

### HISTORY AND REORGANIZATION

#### Corporate development

Wison Engineering, our main operating subsidiary, was established as a company with limited liability under the laws of the PRC on November 14, 1997 with a registered capital of RMB5 million. The term of operation of Wison Engineering is from November 14, 1997 to November 13, 2027. At the time of its establishment, Mr. Hua, our Chairman and executive Director, and Mr. Hua Bangshan (Mr. Hua's elder brother) held 40% and 60% equity interest, respectively, in Wison Engineering. Since the establishment of Wison Engineering in 1997, Mr. Hua has been primarily responsible for and involved in the day-to-day management of our Group.

On June 27, 2002, Mr. Hua Bangshan and Jiangsu Xinhua (an entity in which Mr. Hua and Mr. Hua Bangshan held 80% and 20% equity interest, respectively, at that time) entered into an equity transfer agreement pursuant to which Mr. Hua Bangshan agreed to transfer all of his 60% equity interest in Wison Engineering to Jiangsu Xinhua in consideration for RMB3 million, which consideration was based on the registered capital of Wison Engineering, amounting to RMB5 million, at the relevant time. On July 1, 2002, the shareholders of Wison Engineering approved the increase in registered capital from RMB5 million to RMB50 million and Jiangsu Xinhua and Mr. Hua contributed RMB18 million and RMB12 million, respectively. The remaining balance of RMB15 million was contributed from the undistributed profit of Wison Engineering. The above equity interest transfer and capital increase was completed on July 19, 2002 and thereafter Wison Engineering was owned by Jiangsu Xinhua and Mr. Hua as to 60% and 40%, respectively.

To facilitate the conversion of Wison Engineering into a Sino-foreign co-operative joint venture, Wison Technology, a subsidiary of ours, was incorporated as a company with limited liability under the laws of the BVI on April 23, 2003. At the time of its incorporation, Mr. Hua held the entire issued share capital of Wison Technology, which was transferred to, and has been wholly owned by, Wison Holding, since June 3, 2004. On July 15, 2003, Mr. Hua and Jiangsu Xinhua entered into an equity transfer agreement with Wison Technology, pursuant to which Wison Technology acquired 40% and 35% of the equity interest in Wison Engineering held by Mr. Hua and Jiangsu Xinhua, respectively, in an aggregate consideration paid in U.S. dollars equivalent to RMB37.5 million, which consideration was based on the net asset value of Wison Engineering at the relevant time. Upon completion of the said equity interest transfers on September 11, 2003, Wison Technology owned 75% and Jiangsu Xinhua owned 25% of the equity interest, respectively, in Wison Engineering.

As a result of Wison Technology's holding in Wison Engineering as contemplated by the above equity transfer agreements, Wison Engineering obtained a foreign investment enterprise approval certificate from the Shanghai Municipal People's Government on August 22, 2003, and on September 11, 2003, it was officially converted into a Sino-foreign co-operative joint venture between Wison Technology and Jiangsu Xinhua. As a Sino-foreign co-operative joint venture, Wison Engineering is eligible to undertake construction projects in the PRC.

The registered capital of Wison Engineering was subsequently increased from RMB50 million to RMB60 million on June 30, 2004, from RMB60 million to RMB120 million on

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December 14, 2004 and from RMB120 million to RMB300 million on December 28, 2004, whereupon Jiangsu Xinhua and Wison Technology contributed the said increases in registered capital in accordance with their respective equity interests in Wison Engineering.

In order to further expand our business, Wison Engineering established branch offices in Beijing on August 13, 2002, in Fushun, Liaoning on December 5, 2005. Pursuant to an agreement relating to merger by absorption entered into between Wison Engineering and Henan Design Institute on December 22, 2006 (as supplemented by a supplemental agreement dated August 31, 2007), Wison Engineering and Henan Design Institute agreed to undergo a reorganization by way of merger by absorption with Wison Engineering as the surviving legal entity after the merger, assuming all assets, liabilities and business of Henan Design Institute and Henan Design Institute being dissolved accordingly.

On January 13, 2007, the original shareholders of Henan Design Institute (30 individuals, all of whom were Independent Third Parties) entered into an equity transfer agreement with Wison Technology and Jiangsu Xinhua, pursuant to which Wison Technology and Jiangsu Xinhua agreed to acquire 75% and 25% of the aggregate equity interest of Henan Design Institute held by the said 30 shareholders at the consideration of RMB13.5 million and RMB4.5 million, respectively. The consideration was determined on an arm's length basis and was calculated by multiplying the original capital contribution of these 30 shareholders by three. Henan Design Institute subsequently became a branch office of Wison Engineering in Zhengzhou, Henan on November 26, 2007 with the term of operation from November 26, 2007 to May 25, 2027, and the business scope of this branch office is to conduct project design for the chemicals, petrochemicals and medical industries, and the provision of consulting and management services relating to petrochemicals construction projects and related technology and sales of self-produced products. Upon completion of the merger of Henan Design Institute by absorption in November 2007, the registered capital of Wison Engineering was increased from RMB300 million to RMB306 million and Wison Engineering was owned by Wison Technology and Jiangsu Xinhua as to 75% and 25%, respectively.

In order to enhance our ability to supply heat resistant alloy products for Wison Engineering, Wison Yangzhou was established on May 18, 2004 by Wison Technology as a WFOE in the PRC with a registered capital of US\$8.0 million for the purpose of manufacturing and selling chemical machinery and accessories and heat resistant alloy products. On August 13, 2007, Wison Yangzhou completed its increase in registered capital from US\$8.0 million to US\$13.0 million. The term of operation of Wison Yangzhou is from May 18, 2004 to May 17, 2034.

In preparation for the Listing, our Company was incorporated in the Cayman Islands with limited liability on June 30, 2004 and subsequently became a wholly owned subsidiary of Wison Holding on July 12, 2004 until completion of the corporate reorganization, as explained below.

On December 21, 2006, Mr. Hua, Mr. Hua Bangshan and Mr. Han Jianyu (韓建宇), an Independent Third Party at the time, entered into an equity transfer agreement pursuant to which Mr. Hua and Mr. Hua Bangshan transferred their respective 88.29% and 11.71% equity interests in Jiangsu Xinhua to Mr. Han Jianyu at nil consideration. Mr. Hua, Mr. Hua Bangshan and Mr. Han Jianyu have been acquainted with each other since childhood. The

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consideration for such transfer was determined with reference to both the prospective value of Jiangsu Xinhua, and the fact that, at the time of the disposal, Jiangsu Xinhua was operating at a loss. The disposal also took into account the following factors: (i) prior to the transfer of the equity interest in Jiangsu Xinhua, Mr. Han Jianyu gave an undertaking in favor of Mr. Hua and Mr. Hua Bangshan to be responsible for all the debts and liabilities of Jiangsu Xinhua and also to be liable for all potential liabilities that Mr. Hua and Mr. Hua Bangshan may have assumed while they were shareholders of Jiangsu Xinhua; (ii) Mr. Han Jianyu assisted Jiangsu Xinhua during the early stage of its operation, especially in the marketing and promotion of its products. In light of the above, the disposal was made by Mr. Hua and Mr. Hua Bangshan partly to show their personal gratitude to Mr. Han for his assistance with respect to Jiangsu Xinhua; (iii) Mr. Hua and Mr. Hua Bangshan believe that Mr. Han has the ability to effectively manage and operate Jiangsu Xinhua. This was an important consideration for Mr. Hua and Mr. Hua Bangshan at the time of the disposal, because Jiangsu Xinhua will continue to remain as a shareholder of Wison Engineering after the Listing and it is in our interest that one of our shareholders is operated and managed by a capable individual; and (iv) such transfer would permit Wison Engineering to remain as a Sino-foreign co-operative joint venture construction enterprise in furtherance of the business of Wison Engineering, as discussed below.

We have adopted the Sino-foreign co-operative joint venture construction enterprise structure for Wison Engineering as it will allow us to undertake a wider range of construction projects than if it were a wholly-foreign owned construction enterprise. During the three years ended December 31, 2011 and the six months ended June 30, 2012, our revenue derived from projects that could only be undertaken by a Sino-foreign joint venture construction enterprise, and not by a wholly foreign owned enterprise, accounted for at least 70%, 95%, 95% and 85% of our total revenue, respectively. According to the Regulations on Administration of Foreign-Invested Construction Enterprises, regulations, the registered capital contributed by the PRC domestic investment entity for a Sino-foreign co-operative joint venture construction enterprise cannot be lower than 25% of the total registered capital of such enterprise. See “Summary of PRC Laws and Regulations – Foreign Invested Construction Enterprises” for further details. As such, Wison Engineering must be owned as to a minimum of 25% by one or more PRC domestic investment entities at all times. As explained above, prior to the disposal, Jiangsu Xinhua was owned by Mr. Hua and Mr. Hua Bangshan. As Mr. Hua has subsequently obtained Hong Kong residency, this could affect whether Jiangsu Xinhua would be viewed as a PRC domestic investment entity under the relevant PRC laws and regulations if Mr. Hua had retained his equity interest. In order to avoid any ambiguity in this regard, Mr. Hua and Mr. Hua Bangshan decided to transfer all their equity interests in Jiangsu Xinhua to a PRC citizen, namely Mr. Han Jianyu. Immediately after completion of such transfer, Mr. Hua and Mr. Han Jianyu owned 75% and 25%, respectively, of the ultimate beneficial interest in Wison Engineering, and Mr. Hua Bangshan ceased to have any ultimate beneficial interest in Wison Engineering. Taking into consideration the current shareholding structure of Wison Engineering, which is owned as to 75% by Wison Energy (HK) and 25% by Jiangsu Xinhua, the circumstances in which Wison Engineering may lose its Sino-foreign cooperative joint venture construction enterprise status include, but are not limited to, the following: (i) Jiangsu Xinhua transfers all or part of its equity interest in Wison Engineering to an entity whose equity interest is directly or indirectly owned by a foreigner or foreign entity; (ii) any increase or decrease of Wison Engineering’s

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registered capital after which the PRC domestic party's or parties' capital contribution in Wison Engineering becomes less than 25% of the registered capital thereof; (iii) Mr. Han Jianyu transfers all or part of his equity interest in Jiangsu Xinhua to a foreigner or foreign entity; or (iv) the capital contribution in Jiangsu Xinhua by PRC domestic persons or entities becomes less than 100% of the registered capital of Jiangsu Xinhua.

As of the Latest Practicable Date, Mr. Han Jianyu continued to own the entire equity interest in Jiangsu Xinhua and he was appointed as a director of Wison Engineering pursuant to the articles of association of Wison Engineering. Mr. Han Jianyu is the legal representative of and the ultimate beneficial owner of his equity interest in Jiangsu Xinhua. Therefore, Mr. Han Jianyu has become a connected person of our Company. Save as aforesaid, Mr. Han Jianyu is independent from our Company, its Controlling Shareholders, Directors and senior management and any of their respective associates.

Pursuant to the articles of association and the Sino-foreign cooperative joint venture contract of Wison Engineering, the profits of Wison Engineering that are distributable to its shareholders are required to be distributed as to 90% to Wison Energy (HK) and as to 10% to Jiangsu Xinhua. Neither the articles of association nor the Sino-foreign cooperative joint venture contract of Wison Engineering expressly provides for the method of sharing losses by its shareholders. However, as Wison Engineering is a limited liability company, its shareholders are not liable for its debts and its shareholders' liabilities are limited to the value of their equity interest.

The articles of association and the Sino-foreign cooperative joint venture contract of Wison Engineering govern and regulate the rights and obligations of Wison Energy (HK) and Jiangsu Xinhua as shareholders in Wison Engineering, pursuant to which, among other things:

- (i) any transfer of the equity interest in Wison Engineering by Jiangsu Xinhua and/or Wison Energy (HK) to any third-party requires the written consent of the other party and the transfer is only effective upon obtaining the necessary approval from the relevant competent government authority. When one party transfers all or part of its contributed capital, the other party has the right of first refusal;
- (ii) any increase or decrease in registered capital of Wison Engineering requires written consent from both Jiangsu Xinhua and Wison Energy (HK) and unanimous approval of those directors of Wison Engineering in attendance at the relevant board meeting. Further, in the event that an increase in the registered capital of Wison Engineering is warranted and Jiangsu Xinhua is not willing to or not able to make a further capital contribution, Wison Energy (HK) is entitled to invite a third party to contribute the increased capital in place of Jiangsu Xinhua, which allows Wison Energy (HK) to take the necessary actions to ensure that the aggregate capital contribution of PRC domestic parties to Wison Engineering will not be less than 25% of the registered capital as a result thereof; and
- (iii) Wison Energy (HK) is entitled to appoint two out of three directors of Wison Engineering and Jiangsu Xinhua is entitled to appoint the third director. At least two-thirds of the board of directors of Wison Engineering must be present to

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constitute a valid board meeting. As required under the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Detailed Rules for the Implementation of the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法實施細則》), the following matters require unanimous approval from the directors attending the relevant board meeting (“Unanimous Matters”): amendment of articles of association; increase or decrease of registered capital; merger, division and change of company form; termination, dissolution or liquidation; and mortgage of assets. All other matters requiring the approval of the board require the approval of a simple majority of those directors attending the relevant board meeting.

Although the director of Wison Engineering appointed by Jiangsu Xinhua may act to veto the Unanimous Matters by attending the relevant board meeting and casting a negative vote, such director, as is the case with every director of Wison Engineering, must perform his duties as a director to act in the best interests of Wison Engineering in accordance with relevant PRC laws and regulations. Up to the Latest Practicable Date, the director appointed by Jiangsu Xinhua has not acted to veto any matter brought before the board of directors of Wison Engineering since Mr. Han Jianyu became the holder of all the equity interests in Jiangsu Xinhua. We believe that it is unlikely that the director appointed by Jiangsu Xinhua will act to veto any action with respect to the Unanimous Matters for so long as the proposed actions are in the best interests of Wison Engineering.

Our PRC legal advisers have confirmed that under the Sino-foreign cooperative joint venture contract of Wison Engineering, the board of directors of Wison Engineering is responsible for the ultimate operations and management of Wison Engineering and no shareholders’ consent or approval is required in relation to the business and affairs of Wison Engineering other than amendments to, extension or mutually agreed termination of the Sino-foreign cooperative joint venture contract of Wison Engineering, transfers of equity interests in Wison Engineering as set out above and the increase or decrease of registered capital of Wison Engineering. Further, save for certain limited matters that require unanimous approval of those directors attending and voting as described above, board decisions require the approval of a simple majority of the directors attending and voting.

Notwithstanding the aforesaid circumstances that may affect Wison Engineering’s status as a Sino-foreign cooperative joint venture construction enterprise, and in addition to the provisions in the Sino-foreign cooperative joint venture contract of Wison Engineering regulating transfer of equity interest therein and contribution of registered capital thereof as set out above, each of Mr. Han Jianyu and Jiangsu Xinhua has irrevocably and unconditionally undertaken to our Company, Wison Energy (HK) and Wison Engineering that: (i) without the prior written consent of our Company and Wison Energy (HK), Mr. Han Jianyu will not directly or indirectly dispose of any of his equity interest in Jiangsu Xinhua; (ii) in order to ensure that Wison Engineering will remain as a Sino-foreign cooperative joint venture construction enterprise with the relevant licenses and permits required to continue with its existing business, Mr. Han Jianyu will not directly or indirectly cause Jiangsu Xinhua to, and Jiangsu Xinhua will not, lose its status as a PRC domestic party to Wison Engineering, the Sino-foreign co-operative joint venture construction enterprise; (iii) in the event that Jiangsu Xinhua may lose or loses its status as a PRC domestic party of Wison Engineering, at the request of our Company or Wison Energy (HK), (1) Mr. Han Jianyu will transfer his interest in



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Jiangsu Xinhua or (2) Jiangsu Xinhua will transfer its interest in Wison Engineering, as the case may be, to a transferee nominated by our Company or Wison Energy (HK) at a consideration that is equal to the registered capital contributed by Jiangsu Xinhua to Wison Engineering and the corresponding portion of the available but undistributed profits of Wison Engineering, if any, in respect of the equity interest to be transferred; and (iv) Mr. Han Jianyu and Jiangsu Xinhua will procure that any successor to Mr. Han Jianyu's interest in Jiangsu Xinhua and Jiangsu Xinhua's interest in Wison Engineering will be bound by the same terms and conditions of such undertaking.

Should Mr. Han Jianyu cease to hold his interest in Jiangsu Xinhua as a result of his death and Jiangsu Xinhua loses its status as a PRC domestic party of Wison Engineering, we would be able to enforce our rights under the undertaking given by Jiangsu Xinhua, to require Jiangsu Xinhua, at our request, to transfer its interest in Wison Engineering to a transferee nominated by us.

To further enhance our rights under the undertaking given by Mr. Han Jianyu and Jiangsu Xinhua, we have taken steps to entrench the principles set forth in the undertaking into the Sino-foreign cooperative joint venture contract and the articles of association of Wison Engineering. Each of the Sino-foreign cooperative joint venture contract and the articles of association of Wison Engineering has been amended to ensure that Wison Engineering will be able to maintain its status as a Sino-foreign cooperative joint venture construction enterprise with the requisite licenses and permits required for operating its business, in the event that (i) Jiangsu Xinhua ceases to be the PRC domestic party of Wison Engineering; (ii) Mr. Han Jianyu ceases to directly hold the entire equity interest in Jiangsu Xinhua; or (iii) due to reasons caused by or relating to Jiangsu Xinhua or Mr. Han Jianyu, Wison Engineering fails to satisfy or comply with the conditions or requirements for maintaining the requisite licenses and permits required for operating its business, Jiangsu Xinhua will, at the request of Wison Energy (HK), transfer its equity interest in Wison Engineering to a transferee designated by Wison Energy (HK) at a consideration to be agreed by the parties. Mr. Han Jianyu has confirmed in writing to Wison Engineering and Wison Energy (HK) on September 25, 2012 that the consideration referred to above will be equal to the registered capital contributed by Jiangsu Xinhua to Wison Engineering and the corresponding portion of the available but undistributed profits of Wison Engineering. Our PRC legal advisers are of the view that such arrangement does not contravene applicable PRC laws and regulations. Further, the amended Sino-foreign cooperative joint venture contract and the amended articles of association of Wison Engineering are subject to approval by and filing with the relevant competent authorities, which was completed in October 2012, and third parties will be put on notice by reason of such filing. Accordingly, we believe that, and our PRC legal advisers are of the view that, such measures should facilitate and expedite the process of any proceedings which we may institute to enforce our rights.

Our PRC legal advisers have confirmed that if Jiangsu Xinhua breaches the Sino-foreign cooperative joint venture agreement or the articles of association of Wison Engineering, or Mr. Han Jianyu or Jiangsu Xinhua breaches the terms of the undertaking, Wison Energy (HK) will be entitled, under PRC law, to initiate proceedings to request Jiangsu Xinhua and Mr. Han Jianyu to comply with the Sino-foreign cooperative joint venture agreement of Wison Engineering, the articles of association of Wison Engineering and/or the undertaking as applicable. To our best knowledge and based on the information available to

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us, since Mr. Han Jianyu became the sole shareholder of Jiangsu Xinhua and up to the Latest Practicable Date, there has been no breach of the Sino-foreign cooperative joint venture agreement of Wison Engineering by the parties thereto.

We believe that the maintenance of Jiangsu Xinhua as a PRC domestic party, for the purpose of being the PRC domestic party of the Sino-foreign cooperative joint venture construction enterprise that is Wison Engineering, will be in the best interest of Jiangsu Xinhua as it is entitled to 10% of the distributable profits of Wison Engineering. The interests of Jiangsu Xinhua and its sole shareholder, Mr. Han Jianyu, would be significantly jeopardized were Jiangsu Xinhua to cease to be a PRC domestic party, causing Wison Engineering to cease to be a Sino-foreign cooperative joint venture construction enterprise.

As of the Latest Practicable Date, the registered capital of Wison Engineering was RMB306.0 million which was owned by Wison Energy (HK) and Jiangsu Xinhua as to 75%, or RMB229.5 million, and 25%, or RMB76.5 million, respectively.

To further expand our business to overseas markets, in particular the Middle East, Southeast Asia and Latin America markets, Wison Engineering established branches in Saudi Arabia in August 2008 and in Venezuela in April 2012 and a representative office in Jakarta, Indonesia in August 2011.

On June 3, 2008, Wison Energy (HK) was incorporated in Hong Kong and it became a wholly owned subsidiary of Wison Technology. Wison Energy (HK) acts principally as a holding company of our PRC subsidiaries and is also engaged in import and export sales of equipment and parts for projects of Wison Engineering. As part of the corporate reorganization, Wison Technology and Wison Energy (HK) entered into an equity transfer agreement dated November 2, 2008 (as supplemented by a supplemental agreement dated May 14, 2010), pursuant to which Wison Technology agreed to transfer all the equity interest in Wison Yangzhou to Wison Energy (HK) in exchange for the issue and allotment of one share of Wison Energy (HK) to Wison Technology on May 14, 2010. Such consideration was based on the paid-up capital of Wison Yangzhou. Upon completion of the said equity interest transfer on December 17, 2008, Wison Yangzhou was wholly owned by Wison Energy (HK). On November 20, 2008, Wison Technology and Wison Energy (HK) further entered into an equity transfer agreement (as supplemented by a supplemental agreement dated May 14, 2010) pursuant to which Wison Technology agreed to transfer its 75% equity interest in Wison Engineering to Wison Energy (HK) in exchange for the issue and allotment of one share of Wison Energy (HK) to Wison Technology on May 14, 2010. Such consideration was based on the paid-up capital of Wison Engineering. Upon completion of the said equity interest transfer on December 29, 2008, Wison Engineering was owned by Wison Energy (HK) and Jiangsu Xinhua as to 75% and 25%, respectively.

As of the Latest Practicable Date, our Group held a 30% equity interest in Henan Chuangsite, a company established in the PRC. A total of 64% is owned by employees of our Group, namely 21% by Yang Zhimin, 15% by Wei Yili, 6% by Wei Gengxuan, 6% by Yao Xiaojun, 4% by Xu Qingsong, 5% by Han Guanghuai, 3% by Zhang Dan, 2% by Liu Yan and 2% by Feng Zhan, all of whom are Independent Third Parties. The remaining 6% is owned by Li Fuda, an Independent Third Party.

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In May 2009, the other equity holders of Henan Chuangsite contributed additional capital of RMB2.0 million to increase Henan Chuangsite's paid-in capital to RMB3.0 million from RMB1.0 million previously. Consequently, our Group's effective equity interest in Henan Chuangsite decreased to 10% from 30%.

In December 2009, our Group acquired a 20% equity interest in Henan Chuangsite from Yang Zhimin (who is a key member of senior management of our Group) for a consideration of RMB0.6 million and thereby increased our Group's equity interest in Henan Chuangsite to 30%. The consideration of RMB0.6 million was based on the paid-up capital of Henan Chuangsite.

The principal activity of Henan Chuangsite is the provision of supervisory services for construction projects. Our Group's shareholding in Henan Chuangsite is held through Wison Engineering.

On July 9, 2009, Wison Singapore was incorporated in Singapore. As part of the corporate reorganization and for the purpose of avoiding competition with other subsidiaries of Wison Holding which are not within our Group for the purpose of the Listing, Wison Holding and Wison Energy (HK) entered into a share purchase agreement dated March 30, 2011, pursuant to which Wison Holding agreed to sell 100,000 ordinary shares of Wison Singapore, being the entire issued share capital of Wison Singapore, to Wison Energy (HK) at the consideration of S\$100,000, which was determined on an arm's length basis with reference to the paid-up capital of Wison Singapore at the relevant time. Upon completion of the said share purchase that took place on March 30, 2011, Wison Singapore was wholly owned by Wison Energy (HK).

On September 24, 2010, Wison Holding and Sun-Rising entered into the Sun-Rising Original Subscription Agreement, whereby Wison Holding issued non-interest bearing exchangeable bonds in the aggregate principal amount of US\$13.0 million to Sun-Rising, which was subsequently terminated by a termination agreement dated July 5, 2011 and replaced by the Subscription Agreement dated July 5, 2011 entered into by, among others, Wison Holding and Sun-Rising.

On May 16, 2011, our Company and Wison Holding entered into a share swap agreement under which Wison Holding transferred all its shares in Wison Technology to our Company in exchange for the issuance of 9,000 new Shares credited as fully paid to Wison Holding. Upon completion of the share swap that took place on May 16, 2011, Wison Technology became wholly owned by our Company.

On May 16, 2011, Wison Investment and Wison Holding entered into a share swap agreement under which Wison Holding transferred all its shares in our Company to Wison Investment in exchange for the issuance of one new Share credited as fully paid to Wison Holding. Upon completion of the share swap that took place on May 16, 2011, our Company became wholly owned by Wison Investment.

Our PRC legal advisers are of the view that our Group has obtained all necessary permits, licenses and approvals as required pursuant to PRC laws and regulations from PRC authorities for each stage of the reorganization.



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On July 5, 2011, Wison Holding and the Pre-IPO Investors, namely BOCOM, Credit Suisse, UOB, Gold Prosperity, Sun-Rising, Huadian, Huaneng Invesco WLR, Sincere, Hao Peng, Stone Capital and Feixl entered into eight separate Subscription Agreements. Pursuant to the Subscription Agreements, Wison Holding conditionally agreed to issue and the Pre-IPO Investors conditionally agreed to subscribe for the Bonds. The consideration for the Bonds was paid by the Pre-IPO Investors and the Bonds were issued by Wison Holding to the Pre-IPO Investors on July 6, 2011. The gross proceeds of US\$95 million from the investment were intended to fund the discharge or repayment of certain payables and loans owed by Wison Holding group companies (which are not within our Group for the purpose of the Listing) to members of our Group and to fund the payment of fees and expenses due and payable under or in connection with the investment. See “Appendix IV—Summary of Pre-IPO Investment” for further details of the Bonds.

Wison Holding, the issuer of the Bonds, entered into agreements with Huadian on March 23, 2012 and with Huaneng Invesco WLR, Credit Suisse and UOB on June 4, 2012 to redeem the Bonds issued to those parties, completion of which took place on June 20, 2012 for Huadian and on June 25, 2012 for Huaneng Invesco WLR, Credit Suisse and UOB. See “Appendix IV—Summary of Pre-IPO Investment—Redemption of the Bonds issued to Huadian, Huaneng Invesco WLR, Credit Suisse and UOB by Wison Holding” for further details.

The Remaining Pre-IPO Investors have undertaken to terminate the Second Put Option in order to comply with the “Interim Guidance on Pre-IPO Investments Pending Consultation on Possible Listing Rule Amendments” issued by the Listing Committee on October 13, 2010 (reproduced as HKEx Guidance Letter HKEx-GL29-12 on January 16, 2012) (the “Interim Guidance”). On June 1, 2012, Wison Holding, our Company, Wison Investment and Mr. Hua reached an agreement with the Pre-IPO Investors (other than those whose Bonds have been redeemed) to terminate the Second Put Option, pursuant to which the Pre-IPO Investors irrevocably (i) agreed that the Second Put Option and any or all of their rights and interests under the Second Put Option be terminated without any consideration and confirmed that there is no other agreement between Wison Holding, our Company, Wison Investment or Mr. Hua or any of their respective affiliates and the Bond holders in respect of such termination and (ii) agreed that Wison Holding, our Company, Wison Investment and Mr. Hua be released and forever discharged from any obligations whatsoever in respect of the Second Put Option under the terms and conditions set out in the Majority Shareholder Undertakings. See “Appendix IV—Summary of Pre-IPO Investment—Termination of the Second Put Option” for further details.

On September 20, 2012, the Bonds held by the Remaining Pre-IPO Investors were exchanged into our Shares pursuant to the terms and conditions of the Bonds and the Remaining Pre-IPO Investors became our Shareholders.

### **Business development**

We started our business in November 1997 as a provider of engineering and construction solutions for improving the performance and environmental friendliness of separation systems for chemical engineering processes.

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In 1999, we began to undertake the groundwork for the provision of ethylene cracking furnace solutions, including discussions with a third party proprietary technology licensor.

In March 2000, we were awarded our first contract to provide renovation solutions for an ethylene cracking furnace operated by Sinopec Qilu, a subsidiary of Sinopec. We successfully completed the project in May 2001 using a combination of imported modern technology and an efficient project management model. The annual production capacity of the renovated ethylene cracking furnace was increased by approximately 45%, from 45,000 tons to 65,000 tons.

In September 2001, our project quality control was recognized as conforming with international standards when Wison Engineering obtained its ISO 9001-2000 management system certification from Det Norske Veritas for contracting management on EPC services for petrochemicals projects. In the same month, the technology development center of Wison Engineering was recognized by the Science and Technology Bureau of the Shanghai Pudong New Area (上海浦東新區科學技術局) as an “Enterprise Technology Development Organization of the Shanghai Pudong New Area” (上海市浦東新區企業技術開發機構).

In September 2002, Wison Engineering was granted an “Overall Contracting Qualification—Grade II (Temporary) for Petrochemical Project Construction” (化工石油工程施工總承包(暫定)貳級), which allowed Wison Engineering to undertake individual chemical and petrochemical engineering construction projects with a contract amount of not more than RMB200 million and not exceeding five times its registered capital.

In August 2002, we entered into a PC contract with a subsidiary of PetroChina for the first time and completed the building of two ethylene cracking furnaces for PetroChina Daqing in Daqing, China in June 2004. At the time their operation was commissioned, these ethylene cracking furnaces were two of the largest capacity furnaces in China.

In March 2005, Wison Engineering was granted the Grade I Overall Contracting Qualification, which allows it to undertake certain chemical and petrochemical engineering construction projects with individual contract size not exceeding five times its registered capital, (i.e., RMB1,500.0 million). In the same year, we were awarded the position as overall PC contractor for parts of the PetroChina Lanzhou Ethylene Plant Project, with a view to increasing its annual ethylene production capacity by 450kta. The award of this project marked our first step into the provision of EPC solutions for petrochemicals production facilities. As part of the project, we entered into a contract in April 2005 for the design-building of five new cracking furnaces and another contract in August 2005 for the procurement of materials for, and construction of, other non-furnace-related parts of the facilities, including the refrigeration, compressing, separation and feedstock sections.

In September 2006, we entered into a project management contracting (PMC) services agreement with PetroChina Dalian for the expansion of its crude oil refinery. In the same year, we were awarded the position as overall PC contractor for parts of PetroChina Dushanzi’s refinery and ethylene production facilities expansion project, with a view to increasing ethylene production levels to 1,000kta. We provided our PC solutions under three individual contracts, comprising: (a) the design-building of eight cracking furnaces; (b) the construction

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of SSBR/SBS production facilities; and (c) the construction of FDPE production facilities. The total value of the contracts was approximately RMB2.6 billion and the project was completed in September 2008.

In November 2007, Wison Engineering obtained the Overseas Contracting Qualification, which enables it to undertake international petrochemical engineering projects both within and outside the PRC, export the necessary equipment and materials, as well as dispatch staff abroad for implementation of such projects.

In late November 2007, we successfully acquired the Henan Design Institute by way of merger by absorption, a certified design institute with Class I Design Qualification and nearly 50 years of industry experience. Upon completion of the transfer of Henan Design Institute's qualifications to Wison Engineering, we became a fully integrated engineering solutions provider to the petrochemicals sector. In December 2007, we entered into our second oil refinery engineering solutions contract to provide PC solutions for the construction of naphtha hydrotreating and saturate gas concentration plants in PetroChina Guangxi's refinery project.

In March 2008, Wison Engineering became a member unit of the Industrial Furnace Design Professional Committee of the China Petroleum and Chemical Engineering Survey and Design Association (中國石油和化工勘察設計協會工業爐設計專業委員會).

In August 2008, Wison Engineering obtained the Class I Design Qualification. During the period from October 2007 to February 2010, Wison Yangzhou entered into contracts with SECCO for the manufacturing of 11 sets of furnace pipelines.

In March 2009, we were awarded the 2008 China Construction Steel Structure Quality Project "Steel Structure Gold Medal" (National Quality Project) for our services provided in the PetroChina Dushanzi 1,000kta ethylene unit cracking furnace steel structure project.

In September 2009, we started to provide PC services in the construction of the 600kta paraxylene plant, 60kta sulfur recovery plant, 2,200kta waxoil hydrocracking plant and 2,000kta continuous reforming plant, including a PSA unit for PetroChina Sichuan's 10,000kta oil refinery project, which marked the full commencement of the construction of the main unit of the refinery integration project. Wison Engineering was also granted 12 awards, including the grand prize for the Henan Province Survey and Design Industry Innovation Award (2009 年度河南省勘察設計行業創新獎特等獎) and the first class prize for the Outstanding Consulting Achievement Award (優秀諮詢成果獎一等獎).

In June 2010, Wison Engineering won the bid for the 2,000kta first phase coal-to-olefins unit, 680kta second generation DMT0 (based on Dalian Institute of Chemical Physics design) demonstration unit project and the 300kta polyethylene unit fundamental engineering design project for PuCheng Clean Energy Chemical Co., Ltd.

In July 2010, Wison Engineering was appointed as the standing council unit of the National Survey and Design Committee in the Fifth Congress of the National Survey and Design Committee.

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## **HISTORY, REORGANIZATION AND GROUP STRUCTURE**

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In December 2010, Wison Engineering completed the building of an EU ethylene cracker furnace for BASF-YPC Co., Ltd., which, at the time commissioned, was the largest liquid feedstock ethylene cracking furnace in the world.

In May 2011, Wison Engineering signed a MDI project contract with BASF Polyurethanes (Chongqing) Co., Ltd. in partnership with Daelim Industrial Co., Ltd. and has successfully convened the project kick-off meeting.

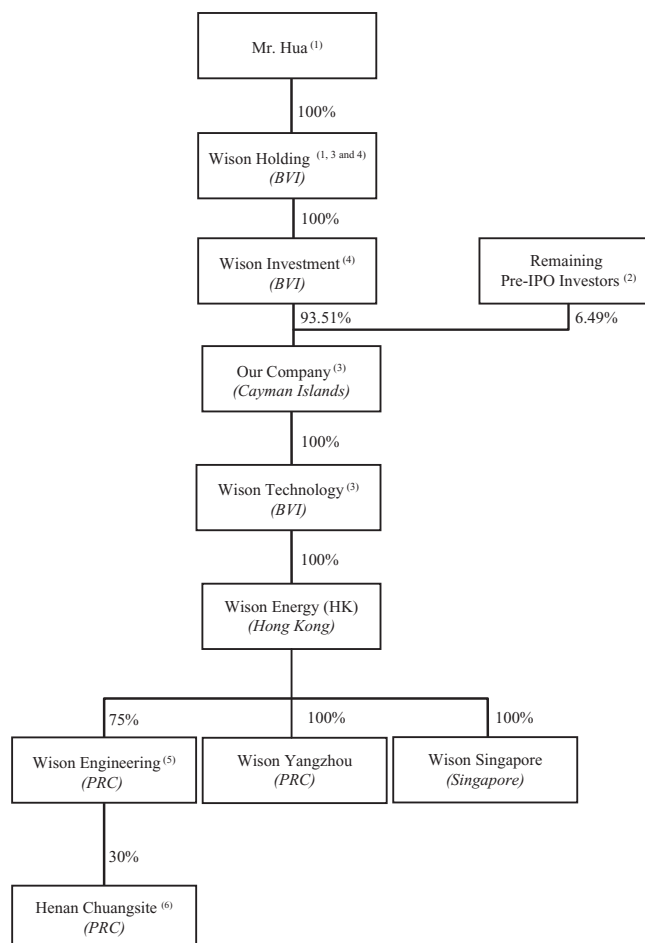
In December 2011, Wison Engineering received the Jin Gang Award for 2011 Excellent Metal Construction Project for the PetroChina Fushun Ethylene 800kta Plant PC Project from the Shanghai Metal Structure Industry Association.

In May 2012, Wison Engineering entered into a cooperation agreement with Shell Global Solutions to jointly research, develop and commercialize certain hybrid gasification technology on an exclusive basis (subject to certain limitations on exclusivity).

# HISTORY, REORGANIZATION AND GROUP STRUCTURE

## GROUP STRUCTURE

The diagram below shows the corporate structure of our Group as of the Latest Practicable Date:



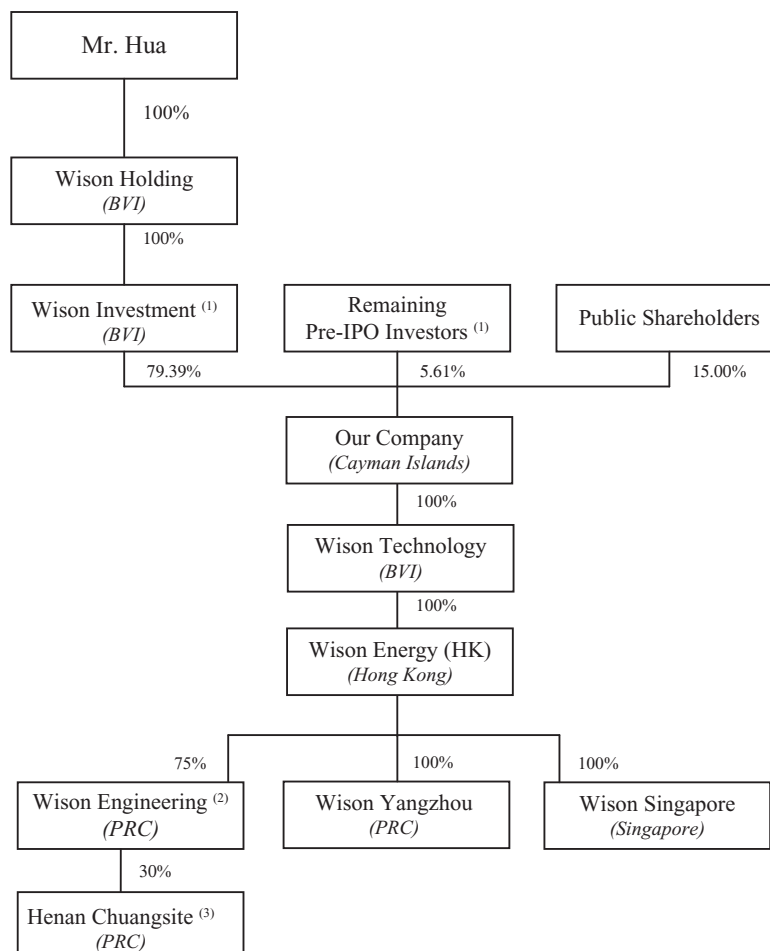
### Notes:

- (1) Mr. Hua, our Chairman and executive Director, is the registered and beneficial owner of the entire issued share capital of Wison Holding.
- (2) On July 5, 2011, our Company and the Pre-IPO Investors entered into eight separate Subscription Agreements. Pursuant to the Subscription Agreements, Wison Holding agreed to issue the Bonds to each of the Pre-IPO Investors, respectively. Completion of the Subscription Agreements took place on July 6, 2011. See “Appendix IV—Summary of Pre-IPO Investment” for further details of the Bonds. Wison Holding, the issuer of the Bonds, entered into agreements with Huadian on March 23, 2012 and with Huaneng Invesco WLR, Credit Suisse and UOB on June 4, 2012 to redeem the Bonds issued to those parties, completion of which took place on June 20, 2012 for Huadian and on June 25, 2012 for Huaneng Invesco WLR, Credit Suisse and UOB. See “Appendix IV—Summary of Pre-IPO Investment—Redemption of the Bonds issued to Huadian, Huaneng Invesco WLR, Credit Suisse and UOB by Wison Holding” for further details. On September 20, 2012, the Bonds held by the Remaining Pre-IPO Investors were exchanged into our Shares pursuant to the terms and conditions of the Bonds and the Remaining Pre-IPO Investors became our Shareholders.
- (3) On May 16, 2011, our Company and Wison Holding entered into a share swap agreement under which Wison Holding transferred all its shares in Wison Technology to our Company in exchange for the issue and allotment of 9,000 new Shares credited as fully paid to Wison Holding.
- (4) On May 16, 2011, Wison Investment and Wison Holding entered into a share swap agreement under which Wison Holding transferred all its shares in our Company to Wison Investment in exchange for the issue and allotment of one new Share credited as fully paid to Wison Holding.
- (5) The remaining 25% equity interest in Wison Engineering is held by Jiangsu Xinhua, a limited liability company wholly owned by Mr. Han Jianyu, who is a director of Wison Engineering. Pursuant to the articles of association and the Sino-foreign co-operative joint venture contract of Wison Engineering, the profits of Wison Engineering that are distributable to its shareholders are required to be distributed as to 90% to Wison Energy (HK) and as to 10% to Jiangsu Xinhua.
- (6) Henan Chuangsite is not considered as a part of our Group as it is only an associate company.



## HISTORY, REORGANIZATION AND GROUP STRUCTURE

The diagram below illustrates the corporate structure of our Group immediately following the completion of the Global Offering, the Capitalization Issue and the Sun-Rising Adjustment (assuming none of the Pre-IPO Share Options granted has been exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option):



### Notes:

- (1) Wison Investment and the Remaining Pre-IPO Investors will hold 85.00% of the enlarged share capital of our Company immediately upon completion of the Global Offering, the Capitalization Issue and the Sun-Rising Adjustment. The number of Shares held by the Remaining Pre-IPO Investors have been calculated in accordance with the terms and conditions of the Bonds (as described in "Appendix IV—Summary of Pre-IPO Investment"). The shareholding of the Remaining Pre-IPO Investors will be counted towards the public float of our Company for purposes of the Listing Rules.
- (2) The remaining 25% equity interest in Wison Engineering is held by Jiangsu Xinhua. Pursuant to the articles of association and the Sino-foreign co-operative joint venture contract of Wison Engineering, the profits of Wison Engineering that are distributable to its shareholders are required to be distributed as to 90% to Wison Energy (HK) and as to 10% to Jiangsu Xinhua.
- (3) Henan Chuangsite is not considered as a part of our Group as it is only an associate company.