WISON ENGINEERING SERVICES CO. LTD.
惠生工程技術服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2236)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS:

- Our revenue for the year ended 31 December 2014 amounted to approximately RMB6,992,113,000, representing an increase of 90.3% from approximately RMB3,674,518,000 recorded in 2013.

- Our gross profit for the year ended 31 December 2014 amounted to approximately RMB792,188,000, representing an increase of 454.7% from approximately RMB142,810,000 recorded in 2013.

- Our net profit for the year ended 31 December 2014 amounted to approximately RMB210,694,000, representing an increase of 141.0% from the net loss of approximately RMB513,672,000 recorded in 2013.

- Profit attributable to owners of the parent for the year ended 31 December 2014 amounted to approximately RMB179,038,000, representing an increase of 138.0% from the loss attributable to owners of the parent of approximately RMB471,301,000 recorded in 2013.

BUSINESS OVERVIEW

Overall Review

Looking back at 2014, global economic performance was complicated and volatile. Dragged by a slow economic recovery and sluggish international investment environment, the industry in which we operate faced various uncertainties. However, at the same time regional and industrial diversity created business opportunities. China's economy has shifted from a rapid growth model towards a "new normal", with GDP growth slowing to a more reasonable level of 7.4% in 2014. Its growth model has shifted from extensive growth driven by investments to intensive growth with an emphasis on efficiency and quality enhancement. In contrast to boosting large-scale production capacity, it focuses on the adjustment and optimization of the over-capacity. Economic development through innovation and the service sectors instead of traditional heavy industry.

In the second half of 2014, international energy prices saw unprecedented fluctuations. Crude oil price plunged by nearly 50% within mere half a year from the peak in mid-2014, adding uncertainty in the oil refinery, petrochemicals and coal-to-chemicals industries. In particular, EPC companies in the domestic coal-to-chemicals industry faced tough challenges as investment in the industry was significantly dampened by substantial fluctuations in oil prices.

Despite the short-term impact of falling international oil price on the petrochemicals industry, global energy demand will continue to increase, driving the stable growth of this sector in long-term. China will continue to play an important role in the global energy industry as it pushes global energy demand upward. Investment in the petrochemicals industry in emerging markets in the Middle East, North Africa, Asia Pacific and South Asia, received a boost due to economic demand and government support and is expected to grow further. Benefitting from technological breakthroughs in shale gas exploration, North America will see a boom in investment in petrochemicals projects and create new business opportunities arising from the need for environmental protection, energy savings, emissions reduction and clean energy. Meanwhile, China's "One Belt, One Road" strategy will support the expansion of the domestic manufacturing and service industries into the international market. The launch of the Thirteenth Five-year Plan will also bring new business opportunities. The Wison Engineering Services Co. Ltd. (the "Company", together with its subsidiaries, the "Group") remains optimistic about the outlook for the overall industry.

In spite of short-term uncertainties in the external environment, 2014 was a year of transformation, improvement and upgrading for the Group.

In light of the investigation of Mr. Hua Bangsong ("Mr. Hua"), who is a controlling shareholder, by the relevant PRC authorities (the "PRC Investigation"), trading in the shares of the Company was suspended on 2 September 2013. During the suspension in trading, the Group actively negotiated with banks for staged repayments and loan extensions. Some of the frozen bank accounts were released. With the benefit of the stability brought about by the suspension in trading, the Group successfully extended or re-financed bank loans of approximately RMB394 million and reduced total bank indebtedness by approximately RMB1,041.1 million. In addition, the Group is in the process of finalizing a new banking facility in the sum of approximately RMB170 million from a PRC bank. The Group anticipates that, assuming no change will happen to the overall situation, it will be available for draw down in 2015.

On 10 November 2014, the board of directors of the Company (the “Board”) was informed that Wison Engineering Ltd. (“Wison Engineering”), an indirect, non wholly-owned subsidiary of the Company, had received legal documents in connection with the PRC Investigation from a court in the PRC which stated that two charges had been instigated against Wison Engineering and Mr. Hua, the legal representative of Wison Engineering, in relation to certain alleged criminal offences. The Board believes that these allegations will not have any material impact on the business operations and financial position of the Group. In addition, as disclosed in the announcement of the Company dated 12 November 2014, the Company has been in discussions with a number of PRC state-owned enterprises regarding potential investment in the Company as strategic investors so as to lay a solid foundation for the future stable development of the Group. Further announcements will be made in due course. Trading of the Company’s shares resumed on 13 November 2014.

With great confidence in the future development of the industry, the Company made timely adjustments to its development strategy during the period in accordance with its core strategy of “laying a strong foundation for growth and further enhancing profitability through the development of an operating system in a scientific manner”. It implemented fine management of its projects, strengthened the supervision of project quality and safety, carried out information construction and improved its digital design capability in order to further enhance the Group’s project management and execution capabilities. Moreover, by adhering to the marketing strategy focusing on “customer services, market orientation and diversification of business scopes”, the Company actively expanded its overseas and domestic markets. With continuous efforts in technological research and development, the Company pushed for commercial application of its technologies and drove its business development. The Company completed the targets it set at the beginning of the year and achieved satisfactory performance in terms of project execution, marketing and sales promotion, as well as technological research and development.

FINANCIAL HIGHLIGHTS

For the twelve months ended 31 December 2014 (“Year under Review”), the Group’s revenue amounted to approximately RMB6,992.1 million (2013: approximately RMB3,674.5 million). Gross profit amounted to approximately RMB792.2 million (2013: approximately RMB142.8 million). The significant increases in revenue and gross profit were mainly due to the significant increase in sales income from projects for the Year under Review, as compared to the year of 2013, with the major on-going projects progressing. Meanwhile, in 2014 the Group adopted various measures to proactively strengthen its control on overall costs of its projects, which in turn enhanced the profitability of the Group’s certain projects, and recognized the resulting impacts during the Year under Review. As a result, the Company successfully returned to profitability in 2014. Profit attributable to owners of the parent was approximately RMB179.0 million (2013: loss attributable to owners of the parent of approximately RMB471.3 million).

During the Year under Review, the Group executed a total of 41 engineering projects and had 22 engineering, procurement and construction ("EPC")/procurement and construction ("PC") projects under construction or completed. The Group actively explored new business development opportunities so as to deliver higher returns for its shareholders. During the year, the Group entered into 80 new contracts with new contract value, net of estimated value added tax ("VAT"), amounting to approximately RMB6,664.8 million (2013: approximately RMB12,923.2 million), of which the coal-to-chemicals business, oil refinery business and petrochemicals business accounted for 36.7%, 59.9% and 3.4%, respectively.

As at 31 December 2014, backlog value amounted to approximately RMB16,134.3 million (2013: approximately RMB23,560.8 million), of which coal-to-chemicals business, oil refinery business, petrochemicals business and other products and services accounted for 34.2%, 57.9%, 4.9% and 3.0%, respectively.

Business Review

Coal-to-chemicals

During the Year under Review, revenue from the Group's coal-to-chemicals business amounted to approximately RMB4,337.5 million (2013: approximately RMB1,407.5 million), accounting for approximately 62.0% 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 the Shanxi Coal Gasification and Purification Project, Shandong Methanol-to-Olefin Project, Erdos Coal-to-Methanol Project, Shaanxi Polyethylene Plant and Public Utilities Project.

New contract value and backlog value amounted to approximately RMB2,445.8 million and RMB5,521.2 million, respectively (2013: approximately RMB6,379.8 million and RMB7,439.9 million, respectively).

Despite the enormous challenges it faced, the Group achieved excellent track records in coal-to-chemical. For instance, the Group entered into an olefin separation technology license contract and an engineering procurement and construction contract involving a 300 kta methanol-to-olefin (MTO) plant with Shandong Better Clean Energy Co., Ltd ("Better"). In addition, the Group entered into olefin separation technology licensing, basic and detailed engineering design contract with Liaocheng Meiwu New Materials Tech. Corp. for a 300 kta MTO plant of an oxo raw material line optimization project. It also entered into an olefin separation technology licensing process package design and technical services contract with Shandong Dongrun Clean Energy Co., Ltd. for a 300 kta MTO plant, phase I of a 600 kta MTO plant project. Moreover, the Group entered into a design contract with Guizhou Xintianhe C1 Chemical Engineering Co., Ltd. (貴州鑫天合碳一化工有限公司) involving a yellow phosphorus tail gas to glycal plant, which marked the first commercial application of coal-to-ethylene glycol technologies jointly developed by the Group and the Tianjin University. The Group also entered into a technology licensing and process package design contract involving the comprehensive utilization of lignite and low-temperature methanol washing technology in a industry chain extension project with Hinggan League Cheng Tai Energy and Chemical Industry Co., Ltd. (興安盟誠泰能源化工有限責任公司).

During the Year under Review, the Group completed the delivery of or made significant progress in a number of coal-to-chemicals projects. For example:

In December 2014, Shaanxi polyethylene plant, a coal-to-olefin project, successfully commenced operation. This is the first polyethylene plant undertaken by Wison Engineering under an EPC contract. During the Year under Review, the Group delivered the Erdos coal-to-methanol project and provided technology licensing and engineering services relating to a MTO unit of a new coal-based materials project in Xinjiang.

In January 2015, Shandong methanol-to-olefin (MTO) plant was delivered to a high standard. This MTO plant employed Wison Engineering's proprietary MTO separation technology, which showcased that Wison Engineering's overall capabilities in the execution of EPC services for MTO plants have been further strengthened. It also reflected the ability of the Group to provide coal-to-chemicals-related patent licensing and integrated EPC services. As the plant is ready for start-up, Wison Engineering was given strong recognition by the project owner.

During the Year under Review, the Group's major projects under construction progressed smoothly: the utility unit and ancillary facilities in Shaanxi coal-to-olefin project was put in use, while the Shanxi coal gasification and purification project was ready for equipment installation.

In addition, another 600 kta MTO plant and ancillary project in Shandong has commenced phase I design work. The Group expects detailed design of the 300 kta MTO unit, olefin tank and all auxiliary facilities of phase I to be completed on schedule.

Oil refineries

During the Year under Review, revenue from the Group's oil refinery business was approximately RMB287.9 million (2013: approximately RMB51.1 million), representing a significant increase of 463.4% as compared with the previous year. The increase was primarily due to the commencement of Site Preparation Project for the Puerto La Cruz Refinery Deep Conversion Plant in Venezuela, one of the Group's major oil refinery projects during the Year under Review. New contract value and backlog value amounted to approximately RMB3,991.8 million and RMB9,346.1 million, respectively (2013: approximately RMB5,168.4 million and RMB11,034.7 million, respectively).

With years of excellent track records and project management experience, the Group made continuous efforts to further increase the contribution of overseas projects to its total sales and facilitated the global expansion. A consortium formed by the Group, Hyundai Engineering & Construction Co., Ltd. ("HDEC") and Hyundai Engineering Co., Ltd. ("HEC") entered into a procurement and construction contract worth approximately US$4.837 billion with PDVSA Petróleo S.A. ("PDVSA"), Venezuela's state-run oil company, in November last year involving the Core Process Units at the Puerto La Cruz Refinery. Pursuant to the contract, Wison Engineering took up approximately 10.338% of the total work, amounting to approximately US$500 million.

In addition, site preparation project for the Puerto La Cruz Refinery Deep Conversion Plant in Venezuela undertaken by the Group commenced on-site construction in July, while delivery of the first land backfilling was completed at the beginning of 2015. The Group believes that the project shall be delivered in a timely manner and with high quality, and will lay a solid foundation for the subsequent work on the Deep Conversion Project.

Moreover, in March 2014, six Units at PetroChina Sichuan Integrated Complex undertaken by the Group commenced safe, flawless and leak-free operation.

Petrochemicals

During the Year under Review, revenue from the Group's petrochemicals business was approximately RMB2,326.3 million (2013: approximately RMB1,473.0 million), representing an increase of 57.9% from the previous year and accounting for 33.3% of total revenue. The increase was mainly due to the smooth progress made in major petrochemical projects such as the Sichuan PTA Project and the cracking furnace project in Saudi Arabia during the Year. New contract value and backlog value amounted to approximately RMB226.6 million and RMB787.3 million, respectively (2013: approximately RMB506.0 million and RMB4,561.1 million, respectively).

During the Year under Review, the Group was awarded a number of service contracts and in petrochemical business, with representative projects being including an EPC contract with Shandong Qixiang Tengda Chemical Co., Ltd. for a newly built heating furnace at its 450 kta light alkane dehydrogenation plant; an engineering contract with Shandong Yuhuang Chemical Co., Ltd. for revamping of its 70 kta butene oxidization and dehydrogenation to butadiene facility, as well as technology licensing and catalyst procurement contract marking the first commercial application of Wison's proprietary technology in butene oxidization and dehydrogenation to butadiene and related catalyst; an engineering design and technology licensing and service contract with Shandong Shengrong Chemical Co., Ltd. for the 300 kta alkylene separation unit. The Group's proprietary butane and butene separation technology employed in this project complements the aforementioned butene oxidization and dehydrogenation to butadiene technology. The comprehensive proprietary technology chain that enhances the Group's overall technological capabilities.

The Group delivered several projects, including the high-standard delivery of a benzene mitigation project in Saudi Arabia and hexene Unit-1 project in Xinjiang. The Sichuan PTA Project was in the process of delivery. The Hexene Unit-1 project in Xinjiang successfully started up in October 2014 and commenced commercial operation.

Meanwhile, the Chongqing MDI Project undertaken by the Group achieved mechanical completion and recorded 23,722,540 safety man-hours.

The Group entered into a PC contract with a customer in 2011 in respect of 1mta Purified Terephthalic Acid ("PTA") and downstream device. However, as the customer has not yet confirmed the date for the commencement of operation of the downstream device under the contract, the Group has not determined whether the work of the downstream device will be continued. Based on prudent considerations, the relevant contract amount of RMB1,642 million (net of VAT) of the downstream device has not been included in the total current backlog of the Group. The Group is negotiating with the customer and the PTA and public utilities project under the contract are in smooth progress.

In addition, the first digital factory (DF) undertaken by the Group, Xinjiang 40 kta styrene project has achieved digital delivery. The full application of integrated 3D software employed at the project not only highlights Wison Engineering's leading digital design capabilities in the PRC, but also marks a new stage of comprehensive application of digital design.

In the area of industrial furnaces, the Group built 16 new heating furnaces and renovated 15 cracking furnaces. The Saudi Arabia cracking furnace project is in progress, and it is expected to be delivered in 2015.

Other Products and Services

Revenue from other products and services during the Year under Review was approximately RMB40.4 million (2013: approximately RMB743.0 million), representing a year-on-year decrease of 94.6% as compared with the previous year, mainly because the financing plan previously set for Zhoushan Wison Offshore & Marine Co., Ltd. ("Zhoushan Wison") Base Project was deferred. As a result, the project fell behind schedule since the second half year of 2013 (during November 2014, the Group entered into an interim settlement confirmation with Zhoushan Wison for the project). Meanwhile, the Saudi De-Bottlenecking (DBN) Project completed its major construction works in the previous year. 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 approximately RMB1.8 million (2013: approximately RMB19.2 million).

Implementation of various measures to strengthen management

During the Year under Review, the Group adopted various systematic management measures to enhance the efficiency and profitability of project execution, including: the setting-up of a cost-based man-hour management system to optimize auditing management and man-hour computation for large-scale projects under construction at engineering centers and to lay a foundation for the refinement of design management; the establishment of an inter-departmental project cost audit team to raise cost awareness of all employees; the establishment of a large-project accountability system to fully capitalize on the expertise of the Company's management and to support efficient project execution; the enhancement of project support and inspection; strengthening compliance audits on major large projects; and the establishment of a standardized technical system and the enhancement of digital technology to ensure the design quality.

As for human resources, the Group strengthened performance-based management in accordance with the objectives established at the beginning of the year, to boost the performance of our teams. In particular performance-based incentive systems were established according to the company's financial indicators, results and growth in relation to the function of design, project execution, sales and marketing, technological innovation and commercialization of R&D by providing to them incentives based on their performance.

Acceleration of commercial application of technologies

The Group has been striving to develop innovative technologies. As at 31 December 2014, the Group obtained eight patents and three software copyrights during the year. It also filed new applications for six invention patents, two utility models and one software copyright. In addition, the Group was involved in the compilation of three national standards and received technology advancement awards at the ministerial and provincial levels (省部級科技進步獎), eight consultation awards at the ministerial and provincial levels (省部級諮詢成果獎) and a technology advancement award in Pudong New Area (浦東新區科技進步獎).

The Group has also accelerated the pace of commercial application of its technologies. Thanks to the mature and stable technological performance, a number of the Group's technologies achieved successful commercialization, thereby further supporting the development of our business. MTO separation technology, for which the Company has intellectual property rights, was involved in three technology transfers in 2014, paving the way for acquiring EPC contracts of new MTO plants. The technology is currently being adopted by a total of eight MTO plants (either under construction or completed) in China. Wison Engineering's proprietary technology in butadiene and the related catalyst were commercialized for the first time, meanwhile a breakthrough was made in alkane and alkene separation technology. In addition to the effective use of butane and butane separation technology and technology in butane oxidization and dehydrogenation to butadiene, the commercialization supplemented the proprietary technology chain of Wison Engineering and improved its overall technological competitiveness. The Rectisol Process Technology was also granted a license during the year.

Progress was made in technology projects jointly conducted by the Group and third parties. The coal-to-glycol synthetic gas technology jointly developed by the Group and Tianjin University was used in a commercial project for the first time, while the SNG technology jointly developed with Foster Wheeler and Clariant was at the pilot trial phase.

Outlook

Although the fall in oil price has brought uncertainties to the oil refinery, petrochemicals and coal-to-chemicals industries in the short term, global energy demand will continue to rise in the long run. Economic demand and government support, amongst others factors, will continue to drive petrochemical investments in emerging markets including the Middle East, North Africa, Asia Pacific and South Asia. Benefitting from technological breakthroughs in shale gas exploration, North America will see an investment boom for the expansion of petrochemical production capacity. In the meantime, development of global energy industry is moving towards areas of clean and high-efficiency energy, with natural gas in the spotlight. Solar, wind and nuclear energy will play a growing role in new energy. Given these developments and opportunities, there is still ample room for growth in the global energy engineering industry.

In respect of domestic market, trends in increasing use of natural gas and clean use of coal resource have become apparent in China. In light of the country's energy security and strategic considerations, there will still be a wealth of opportunities for new coal-to-chemicals industry. Meanwhile, due to the growing concerns on the part of the government and the general public on environmental issues, business opportunities for new technologies and environmental engineering services for energy savings, emissions reductions and efficiency enhancement will arise in the petrochemicals, refining and coal-to chemicals industries.

Underpinned by the "One Belt, One Road" development strategy of the PRC government, investments in overseas energy projects are expected to increase, thereby creating good opportunities for Chinese enterprises to expand overseas.

In view of the temporary uncertainties and promising long-term market outlook, the Group will review its business development in a timely manner and adjust its long-term development strategy to lay a strong foundation for future growth.

In 2015, the Group will adhere to the key strategy of "consolidating management foundation, improving profitability and sustaining healthy development" and centre around the key measures of "internationalization development", "enhancement in corporate governance", "improvement in overall design and technological capabilities" and "promotion of new businesses" to realise all strategic targets for the future development of the Group.

First, expansion of international market and new businesses for healthy and sustainable growth

With the aim of boosting overseas sales to 50% of its total sales in the next few years, the Group will vigorously expand into key markets of the Asia Pacific, Middle East, Central Asia, North Africa and the Americas and augment its customer base in these countries through efforts like consultation-based marketing. While stepping up efforts to identify and win new customers both domestically and overseas, the Group will also further improve its sales network in target markets by setting up branches or representative offices in major markets like India, the Commonwealth of Independent States and North Africa to extend its coverage in the overseas market. Furthermore, the Group will establish long-term strategic partnerships with international engineering companies and patent holders to accelerate the development of its international business.

As for domestic sales, the Group will reinforce its competitive advantages, extend its sales network to cover all key energy areas and quickly respond to its customers' needs through technological assistance and seamless support from frontline sales. It will also enhance analysis of future business opportunities, improve database for business research and development, and prepare analytical reports on target projects, customers and resources of target market to make sales management more systematic and to minimize fluctuations in sustainable growth.

Building on its existing capability, the Group will actively develop new business areas and drive business diversification to enhance its capability to withstand risks. For instance, the Group will leverage its strengths, carry out technological cooperation and implement marketing activities to develop oil & gas pre-processing, LNG, storage and transportation and environmental projects.

Second, refinement of project management to improve profitability

Boasting competitive advantages in project management, the Group attaches great importance to project management in its overall management. In the future, refinement of management throughout the project cycle will become the focus for the Group to continue improving project profitability. A number of major measures will be taken to achieve this goal, including: full implementation of a management system to ensure the deals to be won are worthwhile and that the separation of project cost and progress targets are reasonable, and to ensure that assessment of progress of projects is accurate and carried out on a timely basis. It will set up professional budget teams to establish assessment standards of project execution and formulate procurement packages for better efficiency and cost control, to articulate procurement processes and establish an e-commerce system. Moreover, it will strengthen staff awareness of customer services and take the market-oriented approach.

The Group will improve its bidding capability for domestic and overseas projects. Through careful evaluation of potential projects, the establishment of project and market analysis databases and strengthened financing capability, the Group will be able to bid with improved accuracy. Coupled with refined management of project processes, the Group's project profitability shall be elevated.

Third, enhancement of internal capacity through effective management

Continuous enhancement in design capacity is critical for the Group in strengthening its internal capacity in 2015. The Group will adjust and enhance its design capabilities in the areas of management structure, application of information technology and accountability in management. For instance, the Shanghai office will centralize the management of engineering talents from different regions. Engineering design management will be reformed to adapt to the digitalized engineering process. A design quality accountability system will be in place throughout the entire lifecycle of projects with a view to improving engineering quality. The Group will put great emphasis on technological reserves, introducing a set of key design products for new business development. The Group will also improve its execution and management process in overseas projects and strengthen application of international standards. An international project team will be developed with capability from initial design to comprehensive project execution for international projects.

As for research and development, in addition to retaining the leading position in existing core technologies, the Group will devote more to areas such as the integration of petrochemicals, oil refinery and coal-to-chemicals technologies, and environmental protection technologies, developing its new proprietary technologies. It will also accelerate new technology acquisition through cooperation and alliances.

An outstanding and professional team serves as a must for the sustainable development of the Group. A talented team will be established through optimized resource allocation, staff training and development. The Group's incentive system will be further improved and the corporate value of effective management will be promoted. Through recruitment, staff development, reassignment, internal transfer, career path development and a medium- to long-term incentive mechanism, the Group will build a workforce compatible with the company's development needs. Corporate culture build-up will also be fostered to achieve greater cohesiveness within the Group.

In 2015, the Group will further strengthen its institutional management, continue to promote QHSE awareness, intensify process and project risk control, aiming to enhance the overall corporate governance standards.

Looking forward to 2015, with the fore-mentioned PRC Investigation coming to an end, the Group will emerge from the adversities brought about by the investigations and regain its growth momentum. Since the outset of the incident, the Group has been constantly self-examining and has gained valuable experience for its future growth. Every cloud has a silver lining. We believe that the Group will not only bear fruitful results in the future with a more mature, professional management team and the support of its entire staff, but may also regain its glories and secure leadership in technology, management and services in the petrochemicals, coal-to-chemicals and oil refinery industries to become a world-class engineering company highly respected by its customers and employees.

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2014. The annual results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
For the year ended 31 December 2014
(Expressed in RMB)

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	4	**6,992,113**	3,674,518
Cost of sales		**(6,199,925)**	(3,531,708)
GROSS PROFIT		**792,188**	142,810
Other income and gains	4	**252,499**	33,959
Selling and marketing expenses		**(44,918)**	(100,533)
Administrative expenses		**(254,912)**	(356,544)
Other expenses		**(205,853)**	(124,626)
Finance costs	5	**(271,161)**	(141,451)
Share of (loss)/profit of an associate		**(413)**	94
PROFIT/(LOSS) BEFORE TAX	6	**267,430**	(546,291)
Income tax expenses	7	**(56,736)**	32,619
PROFIT/(LOSS) FOR THE YEAR		**210,694**	(513,672)
Attributable to:			
Owners of the parent	9	**179,038**	(471,301)
Non-controlling interests		**31,656**	(42,371)
		210,694	(513,672)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
— Basic and diluted		**RMB0.04**	RMB(0.12)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2014
(Expressed in RMB)

	2014	2013
	RMB'000	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR	**210,694**	(513,672)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	**–**	361
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**–**	361
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**–**	361
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**210,694**	(513,311)
Attributable to:		
Owners of the parent	**179,038**	(470,940)
Non-controlling interests	**31,656**	(42,371)
	210,694	(513,311)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2014
(Expressed in RMB)

	Notes	**2014**	2013
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,210,881**	1,274,438
Investment properties		**14,136**	14,716
Prepaid land lease payments		**178,279**	182,732
Goodwill		**15,752**	15,752
Other intangible assets		**13,134**	15,191
Investment in an associate		**1,579**	1,992
Long-term prepayments		**382,551**	2,042
Total non-current assets		**1,816,312**	1,506,863
CURRENT ASSETS			
Inventories		**433,167**	241,823
Gross amounts due from contract customers		**3,242,274**	2,923,402
Trade and bills receivables	*10*	**1,015,257**	261,567
Due from a related company		**646**	117
Due from fellow subsidiaries		**14,775**	121
Due from the ultimate holding company		**87**	87
Prepayments, deposits and other receivables		**1,374,806**	904,830
Pledged bank balances and time deposits	*11*	**300,180**	791,030
Cash and bank balances	*11*	**542,276**	293,510
Tax recoverable		**–**	22,547
Total current assets		**6,923,468**	5,439,034
CURRENT LIABILITIES			
Gross amounts due to contract customers		**1,771,315**	574,915
Trade and bills payables	*12*	**3,941,053**	2,526,183
Other payables, advance from customers and accruals		**347,601**	491,002
Derivative financial instruments		**725**	–
Interest-bearing bank borrowings		**539,971**	1,554,049
Due to a related company		**78**	78
Due to an associate		**630**	630
Dividends payable		**272,674**	272,674
Tax payable		**54,830**	–
Total current liabilities		**6,928,877**	5,419,531
NET CURRENT (LIABILITIES)/ASSETS		**(5,409)**	19,503
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,810,903**	1,526,366

	Notes	**2014** **RMB'000**	2013 RMB'000
NON-CURRENT LIABILITIES			
Finance lease payables		**49**	171
Deferred tax liabilities		**23,362**	20,803
Government grants		**2,137**	2,213
Total non-current liabilities		**25,548**	23,187
NET ASSETS		**1,785,355**	1,503,179
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*13*	**329,803**	329,803
Share premium		**846,077**	846,077
Statutory reserve		**62,211**	62,211
Other reserves		**428,640**	178,120
		1,666,731	1,416,211
Non-controlling interests		**118,624**	86,968
Total equity		**1,785,355**	1,503,179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Group had net current liabilities of RMB5,409,000 at 31 December 2014.

The Group remained in default of the outstanding loan of RMB150 million owed to China Development Bank ("CDB"), together with the alleged charges against 惠生工程(中国)有限公司 (Wison Engineering Limited, "Wison Engineering", a non-wholly-owned subsidiary of the Company) and Mr. Hua Bang Song ("Mr. Hua", a director and shareholder of the Company), which have triggered cross-default provisions in other loan agreements entered into between the Group and other banks. The Group's outstanding bank borrowings, which were subject to cross-default provisions, were in the aggregate principal amount of RMB540 million as of 31 December 2014. As a possible consequence of the foregoing incidences, the banks can immediately demand repayment of loans advanced to the Group with an aggregate outstanding principal amount of RMB540 million at 31 December 2014. In addition, the Group had long outstanding balance of trade receivables and amounts due from contract customers of RMB455,057,000 and RMB1,038,005,000, respectively, that the settlements have been delayed.

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

1. the directors of the Company have sought and continue to seek potential strategic investors in respect of a possible equity investment in the Company;

2. the directors of the Company are active in negotiations with the banks and other creditors to defer, roll over or refinance the Group's bank and other borrowings with a view to improving its short-term liquidity;

3. actively following up with its customers on outstanding trade receivables and amounts due from contract customers with an immediate aim of agreeing a repayment schedule with each of them;

4. 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;

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

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

The directors of the Company are of the opinion that, after taking into account the measures as mentioned above and the existing contract backlogs, the Group will have sufficient working capital to meet its financial obligations as they fall due in the next twelve months from 31 December 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.

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention except for derivative financial instrument. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 BASIS OF PREPARATION

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 10, IFRS 12 and IAS 27	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to IFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to IFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective IFRSs*

1 Effective from 1 July 2014

Except for the amendment to IFRS 1 which is only relevant to an entity's first IFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

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

(a) Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27. The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in IFRS 10.

(b) The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The IAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation 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, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of IFRIC 21.

(e) The IFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The IFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment has had no impact on the Group.

(g) The IFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

Operating segments

Year ended 31 December 2014	Petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	2,326,346	4,337,473	287,931	40,363	6,992,113
Intersegment sales	4,626	16,003	–	–	20,629
Total revenue	2,330,972	4,353,476	287,931	40,363	7,012,742
Reconciliation:					
Elimination of intersegment sales					(20,629)
Revenue from continuing operations					6,992,113
Segment results	110,672	598,490	59,877	23,149	792,188
Reconciliations:					
Unallocated income					252,499
Unallocated expenses					(505,683)
Share of loss of an associate					(413)
Finance costs					(271,161)
Profit before tax					267,430
Segment assets	1,063,054	2,941,862	1,902,261	460,395	6,367,572
Reconciliations:					
Elimination of intersegment receivables					(38,936)
Corporate and other unallocated assets					2,411,144
Total assets					8,739,780
Segment liabilities	839,988	2,533,880	2,193,537	211,324	5,778,729
Reconciliations:					
Elimination of intersegment payables					(40,332)
Corporate and other unallocated liabilities					1,216,028
Total liabilities					6,954,425
Other segment information					
Share of loss of an associate	–	–	–	(413)	(413)
Depreciation and amortisation					
Unallocated	–	–	–	–	78,821
Segment	–	–	–	–	–
Investment in an associate	–	–	–	–	1,579
Capital expenditure*					
Unallocated	–	–	–	–	8,918
Segment	–	–	–	–	–

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

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

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

Information about major customers

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

	2014	2013
Customer A (Coal-to-chemicals segment)	**30.3%**	N/A*
Customer B (Coal-to-chemicals segment)	**15.2%**	N/A*
Customer C (Coal-to-chemicals segment)	**11.9%**	10.2%
Customer D (Coal-to-chemicals segment)	**10.3%**	N/A*
Customer E (Petrochemicals segment)	**N/A***	23.5%
Customer F (Other products and services segment)	**N/A***	11.7%

* The revenue derived from each of these customers amounted to less than 10% of the Group's revenue during the years ended 31 December 2013 or 2014.

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2014 *RMB'000*	2013 *RMB'000*
Revenue		
Construction contracts	**6,838,054**	3,331,850
Sale of goods	**1,832**	19,213
Rendering of services	**152,227**	323,455
	6,992,113	3,674,518
Other income		
Government grants*	**3,018**	13,818
Interest income	**215,912**	11,754
Rental income	**25,229**	7,538
Others	**2,536**	638
	246,695	33,748
Gains		
Foreign exchange gains	**5,804**	–
Gain on disposal of items of property, plant and equipment	**–**	211
	5,804	211
	252,499	33,959

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**64,820**	134,161
Interest on bills receivable	**206,325**	6,670
Interest on finance leases	**16**	620
	271,161	141,451

6. PROFIT/(LOSS) BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**1,140**	15,145
Cost of services provided	**6,198,785**	3,516,563
Depreciation	**69,210**	41,481
Research and development costs	**202,796**	124,134
Amortisation of prepaid land lease payments	**4,453**	4,453
Amortisation of intangible assets	**5,158**	5,252
Impairment for inventories	**3,142**	–
Loss/(gain) on disposal of items of property, plant and equipment	**460**	(211)
Minimum lease payments under operating leases	**21,382**	20,239
Auditors' remuneration	**4,926**	4,477
Foreign exchange differences, net	**(5,770)**	29,560
Fair value loss, net		
Derivative instruments-transactions not qualifying as hedges	**725**	–
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**551,885**	554,992
Equity settled share options	**71,675**	78,401
Retirement benefit scheme contributions	**50,194**	52,665
	673,754	686,058

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group was not subject to any income tax in the Cayman Islands and British Virgin Islands. The Group was not liable for income tax in Hong Kong and United States of America as the Group did not have any assessable income arising in Hong Kong and United States of America during the year ended 31 December 2014 (2013: Nil).

	2014	2013
	RMB'000	*RMB'000*
Current — Mainland China:		
Charge for the year	**53,177**	–
Deferred	**3,559**	(32,619)
Total tax charge/(credit) for the year	**56,736**	(32,619)

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 4 September 2017 and obtained the certification in 2014. Therefore, Wison Engineering was subject to CIT at a rate of 15% for the years ended 31 December 2014 and 2013.

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

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

	2014	2013
	RMB'000	*RMB'000*
Profit/(loss) before tax	**267,430**	(546,291)
At the statutory income tax rates	**66,858**	(136,573)
Lower tax rate enacted by local authority	**(13,320)**	41,911
Tax losses utilised from previous years	**(20,764)**	–
Tax losses not recognised	**25,490**	94,593
Withholding taxes on undistributed profits of the subsidiaries in Mainland China	**3,559**	(37,370)
Additional tax deduction	**(7,999)**	(4,674)
Expenses not deductible for tax	**2,912**	9,494
Tax charge/(credit) for the year	**56,736**	(32,619)

8. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
2013 Interim — RMB0.057424 per share	**–**	233,406

The Company declared interim dividends of RMB0.057424 per share to its shareholders during 2013.

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

The calculation of the basic earnings per share amount for 2014 is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,064,622,000 (2013: 4,060,904,022) in issue during the year.

The diluted earnings per share for the years ended 31 December 2013 and 2014 is the same as basis earnings per share because the dilutive potential ordinary shares are anti-dilutive.

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

	2014	2013
	RMB'000	*RMB'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**179,038**	(471,301)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,064,622,000**	4,060,904,022
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**4,064,622,000**	4,060,904,022

10. TRADE AND BILLS RECEIVABLES

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

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

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

	2014	2013
	RMB'000	*RMB'000*
Trade and bills receivables:		
Less than 3 months	**542,164**	35,254
4 to 6 months	**7,640**	52,483
7 to 12 months	**9,608**	106,712
Over 1 year	**455,845**	67,118
	1,015,257	261,567

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

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**765**	765
Impairment for the year	**–**	–
At 31 December	**765**	765

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB725,000 (2013: RMB725,000) with a carrying amount before provision of RMB725,000 (2013: RMB725,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

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

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**545,120**	70,093
Less than 3 months	**7,640**	21,684
4 to 12 months	**9,608**	105,864
Over 1 year	**452,889**	63,926
	1,015,257	261,567

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

	2014	2013
	RMB'000	*RMB'000*
Fellow subsidiaries		
舟山惠生海洋工程有限公司 ("Zhoushan Wison")	**396,677**	–
Wison Offshore & Marine Ltd.	**3,850**	2,956
Related company		
陝西長青能源化工有限公司 ("Shaanxi Changqing")	**500**	500

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

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	2014	2013
	RMB'000	*RMB'000*
Cash and bank balances	**440,919**	394,390
Time deposits with original maturity of less than three months	**230,853**	553,720
Time deposits with original maturity of more than three months	**170,684**	136,430
	842,456	1,084,540
Less: Pledged bank balances and time deposits	**(300,180)**	(791,030)
Unpledged cash and cash equivalents	**542,276**	293,510
Less: Frozen cash balances	**(145,844)**	(147,148)
Unpledged and unfrozen cash and cash equivalents	**396,432**	146,362

At 31 December 2014, bank deposits of RMB149,328,000 (2013: RMB240,380,000) were placed as guarantee deposits for performance of certain construction contracts and for the tendering process.

At 31 December 2014, bank deposits of RMB12,187,000 (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 31 December 2014, bank deposits of RMB138,665,000 (2013: nil) were pledged to a bank as security to obtain certain forward currency contracts.

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

At 31 December 2014, the cash and bank balances of the Group denominated in RMB amounted to RMB357,652,000 (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.

As at 31 December 2014, certain bank accounts of Wison Engineering of RMB192,172,000 (2013: RMB193,312,000) were frozen by the PRC regulatory authorities as part of their investigations, among the total frozen bank balances of which, RMB46,328,000 (2013: RMB46,164,000) of pledged bank balances and time deposits were frozen.

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

12. TRADE AND BILLS PAYABLES

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

	2014	2013
	RMB'000	*RMB'000*
Less than 1 year	**3,508,792**	2,346,706
1 to 2 years	**314,057**	116,006
2 to 3 years	**74,317**	63,471
Over 3 years	**43,887**	–
	3,941,053	2,526,183

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

	2014	2013
	RMB'000	*RMB'000*
江蘇新華化工機械有限公司 (Jiangsu Xinhua Chemical Engineering Co., Ltd. ("Jiangsu Xinhua"))	**4,334**	1,984

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

13. ISSUED CAPITAL

Shares

	2014	2013
Number of ordinary shares		
Authorised:		
Ordinary shares of HK$0.1 each	**20,000,000,000**	20,000,000,000
Issued:		
Ordinary shares of HK$0.1 each	**4,064,622,000**	4,064,622,000

	2014	2013
	RMB'000	*RMB'000*
Authorised:		
Ordinary shares of HK$0.1 each	**1,622,757**	1,622,757
Issued:		
Ordinary shares of HK$0.1 each	**329,803**	329,803

On 22 January 2013, the Company issued 64,622,000 ordinary shares of HK$0.1 each at a subscription price of HK$2.79 per share pursuant to the exercise of over-allotment options upon the listing of the Company's shares at then open offer price, resulting in a share premium of RMB141,048,000, representing the difference between the subscription price and nominal value of the Company's ordinary shares of RMB5,243,000 in aggregate before netting off share issue cost.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has disclaimed an opinion in its auditor's report on the Group's consolidated financial statements for the year ended 31 December 2014, an extract of which is as follows:

Basis for Disclaimer of Opinion

Impairment of trade receivables and amounts due from contract customers

The Group had outstanding trade and bills receivables of RMB1,015,257,000 and RMB261,567,000 as of 31 December 2014 and 2013 and amounts due from contract customers of RMB3,242,274,000 and RMB2,923,402,000 as of 31 December 2014 and 2013, respectively, of which trade receivables of RMB455,057,000 and RMB134,157,000 as of 31 December 2014 and 2013, respectively, and amounts due from contract customers of RMB1,038,005,000 and RMB2,194,030,000 as of 31 December 2014 and 2013, respectively, have been identified as overdue in accordance with contract terms. The Group has recorded an impairment provision of RMB765,000 and RMB765,000 as of 31 December 2014 and 2013, respectively, 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 31 December 2014 and 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 31 December 2014 and 2013. Any under-provision for the recoverability of these balances would reduce the net assets of the Group as at 31 December 2014 and 2013 and decrease the Group's net profit or increase the Group's net loss for the year ended 31 December 2014 and 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 31 December 2014 and 2013 were property, plant and equipment of approximately RMB1,210,881,000 and RMB1,274,438,000 (net of depreciation and impairment), prepaid land lease payments of approximately RMB178,279,000 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 31 December 2014 and 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 31 December 2014 and 2013 were impaired. Any under-provision for impairment of these assets will reduce the net assets of the Group as at 31 December 2014 and 2013 and decrease the net profit or increase the net loss of the Group for the years ended 31 December 2014 and 2013, respectively.

Alleged charges against a subsidiary of the Company

Certain books and records belonging to a subsidiary of the Company in Mainland China, 惠生工程(中國)有限公司 (Wison Engineering Ltd. "Wison Engineering", a non-wholly-owned subsidiary of the Company), were seized by the regulatory authorities in 2013 as part of an investigation of Wison Engineering (the "PRC Investigations") and in this connection, certain bank accounts of the Wison Engineering have been frozen by the regulatory authorities.

On 10 November 2014, the board of directors was informed that two charges relating to alleged bribery and conspiracy to commit a tender-offer fraud have been filed against Wison Engineering and Mr. Hua Bang Song ("Mr. Hua"), the legal representative of Wison Engineering and a director and shareholder of the Company in connection with the investigation from a court in Mainland China.

As we have been unable to obtain the foregoing mentioned legal documents relating to the above alleged charges against Wison Engineering, we have been unable to obtain sufficient information to assess the impacts that the foregoing alleged charges may have on the Group's financial position and the adequacy of the disclosure included in the Group's consolidated financial statements.

Going concern basis

The Group had net current liabilities of RMB5,409,000 at 31 December 2014.

As mentioned in the foregoing section headed "Impairment of trade receivables and amounts due from contract customers", the Group had outstanding trade receivables of RMB455,057,000 as of 31 December 2014, and amounts due from contract customers of RMB1,038,005,000 of 31 December 2014 which have been identified as overdue in accordance with contract terms. The recoverability of these overdue amounts may significantly impact the financial position and cash flow of the Group.

In addition, the alleged charges brought against Wison Engineering mentioned in "Alleged charges against a subsidiary of the Company" above may have impact on the financial position and business of the Group.

The Group remained in default of the outstanding loan of RMB150 million due to China Development Bank ("CDB"), together with the foregoing mentioned alleged charges, have triggered cross-default provisions in other loan agreements entered into between the Group and other banks with a total principal amount of RMB540 million as of 31 December 2014. As a possible consequence of the breaches, the banks may demand immediate repayment of loans advanced to the Group with an aggregate outstanding principal amount of RMB540 million at 31 December 2014.

As at the date of approval of the financial statements, notwithstanding the implementation of the measures as disclosed in note 1.1 to this announcement, the foregoing events still indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The validity of the going concern assumption on which the financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors of the Company as set out in note 1.1 to this announcement. The consolidated financial statements have 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.

Impairment of amounts due from subsidiaries in the Company's financial statements

As at 31 December 2014, the Company had amounts due from its wholly-owned subsidiaries namely Wison Engineering Technology Limited and Wison Energy Engineering (Hong Kong) Limited (the "Subsidiaries") of aggregate amounts of RMB956,889,000 (2013: RMB959,195,000), which have been eliminated on the Group basis. For the Company on a standalone basis, notwithstanding the Subsidiaries had net current liabilities as at 31 December 2014, and incurred persistent losses for years, no impairment provision has been made by the Company, on a standalone basis, regarding the amounts due from the Subsidiaries as at 31 December 2014. We are unable to obtain sufficient evidence to assess the appropriateness of the management's estimation of the recoverable amounts of the advances made by the Company to the Subsidiaries as recorded in the Company's financial statements as at 31 December 2014 and 2013. Any under-provision for impairment of these amounts due from the Subsidiaries will reduce the net assets of the Company, on a standalone basis, as at 31 December 2014 and 2013 and increase the net loss or decrease the net profit of the Company, on a standalone basis, for the years ended 31 December 2014 and 2013, respectively.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of its profit and cash flows for the year then ended and as to whether they have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2014.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Reference is made to the announcements of the Company dated 19 September 2013, 19 December 2013, 28 March 2014 and 28 August 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 and a member of the Nomination Committee of the Company, with effect from 19 September 2013, due to his intention to pursue other business opportunities. Therefore, during the period commencing from 19 September 2013 to the date of this announcement, (i) the number of the independent non-executive Directors has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"); (ii) the number of members of the Audit Committee has fallen below the minimum number required under Rule 3.21 of the Listing Rules; (iii) there is a vacancy for chairman of the Audit Committee as required under Rule 3.21 of the Listing Rules; and (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.

During the year ended 31 December 2014, the Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Corporate Governance Code").

On 30 March 2015, Mr. Lawrence Lee was appointed as an independent non-executive Director, chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. Following Mr. Lee's appointment, the Company has satisfied the following requirements under the Listing Rules that:

(1) there are three independent non-executive directors of the Company, at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise and that the number of independent non-executive directors of the Company represent at least one-third of the Board, as required under Rule 3.10 and Rule 3.10A of the Listing Rules; and

(2) the Audit Committee comprises three independent non-executive directors of the Company, at least one of whom has appropriate professional qualifications or accounting or related financial management expertise, and the Audit Committee is chaired by an independent non-executive director of the Company, as required under Rule 3.21 of the Listing Rules.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2014.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the Corporate Governance Code. On 30 March 2015, Mr. Lawrence Lee was appointed the chairman of the Audit Committee. As at the date of this announcement, the Audit Committee comprises the three independent non-executive Directors of the Company, namely, Mr. Liu Ji, Mr. Wu Jianmin and Mr. Lawrence Lee.

The Audit Committee (save for Mr. Lawrence Lee whose appointment was effective on 30 March 2015) has reviewed and discussed the annual results for the year ended 31 December 2014.

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

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

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

Hong Kong, 30 March 2015

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