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)

INTERIM RESULTS ANNOUNCEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2014

Highlights:

- Our revenue for the six months ended June 30, 2014 amounted to approximately RMB2,761,386,000, representing an increase of 38.5% from approximately RMB1,993,117,000 recorded in the corresponding period in 2013.

- Our gross profit for the six months ended June 30, 2014 amounted to approximately RMB306,869,000, representing a decrease of 13.6% from approximately RMB355,002,000 recorded in the corresponding period in 2013.

- Our net profit for the six months ended June 30, 2014 amounted to approximately RMB35,172,000, representing an increase of 2.9% from approximately RMB34,196,000 recorded in the corresponding period in 2013.

- Profit attributable to owners of the parent for the six months ended June 30, 2014 amounted to approximately RMB26,461,000, representing an increase of 20.0% from approximately RMB22,046,000 recorded in the corresponding period in 2013.

BUSINESS OVERVIEW

Overall Review

Heading into 2014, the global economy remained complex and fast-changing. The United States saw signs of positive change in its economic data which represented a favorable turn for the global economy. However, economic growth in Europe was still stagnant. On the other hand, emerging economies experienced higher fluctuations due to the effects of a reduction to quantitative easing by the United States and geopolitical events. The economic development of the PRC is shifting its focus from pursuing rapid growth in the past towards the quality, efficiency and sustainable transitions of economic growth. Together with the dedicated modification and optimization of the structure and system of industries, the PRC recorded economic growth of 7.4%, a more reasonable level, in the first half of the year. The subsisting growth of the domestic economy underpinned the demand for energy and downstream industries as well as the development of related energy services sectors.

Since the new coal-to-chemicals projects in progress in the PRC recently commenced operation in succession, with the continuous downturn of coal prices and the increase in rigid demand for fundamental raw materials such as downstream ethylene, the technological readiness of and economic investment in new coal-to-chemicals projects using technologies in coal-to-gas, coal-to-liquid, coal/methanol-to-olefins were gradually corroborated. Given the promotion of mixed ownership system within the traditional sectors dominated by state-owned enterprises, investments made by private enterprises revitalized the petrochemicals industry in the PRC. Under such circumstances, the demand for outperforming professional EPC service providers by the petrochemicals industry in the PRC will continue to increase. In addition, the global demand for the development and utilization of cleaner energies such as natural gas continued to rise. In the meantime, the surging number of enterprises from the PRC expanding abroad and investing in overseas oil and gas markets built a sound foundation for the development of PRC engineering enterprises in overseas markets.

The first half of 2014 was still a challenging time for the Group. Trading in the shares of the Company was suspended on September 2, 2013 (the "Trading Suspension") after the Company had been informed that Mr. Hua Bangsong, a controlling shareholder, a director and the Chairman of the Company, was assisting relevant authorities in the PRC in connection with their enquiries. Since that time, Mr. Hua has been temporarily unable to perform his duties. The Company subsequently announced in March 2014 that Mr. Hua had been arrested by the PRC public security authority over alleged bribery activity. As at the date of this announcement, the board of directors (the "Board") of the Company has not been contacted by Mr. Hua, nor received any explanation or formal notification from the PRC authority.

As disclosed in the announcement of the Company dated 25 July 2014 (the "Update Announcement"), the Board believed that the prospects of a debt resolution with its banks would be best achieved during the period of the Trading Suspension. Further details of the Trading Suspension are set out in the Update Announcement.

As disclosed in the Update Announcement, the investigations by the relevant PRC authorities (the "PRC Investigations") have resulted in considerable uncertainty as to their impact upon the Company's situation, being a factor that leads to bank loans being called and a cross-default across the Group's bank borrowing facilities.

For the benefit of all Shareholders, the Board continued to review its business operations and took proactive measures in the first half of 2014 with a view to minimising or reducing the impact on the Group's business operation and financial performance. The Board believes that these measures have begun to bring positive impact on the Group. During the six months ended June 30, 2014 (the "Period under Review"), the Group managed to extend or refinance a number of its existing material banking facilities. Moreover, the Group successfully negotiated with a number of suppliers and contractors, the deferral of certain payments for equipment and constructions costs, with a view to easing the Group's short-term cash flow. As disclosed in the announcement of the Company dated March 7, 2014, some of the frozen banks accounts, which were previously frozen as part of the PRC Investigations, had been released following the Company's communication with the relevant regulatory authorities.

As disclosed in the announcement of the Company dated June 10, 2014, an indirect non wholly-owned subsidiary of the Company, Wison Engineering Ltd. (惠生工程(中國)有限公司) and Jiangsu Sailboat Petrochemical Co., Ltd., due to the situation of the Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I) and after arm's length negotiation, mutually agreed to terminate the Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I).

Despite the termination of the Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I), the Group continued to fulfill its other existing contracts and other obligations with a view to maintaining normal business operations and attaining satisfactory progress in ongoing projects during the Period under Review. For instance, the Group completed delivery of its first digital design project and kicked off the on-site construction of site preparation project in Venezuela. In the first half of 2014, 38 new contracts were signed as the Group continued to identify new customers and obtained new contracts.

The management, along with all the staff of the Group, has been constantly mitigating the impacts that the Investigations would otherwise have on the Group, its shareholders, suppliers, customers and other stakeholders. The Group will continue to facilitate business development, actively pursue new contracts in both domestic and overseas markets and reinforce the project execution and operational management, so as to lay a solid stepping stone for achieving the 2014 core objective of "consolidating the growth foundation and improving earning capacity" set at the beginning of the year.

FINANCIAL HIGHLIGHTS

During the Period under Review, the Group's revenue amounted to approximately RMB2,761.4 million, representing an increase of 38.5% as compared with the same period in 2013 (first half of 2013: approximately RMB1,993.1 million). Gross profit decreased by 13.5% from the same period last year to approximately RMB306.9 million (first half of 2013: approximately RMB355.0 million). Profit attributable to owners of the parent amounted to approximately RMB26.5 million, representing a turnaround in loss after tax for the financial year ended December 31, 2013 (financial year ended 2013: loss of approximately RMB471.3 million), which was mainly due to the fact that: (i) during the Period under Review, subsequent to the negotiations between the Group and the owners, the total contract amount of certain projects as of June 30, 2014 was adjusted upward by approximately RMB16 million, accounting for approximately 5% of the original contract amount, and the impacts of such adjustments on income were recognized during the Period under Review; and (ii) during the Period under Review, sales income derived from projects of the Group recorded a year-on-year increase as compared with the same period in 2013. In the meantime, as the projects in progress continued to move forward, coupled with more stringent overall cost control over the projects, the Company updated the overall budget of certain projects and recognized the resulting impacts during the Period under Review.

During the Period under Review, new contract value, net of estimated value added tax ("VAT"), amounted to RMB144.1 million (first half of 2013: approximately RMB7,503.5 million), of which coal-to-chemicals, petrochemicals and other products and services business segments accounted for 15.9%, 83.9% and 0.2%, respectively. Backlog amounted to approximately RMB20,930.0 million (December 31, 2013: approximately RMB23,560.8 million), of which coal-to-chemicals, oil refineries, petrochemicals and other products and services business segments accounted for 28.4%, 52.7%, 16.4% and 2.5%, respectively.

BUSINESS REVIEW

Coal-to-chemicals

During the Period under Review, revenue from the Group's coal-to-chemicals business increased by 86.4% to RMB1,512.9 million (first half of 2013: RMB811.7 million), accounting for approximately 54.8% of total revenue. The increase in revenue from this business segment was primarily due to the smooth progress of the Group's major coal-to-chemicals projects, including Shanxi Coal Gasification and Purification Projects, Erdos Coal-to-Methanol Project and Shaanxi Polyethylene Plant Project and Public Utilities Project, which drove the increase in revenue during the Period under Review. Backlog as at the end of the Period under Review and new contract value during the Period under Review amounted to RMB5,943.3 million and RMB22.9 million respectively (backlog value as at December 31, 2013: RMB7,439.9 million; new contract value in first half of 2013: RMB6,323.7 million).

Despite the enormous challenges it faced, the Group endeavored to sign 14 feasibility studies, consultation, and design contracts in coal-to-chemicals business during the Period under Review, backed by its proprietary coal-to-chemicals technologies and excellent track records.

During the Period under Review, the construction work of the Group's major coal-to-chemicals projects, including Shaanxi Coal-to-Olefins Polyethylene Plant Public Utilities and Auxiliary Facilities Project, and Inner Mongolia Erdos 400kta Coal-to-Methanol Project attained good progress and recognitions were awarded by the owners. For instance:

- The detailed design of the gasification plant of Shanxi coal-to-liquid Project undertaken by the Group entered the stage of 90% PDS model design. On March 19, 2014, the Group was accredited "2013 Best HSE Management Award" and "2013 Project Management Excellent Contribution Award" by the owner in recognition of its outstanding performance last year.

- Leveraging its successful experience of the MTO separation technology, for which the Company has proprietary intellectual property rights, and Wison (Nanjing) Clean Energy MTO Project, the Group provided one-stop services ranging from design, procurement, construction and trial run to Yangmei Hengtong 300kta MTO Plant Project, and was granted "2013 Excellent Management Team Award" by the owner.

Furthermore, due to the status of Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I), upon the request made by Jiangsu Sailboat and arm's-length negotiation between the parties, on June 10, 2014, Jiangsu Sailboat and Wison Engineering entered into an agreement in respect of termination of contract and fee settlement (the "Termination Agreement"), pursuant to which the parties agreed to terminate the contract and confirmed the completed amount of works under the contract and the payable amount of backlog arising from the termination of contract.

Oil refineries

During the Period under Review, revenue from the Group's oil refinery business segment decreased by 71.9% to RMB10.1 million (first half of 2013: RMB36.0 million), accounting for approximately 0.4% of total revenue. The decline was primarily attributable to other oil refinery projects of the Group, including the site preparation for the Puerto La Cruz Refinery Deep Conversion Project in Venezuela, which have not yet entered into their principal construction phase. As at the end of the Period under Review, backlog amounted to RMB11,023.9 million (December 31, 2013: RMB11,034.7 million).

The procurement and construction contract involving the site preparation for the Puerto La Cruz Refinery Deep Conversion Project in Venezuela obtained from PDVSA Petróleo S.A. ("PDVSA") in October last year, officially commenced construction work in July 2014 and is expected to be completed within one year. The Group also entered into cooperative agreements with large scale national enterprises such as CTEC (中鐵四局), CREC-9 (中鐵九局) and CREC-10 (中鐵十局) as well as TREVI in Italy in respect of construction sub-contracting, for the sake of sufficient preparation for on-site construction of project.

In addition, Shandong Longgang Chemical Co., Ltd. 800kta Heavy Oil Hydrocracking Design Project, which is the first residue hydrocracking project in the PRC and one of the digital design projects promoted by the Group, has reached completion of database establishment, laying a concrete foundation for modularized implementation of design projects.

Petrochemicals

During the Period under Review, revenue from the Group's petrochemicals business segment rose by 87.2% to RMB1,235.5 million (first half of 2013: RMB660.0 million), accounting for approximately 44.7% of total revenue. The increase in revenue from the petrochemicals business segment was mainly due to the smooth progress made in major petrochemicals projects such as Sichuan Shengda Projects. Backlog as at the end of the Period under Review and new contract value during the Period under Review amounted to RMB3,442.4 million and RMB120.9 million, respectively (backlog value as at December 31, 2013: RMB4,561.1 million; new contract value in first half of 2013: RMB287.2 million).

During the Period under Review, the Group secured 16 new contracts in petrochemicals sector. In May 2014, capitalizing on its leading position in the field of industrial furnace, the Group entered into an EPC contract with Shandong Qixiang Tengda Chemical Co., Ltd. in respect of a newly built heating furnace for its 450kta light alkane dehydrogenation plant. In April 2014, the Group entered into a design contract with a client in Guizhou Province in regards to a yellow phosphorus tail gas to glycal demonstration plant.

During the Period under Review, the major petrochemicals projects of the Group achieved satisfactory results. For example:

- During the Period under Review, a sewage benzene mitigation project in Saudi Arabia in which the Group was involved in an EPC contract achieved high-standard mechanical completion. The Group was recognized for the timely trial run and fulfillment of the technical requirements of the Royal Commission of Saudi Arabia. The project manager was also acclaimed as the "2013 Project Management Pioneer of Chinese Companies in Saudi Arabia".

- During the Period under Review, the Group's Saudi Arabia cracking furnace EPC project has entered into its major construction phase.

- During the Period under Review, Chongqing BASF MDI Project undertaken by the Group with a contracting mode of EPsCM achieved mechanical completion and 23,722,540 hours of safety operation.

- The hand-over of Sichuan Shengda 1mta Purified Terephthalic Acid (PTA) Project in which the Group is involved in an EPC contract was commenced. The project will gradually enter the stage of trial operation.

Other Products and Services

Revenue from other products and services during the Period under Review was RMB2.9 million (first half of 2013: approximately RMB485.4 million). Revenue from the manufacturing and sales of integrated pining systems composed of heat-resistant alloy tubes and fittings by Wison (Yangzhou) Chemical Machinery Co., Ltd. ("Wison Yangzhou"), a wholly-owned subsidiary of the Group, amounted to RMB1.9 million (first half of 2013: approximately RMB6.4 million).

Establishment of comprehensive scientific management system to achieve continuous breakthroughs in overseas expansion

According to the development strategies formulated at the beginning of the year, the Company formed certain cross-departmental management teams to enhance its overall competitiveness and execution capabilities.

As for project management, precise management was improved to enhance the profitability of the Group's projects, including the progressive formation of a sound and effective cost-based man hour system to strengthen cost accounting and control during project planning and execution to lay a foundation for the Company's cost management through the process; and the formation of a project cost audit team at the corporate level to strengthen project subcontracting, budgeting, accounting and audit. Second, project execution was separated from project audit, and a project accountability system in the charge of the Group's management was established. The main initiatives included the formation of a project support and audit team at the corporate level to assist in preliminary project planning and stepping up project compliance management as well as project quality and safety management; and the formation of an expert project management team to facilitate project execution, marketing and pricing, as well as to reinforce project execution.

As for human resources, alongside the addition of profit centers, the Group also set up a general incentive allocation system and implemented additional incentive measures. By fortifying performance management, making individual performance and rewards closely bound up with corporate performance, and strengthening performance culture as management practices to further motivate and consolidate its team, the overall execution capabilities and working efficiency of each business and operating department have been enhanced.

The execution capabilities of projects in overseas market have seen constant improvement. In addition to the Saudi De-Bottlenecking (DBN) Project, the Group's benzene mitigation EPC project in Saudi Arabia started up on schedule and it was well acclaimed for its compliance with the technical requirements of Royal Commission of Saudi Arabia. The project manager was also awarded the "2013 Project Management Pioneer of Chinese Companies in Saudi Arabian". The procurement and construction contract from PDVSA Petróleo S.A. ("PDVSA") involving the site preparation for the Puerto La Cruz Refinery Deep Conversion Project in Venezuela commenced in July 2014. The overseas project management and execution capabilities of the Group were verified and enhanced in practice while an internationalised project team has been developed.

Continuous enhancement of competitive strengths in technological innovation, and acceleration of commercialization

The Group has been striving to explore innovative technologies to secure its leading position in the industry. As of June 30, 2014, the Group obtained 48 patents in the PRC with 13 patents pending at approval. During the Period under Review, the Group filed new applications for 5 invention patents and was granted 6 licenses for invention patents along with another two applications for software copyright.

The Group's major research and development projects made significant progress. As for the cooperation with Foster Wheeler and Clariant, the construction of the natural gas (SNG) pilot plant was completed and got through the process during the Period under Review. The Group's own proprietary technology in butene oxidization and dehydrogenation to butadiene has entered commercialization phase. Other R&D projects were in smooth progress.

During the Period under Review, there was a major breakthrough in digital design. The first digital factory (DF) of the Group, has achieved digital delivery in the 40kta styrene project of Xinjiang Dushanzi Tianli Industry (新疆獨山子天利實業). The full application of integrated 3D softwares in the project not only highlighted the leading standard of digital design capabilities of Wison Engineering in the PRC, but also marked a new stage of comprehensive promotion and application.

OUTLOOK

The growing global demand for energy and downstream products is expected to be sustained in the coming five years. As for domestic market, the curtain on the reformation of state-owned enterprises by adopting mixed ownership structures has been rung up and successive steps have been taken to encourage private capital investments, with a view to bringing in new development opportunities for petrochemicals industry. The National Development and Reform Commission has been formulating the "Layout Plan for the Petrochemicals Industry" (《石化產業規劃布局方案》)to optimize and adjust overall layout and to facilitate robust development of the petrochemicals industry based on scientific and rational planning. In addition, the "Circular of Promoting the Scientific and Orderly Development of the Coal-to-Liquid and Coal-to-Gas Industries" (《關於規範煤制油、煤制天然氣產業科學有序發展的通知》)recently issued by the National Energy Administration has proposed certain principles required in regulating the domestic coal-to-liquid and coal-to-gas industries.

In overseas markets, the demand for traditional petrochemicals, refining and its downstream products has been increasing, especially in emerging countries and areas with abundant resources and requiring immediate energy conversion. In the future, the energy reformation led by shale oil and gas will also stir up new development in relevant industries. It is necessary for the Group to take advantage of the favorable external environment to stave off its own internal conflicts against this backdrop. Meanwhile, in order to turn current challenges into future development opportunities, the Group is also required to bring its competitive edge into full play according to the determined development strategies.

In the second half of the year, the Group will continue to adjust its development strategies by capitalizing on its own competitive strengths and adhering to its core objective of "consolidating the growth foundation and improving earning capacity" from time to time while focusing on the following four aspects, so as to overcome current challenges and to be well prepared for the sustainable business development in the long run.

1. Diversification in domestic market with deep penetration into various business sectors

In response to the current situation in the domestic market, the Group will fully leverage its technological advantages to further diversify its client base, service models for project management and competitive and cooperative strategies. The Group will continue to step up its promotion of self-developed or jointly-developed technologies such as MTO, residue hydro-treating, coal-to-glycol and SNG to drive its sales, and will enhance its technology and professional knowledge-based marketing efforts to attract more clients and to diversify its client base. Also, the Group will coordinate five design centers for joint marketing campaigns and market information sharing. To strengthen industrial analysis and have a better grip on marketing trends, the Group will improve its departments' market analysis ability, and formulate its marketing directions and strategies based on scientific analysis. In addition, the three-year rolling management system will also be reinforced to bring in more business opportunities.

2. **Making key breakthroughs by concentrating on its superior recourses to accelerate overseas expansion**

   As for the overseas market, the Group will continue to focus on the Americas, Middle East, and Southeast Asia, to progressively expand its sales network across the globe. Rooted in Venezuela, South America, the Group will strive to secure more refineries and downstream projects in the coming five years. In the North American market, the Group will join hands with Wison Offshore & Marine in market development, achieve breakthroughs through local partnerships and pay close attention to PRC investors as well as shale gas downstream projects and modularized projects. In the Middle East and North Africa, the Group will expand its operations to surrounding regions based on its presence in Saudi Arabia, and aim for more new projects in larger scales. In the Southeast Asia, the Group will fully utilize its superior technologies to commence consultancy and marketing businesses for new coal-to-chemicals industry.

3. **Strengthening scientific management and accelerating internationalization**

   The Group will make continuous improvements in its project management capabilities and keep up high-quality project delivery. First, project execution, material control, progress cost control will be strengthened whereas project subcontracting, resources integration and on-site support will be reinforced. Second, the Group will reinforce its project cost management, monitor its budget execution, formulate and consummate simulated profit centre systems including project profit centres, in order to strengthen financial control at both company level and project level. Existing measures such as an effective cost-based man hour system and a project cost audit team will also be improved upon. In the meantime, by fortifying performance management, emphasizing profitability index and increasing cost control awareness across every section of projects' life cycles, the Group will be able to increase its gross profit margin. The Group will simultaneously implement the formulated performance management and incentive allocation policy. In addition, the Group will continue to optimize procedures and regulations in project management and establish a system suitable for the Company to achieve better standardization in project management.

   Furthermore, the Group will sharpen its design strength, reinforce the design department's management and profession, and improve its design efficiency through a clear line of management. The Group will also extend its concept of design services to further improve design quality and utilize the digital design model for articulation of its internal cooperative procedures. In the meantime, for the purpose of effective cost control over projects, not only will the design man hour management be continuously reinforced, but also the audit and analysis in salary costs of design workforce.

On another note, the Group will make every effort to comprehensively facilitate its business structure and enhance the Company's international competitiveness, in order to be capable of independently executing international projects worth over US$1 billion. The Group will also maintain close relationships with international engineering companies, increase its capabilities in global procurement and set up a database for overseas project execution. Meanwhile, as for internal management, developments in human resources, organizational structure and corporate culture will lay a cornerstone for the Group to step up the process of internationalization.

4. **Devotion to future-oriented research and development to consolidate technological advantages**

   The Group will continue to invest in key research and development projects and take the initiative to facilitate the commercial application and promotion of the existing proprietary technologies. The cooperation, and research and development of coal chemicals technologies including coal-to-olefins technology, synthetic natural gas (SNG) technology, coal-to-ethanol, butene oxidization and dehydrogenation to butadiene technology will be strengthened. Furthermore, the promotion of commercial application, and research and development of process design package compilation of the large-scale projects will be consummated. The Group will also keep track of the trends in technological development in the domestic and overseas energy industry from time to time, focus on the development of new technologies and technological expansions and to seek technological cooperation.

   In addition, a specialized team dedicated to modularization design will be formed to enhance the strength of modularized construction projects of the LNG terminals and large-scale factories to tie in with the developing trends in the oil and gas industry in the future.

Having been through certain events in 2013, it is of paramount importance for the Group to be back on track towards growth and attaining profits this year. The valuable experience gained has been gratifying, and perseverance as well as self-breakthrough capabilities revealed by the Group and all staff through continuous self-reflection from the setback have driven the Group to improve itself for its sustainable development. With the Group's distinct performance and results in project management over a decade as well as our elite teams, we are confident that we will return to growth and commence a new round of development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

In the six months ended June 30, 2014, the comprehensive revenue of the Group amounted to RMB2,761.4 million, representing an increase of RMB768.3 million, or 38.5%, from RMB1,993.1 million in the six months ended June 30, 2013. Details of comprehensive revenue breakdown by business segments are set out below:

Business segment	Six months ended June 30, 2014	2013	Change	Change
	(RMB million)	*(RMB million)*		%
Petrochemicals	**1,235.5**	660.0	575.5	87.2%
Oil refineries	**10.1**	36.0	-25.9	-71.9%
Coal-to-chemicals	**1,512.9**	811.7	701.2	86.4%
Other products and services	**2.9**	485.4	-482.5	-99.4%
	2,761.4	1,993.1	768.3	38.5%

In petrochemicals, revenue increased by RMB575.5 million, or 87.2%, from RMB660.0 million in the six months ended June 30, 2013 to RMB1,235.5 million in the six months ended June 30, 2014. The increase in revenue for our petrochemical business segment was driven mainly by the smooth progress made in the Group's major petrochemical projects such as Sichuan Shengda Projects during the Period under Review.

In oil refineries, revenue decreased by RMB25.9 million, or 71.9%, from RMB36.0 million in the six months ended June 30, 2013 to RMB10.1 million in the six months ended June 30, 2014. The decrease was primarily because the Group's other oil refinery projects, including the site preparation for the Puerto La Cruz Refinery Deep Conversion Project in Venezuela, have not yet entered into their principal construction phase. As such, overall revenue from the oil refineries business segment in the six months ended June 30, 2014 decreased as compared with that in the six months ended June 30, 2013.

In coal-to-chemicals, revenue increased by RMB701.2 million, or 86.4%, from RMB811.7 million in the six months ended June 30, 2013 to RMB1,512.9 million in the six months ended June 30, 2014. The increase was driven mainly by the smooth progress made in the Group's major coal-to-chemicals projects, such as Shanxi Coal Gasification and Purification Projects, Erdos Coal-to-Methanol Project, Shaanxi Polyethylene Plant Project and Public Utilities Project during the Period under Review.

In other products and services, revenue decreased by RMB482.5 million, or 99.4%, from RMB485.4 million in the six months ended June 30, 2013 to RMB2.9 million in the six months ended June 30, 2014. In the six months ended June 30, 2014, the financing plan previously set for Zhoushan Wison Marine Engineering Base Project was deferred, resulting in progress behind contract schedule. Meanwhile, the Saudi De-Bottlenecking (DBN) Project was substantially completed in the previous year under review. As such, overall revenue from other products and services segment in the six months ended June 30, 2014 significantly decreased as compared with that in the six months ended June 30, 2013.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by RMB48.1 million, or 13.5%, from RMB355.0 million in the six months ended June 30, 2013 to RMB306.9 million in the six months ended June 30, 2014. The gross profit margins of the Group in the six months ended June 30, 2013 and 2014 were 17.8% and 11.1% respectively. In the six months ended June 30, 2013, the gross profit margins for petrochemicals, oil refineries, coal-to-chemicals and other products and services business segments were 20.7%, -24.7%, 13.9% and 23.5%, respectively, while the gross profit margins in the six months ended June 30, 2014 were 3.7%, -7.9%, 17.3% and -34.5%, respectively.

The decrease in the gross profit margin in petrochemicals business segment was primarily attributable to the relatively low gross profit margin contributed from the Group's major petrochemical projects.

The increase in the gross profit margin in oil refineries business segment was mainly due to the recognition of miscellaneous additional costs associated with some modifications related to various installations during the previous period under review. During the Period under Review, the Group recognized expected losses for a small-scale project. As such, the segment still sustained a loss in the six months ended June 30, 2014.

The increase in the gross profit margin in coal-to-chemicals business segment was primarily due to the steady progress of Shanxi Coal Gasification and Purification Projects and Shandong MTO Project, which increase the contribution to the overall gross profit within the segment. Meanwhile, the Group updated the overall budgets of certain projects and recognised its effect during the Period under Review.

The decrease in gross profit margin in other products and services was mainly due to the recognition of additional costs for the Saudi De-Bottlenecking (DBN) Project during the Period under Review.

Other Income

Other income increased by RMB9.2 million, or 80.7%, from RMB11.4 million in the six months ended June 30, 2013 to RMB20.6 million in the six months ended June 30, 2014. Interest income decreased by approximately RMB2.0 million, rental income increased by RMB6.5 million and foreign exchange gains increased by RMB3.7 million.

Sales and Marketing Expenses

Sales and marketing expenses decreased by RMB12.7 million, or 27.0%, from RMB47.1 million in the six months ended June 30, 2013 to RMB34.4 million in the six months ended June 30, 2014. This is primarily due to the decrease in expenses arising from the preliminary stage of the projects as well as other sales and marketing expenses.

Administrative Expenses

Administrative expenses increased by RMB14.9 million, or 9.5%, from RMB156.1 million in the six months ended June 30, 2013 to RMB171.0 million in the six months ended June 30, 2014. The increase was primarily due to the increase in management fees and depreciation charges associated with the new office building of the Group, which opened during the second half of 2013.

Other Expenses

Other expenses decreased by RMB5.0 million, or 17.9%, from RMB27.9 million in the six months ended June 30, 2013 to RMB22.9 million in the six months ended June 30, 2014. This decrease was primarily due to the decrease in research and development expenses.

Finance Costs

Finance costs decreased by RMB33.8 million, or 42.8%, from RMB78.9 million in the six months ended June 30, 2013 to RMB45.1 million in the six months ended June 30, 2014. The decrease was mainly attributable to the decrease in interest expenses. The decrease in interest expenses was primarily due to the decrease in our average bank borrowings in the six months ended June 30, 2014 compared with that in the six months ended June 30, 2013.

Income Tax Expenses

Income tax expenses decreased by RMB3.2 million or 14.5%, from RMB22.0 million in the six months ended June 30, 2013 to RMB18.8 million in the six months ended June 30, 2014. The decrease was primarily due to the utilisation of tax losses brought forward from year ended December 31, 2013.

Net Profit

Net profit increased by RMB1.0 million, or 2.9%, from RMB34.2 million in the six months ended June 30, 2013 to RMB35.2 million in the six months ended June 30, 2014. Our net profit margin was 1.7% in the six months ended June 30, 2013 and decreased to 1.3% in the six months ended June 30, 2014. The increase of our net profit in the six months ended June 30, 2014 was primarily due to the decrease in our operating expenses. The decrease in our net profit margin was primarily due to the decrease in overall gross profit margin.

Financial Resources, Liquidity and Capital Structure

The Group meets its working capital and other capital requirements principally with cash generated from its operations, borrowings and proceeds from the global offering.

As at June 30, 2014, the Group's pledged and unpledged cash and bank balances included the following amounts:

	June 30, 2014	December 31, 2013
	(Million)	
Hong Kong Dollar	**1.8**	12.6
US Dollar	**1.1**	0.9
Renminbi	**387.9**	1,065.2
Saudi Riyal	**3.6**	1.9
Indonesian Rupiah	**212.6**	262.2
Venezuelan Bolivar	**5.8**	0.1
Emirati Dirham	**0.2**	–

Interest-bearing bank and other borrowings of the Group as at December 31, 2013 and June 30, 2014 were set out in the table follow. The short-term debt of the Group accounted for 100% of the total debt (December 31, 2013: 100%).

	June 30, 2014	December 31, 2013
	(RMB million)	
Current		
Bank loans repayable within one year		
— secured	**642.9**	1,418.0
— unsecured	**78.4**	135.8
	721.3	1,553.8
Finance lease payables	**0.2**	0.2
	721.5	1,554.0
Non-current		
Finance lease payables	**0.1**	0.2
	0.1	0.2
	721.6	1,554.2

The bank and other borrowings are denominated in RMB and bore interest at floating rates except for loans of RMB461,425,000 at June 30, 2014 (December 31, 2013: RMB1,083,825,000), which bear interest at fixed rates.

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

Period ended June 30, 2014	5.70% to 7.80%
Year ended December 31, 2013	4.30% to 7.91%

The maturity profile of interest-bearing bank and other borrowings as at December 31, 2013 and June 30, 2014, based on contractual undiscounted payments, is as follows.

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
			(RMB million)		
June 30, 2014					
Interest-bearing bank and other borrowings	**–**	**292.8**	**451.5**	**–**	**744.3**
Finance lease payables	**–**	**0.1**	**0.1**	**0.1**	**0.3**
December 31, 2013					
Interest-bearing bank and other borrowings	–	711.5	883.2	–	1,594.7
Finance lease payables	–	0.1	0.2	0.1	0.4

As at June 30, 2014, the gearing ratio of the Group, which was derived by dividing total debt by total equity, was 0.5x (December 31, 2013: 1.0x). The ratio of total borrowings to total assets was 10.8% (December 31, 2013: 22.4%). The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 28, 2012 (the "Listing Date"). Net proceeds from the IPO, after deducting the underwriting commission and other estimated expenses in connection with the offering, amounted to approximately HK$1,364.3 million. As at June 30, 2014, the net proceeds have been fully utilized for purposes set out in the announcement of the Company dated November 1, 2013.

Future plans for major investment projects

Save as the "Digital Design" Project disclosed in the "Business Review" section, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals

During the six months ended June 30, 2014, the Group has not conducted any material acquisitions or disposals.

Capital Expenditure

During the six months ended June 30, 2014, the capital expenditure of the Group amounted to RMB2.5 million (in six months ended June 30, 2013: RMB188.8 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 bank balances and bank loans of the relevant entities. At present, the Group has not maintained any hedging policy against the foreign currency risk. However, the management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

Asset Security

As at June 30, 2014, bank deposits with carrying amounts of RMB199.4 million, property, plant and equipment with carrying amount of RMB116.0 million and leasehold interests on land with carrying amounts of RMB11.3 million were pledged as security for bank facilities and finance lease commitments of the Group.

Contingent Liability

In 2010, the Group submitted an application for special tax treatment under Circular No. 59 for Wison Energy Engineering (Hong Kong) Limited to transfer its entire equity interests in Wison Yangzhou and Wison Engineering Limited ("Wison Engineering"). To date, the relevant authorities have not reverted on this application. The Group calculated the prospective tax liability in relation to the transfer of equity interests in Wison Yangzhou and Wison Engineering. The Group paid RMB10.4 million in December 2011 and made a provision of RMB4.4 million in its financial statements as at December 31, 2011 accordingly. The provision was based on a valuation of Wison Yangzhou and Wison Engineering performed by a PRC valuer.

Except for the contingent liabilities as stated above, the Group had no other contingent liabilities as at June 30, 2014.

Human Resources

As at June 30, 2014 the Group had 1,612 employees (December 31, 2013: 1,782 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. In the six months ended June 30, 2014, the total staff cost of the Group (including salaries, bonuses, insurances and share option schemes) amounted to RMB276.9 million (in the six months ended June 30, 2013: RMB301.7 million).

The Group adopted the Pre-IPO Share Option Scheme and the Share Option Scheme on November 30, 2012 as encouragement and reward for their contributions to the Company.

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2014. The unaudited consolidated results have been reviewed by Ernst & Young and by the audit committee of the Company.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		For the six months ended June 30,	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**2,761,386**	1,993,117
Cost of sales		**(2,454,517)**	(1,638,115)
GROSS PROFIT		**306,869**	355,002
Other income and gains	*4*	**20,626**	11,357
Selling and marketing expenses		**(34,405)**	(47,079)
Administrative expenses		**(171,040)**	(156,129)
Other expenses		**(22,890)**	(27,936)
Finance costs	*5*	**(45,133)**	(78,859)
Share of loss of an associate		**(54)**	(120)
PROFIT BEFORE TAX	*6*	**53,973**	56,236
Income tax expenses	*7*	**(18,801)**	(22,040)
PROFIT FOR THE PERIOD		**35,172**	34,196
ATTRIBUTABLE TO:			
Owners of the parent		**26,461**	22,046
Non-controlling interests		**8,711**	12,150
		35,172	34,196
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
— Basic		**RMB0.65 cents**	RMB0.54 cents
— Diluted		**RMB0.65 cents**	RMB0.54 cents

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**35,172**	34,196
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**–**	280
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**–**	280
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**–**	280
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**35,172**	34,476
Attributable to:		
Owners of the parent	**26,461**	22,326
Non-controlling interests	**8,711**	12,150
	35,172	34,476

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	June 30, 2014 RMB'000 (Unaudited)	December 31, 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**1,240,892**	1,274,438
Investment properties		**14,422**	14,716
Prepaid land lease payments		**180,505**	182,732
Goodwill		**15,752**	15,752
Other intangible assets		**12,722**	15,191
Investment in an associate		**1,938**	1,992
Long-term prepayments		**1,603**	2,042
Total non-current assets		**1,467,834**	1,506,863
CURRENT ASSETS			
Inventories		**248,077**	241,823
Gross amounts due from contract customers	*10*	**3,211,631**	2,923,402
Trade and bills receivables	*11*	**333,323**	261,567
Due from a related company	*15*	**431**	117
Due from fellow subsidiaries	*15*	**7,017**	121
Due from the ultimate holding company	*15*	**87**	87
Prepayments, deposits and other receivables		**982,055**	904,830
Pledged bank balances and time deposits	*12*	**199,421**	791,030
Cash and bank balances	*12*	**203,849**	293,510
Tax recoverable		**24,227**	22,547
Total current assets		**5,210,118**	5,439,034
CURRENT LIABILITIES			
Gross amounts due to contract customers	*10*	**675,717**	574,915
Trade and bills payables	*13*	**2,963,761**	2,526,183
Other payables, advances from customers and accruals		**439,519**	491,002
Interest-bearing bank borrowings	*14*	**721,516**	1,554,049
Due to a related company	*15*	**78**	78
Due to an associate	*15*	**630**	630
Dividends payable		**272,674**	272,674
Total current liabilities		**5,073,895**	5,419,531

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

	Notes	June 30, 2014 RMB'000 (Unaudited)	December 31, 2013 RMB'000 (Audited)
NET CURRENT ASSETS		**136,223**	19,503
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,604,057**	1,526,366
NON-CURRENT LIABILITIES			
Finance lease payables	*14*	**105**	171
Deferred tax liabilities		**28,486**	20,803
Government grants		**2,175**	2,213
Total non-current liabilities		**30,766**	23,187
NET ASSETS		**1,573,291**	1,503,179
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Issued capital		**329,803**	329,803
Reserves		**1,147,809**	1,086,408
		1,477,612	1,416,211
Non-controlling interests		**95,679**	86,968
TOTAL EQUITY		**1,573,291**	1,503,179

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The registered office of Wison Engineering Services Co. Ltd. (the "Company") is located at Clifton House, 75 Fort Street, P.O. Box 1350, George Town, Grand Cayman, KY1-1108, Cayman Islands.

Wison Engineering Investment Limited ("Wison Investment") is the immediate holding company of the Company. In the opinion of the directors of the Company, Wison Group Holding Limited ("Wison Holding") is the ultimate holding company of the Company. Wison Holding and Wison Investment are exempted companies with limited liability incorporated in the British Virgin Islands.

The Company and its subsidiaries (the "Group") is principally engaged in the provision of project solutions to petrochemical and coal-to-chemicals producers in the design, building and commissioning of their production facilities through technology consultancy, engineering, procurement and construction management services in the People's Republic of China (the "PRC") and overseas.

2.1 BASIS OF PRESENTATION

In September 2013, the Group received a demand notice from a bank for the repayment of loans in an aggregate amount of RMB186 million. In December 2013, the bank reached an agreement on a repayment schedule with the Group and withdrew the repayment demand. In addition, the Group's office buildings have been frozen as a condition for the withdrawal of the demand notice. Thereafter, the Group also failed to settle certain bank borrowings in the principal amount of RMB250 million due to CDB on December 30, 2013, which lead to a cross-default across the Group's bank borrowing facilities. The Group subsequently repaid RMB210 million to CDB during the six months ended June 30, 2014, and the Group remained in default on certain secured bank borrowings of RMB40 million due to CDB as at June 30, 2014. As a result of the default, other banks have the right to demand immediate repayment for loans at June 30, 2014 and December 31, 2013 with an aggregate outstanding principal amount of RMB682 million and RMB1,304 million, respectively.

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

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

2. the directors of the Company are active in negotiation with the bank and other creditors to defer, roll over or refinance the Group's bank and other borrowings and during the six months ended June 30, 2014, certain bank loans repayment periods were extended by written agreement between the Group and relevant banks;

3. actively following up with its customers on outstanding trade receivables and amounts due from contract customers;

4. making arrangement with certain customers whereby the relevant customers will pay part of the procurement costs (relating to their projects) on behalf of the Group;

5. on-going communications with the relevant PRC regulatory authorities with a view to release the frozen bank accounts; and

6. the Group continues to monitor the operating cash flows through cutting costs and capital expenditures.

The directors are of the opinion that, after taking into account the measures as mentioned above and existing contract backlogs, the Group will have sufficient working capital to meet its financial obligations as they fall due in the next twelve months from June 30, 2014. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

2.2. BASIS OF PREPARATION AND CHANGES IN THE GROUP ACCOUNTING POLICIES

Basis of preparation

The unaudited interim financial information for the six months ended June 30, 2014 (the "Interim Financial Information") has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended December 31, 2013.

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

New and revised standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of new and revised standards effective as of January 1, 2014 as set out below.

Several new and revised standards are adopted for the first time in 2014. However, they have had no impact on the interim condensed consolidated financial information of the Group. As required by IAS 34, the nature and the effect of these changes are disclosed below.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have had no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have had no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have had no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets — Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. The Group has early adopted these disclosure requirements in the annual consolidated financial statements for the year ended December 31, 2013.

IFRIC 21 Levies

It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g. IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The application of IFRIC 21 *Levis* has had no impact on the Group as the Group has not imposed to any levies during the current period.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

Operating segments

For the six months ended June 30, 2014 (Unaudited)	Petrochemicals *RMB'000*	Coal-to-chemicals *RMB'000*	Oil refinery *RMB'000*	Other products and services *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customers	**1,235,520**	**1,512,919**	**10,071**	**2,876**	**2,761,386**
Intersegment sales	**–**	**6,885**	**–**	**–**	**6,885**
Total revenue	**1,235,520**	**1,519,804**	**10,071**	**2,876**	**2,768,271**
Reconciliation:					
Elimination of intersegment sales					**(6,885)**
Revenue from continuing operations					**2,761,386**
Segment results	**46,248**	**262,382**	**(809)**	**(952)**	**306,869**
Reconciliations:					
Unallocated income					**20,626**
Unallocated expenses					**(228,335)**
Share of loss of an associate					**(54)**
Finance costs					**(45,133)**
Profit before tax					**53,973**

For the six months ended June 30, 2013 (Unaudited)	Petrochemicals *RMB'000*	Coal-to-chemicals *RMB'000*	Oil refinery *RMB'000*	Other products and services *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customers	660,019	811,682	36,006	485,410	1,993,117
Intersegment sales	2,488	1,898	–	–	4,386
Total revenue	662,507	813,580	36,006	485,410	1,997,503
Reconciliation:					
Elimination of intersegment sales					(4,386)
Revenue from continuing operations					1,993,117
Segment results	136,584	113,207	(8,949)	114,160	355,002
Reconciliations:					
Unallocated income					11,357
Unallocated expenses					(231,144)
Share of loss of an associate					(120)
Finance costs					(78,859)
Profit before tax					56,236

June 30, 2014 (Unaudited)	Petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	**1,476,547**	**1,999,000**	**752,617**	**447,604**	**4,675,768**
Reconciliations:					
Elimination of intersegment receivables					**(41,587)**
Corporate and other unallocated assets					**2,043,771**
Total assets					**6,677,952**
Segment liabilities	**1,053,699**	**2,012,965**	**355,724**	**288,188**	**3,710,576**
Reconciliations:					
Elimination of intersegment payables					**(45,050)**
Corporate and other unallocated liabilities					**1,439,135**
Total liabilities					**5,104,661**

December 31, 2013 (Audited)	Petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	1,200,637	1,496,088	775,442	739,728	4,211,895
Reconciliations:					
Elimination of intersegment receivables					(36,329)
Corporate and other unallocated assets					2,770,331
Total assets					6,945,897
Segment liabilities	851,967	840,612	1,120,645	329,394	3,142,618
Reconciliations:					
Elimination of intersegment payables					(37,476)
Corporate and other unallocated liabilities					2,337,576
Total liabilities					5,442,718

June 30, 2014 (Unaudited)	Petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
Other segment information					
Share of losses of associate	–	–	–	**(54)**	**(54)**
Depreciation and amortisation					
Unallocated	–	–	–	–	**40,663**
Segment	–	–	–	–	–
Capital expenditure*					
Unallocated	–	–	–	–	**2,512**
Segment	–	–	–	–	–

June 30, 2013 (Unaudited)	Petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information					
Share of losses of associate	–	–	–	(120)	(120)
Depreciation and amortisation					
Unallocated	–	–	–	–	16,601
Segment	–	–	–	–	–
Capital expenditure*					
Unallocated	–	–	–	–	188,803
Segment	–	–	–	–	–

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

	For the six months ended June 30,	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Construction contracts	**2,709,943**	1,791,481
Sale of goods	**1,930**	6,427
Rendering of services	**49,513**	195,209
	2,761,386	1,993,117
Other income		
Government grants*	**90**	75
Interest income	**4,974**	6,972
Rental income	**10,147**	3,643
Others	**1,668**	516
	16,879	11,206
Gains		
Gain on disposal of items of property, plant and equipment	**–**	151
Foreign exchange gains	**3,747**	–
	3,747	151
	20,626	11,357

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended June 30,	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**42,030**	76,008
Interest on bills receivables	**3,088**	2,801
Interest in finance leases	**15**	50
	45,133	78,859

6. PROFIT BEFORE TAX

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

	For the six months ended June 30,	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**1,794**	5,704
Cost of services provided	**2,452,723**	1,632,411
Depreciation	**35,967**	11,822
Research and development costs	**22,408**	27,741
Amortisation of prepaid land lease payments	**2,227**	2,227
Amortisation of intangible assets	**2,469**	2,552
Loss/(gain) on disposal of items of property, plant and equipment	**231**	(151)
Minimum lease payments under operating leases	**6,140**	9,712
Auditors' remuneration	**1,796**	1,660
Foreign exchange differences, net	**(3,747)**	24,013
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**216,924**	238,306
Retirement benefit scheme contributions	**24,836**	23,049
Equity settled share options	**35,134**	40,332
	276,894	301,687

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group was not subject to any income tax in the Cayman Islands and British Virgin Islands. The Group was not liable for income tax in Hong Kong, Singapore and the United States of America as the Group did not have any assessable income currently arising in Hong Kong, Singapore and the United States of America for the six months ended June 30, 2014.

	For the six months ended June 30,	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Mainland China:		
Charge for the period	**11,118**	12,206
Deferred	**7,683**	9,834
Total tax charge for the period	**18,801**	22,040

惠生工程(中國)有限公司 ("Wison Engineering") was also qualified as a "High and New Technology Enterprise" in 2008 and was entitled to a preferential corporate income tax ("CIT") rate of 15%. In accordance with the requirements of the tax regulations in the PRC, Wison Engineering submitted its application to renew its "High and New Technology Enterprise" status for another three years ending October 20, 2014 and obtained the certification in 2011. Therefore, Wison Engineering was subject to CIT at a rate of 15% for the six months ended June 30, 2014 and 2013.

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

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for the six months ended June 30, 2014 and 2013, is as follows:

	For the six months ended June 30,	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before tax	**53,973**	56,236
At the statutory income tax rates	**13,493**	14,059
Lower tax rate enacted by local authority	**(9,823)**	(13,242)
Tax losses not recognised	**14,601**	19,143
Tax losses utilised from previous periods	**(3,116)**	–
Withholding taxes on undistributed profits of the subsidiaries in Mainland China	**7,683**	10,718
Additional tax deduction	**(7,999)**	(9,348)
Expenses not deductible for tax	**3,962**	710
Tax charge for the period	**18,801**	22,040

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

8. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the six months ended June 30, 2014 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,064,622,000 (six months ended June 30, 2013: 4,057,124,420) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the six months ended June 30, 2013, 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 period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The diluted earnings per share for the six months ended June 30, 2014 is the same as basic earnings per share because the dilutive potential ordinary shares are anti-dilutive.

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

	For the six months ended June 30,	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**26,461**	22,046
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**4,064,622,000**	4,057,124,420
Effect of dilution-weighted average number of ordinary shares:		
— Share options	**–**	37,219,673
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share	**4,064,622,000**	4,094,344,093

9. PROPERTY, PLANT AND EQUIPMENT

	RMB'000
At January 1, 2014	1,274,438
Additions	2,951
Depreciation	(35,673)
Disposal	(824)
At June 30, 2014	1,240,892

At June 30, 2014, bank borrowings amounting to RMB126,000,000 (December 31, 2013: RMB186,000,000) are secured by certain properties with an aggregate carrying value of RMB116,033,000 (December 31, 2013: RMB118,288,000) (note 14).

At June 30, 2014, lien was imposed on certain of the Group's buildings with a net book value of RMB1,136,355,000 (December 31, 2013: RMB1,154,389,000) by the People's Court of Shanghai at the request of certain banks (note 14).

10. CONSTRUCTION CONTRACTS

	June 30, 2014 *RMB'000* **(Unaudited)**	December 31, 2013 *RMB'000* (Audited)
Gross amounts due from contract customers	**3,211,631**	2,923,402
Gross amounts due to contract customers	**(675,717)**	(574,915)
	2,535,914	2,348,487
Contract costs incurred plus recognised profits less recognised losses to date	**23,205,148**	20,578,799
Less: Progress billings	**(20,669,234)**	(18,230,312)
	2,535,914	2,348,487

The gross amounts due from/(to) contract customers for contract work include balances with fellow subsidiaries and a related company of the Company as follows:

	June 30, 2014 *RMB'000* **(Unaudited)**	December 31, 2013 *RMB'000* (Audited)
Fellow subsidiaries		
惠生(南京)清潔能源股份有限公司("Wison Nanjing")	**–**	23
舟山惠生海洋工程有限公司("Zhoushan Wison")	**369,883**	660,463
Related company		
陝西長青能源化工有限公司("Shaanxi Changqing")*	**343,058**	595,165

* Shaanxi Changqing is indirectly owned as to 13.2% (December 31, 2013: 21.95%) by Mr. Hua Bangsong, a director and beneficial shareholder of the Company.

11. TRADE AND BILLS RECEIVABLES

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

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

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

	June 30, 2014	December 31, 2013
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade and bills receivables:		
Less than 3 months	**78,612**	35,254
4 to 6 months	**60,532**	52,483
7 to 12 months	**50,638**	106,712
Over 1 year	**143,541**	67,118
	333,323	261,567

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

	June 30, 2014	December 31, 2013
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**131,697**	70,093
Less than 3 months	**8,559**	21,684
4 to 12 months	**50,638**	105,864
Over 1 year	**142,429**	63,926
	333,323	261,567

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

	June 30, 2014	December 31, 2013
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Related Company		
Shaanxi Changqing	**500**	500
Fellow subsidiary		
Wison Offshore & Marine Ltd.	**3,822**	2,956

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

12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	June 30, 2014 *RMB'000* **(Unaudited)**	December 31, 2013 *RMB'000* (Audited)
Cash and bank balances	**220,705**	394,390
Time deposits with original maturity of less than three months	**41,900**	553,720
Time deposits with original maturity of more than three months	**140,665**	136,430
	403,270	1,084,540
Less: Pledged bank balances and time deposits	**(199,421)**	(791,030)
Unpledged cash and cash equivalents	**203,849**	293,510
Less: Frozen cash balances	**(5,107)**	(12,786)
Unpledged and unfrozen cash and cash equivalents	**198,742**	280,724

At June 30, 2014, bank deposits of RMB191,048,000 (December 31, 2013: RMB240,380,000) were placed as guarantee deposits for performance of certain construction contracts and for the tendering process.

At June 30, 2014, bank deposits of RMB8,373,000 (December 31, 2013: RMB50,650,000) were pledged to a bank as security to obtain a letter of credit facility for the purchase of imported equipment.

At December 31, 2013, bank deposits of RMB500,000,000 were pledged as security for bank loans (note 14).

At June 30, 2014, certain bank accounts of the Group of RMB188,952,000 (December 31, 2013: RMB193,312,000) were frozen by PRC authorities as part of their investigation, among the total frozen bank balances, of which RMB183,845,000 (December 31, 2013: RMB180,526,000) of pledged bank balances and time deposits are frozen.

At June 30, 2014, cash and bank balances of the Group denominated in RMB amounted to RMB387,870,000 (December 31, 2013: RMB1,065,244,000). 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.

13. TRADE AND BILLS PAYABLES

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

	June 30, 2014 *RMB'000* (Unaudited)	December 31, 2013 *RMB'000* (Audited)
Less than 1 year	**2,678,759**	2,346,706
1 to 2 years	**194,802**	116,006
2 to 3 years	**64,934**	63,471
Over 3 years	**25,266**	–
	2,963,761	2,526,183

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	June 30, 2014 *RMB'000* (Unaudited)	December 31, 2013 *RMB'000* (Audited)
Current		
Bank loans repayable within one year		
— secured	**642,927**	1,417,997
— unsecured	**78,425**	135,825
	721,352	1,553,822
Finance lease payables	**164**	227
	721,516	1,554,049
Non-current		
Finance lease payables	**105**	171
	105	171
	721,621	1,554,220

The bank and other borrowings are denominated in RMB and bore interest at floating rates except for loans of RMB461,425,000 at June 30, 2014 (December 31, 2013: RMB1,083,825,000), which bear interest at fixed rates.

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

Six months ended June 30, 2014	5.70% to 7.80%
Year ended December 31, 2013	4.30% to 7.91%

Certain of the Group's bank loans are secured by the following assets:

	Note	**June 30, 2014** *RMB'000* **(Unaudited)**	December 31, 2013 *RMB'000* (Audited)
Buildings	*9*	**116,033**	118,288
Leasehold interests on land		**11,295**	11,444
Time deposits	*12*	**–**	500,000

At June 30, 2014, 惠生(中國)投資有限公司 ("Wison (China) Investment"), a fellow subsidiary of the Company, executed guarantees to a certain bank for bank facilities to the Group of RMB450,000,000 (December 31, 2013: RMB450,000,000) for nil consideration. At June 30, 2014, the loans were drawn down to the extent of RMB190,000,000 (December 31, 2013: RMB400,000,000) (note 15).

In addition, certain banks have granted credit facilities to the Group for which the receivables from construction contracts with certain customers are pledged as security. At June 30, 2014, the bank loans were drawn down to the extent of RMB326,927,000 (December 31, 2013: RMB671,997,000).

The carrying amounts of the interest-bearing bank borrowings approximate to their fair values.

The Agriculture Bank of China ("ABC") has applied to the People's Court of Shanghai against the Group's subsidiary in Shanghai to impose lien on its office buildings of the Group's subsidiary in Shanghai with a carrying value of RMB1,136,355,000 (December 31, 2013: RMB1,154,389,000) and the related parcels of land with a carrying value of RMB182,523,000 (December 31, 2013: RMB184,690,000) at June 30, 2014, respectively, to demand the Group to repay the loans in an aggregate principal amount of RMB186 million and all related interest. In November 2013, the Group reached a compromise agreement with ABC to repay RMB40 million by February 28, 2014. The repayment of the remaining amount with a principal of RMB146 million would be in May 2014. Should the loan repayment not be made when due, ABC can confiscate the foregoing office buildings together and the associate parcel of land and sell off to repay the due bank loans. The Group repaid RMB60 million during the six months ended June 30, 2014. As agreed with ABC, an amount of RMB126 million of bank loans have been extended up to a twelve-month period during the six months ended June 30, 2014.

The Group had loans falling due on December 30, 2013 with China Development Bank ("CDB") with an aggregate amount of RMB300 million and the Group could only settle RMB50 million. The Company has reached a settlement arrangement with CDB, pursuant to which CDB agreed to release the lien on the office buildings of the Group's subsidiary in Shanghai with a carrying value of RMB1,136,355,000 (December 31, 2013: RMB1,154,389,000) and the related parcels of land with a carrying value of RMB182,523,000 (December 31, 2013: RMB184,690,000) at June 30, 2014, respectively, subject to the repayment progress of the Group. During the six months ended June 30, 2014, the Group settled additional RMB210 million to CDB.

The default of CDB's bank loan of RMB40 million at June 30, 2014 has triggered cross default provisions of the bank facilities with other banks of the Group. Accordingly, bank loans with maturity dates of more than one year with a total amount of RMB69,997,000 have been reclassified to short-term bank loans.

15. RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in this Interim Financial Information, the Group had the following transactions with related parties during the six months ended June 30, 2014 as follows:

		For the six months ended June 30,	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Related companies:			
Purchase of products	*(a)(i)*	**2,035**	71
Rental income	*(a)(ii)*	**365**	233
Rendering of services	*(a)(ii), (b)(i)*	**52,125**	159,948
Fellow subsidiaries:			
Rental income	*(a)(iii)(iv)(v)*	**6,570**	2,691
Rendering of services	*(a)(iii)(iv), (b)(i)*	**13,013**	249,291

Notes:

(a) Recurring:

(i) The Group and 江蘇新華化工機械有限公司 ("Jiangsu Xinhua", an equity holder of the Company's subsidiary, Wison Engineering Ltd.) entered into a renewed framework agreement effective on March 26, 2014 based on the framework agreement entered into between the Group and Jiangsu Xinhua on April 25, 2011 for a term of three years whereby the Group will purchase anchor, refractory support plunge hook and other ancillary accessories from Jiangsu Xinhua. During the six months ended June 30, 2014, the Group's purchases of heat-resistant alloy pipes and other ancillary accessories from Jiangsu Xinhua amounted to RMB2,035,000 (six months ended June 30, 2013: RMB71,000). The purchases were made by reference to the published prices and conditions offered by Jiangsu Xinhua to its customers.

(ii) On December 12, 2013, the Group and 上海惠生通訊技術有限公司 (Wison (Shanghai) Telecommunication Technology Company Limited "Wison Telecommunication"), a subsidiary of Jiangxu Xinhua, entered into a lease agreement, under which the Group leased out office space in its office building to Wison Telecommunication for RMB730,000 per annum for a three-year period commencing from January 1, 2014. Rental income for the six months ended June 30, 2014 from Wison Telecommunication amounted to RMB365,000 (six months ended June 30, 2013: RMB233,000).

On December 12, 2013, the Group and Wison Telecommunication entered into a property management service agreement, under which the Group will provide property management service in relation to the premises leased to Wison Telecommunication for RMB132,000 per annum, for a three-year period commencing from January 1, 2014. Service income for the six months ended June 30, 2014 from Wison Telecommunication amounted to RMB66,000 (six months ended June 30, 2013: nil).

In the opinion of the directors of the Company, the transactions between the Group and Wison Telecommunication were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(iii) On December 12, 2013, the Group and 惠生(南通)重工有限公司 ("Wison Nantong", a fellow subsidiary of the Company), entered into a lease agreement, for which the Group leased out office space in its office building to Wison Nantong for RMB10,220,000 per annum for a three-year period commencing from January 1, 2014. Rental income for the six months ended June 30, 2014 from Wison Nantong amounted to RMB5,110,000 (six months ended June 30, 2013: RMB243,000).

On December 12, 2013, the Group and Wison Nantong entered into a property management service agreement, under which the Group provides property management service in relation to the premise leased to Wison Nantong for RMB1,848,000 per annum, respectively, for a three-year period commencing from January 1, 2014. Service income for the six months ended June 30, 2014 from Wison Nantong amounted to RMB924,000 (six months ended June 30, 2013: nil).

In the opinion of the directors of the Company, the transactions between the Group and Wison Nantong were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(iv) On December 12, 2013, the Group and Wison (China) Investment, a fellow subsidiary of the Company, entered into a lease agreement, under which the Group leased out office space in its office building to Wison (China) Investment for RMB2,920,000 per annum for a three-year period commencing from January 1, 2014. Rental income for the six months ended June 30, 2014 for Wison (China) Investment amounted to RMB1,460,000 (six months ended June 30, 2013: nil).

On December 12, 2013, the Group and Wison (China) Investment entered into a property management service agreement, under which the Group will provide property management service in relation to the premises leased to Wison (China) Investment for RMB528,000 per annum, for a three-year period commencing from January 1, 2014. Service income for the six months ended June 30, 2014 from Wison (China) Investment amounted to RMB264,000 (six months ended June 30, 2013: nil).

In the opinion of the directors of the Company, the transactions between the Group and Wison (China) Investment were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(v) The Group leased out office spaces to 上海澤潤生物科技有限公司 ("Zerun Biotech"), a previous fellow subsidiary of the Company which became a related company of the Group in late 2013, entered into a lease agreement, for which the Group leased out two additional office premises to Zerun Biotech. One of the premise is RMB4,579,000 per annum for a 30-month period commencing from July 1, 2011 and the other premise is leased at RMB317,000 per annum for a 24-month period commencing from January 1, 2012. Rental income for the six months ended June 30, 2013 from Zerun Biotech amounted to RMB2,448,000.

In the opinion of the directors of the Company, the transaction between the Group and Zerun Biotech was conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(vi) Wison Holding, as licensor, entered into three trademark licensing agreements with the Group to grant the right to use the trademarks by the Group on a perpetual and non-exclusive basis for nil consideration during the six months ended June 30, 2014 (six months ended June 30, 2013: nil).

(vii) On May 18, 2010, the Group entered into four separate patent licensing agreements, each for a term of six years, with Wison Nanjing, pursuant to which the Group agreed to grant an exclusive licence to Wison Nanjing to use certain patented technology relating to the generation of carbon monoxide and methanol gas at nil consideration.

(b) Non-recurring:

(i) During the year ended December 31, 2011, the Group and Wison Nanjing entered into a design contract and a technology licensing agreement whereby Wison Nanjing engaged the Group to design and licence the technology for its Butanol and Octanol projects including a 250kta Butanol and Octanol processing unit, a 300kta propane processing unit and other ancillary facilities for an aggregate contract value of RMB51,053,000. No revenue on this contract was recognised during the six months ended June 30, 2014 (six months ended June 30, 2013: RMB1,358,000).

In 2012, the Group and Wison Nanjing entered into a series of service contracts for total contract values of RMB53,730,000. No revenue on this contract was recognised during the six months ended June 30, 2014 (six months ended June 30, 2013: RMB4,266,000).

On January 24, 2014, the Group and Wison Nanjing entered into a design service contract whereby Wison Nanjing engaged the Group to provide basic and detailed project design for its 300kta methanol synthesis unit for a total consideration of RMB2,800,000. The Group recognised revenue of RMB970,000 on this contract during the six months ended June 30, 2014 (six months ended June 30, 2013: Nil).

On January 24, 2014, the Group and Wison Nanjing entered into five separate technology consultancy contracts, under which Wison Nanjing engaged the Group to produce a feasibility study report in relation to the relevant projects with a total consideration of RMB2,600,000. The Group recognised revenue of RMB2,453,000 on the above five contracts during the six months ended June 30, 2014 (six months ended June 30, 2013: Nil).

On January 24, 2014, the Group and Wison Nanjing entered into the patent right sharing agreement pursuant to which both parties agreed to the joint ownership of the intellectual property right in the four patents with nil consideration.

In the opinion of the directors of the Company, the transactions between the Group and Wison Nanjing were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

On May 16, 2012, the Group and Zhoushan Wison, entered into a construction contract whereby Zhoushan Wison engaged the Group to procure all the equipment and materials and oversee quality assurance and completion of the construction of the Zhoushan marine engineering base for a contract value of RMB990,930,000. During the year ended December 31, 2013, the Group and Zhoushan Wison agreed to increase the contract consideration by RMB891,150,000 due to variation orders. The Group recognised revenue of RMB7,585,000 on this contract during the six months ended June 30, 2014 (six months ended June 30, 2013: RMB242,774,000). In the opinion of the directors of the Company, the transaction between the Group and Zhoushan Wison was conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties. The amount due from contract customers relating to Zhoushan Wison is set out in note 10.

On February 28, 2013, the Group and Wison Offshore & Marine Ltd., a wholly-owned subsidiary of Wison Holding, entered into a service contract whereby Wison Offshore & Marine Ltd. engaged the Group to provide human and technical supports for its EXMAR FLRSU Project in the engineering design phase for a contract value of RMB3,850,000. The Group recognised revenue of RMB817,000 on this contract during the six months ended June 30, 2014 (six months ended June 30, 2013: RMB893,000). In the opinion of the directors of the Company, the transaction between the Group and Wison Offshore & Marine Ltd. was conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties. The trade receivables relating to Wison Offshore & Marine Ltd. are set out in note 11.

During the year ended December 31, 2011, the Group and Shaanxi Changqing, in which Wison Holding has an indirect 13.2% equity interest, entered into a construction contract whereby Shaanxi Changqing engaged the Group to undertake the construction of its coal to chemical production facilities for a contract value of RMB2,186,500,000. The Group and Shaanxi Changqing agreed to increase the contract consideration by RMB305,220,000 due to variation orders. The Group recognised revenue of RMB52,059,000 on this contract during the six months ended June 30, 2014 (six months ended June 30, 2013: RMB159,948,000). In the opinion of the directors of the Company, the transaction between the Group and Shaanxi Changqing was conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties. The amount due from contract customers relating to Shaanxi Changqing is set out in note 10.

(ii) On January 24, 2014, the Group and Wison Nanjing entered into the SNG cooperation agreement pursuant to which Wison Nanjing shall (1) provide the Group with the right to use the land and facilities owned by Wison Nanjing located at the Nanjing Chemical Industrial park with a total consideration of RMB600,000; (2) provide the Group with certain gases such as hydrogen, carbon monoxide and carbon dioxide and utilities such as water and mid-pressure steam at a price which shall be either the actual costs to Wison Nanjing for such gases or utilities or the lowest price charged to other customers; and (3) second experienced staff to assist in Group's project at 1.5 times the basic salary of such staff, which after taking into account insurance, pension and other staff benefits, represent the costs to Wison Nanjing. No research and development expenses were incurred on this contract during the six months ended June 30, 2014 (six months ended June 30, 2013: nil). In the opinion of the directors of the Company, the transactions between the Group and Wison Nanjing were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(iii) During the six months ended June 30, 2014, Wison (China) Investment executed guarantees to a certain bank for bank facilities to the Group of RMB450,000,000 (six months ended June 30, 2013: RMB450,000,000) at nil consideration. As at June 30, 2014, the loans were drawn down to the extent of RMB190,000,000 (December 31, 2013: RMB400,000,000) (note 14).

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

(v) On November 30, 2012, Wison Holding and the Company entered into an administrative services agreement (the "Administrative Services Agreement"), for which Wison Holding agreed to provide general legal services and legal consultation, information system management services, data management services, back-up services and other related support services to the Group that are charged by Wison Holding based on the cost involved and the portion of actual time incurred by the staff of Wison Holding towards the provision of such services. During the six months ended June 30, 2014, no service fee was incurred (six months ended June 30, 2013: nil).

(c) Balances with related parties:

	June 30, 2014 *RMB'000* **(Unaudited)**	December 31, 2013 *RMB'000* (Audited)
Due from a related company:		
Wison Telecommunication	**431**	117
Due from fellow subsidiaries:		
Wison Nantong	**6,155**	121
Wison (China) Investment	**862**	–
	7,017	121
Due from the ultimate holding company:		
Wison Holding	**87**	87
Due to a related company:		
Jiangsu Xinhua	**78**	78
Due to an associate:		
河南創思特工程監理諮詢有限公司("Henan Chuangsite")	**630**	630

Jiangsu Xinhua is the Chinese joint venture partner of Wison Engineering. Wison Telecommunication is a subsidiary of Jiangsu Xinhua.

The balances with the ultimate holding company, fellow subsidiaries, an associate and a related company are unsecured, interest-free and repayable on demand. The carrying amounts of the balances with the related parties approximate to their fair values.

16. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for terms ranging from two to three years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	June 30, 2014 *RMB'000* **(Unaudited)**	December 31, 2013 *RMB'000* (Audited)
Within one year	**21,858**	17,574
In the second to fifth years, inclusive	**25,693**	31,135
	47,551	48,709

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one month to six years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	June 30, 2014 *RMB'000* **(Unaudited)**	December 31, 2013 *RMB'000* (Audited)
Within one year	**7,337**	12,386
In the second to fifth years, inclusive	**6,274**	1,172
After five years	**891**	–
	14,502	13,558

17. COMMITMENTS

In addition to the operating lease commitments detailed in note 16 above, the Group had the following capital commitments at the end of the reporting period:

	June 30, 2014 *RMB'000* **(Unaudited)**	December 31, 2013 *RMB'000* (Audited)
Contracted, but not provided:		
Equipment and materials	**2,765,876**	3,312,924

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash balances, pledged bank balances and time deposits, an amount due from a related company, amounts due from fellow subsidiaries, an amount due from the ultimate holding company, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, advances from customers and accruals, interest-bearing bank borrowings, dividends payable, an amount due to a related company and an amount due to an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors of the Company. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors of the Company. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

19. EVENT AFTER THE REPORTING PERIOD

On July 4, 2014, the Group and Wison Nanjing entered into a framework agreement, pursuant to which the Group will provide miscellaneous engineering design and technology services to Wison Nanjing in relation to their manufacturing facilities and public utility engineering systems and ancillary production systems.

The contract price under the framework agreement will be determined in accordance with the following pricing principles:

(i) the contract price shall be determined in accordance with the principles laid down in the Regulations on Pricing Management of Survey and Design Projects (the "Pricing Management Regulations") promulgated jointly by the State Planning Commission of the PRC (the predecessor of the National Development and Reform Commission of the PRC) and the State Construction Ministry of the PRC (the predecessor of the Ministry of Housing and Urban-Rural Development of the PRC), and the Interim Regulations on Consultancy Fees for Construction Projects at Preliminary Stage (the "Consultancy Fees Regulations") promulgated by the State Planning Commission of the PRC.

(ii) the contract price shall be determined based on the agreed hourly rates. The basic hourly rate for each manpower shall follow the market price.

EXTRACT OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY ERNST & YOUNG

The Company's independent auditors has disclaimed a conclusion in its report on review of financial information of the Group's condensed consolidated financial statements for the six months ended June 30, 2014, an extract of which is as follows:

Basis for Disclaimer of Conclusion

Impairment of trade receivables and amounts due from contract customers

The Group had outstanding trade receivables of RMB333,323,000 and RMB261,567,000 as of June 30, 2014 and December 31, 2013 and amounts due from contract customers of RMB3,211,631,000 and RMB2,923,402,000 as of June 30, 2014 and December 31, 2013, respectively, of which trade receivables of RMB130,439,000 and RMB134,157,000 as of June 30, 2014 and December 31, 2013, respectively, and amounts due from contract customers of RMB1,578,639,000 and RMB1,533,567,000 as of June 30, 2014 and December 31, 2013, respectively, have been identified as overdue in accordance with contract terms. In addition, an amount due from customer for contract works of RMB369,883,000 and RMB660,463,000 as of June 30, 2014 and December 31, 2013, respectively, relates to a project which has been substantially behind the contract schedule with slow progress payments. The Group has recorded an impairment provision of RMB765,000 as of June 30, 2014 and December 31, 2013 against the balance of trade receivables and amounts due from contract customers. We were unable to obtain sufficient evidence on the recoverability of the balance of trade receivables and amounts due from contract customers as of June 30, 2014 and December 31, 2013. Accordingly, we were unable to satisfy ourselves regarding the adequacy of the impairment provision against the balance of trade receivables and amounts due from contract customers as at June 30, 2014 and December 31, 2013. Any under provision for the recoverability of these balances would reduce the net assets of the Group as at June 30, 2014 and December 31, 2013 and decrease the Group's net profit or increase the net loss for the six months ended June 30, 2014 and for the year ended December 31, 2013, respectively.

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

Included in the consolidated statement of financial position of the Group as at June 30, 2014 and December 31, 2013 are property, plant and equipment of approximately RMB1,240,892,000 and RMB1,274,438,000 (net of depreciation and impairment), prepaid land lease payments of approximately RMB180,505,000 and RMB182,732,000, goodwill of approximately RMB15,752,000 and RMB15,752,000 and long-term prepayments relating to the purchase of property, plant and equipment of approximately RMB1,603,000 and RMB2,042,000, respectively. The management has performed impairment assessment on these assets based on discounted cash flows. As a result of the assessment, the management is of the view that there was no impairment provision required as at June 30, 2014 and December 31, 2013.

Due to the uncertainty as to whether the Group will remain as a viable going concern, as set out in further detail in the paragraph headed "Going concern basis" below, we are unable to obtain sufficient evidence to assess the appropriateness of the management's estimation of the recoverable amounts of the property, plant and equipment, prepaid land lease payments, long-term prepayments relating to the purchase of property, plant and equipment and goodwill and whether these assets as at June 30, 2014 and December 31, 2013 were impaired. Any under provision for impairment of these assets will reduce the net assets of the Group as at June 30, 2014 and December 31, 2013 and decrease the net profit or increase the net loss of the Group for six months ended June 30, 2014 and year ended December 31, 2013, respectively.

Assistance in an investigation in Mainland China

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

Going concern basis

In September 2013, the Group received a demand notice from a bank for the repayment of loans in an aggregate amount of RMB186 million. In December 2013, the bank reached an agreement on a repayment schedule with the Group and withdrew the repayment demand. In addition, the Group's office buildings have been frozen as a condition for the withdrawal of the demand notice. Thereafter, the Group also failed to settle certain secured bank borrowings in the principal amount of RMB250 million due to China Development Bank ("CDB") on December 30, 2013, which lead to a cross-default across the Group's bank borrowing facilities. The Group subsequently repaid RMB210 million to CDB during the six months ended June 30, 2014, and the Group remained in default on certain secured bank borrowings of RMB40 million due to CDB as at June 30, 2014. As a result of the default, other banks have the right to demand immediate repayment for loans at June 30, 2014 and December 31, 2013 with an aggregate outstanding principal amount of RMB682 million and RMB1,304 million, respectively.

The directors of the Company have taken steps to improve the Group's liquidity and solvency position. These steps include (i) negotiations with potential strategic investors in respect of a possible equity investment in the Company; (ii) negotiations with banks and other creditors to defer, roll over or refinance the Group's bank and other borrowings and during the six months ended June 30, 2014, certain bank loans repayment periods were extended by written agreement between the Group and the relevant banks; (iii) actively following up with its customers on outstanding trade receivables and amounts due from contract customers; (iv) making arrangements with certain customers whereby the relevant customers will pay part of the procurement costs (relating to their projects) on behalf of the Group; (v) on-going communications with the relevant PRC regulatory authorities with a view to release the frozen bank accounts; and (vi) monitoring the operating cash flows through cutting costs and capital expenditure.

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

Disclaimer of Conclusion

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs, we were unable to obtain sufficient appropriate evidence to provide a basis for a review conclusion. Accordingly, we do not express a conclusion on the interim financial information.

PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended June 30, 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Reference is made to the announcements of the Company dated September 19, 2013, December 19, 2013 and March 28, 2014, where the Company announced that Mr. Choy Sze Chung Jojo has resigned from his position as an independent non-executive Director, the Chairman of the Audit Committee (the "Audit Committee") and a member of the Nomination Committee of the Company, with effect from September 19, 2013, due to his intention to pursue other business opportunities. Therefore, during the period commencing from September 19, 2013 to the date of this announcement, (i) the number of the independent non-executive Directors has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"); (ii) the number of members of the Audit Committee has fallen below the minimum number required under Rule 3.21 of the Listing Rules; (iii) there is a vacancy for chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules; (iv) the Company has failed to comply with the requirements under Rule 3.10(2) of the Listing Rules that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and (v) the number of the independent non-executive Directors has fallen below the minimum number required under Code Provision A.5.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). The Company is endeavoring to identify suitable candidate to fill the vacancies as soon as possible for the purpose of compliance with the Listing Rules and the Corporate Governance Code.

Save as disclosed above, during the six months ended June 30, 2014, the Company has complied with the applicable code provisions of the Corporate Governance Code.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the six months ended June 30, 2014.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed the unaudited interim results for the six months ended June 30, 2014.

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

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

By Order of the Board
Wison Engineering Services Co. Ltd.
LIU HAIJUN
Executive Director

Hong Kong, August 28, 2014

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