brand image for the Company.

(2) Consolidating the advantages in core energy and chemical markets and accelerating the expansion of new energy and fine chemicals

In terms of industrial expansion, Wison Engineering will consolidate its core advantages in traditional energy and chemicals and step up efforts to explore new energy markets. The Group has significant advantages in technologies and project implementation in respect of core products, including ethylene and its downstream products, PDH, PTA, MTO, coal gasification and cracking furnace, and it is one of the industrial leaders with engineering design and EPC capabilities in olefins process technologies and PTA facilities in China. The Company will optimize its advantages in core technologies to continuously expand market shares and strive to increase profitability.

On the other hand, China has put forward the development goal to reach a peak in carbon dioxide emission by 2030 and achieve carbon neutral by 2060. Hence, China is vigorously planning and developing new energy industry and successively promulgated a series of supporting policies, enabling the new energy and clean energy industry to embrace opportunities for prosperity. This field, from technological research and development to effective fulfilling the production capacity, is at a stage when new technologies are booming, therefore, there will be huge demand for high-end and refined engineering, which has provided a valuable market opportunity for quality engineering companies excelling in utilizing new technologies. Wison Engineering has established a designated "New Energy Business Department" which is committed to developing a product line for comprehensive use of clean energy, including technologies such as comprehensive use of solar energy, wind power, downstream natural gas and hydrogen power as well as carbon capture and treatment. Meanwhile, the Group will also put more efforts in exploring new market segments such as biodegradable plastics and fine chemical.

(3) Accelerating the implementation of digitalization and modularization to build a technology-based engineering service enterprise

Wison Engineering believes that "technology-driven development", digital transformation and smart technology and modular operations will become the future core competitiveness of engineering companies. Digital transformation will be the overall trend of the industry and smart technology will be more widely applied in energy and chemical engineering. New technology empowers traditional industry while the significance of application of Digital Twin, Industrial Internet of Things (IoT), Cloud computing, artificial intelligence and other high and new technologies in the EPC engineering industry is growing. Through self-development and collaborations with global leading enterprises, the Group will continue to strengthen R&D in digital transformation and smart technology with a view to setting a new benchmark in the industry.

Digitization and smart technology will change the operation and work model of the engineering construction industry. The Group is committed to the in-depth application of digitization and smart technology by developing a digital design platform with dataflow, stream of technology and management as the core to realize digital transmission. By accumulating experience with professional experts specializing in software integration, the Group is aimed to improve quality and efficiency. The Group will also promote workflow optimization to increase effectiveness and build competitiveness through technologies such as big data analysis and Cloud computing. The Group will vigorously promote application of smart technology in its engineering projects and develop smart applications in, among others, procurement source tracing, logistics tracking, material management, progress deviation rectification, construction guidance, QHSE and emergency training, which will significantly improve construction quality and working efficiency, mitigate safety risks and reduce construction costs. Wison Engineering will adopt digital delivery throughout the whole process of design and project construction to help owners carry out lean and effective practice control, supply chain optimization, production process optimization and full-life cycle asset management so as to reduce maintenance costs and increase efficiency of facilities.

Modulization is another significant development trend. Through continuous optimization of modularized solutions for process facilities as well as accumulation of experience, more on-site installation work of steel structures, equipment, pipes and electrical instruments can be transferred to module processing plants so as to further increase working efficiency, shorten construction cycle at a lower cost and reduce the impact on the environment, which will also minimize project risks, improve quality and efficiency and foster mutual benefits with owners. Wison Engineering expects that as modulization will be applied in more scenarios and the value will improve continuously, it will be applied in projects with more technological complexity, larger in scale and longer in distance. As a benchmark enterprise in China in respect of modularized design and manufacturing, Wison Engineering will continuously enhance its standard and capability in modulization planning, design and implementation to further increase the Group’s competitive edge in large-scale domestic and overseas petrochemical EPC projects, thereby exploring domestic market and potential markets in, among other regions, the United States, the Middle East, Central Asia, Southeast Asia and Russia.

(4) Putting greater efforts in technological R&D and technological cooperation to realize new growth points and facilitate diversified development

By firmly adhering to the strategic measure of "Promoting development and strengthening business with technologies", the Group closely tracks the popular research projects and development trends in the global energy and chemical industry, deeply explores the technological gap in the industrial market, actively matches the engineering and industrial requirements between research institutions of upstream base and end users for production in terms of energy conservation and consumption reduction as well as quality and efficiency enhancement, continuously focuses on breakthrough technologies of basic chemicals and chemical intermediates, green and clean production process and catalyzing technology, identifies the segmented markets in the comprehensive use of waste resources, high-value CO_2 chemical use and circular economy, and develops technological reserve. Having established its "new technological institute" to be more devoted to technological R&D and cooperation, Wison Engineering will develop an extensive global technical cooperation ecochain, enabling it to become the powerful support for the Group's development. The Group will create advantages in differentiated and diversified core technologies and march toward the goal of becoming "an engineering service enterprise with the most advanced technologies" with best endeavors.

Since the establishment of the new technological institute, the Group has caried out in-depth research on various bottleneck technologies in chemical industry as well as energy conservation and environment protection processes and continuously made breakthroughs. Wison Engineering has made substantial progress in R&D of the catalyst sector and has entered its promotion stage. The Group has also made good progress in the technological development and product research of polyglycolic acid (PGA) in biodegradable plastics and is currently carrying out the construction of demonstration facilities with business partners. The successful development and potential application of the technology will be a favourable start for Wison Engineering to rapidly tap into the sector of new environmentally-friendly materials. In addition, the demonstration facility for ethylene-based MMA engineering technology with a capacity of 50kta co-developed by Wison Engineering, Benzo and Dalian Institute of Chemical Physics, Chinese Academy of Sciences has entered the implementation stage. The energy-saving and environmentally-friendly technology will significantly reduce the production costs of widely-used PMMA materials. In the future, Wison Engineering will further explore the technological collaboration in the sectors of hydrogen power, renewable energy and environmental protection technology and actively carry out investment and operation of industries which can be an effective extension of its principal business, with a view to promoting long-term sustainable development of the Group.

(IV) FINANCIAL REVIEW OF 2020

Financial overview

During the Year, revenue of the Group amounted to approximately RMB5,296.1 million (for the year ended 31 December 2019: approximately RMB4,367.3 million), representing a year-on-year increase of 21.3%. Despite the impact of the COVID-19 pandemic worldwide, the Group has accelerated the progress of those delayed projects after the pandemic came under control, coupled with the year-on-year increase in the number of the Group's project entering principal construction phase, giving rise to the increase in recognized revenue for the Year. Gross profit of the Group amounted to approximately RMB301.2 million (for the year ended 31 December 2019: approximately RMB408.2 million), representing a year-on-year decrease of 26.2%. Loss attributable to owners of the parent amounted to approximately RMB271.2 million (for the year ended 31 December 2019: profit attributable to owners of the parent of approximately RMB50.6 million), representing a year-on-year decrease of 636.0%, which was mainly attributable to the decline in gross profit margin of EPC projects due to intensified market competition and increase in construction costs during the Year under the impact of the pandemic. In addition, the Group's depreciation and amortization expenses also increased due to the change of the accounting policy during the Year. Meanwhile, the Group also recognised provision for impairment losses on financial and contract assets for certain projects as well as the fair value losses on financial assets at fair value through profit or loss.

During the Year, the Group's total new contract value (net of estimated valued added tax) amounted to approximately RMB10,657.2 million (for the year ended 31 December 2019: RMB12,776.6 million), representing a year-on-year decrease of 16.6%, of which EPC accounted for 97.2%. As at 31 December 2020, the total backlog value (net of estimated value added tax) was approximately RMB27,172.9 million, representing an increase of 24.3% compared to the total backlog value as at 31 December 2019.

Revenue and Gross Profit

The comprehensive revenue of the Group increased by 21.3% from RMB4,367.3 million for the year ended 31 December 2019 to RMB5,296.1 million for the Year.

The gross profit of the Group decreased by 26.2% from RMB408.2 million for the year ended 31 December 2019 to RMB301.2 million for the Year.

The gross profit margins of the Group for the year ended 31 December 2019 and 2020 were 9.3% and 5.7%, respectively.

Details of comprehensive revenue and gross profit breakdown by business segments are set out below:

	Segment revenue		**Segment gross profit**		**Segment gross profit margin**	
	2020	2019	**2020**	2019	**2020**	2019
	(RMB'million)	*(RMB'million)*	***(RMB'million)***	*(RMB'million)*	***(%)***	*(%)*
EPC	**5,116.0**	4,201.7	**245.2**	373.8	**4.8%**	8.9%
Engineering, consulting and technical services	**180.1**	165.6	**56.0**	34.4	**31.1%**	20.8%
	5,296.1	4,367.3	**301.2**	408.2	**5.7%**	9.3%

The revenue of EPC of the Group increased by 21.8% from RMB4,201.7 million for the year ended 31 December 2019 to RMB5,116.0 million for the Year. The increase of the revenue of EPC was mainly attributable to the smooth progress of the Group's petrochemical and coal-to-chemicals projects located in China and Middle East, which increased the revenue contribution during the Year. The gross profit margins of EPC of the Group decreased from 8.9% for the year ended 31 December 2019 to 4.8% for the Year. This was mainly because of the intensified competition in EPC market, increasing raw materials costs and costs incurred in project delay arising from outbreak of the COVID-19 pandemic during the Year.

The revenue of engineering, consulting and technical services of the Group increased by 8.8% from RMB165.6 million for the year ended 31 December 2019 to RMB180.1 million for the Year. The gross profit margins of engineering, consulting and technical services of the Group increased from 20.8% for the year ended 31 December 2019 to 31.1% for the Year. This was mainly due to the cost optimization of the Group's certain engineering and consultancy projects, which increased their gross profit margin for the Year.

Details of comprehensive revenue breakdown by industries in which our clients operate are set out below:

	2020 *(RMB'million)*	2019 *(RMB'million)*	Change	Change *(%)*
Petrochemicals	**3,498.4**	3,711.3	–212.9	–5.7%
Coal-to-chemicals	**572.8**	321.7	251.1	78.1%
Oil refineries	**270.7**	151.6	119.1	78.6%
Public infrastructure	**461.7**	113.6	348.1	306.4%
Other products and services	**492.5**	69.1	423.4	612.7%
	5,296.1	4,367.3	928.8	21.3%

The revenue of petrochemical business segment decreased by 5.7%, essentially remaining the same. As the Group's petrochemical project in the United States approached to the completion stage during the Year, a year-on-year decrease in revenue was recorded. However, the Group's petrochemical projects in China and Middle East were well in progress, which offset the decrease in revenue from the US petrochemical project.

The revenue of coal-to-chemicals business segment increased by 78.1%. The coal-to-chemicals projects located in Fujian newly contracted by the Group in the previous year approached to the principal construction stage during the Year, driving the increase in revenue of the coal-to-chemical business segment.

The revenue of oil refineries business segment increased by 78.6%. This was mainly due to the Group's oil refinery projects located in Abu Dhabi entered the principal construction stage, which contributed to the increase in revenue in oil refinery segment..

The revenue of public infrastructure business segment increased by 306.4%, which is mainly due to the fact that the Group's domestic water conservancy and sewage infrastructure projects have entered the principal construction stage and were well in progress.

The revenue of other products and services business segment increased by 612.7%. This was mainly due to the increase in revenue driven by the smooth progress of the Group's new materials project in Jiangsu.

Details of comprehensive revenue breakdown by geographic locations of our projects are set out below:

	Year ended 31 December			
	2020		2019	
	Revenue *(RMB'million)*	**Percentage of total revenue** *(%)*	Revenue *(RMB'million)*	Percentage of total revenue *(%)*
Mainland China	**3,797.6**	**71.7%**	1,938.0	44.3%
America	**661.0**	**12.5%**	1,929.0	44.2%
Middle East	**824.0**	**15.5%**	482.8	11.1%
Others	**13.5**	**0.3%**	17.5	0.4%
	5,296.1	**100.0%**	4,367.3	100.0%

The revenue from overseas projects of the Group accounted for approximately 55.7% of the total revenue for the year ended 31 December 2019, whereas for the Year, revenue from overseas projects accounted for approximately 28.3% of the total revenue. The decrease in percentage weighting of revenue from overseas projects for the Year was mainly because the new orders entered by the Group during last year were primarily domestic projects. In addition, in view of the COVID-19 pandemic outbreak in overseas regions during the Year, the resumption of work and construction progress of the Group's overseas projects were delayed, as compared with domestic projects.

Other Income and gains

Other income and gains decreased by 38.0% from RMB293.9 million for the year ended 31 December 2019 to RMB182.1 million for the Year, in which government grants decreased by RMB95.3 million, net fair value gains decreased by RMB23.2 million, dividend income from equity investments at fair value through other comprehensive income increased by RMB8.0 million. The decrease in net fair value gains was mainly due to the significant decline in the fair value of the Group's financial asset at fair value through profit or loss.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 21.3% from RMB132.9 million for the year ended 31 December 2019 to RMB104.6 million for the Year, which was mainly because the marketing activities diminished across the world due to the outbreak of the COVID-19 pandemic during the Year.

Administrative Expenses

Administrative expenses decreased by 14.9% from RMB288.8 million for the year ended 31 December 2019 to RMB245.8 million for the Year. Although the Group's depreciation and amortization increased as a result of the change of accounting policy, the Group significantly decreased the deployment of personnel of administrative and back office functions. In addition, the Group's expenses in relation to equity-settled share option and legal expenditure also decreased during the Year.

Other Expenses

Details of other expenses breakdown are set out below:

	2020	2019
	RMB million	*RMB million*
Research and development costs	**144.9**	131.7
Expenses in relation to operating lease income	**19.7**	19.1
Bad debt (reversal)/provision	**–2.4**	3.3
Loss on derecognition of financial asset at fair value through profit or loss	**16.5**	–
(Reversal)/Provision of accrued liabilities	**–9.8**	18.7
Others	**3.6**	3.2
	172.5	176.0

Other expenses decreased by 2.0% from RMB176.0 million for the year ended 31 December 2019 to RMB172.5 million for the Year.

Finance Costs

Finance costs increased by 188.1% from RMB22.7 million for the year ended 31 December 2019 to RMB65.4 million for the Year, in which interest on bank loans increased by RMB40.1 million. The increase in interest on bank loans was mainly due to the fact that most of the bank loans and related interest on bank loans were incurred from the third quarter of previous year. Also, during the previous year, the average bank loans balance was less than that during the Year and so was the amount of interest expenses incurred. Please see the section headed "Financial Resources, Liquidity and Capital Structure" below for further details.

Income Tax Credit/Expense

Income tax decreased by 131.4% from income tax expense of RMB39.2 million for the year ended 31 December 2019 to income tax credit of RMB12.3 million for the Year, this was mainly because of the recognition of deferred tax assets arising from the provision of impairment losses on financial and contract assets during the Year.

Loss/profit for the year

Loss/profit for the year decreased by 636.6% from a profit of RMB50.6 million for the year ended 31 December 2019 to a loss of RMB271.5 million for the Year. Our net profit margin was 1.2% for the year ended 31 December 2019 and decreased to –5.1% for the Year. The decline was mainly because of the lower gross profit margins of the Group's major projects under construction during the Year. In addition, the Group's depreciation and amortisation expenses have increased during the Year due to the change of accounting policy. Meanwhile, the provision of impairment losses of financial and contract assets and the fair value losses on financial asset at fair value through profit or loss were also recognised during the Year.

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 30 days or the respective contracts' retention period. The Group's total trade and bills receivables decreased by approximately 22.8% from RMB1,218.2 million as at 31 December 2019 to RMB941.0 million as at 31 December 2020.

Financial Resources, Liquidity and Capital Structure

As at 31 December 2020, the Group's cash and bank balances amounted to RMB471.0 million, representing approximately 10.1% of the Group's current assets (as at 31 December 2019: RMB814.3 million, representing approximately 19.0% of the Group's current assets).

The major items of Consolidated Statement of Cash Flows of the Group are set out below:

	For the year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Net cash flows from operating activities	**(335.1)**	(271.1)
Net cash flows from investing activities	**(142.8)**	(338.0)
Net cash flows from financing activities	**156.6**	483.5

As at 31 December 2020, the Group's pledged and unpledged cash and bank balances included the following amounts:

	As at 31 December	
	2020	2019
	RMB million	*RMB million*
Hong Kong Dollar	**9.5**	7.6
US Dollar	**293.6**	714.8
Renminbi	**926.3**	786.4
Saudi Riyal	**58.6**	80.3
Euro	**1.0**	14.6
South African Rand	**2.7**	8.3
UAE Dirham	**2.7**	1.3

The Asset-Liability Ratio of the Group, which was derived by dividing average total liabilities by average total assets, is set out below. The Asset-Liability Ratio of the Group has exhibited a downward trend. The decrease in Asset-Liability Ratio for the Year was mainly attributable to the increase in the proportion of the Group's total assets.

	31 December 2015	31 December 2016	31 December 2017	31 December 2018	31 December 2019	**31 December 2020**
Asset-Liability Ratio	78.5%	74.8%	70.5%	69.2%	69.0%	**61.6%**

Interest-bearing bank and other borrowings of the Group as at 31 December 2020 and 2019 were set out in the table follow. The short-term bank borrowings of the Group accounted for 100.0% of the total bank borrowings (31 December 2019: 40.5%).

	As at 31 December	
	2020	2019
	RMB million	*RMB million*
Current		
Bank loans repayable within one year		
— secured	**939.3**	252.0
Current portion of long-term bank loans		
— secured	**–**	52.8
	939.3	304.8
Non-Current		
Bank loans repayable after one year		
— secured	**–**	447.2

Bank borrowings were denominated in RMB and USD at 31 December 2020 and 2019. As at 31 December 2020, bank borrowings amounting to RMB939,327,000 (31 December 2019: RMB62,000,000) bore interest at fixed rates.

The effective interest rates of the Group's bank and other borrowings ranged as follows:

Year ended 31 December 2019	4.79% to 5.88%
Year ended 31 December 2020	2.60% to 5.88%

The maturity profile of interest-bearing bank and other borrowings as at 31 December 2020 and 2019, based on contractual undiscounted payments, is as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
			RMB million		
31 December 2020					
Interest-bearing bank and other borrowings	**–**	**927.9**	**59.5**	**287.3**	**1,274.7**
31 December 2019					
Interest-bearing bank and other borrowings	–	213.7	122.1	632.8	968.6

The Group meets its working capital and other capital requirements principally with cash generated from its operations and borrowings.

Material Acquisitions and Disposals

Reference is made to the discloseable transaction announcements dated 22 June 2020 and 4 December 2020 of the Company. The Company declared in the announcement that on 22 June 2020, a wholly-owned subsidiary of the Company, Shanghai Huicheng Enterprise Management Limited ("**Shanghai Huicheng**") entered into the Limited Partnership Agreement (the "**Previous Limited Partnership Agreement**") with Silver Saddle Equity Investment Management (Shanghai) Co., Ltd. ("**Silver Saddle**") and the Other Limited Partners, pursuant to which, Shanghai Huicheng (as limited partner), the Other Limited Partners and Silver Saddle (as general partner) agreed to establish the Limited Partnership for carrying out equity and equity-related investments in new materials, fine chemicals and other fields and projects related to national strategic emerging industries. The Previous Limited Partnership Agreement has a target total capital contribution size of RMB950,000,000 and the capital contribution by Shanghai Huicheng is RMB160,000,000, representing approximately 30.2% of the Initial Capital Contribution.

On 4 December 2020, Shanghai Huicheng, Other Limited Partners and general partner entered into a new limited partnership agreement (the "**New Limited Partnership Agreement**") to amend the terms of the Previous Limited Partnership Agreement. Pursuant to the New Limited Partnership Agreement, a new limited partner had been added to the Limited Partnership and the New Limited Partnership Agreement shall replace and supersede the Previous Limited Partnership Agreement. Pursuant to the new Limited Partnership Agreement, the target total capital contribution size of the Limited Partnership has been reduced from RMB950,000,000 to RMB910,000,000. There is no change to the contribution amount of Shanghai Huicheng in the Limited Partnership (being RMB160,000,000), representing approximately 21.11% of the Initial Capital Contribution. Shanghai Huicheng has completed the related agreed capital contribution pursuant to the New Limited Partnership Agreement.

Capital Expenditure

The capital expenditure of the Group amounted to RMB11.7 million for the Year (2019: RMB32.8 million).

Foreign Exchange Risk Control

The business transactions of the Group are mainly settled in Renminbi and US dollars. The Group is exposed to currency risks in relation to the bank balances denominated in currency other than the functional currencies of the relevant entities. The Group has formulated and strictly adheres to a currency hedging policy against the foreign currency risk.

Contingent Liabilities

(1) During 2018, a sub-contractor of Wison Engineering filed a claim to the Sichuan Province's Higher People's Court in Mainland China against Wison Engineering for additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB211,316,000.

(2) During 2018, another sub-contractor of Wison Engineering filed a claim to the Sichuan Province's Higher People's Court in Mainland China against Wison Engineering for additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB132,322,000.

(3) During 2019, a sub-contractor of Wison Engineering was accused by its own sub-contractor to Chengdu Intermediate People's Court and Wison Engineering has also been named as a defendant to undertake joint liability for the payment of construction costs of approximately RMB45,360,000.

(4) During 2020, a sub-contractor of Wison Engineering applied for arbitration in Shanghai Arbitration Committee for additional payment of construction costs, guarantee deposits, loss expenses and the interest arising from the overdue payment of above expenses mentioned of approximately RMB48,966,000.

(5) During 2020, a sub-contractor of Jiangsu Wison filed a claim to the Jintan District People's Court in Mainland China against Jiangsu Wison for overdue payment of construction cost of approximately RMB9,668,000. As at 31 December 2020, certain bank account of Jiangsu Wison of RMB9,700,000 were frozen by Jintan District People's Court for property preservation.

(6) During 2020, a sub-contractor of Jiangsu Wison filed a claim to the Jiangsu Province's People's Court in Mainland China against Jiangsu Wison for additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB17,655,000. As at 31 December 2020, certain bank account of Jiangsu Wison of RMB20,000,000 were frozen by Jiangsu Province's People's Court for property preservation.

(7) During 2020, a sub-contractor of Jiangsu Wison filed a claim to the Taixing People's Court in Mainland China against Jiangsu Wison and Wison Engineering as a defendant to undertake joint liability for additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB11,657,000. As at 31 December 2020, certain bank account of Jiangsu Wison of RMB10,500,000 were frozen by Taixing People's Court for property preservation.

As of the date of approval of the financial statements, for case (1) and case (2) Wison Engineering and the subcontractors have completed judicial cost audit by an independent third party arranged by the court and trials are yet to be scheduled. For case (3) Wison Engineering and the sub-contractors have completed the first pre-trial evidence exchange in court and cross-examination, and trials are yet to be scheduled. The trial of case (4), case (5), case (6) and case (7) are yet to be scheduled.

The directors of the Company are of the opinion that, besides case (1) and case (2), the other five cases are without merits and the possibility for the Group to be subject to additional payment claims were remote on the basis of the available evidence and legal advice taken. Thus, it is not required for the Group to make provision for these five cases.

The directors of the Company have made additional related provision of RMB73,210,000 in its financial statements for the year ended 31 December 2020 for case (1) and case (2) due to the possibility of the Group to take responsibility for the additional settlement on the basis of the available evidence and legal advice taken.

Pledge of Assets

As at 31 December 2020, certain buildings of RMB3,603.5 million, as well as future years right of receiving rental income from certain properties, were pledged as security for bank facilities of the Group.

Human Resources

As at 31 December 2020, the Group had 1,538 employees (31 December 2019: 1,694 employees). The Group reviews the salaries and benefits of the employees according to market practice and the performance of the employees on a regular basis. Also, the Group contributes to various social insurance schemes in the PRC and the Mandatory Provident Fund Scheme in Hong Kong for qualified employees and provides medical insurance, work injury insurance, maternity insurance and unemployment insurance pursuant to applicable laws and regulations in the PRC and Hong Kong, as well as additional business accident and medical insurance. During the Year, the total staff cost of the Group (including salaries, bonuses, insurance and share option schemes) amounted to RMB665.5 million (during the year ended 31 December 2019: RMB619.3 million). The Group adopted the Pre-IPO Share Option Scheme and the Share Option Scheme on 30 November 2012 as encouragement and reward for the contributions of employees to the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2020
(Expressed in RMB)

	Notes	**2020** **RMB'000**	2019 RMB'000
REVENUE	4	**5,296,064**	4,367,271
Cost of sales		**(4,994,862)**	(3,959,044)
GROSS PROFIT		**301,202**	408,227
Other income and gains	4	**182,141**	293,850
Selling and distribution expenses		**(104,552)**	(132,916)
Administrative expenses		**(245,777)**	(288,774)
(Provision)/reversal of impairment losses on financial and contract assets		**(178,920)**	8,312
Other expenses		**(172,484)**	(176,024)
Finance costs	5	**(65,439)**	(22,719)
Share of profit and loss of associates		**9**	(181)
(LOSS)/PROFIT BEFORE TAX	6	**(283,820)**	89,775
Income tax credit/(expense)	7	**12,309**	(39,217)
(LOSS)/PROFIT FOR THE YEAR		**(271,511)**	50,558
Attributable to:			
Owners of the parent		**(271,238)**	50,609
Non-controlling interests		**(273)**	(51)
		(271,511)	50,558
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
— Basic		**RMB(6.66) cents**	RMB1.24 cents
— Diluted		**RMB(6.66) cents**	RMB1.24 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020
(Expressed in RMB)

	2020	2019
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(271,511)**	50,558
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(13,196)**	(2,459)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(13,196)**	(2,459)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(45,643)**	(9,297)
Gains on properties and land revaluation	**2,729,393**	–
Income tax effect	**(409,409)**	–
	2,319,984	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**2,274,341**	(9,297)
OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX	**2,261,145**	(11,756)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,989,634**	38,802
Attributable to:		
Owners of the parent	**1,989,907**	38,853
Non-controlling interests	**(273)**	(51)
	1,989,634	38,802

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2020
(Expressed in RMB)

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,358,824**	851,409
Investment property		**10,449**	11,098
Right-of-use assets		**2,326,338**	165,163
Goodwill		**15,752**	15,752
Intangible assets		**26,730**	31,515
Investments in associates		**192,796**	7,587
Equity investments designated at fair value through other comprehensive income		**205,748**	311,391
Long-term prepayments		**159**	2,202
Deferred tax assets		**55,792**	36,848
Total non-current assets		**4,192,588**	1,432,965
CURRENT ASSETS			
Inventories		**85,867**	126,859
Trade receivables	*10*	**839,289**	1,003,866
Bills receivable		**101,681**	214,352
Contract assets		**1,617,778**	690,354
Prepayments and other receivables		**709,885**	510,530
Financial asset at fair value through profit or loss		**500**	112,734
Due from fellow subsidiaries		**15,037**	14,665
Pledged bank balances and time deposits	*11*	**824,775**	800,388
Cash and bank balances	*11*	**470,966**	814,251
Total current assets		**4,665,778**	4,287,999
CURRENT LIABILITIES			
Trade and bills payables	*12*	**2,430,439**	2,051,091
Other payables and accruals		**1,058,431**	839,577
Interest-bearing bank and other borrowings		**939,327**	304,780
Lease liabilities		**15,670**	4,686
Due to fellow subsidiaries		**5,914**	79,276
Due to an associate		**630**	630
Tax payable		**188,871**	176,446
Total current liabilities		**4,639,282**	3,456,486
NET CURRENT ASSETS		**26,496**	831,513
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,219,084**	2,264,478

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2020
(Expressed in RMB)

	Notes	**2020** **RMB'000**	2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**–**	447,220
Lease liabilities		**19,571**	8,534
Deferred tax liabilities		**403,522**	720
Government grants		**4,247**	4,377
Total non-current liabilities		**427,340**	460,851
NET ASSETS		**3,791,744**	1,803,627
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**330,578**	330,578
Share premium		**869,201**	869,201
Other reserves		**2,592,289**	603,899
		3,792,068	1,803,678
Non-controlling interests		**(324)**	(51)
Total equity		**3,791,744**	1,803,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Group incurred a net loss attributable to owner of the Company of RMB271,238,000 during the year ended 31 December 2020 and the Group had net current assets of RMB26,496,000 as at 31 December 2020. As a result of net loss recorded by the Group, the Group is in breach of financial covenant with certain bank (the "**Bank**") which is entitled to demand for immediate repayment of the principal amount of RMB805,000,000 and accrued interest as at 31 December 2020 as stipulated in the clauses of the loan agreement.

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

a) Subsequent to 31 December 2020, the Group has been granted a new bank loan of RMB192,000,000 and obtained credit facilities of performance bond and bills amounts of RMB40,482,000 from the Bank;

b) Subsequent to 31 December 2020, the Group has been granted extended credit terms by certain of the Group's subcontractors/suppliers for RMB484,914,000 for repayment of trade payables after 31 December 2021;

c) Subsequent to 31 December 2020, the Group has been granted credit facility of RMB200,000,000 from a fellow subsidiary of the Group, of which RMB81,700,000 was drawn down; and

d) The Group continues to take action to tighten cost controls over various operating expenses and is actively seeking new investment and business opportunities with an aim to attaining profitable and positive cash flow operations.

The Directors have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") promulgated by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for equity investments, buildings and leasehold land which have been measured at fair value.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 include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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 above. 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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs, and the voluntary changes in accounting policy and estimate for the measurement of the buildings and leasehold land for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, no lease payments for the leases of the Group's assets have been reduced or waived by the lessors as a result of the pandemic.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

The nature and the impact of the voluntary changes in accounting policy and estimate for the measurement of the buildings and leasehold land are described below:

The Group accounted for buildings and leasehold land using the cost model in previous years. In order to more accurately reflect the value of buildings and leasehold land held by the Group and provide more relevant information to the users of the financial statements of the Group, the directors of the Company approved the change in the accounting policy of the Group for the buildings and leasehold land from cost model to revaluation model with effect from 17 May 2020.

In order to present a fairer and more appropriate view of the financial position and operating results of the Group where the depreciation period of each property, plant and equipment is aligned with its actual useful life, the Group has made changes to the estimated useful lives of buildings from 20-30 years to a range of 30 to 50 years with effect from 1 July 2020.

The Group has adopted the changes in accounting policy and estimate prospectively.

The effects of the changes in accounting policy and estimate as described above on the results for the year ended 31 December 2020 by line items presented in the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of financial position as at 31 December 2020 are as follows:

	Amounts prepared under		
	Revaluation model	**Cost model**	**Increase/ (decrease)**
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	(245,777)	(201,732)	44,045
Loss before tax	(283,820)	(239,775)	44,045
Income tax credit	12,309	5,702	6,607
Loss for the year	(271,511)	(234,073)	37,438
Loss for the year attributable to owners of the parent	(271,238)	(233,800)	37,438
Other comprehensive income for the year, net of tax	2,261,145	(58,839)	2,319,984
Total comprehensive income for the year	1,989,634	(292,912)	2,282,546
Total comprehensive income for the year attributable to owners of the parent	1,989,907	(292,639)	2,282,546
	RMB	*RMB*	*RMB*
(Loss)/Earnings per share — Basic	(6.66) cents	(5.74) cents	(0.92) cents
(Loss)/Earnings per share — Diluted	(6.66) cents	(5.74) cents	(0.92) cents

	Amounts prepared under		
	Revaluation model	Cost model	Increase/ (decrease)
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	1,358,824	820,222	538,602
Right-of-use assets	2,326,338	179,592	2,146,746
Total non-current assets	4,192,588	1,507,240	2,685,348
Total assets less current liabilities	4,219,084	1,533,736	2,685,348
Deferred tax liabilities	403,522	720	402,802
Total non-current liabilities	427,340	24,538	402,802
Net assets	3,791,744	1,509,198	2,282,546
Other reserves	2,592,289	309,743	2,282,546
Total equity	3,791,744	1,509,198	2,282,546

3 OPERATING SEGMENT INFORMATION

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

– Engineering, procurement and construction ("**EPC**"); and
– Engineering, consulting and technical services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, investment property, prepaid land lease payments, right-of-use assets, goodwill, intangible assets, investments in associates, deferred tax assets, long-term prepayments, amounts due from fellow subsidiaries, prepayments and other receivables, equity investments designated at fair value through other comprehensive income, financial asset at fair value through profit or loss, pledged bank balances and time deposits and cash and bank balances as these assets are managed on a group basis.

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

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Operating segments

Year ended 31 December 2020	EPC	Engineering, consulting and technical services	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue *(note 4)*			
Sales to external customers	**5,115,965**	**180,099**	**5,296,064**
Intersegment sales	**183,531**	**14,947**	**198,478**
Total revenue	**5,299,496**	**195,046**	**5,494,542**
Reconciliation:			
Elimination of intersegment sales			**(198,478)**
Revenue			**5,296,064**
Segment results	**245,260**	**55,942**	**301,202**
Reconciliation:			
Unallocated income			**182,141**
Unallocated expenses			**(704,368)**
Unallocated finance costs (other than interest on lease liabilities)			**(62,804)**
Share of profit and loss of associates			**9**
Loss before tax			**(283,820)**
Segment assets	**3,132,852**	**72,975**	**3,205,827**
Reconciliation:			
Elimination of intersegment receivables			**(71,029)**
Corporate and other unallocated assets			**5,723,568**
Total assets			**8,858,366**
Segment liabilities	**3,253,268**	**57,833**	**3,311,101**
Reconciliation:			
Elimination of intersegment payables			**(72,317)**
Corporate and other unallocated liabilities			**1,827,838**
Total liabilities			**5,066,622**

Year ended 31 December 2020	EPC	Engineering, consulting and technical services	Total
	RMB'000	*RMB'000*	*RMB'000*
Other segment information			
Share of profit and loss of associates			
— Unallocated			**9**
Impairment losses provided in the statement of profit or loss			**178,920**
Depreciation and amortisation			
— Unallocated			**115,520**
Investments in associates			
— Unallocated			**192,796**
Capital expenditure			
— Unallocated*			**11,686**

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

Year ended 31 December 2019	EPC	Engineering, consulting and technical services	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue *(note 4)*			
Sales to external customers	4,201,633	165,638	4,367,271
Intersegment sales	55,852	22,209	78,061
Total revenue	4,257,485	187,847	4,445,332
Reconciliation:			
Elimination of intersegment sales			(78,061)
Revenue			4,367,271
Segment results	373,799	34,428	408,227
Reconciliation:			
Unallocated income			293,850
Unallocated expenses			(590,038)
Unallocated finance costs (other than interest on lease liabilities)			(22,083)
Share of profit and loss of associates			(181)
Profit before tax			89,775
Segment assets	2,418,476	94,858	2,513,334
Reconciliation:			
Elimination of intersegment receivables			(80,109)
Corporate and other unallocated assets			3,287,739
Total assets			5,720,964
Segment liabilities	2,613,081	55,882	2,668,963
Reconciliation:			
Elimination of intersegment payables			(81,348)
Corporate and other unallocated liabilities			1,329,722
Total liabilities			3,917,337

Year ended 31 December 2019	EPC *RMB'000*	Engineering, consulting and technical services *RMB'000*	Total *RMB'000*
Other segment information			
Share of profit and loss of associates			
— Unallocated			(181)
Impairment losses reversed in the statement of profit or loss			8,312
Depreciation and amortisation			
— Unallocated			69,967
Investment in an associate			
— Unallocated			7,587
Capital expenditure			
— Unallocated*			32,819

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

Geographical information

Revenue from external customers

	2020 ***RMB'000***	2019 *RMB'000*
Mainland China	**3,797,539**	1,937,970
America	**661,001**	1,929,009
Middle East	**824,027**	482,832
Other	**13,497**	17,460
	5,296,064	4,367,271

The revenue information above is based on the locations of the customers.

As over 90% of the Group's non-current assets are located in Mainland China, no further geographical information of the Group's non-current assets is presented.

Information about major customers

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

	2020	2019
Customer A (EPC segment)	**31.6%**	40.0%
Customer B (EPC segment)	**11.7%**	21.4%

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers	**5,296,064**	4,367,271

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2020

Segments	**EPC**	**Engineering, consulting and technical services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Type of goods or services			
Construction services	**5,115,965**	**–**	**5,115,965**
Design, feasibility research, consulting and technical services	**–**	**180,099**	**180,099**
Total revenue from contracts with customers	**5,115,965**	**180,099**	**5,296,064**
Geographical markets			
Mainland China	**3,650,807**	**146,732**	**3,797,539**
America	**644,069**	**16,932**	**661,001**
Middle East	**821,089**	**2,938**	**824,027**
Others	**–**	**13,497**	**13,497**
Total revenue from contracts with customers	**5,115,965**	**180,099**	**5,296,064**
Timing of revenue recognition			
Services transferred over time	**5,115,965**	**180,099**	**5,296,064**

For the year ended 31 December 2019

Segments	EPC	Engineering, consulting and technical services	Total
	RMB'000	*RMB'000*	*RMB'000*
Type of goods or services			
Construction services	4,201,633	–	4,201,633
Design, feasibility research, consulting and technical services	–	165,638	165,638
Total revenue from contracts with customers	4,201,633	165,638	4,367,271
Geographical markets			
Mainland China	1,815,408	122,562	1,937,970
America	1,903,393	25,616	1,929,009
Middle East	482,832	–	482,832
Others	–	17,460	17,460
Total revenue from contracts with customers	4,201,633	165,638	4,367,271
Timing of revenue recognition			
Services transferred over time	4,201,633	165,638	4,367,271

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2020

Segments	**EPC**	**Engineering, consulting and technical services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue from contracts with customers			
External customers	**5,115,965**	**180,099**	**5,296,064**
Intersegment sales	**183,531**	**14,947**	**198,478**
	5,299,496	**195,046**	**5,494,542**
Intersegment adjustments and eliminations	**(183,531)**	**(14,947)**	**(198,478)**
Total revenue from contracts with customers	**5,115,965**	**180,099**	**5,296,064**

For the year ended 31 December 2019

Segments	EPC	Engineering, consulting and technical services	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
External customers	4,201,633	165,638	4,367,271
Intersegment sales	55,852	22,209	78,061
	4,257,485	187,847	4,445,332
Intersegment adjustments and eliminations	(55,852)	(22,209)	(78,061)
Total revenue from contracts with customers	4,201,633	165,638	4,367,271

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction services	**154,358**	444,644
Design, feasibility research, consulting and technical services	**12,837**	11,004
	167,195	455,648

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is separated in stages upon reaching certain pre-agreed milestones set forth in the agreement which is generally due within 30 days from the date of billing and payment. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Provision of design, feasibility research, consulting and technical services

The performance obligation is satisfied over time as services are rendered and payment is generally separated in stages upon reaching certain pre-agreed milestones set forth in the agreement and short-term advances are normally required before rendering the services.

	2020	2019
	RMB'000	*RMB'000*
Other income		
Government grants*	**10,587**	105,898
Bank interest income	**16,167**	24,993
Dividend income from an equity investment at fair value through other comprehensive income	**12,689**	4,726
Other interest income from financial assets at fair value through profit or loss	**135**	69
Rental income:		
Other lease payment, including fixed payments	**99,145**	97,068
Insurance indemnities	**40,832**	37,546
Others	**2,586**	323
	182,141	270,623
Gains		
Fair value gains, net:		
Financial asset at fair value through profit or loss — mandatorily classified as such, including those held for trading	**–**	23,227
	182,141	293,850

* 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:

	2020	2019
	RMB'000	*RMB'000*
Interest on bank loans and other loans	**62,209**	22,083
Interest on lease liabilities	**2,635**	636
Interest on discounted bills and letters of credit	**595**	–
	65,439	22,719

6. (LOSS)/PROFIT BEFORE TAX

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

	Note	2020 RMB'000	2019 RMB'000
Cost of services provided*		**4,994,862**	3,959,044
Depreciation of property, plant and equipment and investment property		**50,169**	53,455
Depreciation of right-of-use assets		**59,525**	10,914
Research and development costs		**144,954**	131,682
Amortisation of intangible assets		**5,826**	5,598
Government grants		**(10,587)**	(105,898)
Provision/(reversal) of impairment of financial and contract assets, net			
Impairment of trade receivables, net	*10*	**102,368**	34,042
Provision/(reversal) of impairment of contract assets, net		**76,046**	(42,648)
Impairment of other receivables, net		**506**	294
Loss on disposal of items of property, plant and equipment		**568**	269
Lease payments not included in the measurement of lease liabilities		**12,813**	19,869
Fair value gains, net:			
Financial asset at fair value through profit or loss — mandatorily classified as such, including those held for trading		**–**	(23,227)
Loss on derecognition of financial asset at fair value through profit or loss — mandatorily classified as such, including those held for trading		**16,549**	–
Auditor's remuneration		**6,626**	5,474
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries		**605,250**	522,600
Retirement benefit scheme contributions		**47,049**	66,679
Equity-settled share option expenses		**13,165**	30,038
		665,464	619,317
Foreign exchange differences, net		**4,921**	3,375

* Amounts of RMB382,529,000 and RMB307,894,000 of employee benefit expenses were included in cost of services provided during the years ended 31 December 2020 and 2019.

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.

	2020	2019
	RMB'000	*RMB'000*
Current		
— Mainland China	**12,024**	–
— Elsewhere	**1,218**	46,414
Deferred	**(25,551)**	(7,197)
Total tax (credit)/charge for the year	**(12,309)**	39,217

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, Indonesia, Russia, South Africa, Japan, Mexico, Thailand, United Arab Emirates and Singapore as the Group did not have any assessable income arising in Hong Kong, Indonesia, Russia, South Africa, Japan, Mexico, Thailand, United Arab Emirates and Singapore during the year ended 31 December 2020 (2019: Nil).

惠生工程(中國)有限公司 (Wison Engineering Limited, "**Wison Engineering**") was qualified as a "High and New Technology Enterprise" and was entitled to a preferential corporate income tax ("**CIT**") rate of 15% from 2014 to 2016. In accordance with the requirements of the tax regulations in the PRC, Wison Engineering reapplied for the "High and New Technology Enterprise" qualification and obtained the certification on 23 October 2017 and 12 November 2020, respectively, which was effective for another three years from 1 January 2020. Accordingly, Wison Engineering was subject to CIT at a rate of 15% for the years ended 31 December 2020 and 2019.

江蘇惠生建設科技有限公司 (Jiangsu Wison Construction Technology Co. Ltd., "**Jiangsu Wison**", formerly known as 江蘇中和永泰建設工程有限公司 (Jiangsu Zhonghe Yongtai Construction Engineering Company Limited)) is subject to CIT at a rate of 25%.

Wison USA, LLC (formerly known as "**Wison Petrochemicals (NA), LLC**") is subject to federal income tax at a rate of 21% and state income tax at a rate of 0.75%.

Income taxes arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions in which the Group operates.

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

	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit before tax	**(283,820)**	89,775
Tax at the statutory tax rates	**(65,131)**	27,301
Lower tax rate enacted by local authority	**21,346**	(1,202)
Tax losses not recognised	**50,515**	14,722
Tax losses utilised from previous periods	**–**	(1,271)
Effect of withholding taxes on distributable profits of the subsidiaries in Mainland China	**–**	12,750
Adjustments in respect of current tax of previous periods	**(3,783)**	–
Additional tax deduction	**(17,263)**	(14,814)
Income not subject to tax	**–**	(790)
Expenses not deductible for tax	**2,007**	2,521
Tax (credit)/charge at the Group's effective rate	**(12,309)**	39,217

The share of tax attributable to associates amounting to RMB10,000 (2019: RMB10,000) is included in "Share of profit and loss of associates" in the consolidated statement of profit or loss.

8. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Final — HK$0.004 (2019: HK$0.005) per ordinary share	**14,682**	17,366

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

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,073,767,800 (2019: 4,072,111,174) in issue during the year.

The calculation of the diluted (loss)/earnings per share amount is based on the (loss)/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 on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2020	2019
	RMB'000	*RMB'000*
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculations	**(271,238)**	50,609
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**4,073,767,800**	4,072,111,174
Effect of dilution-weighted average number of ordinary shares	**–**	19,776,648
	4,073,767,800	4,091,887,822

10. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**1,079,088**	1,153,971
Impairment	**(239,799)**	(150,105)
	839,289	1,003,866

The Group's trading terms with its customers are mainly on credit. Trade receivables are non-interest-bearing and on credit terms of a period of 30 days or the respective retention periods in the contracts. The Group seeks to maintain strict control over its outstanding receivables and minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are 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 loss allowance, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**133,512**	199,283
2 to 12 months	**260,871**	217,769
Over 1 year	**444,906**	586,814
	839,289	1,003,866

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**150,105**	116,063
Impairment losses, net *(note 6)*	**102,368**	34,042
Amount written off as uncollectible	**(12,674)**	–
At end of year	**239,799**	150,105

The increase (2019: increase) in the loss allowance was due to the following significant changes in the gross carrying amount:

(i) Decrease in the loss allowance of RMB7,432,000 (2019: RMB16,828,000) as a result of a net decrease (2019: decrease) in the gross carrying amount after the settlement of trade receivables and origination of new trade receivables;

(ii) Increase in the loss allowance of RMB109,800,000 (2019: RMB50,870,000) as a result of an increase in trade receivables which were over credit term; and

(iii) Decrease in the loss allowance of RMB12,674,000 (2019: Nil) as a result of the written-off of certain trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

	Ageing				
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**5.13%**	**10.90%**	**37.65%**	**94.70%**	**22.22%**
Gross carrying amount *(RMB'000)*	**415,698**	**190,094**	**438,975**	**34,321**	**1,079,088**
Expected credit losses *(RMB'000)*	**21,315**	**20,725**	**165,256**	**32,503**	**239,799**

As at 31 December 2019

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	8.56%	10.49%	18.25%	99.76%	13.01%
Gross carrying amount *(RMB'000)*	456,086	499,679	170,622	27,584	1,153,971
Expected credit losses *(RMB'000)*	39,034	52,414	31,139	27,518	150,105

The amounts due from related companies included in the trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
Related companies		
惠生(泰州)新材料科技有限公司	**123,239**	–
泰興博惠環保科技發展有限公司	**83,021**	61,420
泰興天馬化工有限公司	**76,697**	72,516
	282,957	133,936

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2020	2019
	RMB'000	*RMB'000*
Cash and bank balances	**789,410**	1,192,508
Time deposits with original maturity of less than three months	**256,944**	14,380
Time deposits with original maturity of more than three months	**249,387**	407,751
	1,295,741	1,614,639
Less: Pledged bank balances and time deposits	**824,775**	800,388
Unpledged cash and cash equivalents	**470,966**	814,251
Less: Frozen and unpledged bank balances	**45,200**	–
Unpledged and unfrozen cash and cash equivalents	**425,766**	814,251

At 31 December 2020, bank balances and time deposits of RMB466,905,000 (2019: RMB561,310,000) were placed as guarantee deposits for performance of certain construction contracts and for the tendering process.

At 31 December 2020, bank balances and time deposits of RMB18,692,000 (2019: RMB32,208,000) were pledged to the banks as security to obtain letters of credit facilities for the purchase of imported equipments.

At 31 December 2020, bank balances and time deposits of RMB291,909,000 (2019: RMB147,381,000) were pledged as security for bill facilities granted by the banks.

At 31 December 2020, bank balances and time deposits of RMB19,169,000 (2019: RMB2,605,000) were pledged to a bank as security for forward foreign exchange contracts.

At 31 December 2020, bank balances of RMB28,100,000 (2019: RMB56,884,000) were pledged to a bank as security to obtain a bank facility.

At 31 December 2020, certain bank accounts of Jiangsu Wison of RMB40,200,000 (2019: Nil) and Wison Engineering of RMB5,000,000 (2019: Nil) were frozen by related courts for preservation.

At 31 December 2020, the cash and bank balances of the Group denominated in RMB amounted to RMB926,281,000 (2019: RMB786,429,000). 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 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 ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**1,760,149**	783,735
1 to 2 years	**144,679**	138,217
2 to 3 years	**115,348**	917,125
Over 3 years	**410,263**	212,014
	2,430,439	2,051,091

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

13. SHARE CAPITAL AND RESERVES

Shares

	2020	2019
Number of ordinary shares		
Authorised:		
Ordinary shares of HK$0.1 each	**20,000,000,000**	20,000,000,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each	**4,073,767,800**	4,073,767,800

	2020	2019
	RMB'000	*RMB'000*
Authorised:		
Ordinary shares of HK$0.1 each	**1,622,757**	1,622,757
Issued and fully paid:		
Ordinary shares of HK$0.1 each	**330,578**	330,578

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**	**Share premium account**	**Total**
		RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	4,070,608,200	330,299	861,129	1,191,428
Share options exercised	3,159,600	279	8,072	8,351
At 31 December 2019, 1 January 2020 and 31 December 2020	**4,073,767,800**	**330,578**	**869,201**	**1,199,779**

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of its Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the Corporate Governance code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Year.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

COMPLIANCE WITH THE 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.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code throughout the Year to the date of this announcement. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of the subsidiaries during the Year.

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises all the three independent non-executive Directors, namely Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group, the annual results and the consolidated financial statements for the year ended 31 December 2020. The Audit Committee considered that the annual results are in compliance with all applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Messrs. Ernst & Young on this preliminary announcement.

FINAL DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2020 (2019: HK$0.0040 per ordinary share).

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting ("**2021 AGM**") will be held on Wednesday, 16 June 2021. A notice convening the 2021 AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For determining the entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Thursday, 10 June 2021 to Wednesday, 16 June 2021, both dates inclusive, during which period no transfer of shares of the Company will be registered.

To ensure that Shareholders are entitled to attend and vote at the 2021 AGM, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 9 June 2021.

EVENTS AFTER THE REPORTING PERIOD

The Group incurred a net loss attributable to owner of the Company of RMB271,238,000 during the year ended 31 December 2020 and the Group had net current assets of RMB26,496,000 as at 31 December 2020.

As a result of net loss recorded by the Group, the Group is in breach of financial covenant with certain bank (the "**Bank**") which is entitled to demand for immediate repayment of the principal amount of RMB805,000,000 and accrued interest as at 31 December 2020 as stipulated in the clauses of the loan agreement.

In order to improve the Group's operating and financial position, the directors of the Company have taken certain measures. For details, please refer to note 1.1 of the consolidated financial statements.

The Directors have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

As at the date of this announcement, the Bank has not raised any demand for immediate repayment.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float of at least 21.87%, being the minimum public float as agreed by the Stock Exchange.

PUBLICATION OF ANNUAL RESULT AND ANNUAL REPORT

The results announcement is required to be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.wison-engineering.com), respectively. The annual report of the Company for the Year will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Wison Engineering Services Co. Ltd.
Yan Shaochun
Executive Director and Chief Executive Officer

Hong Kong, 26 March 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Yan Shaochun, Mr. Zhou Hongliang, Mr. Dong Hua and Mr. Zheng Shifeng; the non-executive Director and Chairman of the Company is Mr. Liu Hongjun; and the independent non-executive Directors of the Company are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.