INTRODUCTION

Business Overview

We were the largest private sector chemical EPC service provider in China in terms of revenue for 2011, as estimated by CMAI, an independent industry consultant. In addition, based on the industry rankings compiled by the China Exploration & Design Association, we ranked 17th among all PRC EPC service providers, eighth among all PRC chemical EPC service providers and first among all private sector chemical EPC service providers in the PRC, by 2011 contract revenue.(1) The term "chemical EPC service provider" includes companies that provide EPC services to, among others, the petrochemicals, oil refining and coal-to-chemicals conversion processing industries, the three industry segments we principally service. We provide a broad range of integrated services spanning the project lifecycle from feasibility studies, consulting services, provision of proprietary technologies, design, engineering, raw materials and equipment procurement and construction management to maintenance and after-sale technical support. Our wide range of services is primarily offered to the following industries:

- Petrochemicals: Petrochemical products can broadly be classified into two categories: (i) olefins, including ethylene and propylene; and (ii) aromatics, including benzene, toluene and xylene isomers. These base chemicals can be further processed to manufacture thousands of downstream petrochemical products used in daily life.

- Oil refineries: Oil refining is a process where crude oil is processed and refined into more useful petroleum products, which can be grouped into three categories: (i) light distillates, including liquefied petroleum gas, gasoline and naphtha; (ii) middle distillates, including kerosene and diesel; and (iii) heavy distillates and residuum, including heavy fuel oil, lubricating oils, wax and asphalt.

- Coal-to-chemicals: Coal-to-chemicals refers to the process of producing chemicals from coal. The major coal-to-chemicals processes utilized in China include coal-to-methanol, coal-to-olefins, coal-to-PVC, coal-to-aromatics and coal-to-ammonia/urea. Recently, the focus in China has been shifted to coal-to-methanol, MTO and MTP processes that produce the same chemical products, such as ethylene and propylene, as the petrochemical facilities, due to better cost efficiencies and greater demand for these chemicals.

We also provide EPC and PC services, on an ad hoc basis, to other industries, such as steel and marine engineering projects. Our subsidiary, Wison Yangzhou, manufactures heat-resistant alloy tubes and fittings for the projects we undertake, in addition to supplying to third party purchasers, primarily in the petrochemicals industry.

In the provision of our wide range of services described above, our role on a project is typically to act as a "general contractor". We do not consider ourselves to be a construction firm and we typically sub-contract construction work to specialized construction sub-contractors. Our employees are principally involved in engineering, design implementation,

Note:

(1) We are not aware of any more recent ranking provided by China Exploration & Design Association and we have no reason to believe that the latest ranking is no longer accurate.

procurement of raw materials and equipment, and supervision of construction. We can provide complete solutions based on the EPC service model or a part of it, such as engineering and procurement (EP) or procurement and construction management (PC), corresponding to specific client needs. We can also provide PMC services, where we charge a fee for our project management services while our clients assume the cost of procurement and construction.

Petrochemicals

Ethylene is an olefin that is principally derived by heat-cracking naphtha and light diesel at petrochemicals facilities or oil refineries. We have proprietary ethylene cracking furnace technologies that focus on improving energy efficiency, reducing emissions and increasing reliability. See "—Research and Development" below. Designing and engineering steam cracking furnaces requires extensive technical experience and know-how, and, according to CMAI, we are one of six companies in the world that has developed proprietary commercial ethylene cracking furnace technology. While intellectual property is of such a nature that we cannot warrant that these are the only parties that have intellectual property in this area, no other companies or individuals to our knowledge have used other proprietary technology in wide commercial application in relation to ethylene cracking furnaces. Such engineering capability enables us to provide a one-stop service using either our proprietary ethylene cracking furnace technologies or partnering with other ethylene cracker technology licensors in delivering our EPC services.

We have a leading position as an ethylene EPC service provider in China in terms of number of furnaces installed, based on EPC contracts between January 1, 2000 and June 30, 2012, according to CMAI. Ethylene is one of the key building blocks in the petrochemicals industry. Further, our strong base in ethylene EPC services also helps us in retaining an EPC leadership position in China's petrochemicals industry. Benefiting from our strong track record in the ethylene furnace EPC arena, we have expanded our EPC services into the broader PRC petrochemicals industry. Our major projects have included:

- PetroChina Daqing Project: We completed the building of two ethylene cracking furnaces for PetroChina Daqing in Daqing, Heilongjiang Province, China, in June 2004 under a PC contract. These ethylene cracking furnaces were two of the largest capacity furnaces in China at the time their operation was commissioned;

- PetroChina Lanzhou Ethylene Plant Project: We completed the expansion of an ethylene plant in Gansu Province, China, for PetroChina Lanzhou in October 2006 under a PC contract. The construction period for this plant, which started in April 2005 and continued until its commissioning in November 2006, was the shortest for a similar scale of construction in China at the time;

- PetroChina Dushanzi Integrated Refinery and Petrochemical Complex: We completed the building of the PetroChina Dushanzi Integrated Refinery and Petrochemical Complex in Dushanzi, Xinjiang, China, in June 2009 under several PC contracts. At the time this complex was commissioned in 2008, it was the largest plant of its kind in China;

- Nanjing BASF-YPC Ethylene Cracking Furnace Project: In December 2010, we completed the building of an EU ethylene cracking furnace for BASF-YPC Co., Ltd., a joint venture between BASF and Sinopec Yangzi, in Nanjing, Jiangsu Province, China, under an EPC contract. This EU ethylene cracking furnace, at the time commissioned, was the largest liquid feedstock ethylene cracking furnace in the world; and

- Chongqing BASF MDI Complex Project: In June 2011, under an E+PsCM contract, we and Daelim Industrial Co., Ltd. commenced work on the building of the BASF MDI Complex in Chongqing, China, for BASF, which is expected to be completed in May 2014 and consists of: (i) a MNB plant, (ii) an aniline plant, (iii) a CMDI plant, (iv) a MMDI plant, (v) tank farm/logistics and (vi) certain utility systems.

As of June 30, 2012, our unaudited backlog in the petrochemicals business segment was approximately RMB5,630.2 million. Backlog represents our estimate of the contract value of work that remains to be completed as of a certain date from signed and legally-binding contracts, net of estimated VAT.

Oil refineries

For oil refineries, during the period between January 1, 2006 and June 30, 2012, we provided EPC or PMC services, including design, procurement and construction, to the following two major projects:

- PetroChina Dalian Refinery Project: We completed the building of an oil refinery for PetroChina Dalian in Dalian, Liaoning Province, China, in September 2008 under a PMC contract. At the time commissioned, it was the largest production facility of its kind in China; and

- PetroChina Sichuan Integrated Refinery and Petrochemical Complex: We are currently building the PetroChina Sichuan Integrated Refinery and Petrochemical Complex in Sichuan Province, China, which is expected to be fully completed by December 2012, under several PC contracts. This is our largest project to date in terms of project revenue recognized, with multiple contracts from one project owner, and marks our first project to build the main unit of a refinery integration project.

As of June 30, 2012, our unaudited backlog in the oil refineries business segment was approximately RMB5,964.4 million.

Coal-to-chemicals

We own a significant number of proprietary technologies in the areas of coal-to-olefins, energy saving coal-to-methanol and coal-to-dimethyl ether and can provide one-stop services encompassing transfer of proprietary technologies, design and construction of coal-to-chemicals plants. During the period between January 1, 2007 and June 30, 2012, we provided EPC services to the following coal-to-chemicals projects:

- Wison (Nanjing) Synthesis Gas Project: From March 2007 to November 2009, we built a coal-to-synthesis gas production plant for Wison (Nanjing) Chemical Co.,

Ltd. in Nanjing, Jiangsu Province, China, under an E+PM+C contract. This coal-to-synthesis gas production plant, at the time commissioned, had the production capacities of 300kta of carbon monoxide, 100kta of methanol, 9,000Nm^3/h hydrogen, 11,000Nm^3/h synthesis gas and 16,000Nm^3/h hydrogen-rich gas and is representative of our sophisticated EPC capability in the coal-to-chemicals segment;

- Erdos Jinchengtai Methanol Project: Since April 2009, we have been building a coal-to-methanol production plant for Erdos Jinchengtai Chemical Co., Ltd in Erdos, Inner Mongolia, China, under an E+PM+C contract, which is expected to be completed in December 2012. The estimated production capacity of the plant will be approximately 600kta of methanol. This is our first EPC project provided to an independent third party in the coal-to-chemicals segment; and

- Pucheng Polyethylene Plant Project: We entered into an EPC contract with PuCheng Clean Energy Chemical Co., Ltd. to build a 700kta polyethylene production plant in Shaanxi Province, China. This project commenced in March 2012 and is expected to be completed around December 2013. Its separation unit will utilize, and be licensed with, our proprietary methanol-to-olefins separation technology.

- Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I): We entered into a contract with Jiangsu Sailboat Petrochemical Co., Ltd. in May 2012 to provide EPC service to its 600kta MTO plant and relevant public utilities and ancillary facilities for its alcohol based cogeneration project (phase I) and EM+PC service to its 350kta EVA plant, 260kta acrylonitrile plant and 80kta MMA plant in Jiangsu Province, China. This project commenced in September 2012 and is expected to be completed around in March 2015. This is our largest project by contract value as of the Latest Practicable Date.

As of June 30, 2012, our unaudited backlog in the coal-to-chemicals business segment was approximately RMB16,566.5 million.

Other products and services

For other industries, during the period between January 1, 2005 and June 30, 2012, we provided EPC and PC services to steel and marine engineering projects. Our subsidiary, Wison Yangzhou, manufactures heat-resistant alloy tubes and fittings for the projects we undertake, in addition to supplying third party purchasers, primarily in the petrochemicals industry.

We believe we have maintained a high level of client satisfaction, completing almost all of our major construction projects during the three years ended December 31, 2011 and the six months ended June 30, 2012 on or ahead of clients' expectations, with a high safety record, while meeting the technical specifications required by our clients. We have also actively sought the development of long-term relationships with our key clients, who have principally been affiliates of industry leaders in the PRC petrochemicals market. By working as a partner with our key clients on many of their production facilities, we have increased our understanding of their overall business needs, as well as the unique technical requirements of their projects. This relationship approach also helps us understand the risks and specific

requirements inherent in their projects, which in turn allows us to better satisfy their specific requirements and manage the risks specific to each project.

Our business has grown together with the development and expansion of the petrochemicals, oil refining and coal-to-chemicals industries in the PRC. For the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, our revenue was RMB1,884.4 million, RMB4,976.2 million, RMB5,036.6 million and RMB861.7 million, respectively. The following table illustrates the percentage breakdown of our revenue by business segments during each of the periods indicated.

	Years ended December 31,						Six months ended June 30,			
	2009		2010		2011		2011		2012	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
							(unaudited)			
	(RMB in millions, except percentages)									
Business Segments:										
Petrochemicals[(1)(2)]	1,386.3	73.6%	2,860.5	57.5%	1,624.2	32.2%	610.9	36.9%	130.1	15.1%
Oil refineries[(3)]	207.3	11.0%	2,050.0	41.2%	2,447.0	48.6%	895.4	54.1%	125.2	14.5%
Coal-to-chemicals[(4)(5)]	210.9	11.2%	28.4	0.6%	949.7	18.9%	139.2	8.4%	520.8	60.5%
Other products and services[(6)(7)]	79.9	4.2%	37.3	0.7%	15.7	0.3%	9.7	0.6%	85.6	9.9%
Total	1,884.4	100.0%	4,976.2	100.0%	5,036.6	100.0%	1,655.2	100.0%	861.7	100.0%

Notes:

(1) Principally comprising EPC solutions for the design-building and renovation of ethylene cracking furnaces and production facilities for downstream petrochemicals.

(2) Revenue generated in this segment is net of inter-segment sales of RMB32.1 million in the year ended December 31, 2011 and RMB32.9 million for the six months ended June 30, 2012. Such amounts principally consisted of sales of certain raw materials, parts and equipment imported by Wison Energy (HK) for the projects we undertook. There were no inter-segment sales in this segment in the years ended December 31, 2009 and 2010.

(3) Principally comprising PC solutions for the construction of petroleum refineries.

(4) Principally comprising EPC solutions for the construction of coal-to-chemicals production facilities.

(5) Revenue generated in this segment is net of inter-segment sales of RMB0.5 million in the six months ended June 30, 2012, which principally consisted of sales of certain raw materials, parts and equipment imported by Wison Energy (HK) for the projects we undertook. There were no inter-segment sales in this segment in the years ended December 31, 2009, 2010 and 2011.

(6) Principally comprising integrated piping systems manufactured by Wison Yangzhou and EPC services to other industries.

(7) Revenue generated in this segment is net of inter-segment sales, which have been substantial for this segment and principally consisted of the production of pipes and related components by Wison Yangzhou for the projects we undertook. Revenue in this segment inclusive of such inter-segment sales in the years ended December 31, 2009, 2010 and 2011 amounted to RMB138.8 million, RMB129.3 million and RMB18.0 million, respectively, and RMB10.2 million in the six months ended June 30, 2011. There were no inter-segment sales in this segment in the six months ended June 30, 2012.

OUR KEY STRENGTHS

We believe that our success and future prospects are built upon and reinforced by the following key strengths:

Largest private sector chemical EPC service provider in China

We were the largest private sector chemical EPC service provider in China, servicing the petrochemicals, oil refining and coal-to-chemicals segments, in terms of revenue for 2011, as estimated by CMAI. Our clients include major market players such as PetroChina, Sinopec, CNOOC, Shell and BASF.

Some of our key milestone petrochemicals projects include:

- PetroChina Daqing Project;
- PetroChina Lanzhou Ethylene Plant Project;
- PetroChina Dushanzi Integrated Refinery and Petrochemical Complex;
- Nanjing BASF-YPC Ethylene Cracking Furnace Project; and
- Chongqing BASF MDI Complex Project.

In addition, we have provided EPC or PMC services, including design, procurement and construction, to several major refinery projects, namely Project 35 (PetroChina Dalian Refinery Project) and PetroChina Sichuan Integrated Refinery and Petrochemical Complex. Leveraging on our proprietary technologies in the areas of coal-to-olefins, energy saving coal-to-methanol and coal-to-dimethyl ether, we can provide one-stop services encompassing licensing of proprietary technologies, and design and construction of coal-to-chemicals plants. During the period between January 1, 2007 and June 30, 2012, we provided EPC services to several coal-to-chemicals projects.

We believe that, as a private sector EPC service provider in China, we are distinguished from state-owned enterprise competitors due to our stronger focus on client satisfaction and our market-driven business model that aims to satisfy the requirements of different clients and to expand our client base. Our track record shows a history of providing timely and tailor-made solutions to our clients, which has led to awards of additional projects from our existing clients, including subsidiaries of PetroChina and Sinopec, two of the industry leaders in the PRC petrochemicals market, and has been helpful in our winning of new clients.

Further, as China continues to industrialize, we believe that the PRC government will continue to support the development of the domestic petrochemicals, oil refining and coal-to-chemicals industries, due to its importance to the growth of the overall PRC economy. We believe that our position as the largest private sector chemical EPC service provider, together with the client relationships and market reputation we have already established, puts us in a strong position to capture a significant portion of the anticipated growth in these industries.

Well-recognized and acknowledged project execution capability

We have, during our years of operation, developed significant experience and execution capability in the provision of EPC services in China. We have a track record of achieving the following in the oil refineries and petrochemicals and coal-to-chemicals production facilities we have designed, built or renovated:

- High Quality: Successful production in all the oil refineries and petrochemicals and coal-to-chemicals production facilities we have built or renovated between January 1, 2000 and the Latest Practicable Date at initial start-up. This success rate is a culmination of successes in project planning and execution that, together, avoided any delay to our clients' commencement of production.

- Timely Completion: We have completed almost all of our major construction projects on or ahead of clients' expectations during the three years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, allowing our clients to start their production sooner, which, in turn, leads to shorter lead time in approaching or reaching full production capacity.

- High Safety Record: We have a health, safety and environment (HSE) division that monitors our worksites carefully. Our high safety record has been achieved through prevention-based programs, risk evaluation, job-specific safety training, incident investigation and on-site safety supervision.

- Long Track Record: We have a well-established business operation platform and a proven execution track record.

Within China's petrochemicals industry, we have a track record in design-building and renovating technologically complex ethylene cracking furnaces. Further, ethylene cracking furnaces are generally renovated or replaced every four to six years. The ethylene cracking furnaces we have renovated have a track record of achieving the following: (i) increased production capacity, (ii) higher yield and (iii) increased energy savings. As a result of our ability to upgrade furnaces during their renovation, we have been able to capture an ongoing revenue stream from renovation projects. For example, from December 2007 to December 2009, we renovated eight ethylene cracking furnaces for SECCO in Shanghai, China. After our renovation, each ethylene cracking furnace extended its operating cycle from 15 to 20 days between breaks to over 50 days, thereby resulting in an estimated increase in its annual operating hours of up to 216 hours and in its production yield of up to 2,700 tons per year. The modified piping system we designed, built and installed also conducts heat more efficiently and is estimated to save approximately 1,600 tons of fuel gas per furnace per year.

Strong technology innovation capability

We have a tradition of emphasizing technology development. As a result of our research and development in designing, building and renovating petrochemicals and coal-to-chemicals production facilities, we have been awarded 31 patents in China and also have 26 pending patent applications in China as of the Latest Practicable Date. Further, our research and development efforts have resulted in specific innovation in the areas of ethylene process integration technologies, coal-to-chemicals technologies, clean coal utilization technologies and energy saving technologies.

In the area of ethylene process integration technologies, as estimated by CMAI, we are one of the six companies in the world that has developed proprietary commercial ethylene cracking furnace technologies. Since our entry into the ethylene cracking furnace business in 2000, we have undertaken the design, renovation and construction of 115 ethylene cracking furnaces (including 29 new or renovated furnaces under construction), and have developed a leading position in the domestic market of renovation and construction of ethylene cracking furnaces since our entering this business segment. We have experience in developing, designing and operating ethylene cracking furnaces. Our proprietary HS-I, HS-II and HS-III cracking furnace technologies produce pipes that have shorter passage times and longer operating cycles due to the larger heat-absorbing surface area resulting in higher ethylene

yield. Our HS-I technology is designed for cracking gas feedstock, such as ethane and propane, and has been applied in the renovation of the cracking furnaces for PetroChina Daqing and PetroChina Liaoyang. Our HS-II cracking furnace technology is designed for cracking liquid feedstock and has been applied in several cracking furnaces currently in service, including ones for Sinopec Guangzhou, PetroChina Lanzhou and PetroChina Jilin. Our HS-III technology is developed from our HS-II technology. Utilizing a symmetrical U-shaped furnace tube with double arrangement, our HS-III technology can be implemented in a limited space while increasing the capability and operational cycle of a cracking furnace. Our HS-III technology can be applied in naphtha, hydrogenation tail oil and other liquid feedstock cracking. Our HS-III technology has been principally used in the expansion and renovation of existing cracking furnaces, as well as in the building of new large-scale cracking furnaces. Our HS-III technology has already been successfully applied in the renovation of liquid feedstock cracking furnaces for SECCO. Our proprietary HS-I, HS-II and HS-III cracking furnace technologies are designed to reduce costs for ethylene production while meeting environmental standards, achieving greater efficiency and increasing production for the plant. Compared to the USC cracking furnace created by Stone & Webster, according to CMAI our HS-II cracking furnace has a higher average integrated heat efficiency (94.9%, as opposed to 92.5%) and a lower smoke discharge temperature (41°C lower), resulting in significant energy savings. Our technology is used in a number of ethylene cracking furnace projects in China. In addition, we have developed a quench oil viscosity reducing technology, which uses ethane and propane gas obtained from cracking furnaces to reduce liquid viscosity, and we applied this technology on the 600kta ethylene units in PetroChina Daqing. On September 28, 2010, we received the award for outstanding energy saving contribution from China Chemical Energy Conservation Technology Association (CCECTA) for our renovation work on the ethylene units of PetroChina Daqing.

In the area of coal-to-chemicals technologies and clean coal utilization technologies, we have developed certain MTO light olefins separation technologies and WMTO process technologies, which help coal-to-chemicals production facilities to achieve more stable production, lower energy consumption and longer operating cycles with lower capital requirements. In particular, we have developed "pre-cutting plus oil absorption" olefins separation technology that simplifies the chemical separation processes and lowers the investment cost requirements for equipment, while reducing energy consumption and improving ethylene recovery rate. In July 2010, we successfully implemented our MTO light olefins separation technologies for PuCheng Clean Energy Chemical Co., Ltd. in constructing a 680kta second generation DMTO demonstration unit (based on Dalian Institute of Chemical Physics design) for its 2,000kta coal-to-olefins plant project. In September 2011, we successfully implemented our MTO light olefins separation technologies for Wison Nanjing in connection with its butanol and octanol project. See "Connected Transactions—One-off transactions—Butanol and Octanol Project" for more details. In August 2012, we signed a technology license, process design package compilation and technology service contract and an engineering design contract on both basic design and detailed design with Shandong Yang Coal Hengtong Chemical Co., Ltd. to implement our MTO light olefins separation technologies in constructing an olefin separation unit for its 300kta methanol to olefins plant. In September 2012, we signed a technology license, process design package compilation and technology service contract and an engineering design contract on overall design and basic design with the Xinjiang and Beijing branches of China Shenhua Coal to Liquid and Chemical

Co., Ltd. to implement our MTO light olefins separation technologies in constructing an olefin separation unit for their 680kta new coal-based materials project.

In the area of energy saving technologies, we have developed integrated energy saving technology for the coal-to-methanol process that is applicable to large-scale methanol distillation units. A certain portion of our energy saving methanol technology has been implemented in Project 43 (Erdos Guotai Methanol Project).

We believe our strong engineering background distinguishes us from other private sector EPC service providers in China that have focused principally on construction instead of engineering services and sets up a high entry barrier for potential competitors. Our entry into the EPC service business began in March 2000, when we began the reconstruction of the ethylene plant cracking furnace for Sinopec Qilu, with our involvement in the design-building and renovating of ethylene cracking furnaces, which are among the most technologically complex components of petrochemicals production facilities, demonstrating our technological capability. By tackling the most technologically sophisticated part of the EPC service business first, the engineering know-how and design experience we have gained should enhance our procurement and construction management businesses and help us grow our business in the provision of EPC services to other less technologically challenging components of petrochemicals and coal-to-chemicals production facilities.

Established network and close relationships with raw materials and equipment suppliers and construction sub-contractors

We believe that our relationships with raw materials and equipment suppliers and construction sub-contractors are important in obtaining contracts from our clients as they serve to ensure the best mix of resources for our EPC services and enable us to offer competitive prices for our services. Through our active participation in the construction of many key petrochemicals production facilities in China since 2001, we have developed a strong understanding of the products and services of many raw materials and equipment suppliers and construction sub-contractors, as well as a range of design solutions and construction processes, and have further developed our project management expertise. We have developed a database of 1,292 qualified domestic and 85 qualified overseas suppliers, as well as another 608 potential overseas suppliers as of June 30, 2012. As of June 30, 2012, there were 148 qualified sub-contractors on our list of construction sub-contractors, eight of whom we have maintained business relationships with for over six years. We have also helped to develop their sourcing channels and established long-term relationships with some of these suppliers. We believe our familiarity with each of our suppliers' ability to meet various technical standards for the projects we undertake, as well as our experience in successfully managing a number of sub-contractors, hiring and training local workforces and sourcing construction tools and equipment, are key strengths that differentiate us from our competitors. Further, because we have previously cooperated with these raw materials and equipment suppliers and sub-contractors, we have detailed knowledge of the quality and reliability of their respective products and services and their ability to meet our clients' quality and scheduling expectations. This extensive network of relationships, together with our project management expertise and familiarity with the procurement process, also helps us serve the new markets we are developing, such as the PRC coal-to-chemicals market and overseas markets. We aim to continue to work collaboratively with all of our raw materials and

equipment suppliers and sub-contractors to ensure the quality of our services and promote overall cost savings for our clients.

An experienced and established management team and dedicated industry experts with proven track record

We have a management team with extensive experience in our industries. Our senior industry experts keep abreast of the developments in the petrochemicals, oil refining and coal-to-chemicals industries. Our team strives for effective cost management, which has been demonstrated by decreases in operating expenses as a percentage of revenue from December 31, 2009 to December 31, 2011. Our team is also committed to conducting research and development and producing technological innovation. A number of our employees hold postgraduate qualifications and relevant technical degrees. In addition, as of June 30, 2012, we had 1,430 employees of which over 719 employees, or approximately 50% of our total employees, have over ten years of experience in research and development, design and management, project management and facility commissioning in the petrochemicals and coal-to-chemicals industries. A number of our employees have also received awards on the national level for their outstanding achievement, such as "Excellent Scientific and Technological Staff in China Petroleum and Chemical Industry" and "Excellent Scientific and Technological Staff in China Chemical Industry".

The broad industry background and technical knowledge of our technical team allow us to understand and analyze our clients' requirements, enabling us to tailor our solutions to suit their production facilities in an efficient manner. We believe that our knowledge of, and experience with, the technology and management processes used in design-building petrochemicals and coal-to-chemicals production facilities are of particular importance to our clients, as we are able to apply them to our clients' individual projects. As a result, our understanding of China's domestic market and the dedication and experience of our management and technical team should enable us to continue to meet our clients' needs, uphold our reputation with our clients and business partners alike and provide a strong foundation from which to pursue our strategies.

OUR BUSINESS STRATEGIES

Our primary focus is to selectively diversify our geographic focus and client base, while at the same time continue to strengthen our position in the PRC as a leading private sector EPC service provider to the petrochemicals industry and to expand our oil refineries and coal-to-chemicals EPC business. To achieve our goals, we intend to continue to improve our products, expand our business segments and services and pursue the following strategies:

Continue to focus on research and development activities to strengthen our design and engineering capability

We believe our dedication to learning and developing technological skills will enable us to foster long-term and close relationships with our clients. As the technology in the petrochemicals and coal-to-chemicals industries continues to develop, we are committed to keeping ourselves abreast of the latest design and technology development, technology and experience we gained from implementing different projects and improving our overall design capability. We currently focus our research and development efforts in the areas of core

technology in the coal-to-chemicals process, efficient clean coal utilization technology, ethylene process integration technology and energy saving technology. For example, we are jointly developing a new hybrid gasification technology to convert coal to natural gas, with Shell Global Solutions, that has the potential of offering an environmentally sound solution for project owners to efficiently upgrade low-cost feedstock, such as coal, to a more valuable product. We believe this technology will be more suitable for new coal-to-chemicals processing plants, such as the plants for coal-to-gas, coal-to-methanol, coal-to-ethylene glycol and coal liquefaction processes. We have also entered into cooperative arrangements with Tianjin University to jointly develop and commercialize certain coal-to-ethylene glycol technologies, leveraging on the fact that Tianjin University has extensive research experience on developing coal-to-ethylene glycol technologies and that the products of such experience have not been widely commercialized. Under both of these arrangements, we may share the rights to use and license the new technologies developed. We believe these cooperative arrangements should enhance our business opportunities in the coal-to-chemicals sector. We also plan to further enhance our profile by establishing a national research and development center in Shanghai, China, that focuses on coal-to-chemicals processes, newly developed construction materials and the design and construction of alternative energy plants and processes.

Certain of our clients recognize our engineering and design capability, technological support and provision of maintenance services to be among the most highly regarded features we provide in our services. We intend to continue to provide and develop these services.

Consolidate and further strengthen our EPC leadership position in China's petrochemicals industry

Ethylene is one of the key building blocks in the petrochemicals industry and we have a leading position as an ethylene EPC service provider in China, in terms of number of furnaces installed, based on EPC contracts between January 1, 2000 and June 30, 2012, according to CMAI. Further, our strong base in ethylene EPC services also helps us in retaining an EPC leadership position in China's petrochemicals industry. The experience we have gained and the know-how we have acquired have allowed us to develop our project management abilities based on the materials, equipment and construction requirements of each specific project and to ensure the timely delivery of our products and services. Utilizing our technology skills and expertise in design-building and renovating ethylene cracking furnaces, we intend to consolidate and further strengthen our position as a petrochemicals EPC service provider. We intend to maintain and continue to expand our knowledge base of design and engineering solutions, material and equipment specifications and the execution skills of potential raw materials and equipment suppliers and sub-contractors to ensure the quality of products and services we deliver. Our technology skills and expertise have been helpful in strengthening our relationships with our key clients and should assist us in winning more projects from them.

Within the petrochemicals industry in China, we believe strong growth potential still exists for other mid- to large-size producers that are not part of the PetroChina or Sinopec groups. These mid- to large-size producers often need one-stop solution providers like us who can provide turnkey services that allow them to focus on operations rather than engineering and construction. To continue to win additional projects from our key clients and

other producers, we intend to keep focusing on improving quality, shortening construction schedules, and maintaining the cost competitiveness of our products and services.

We believe that the breadth of EPC services we provide to China's petrochemicals industry and our continuous focus on enhancing our experience and know-how will continue to help us deliver high-quality services on a timely basis, as well as provide potential cost savings for our clients.

Enhance our presence in the oil refining and coal-to-chemicals industries

Relying on our experience in China's petrochemicals EPC service business, we aim to capture a significant share of China's oil refineries and coal-to-chemicals EPC service businesses as they develop. CMAI estimates China's annual oil refining capacity will grow from 542.0 million tons in 2011 to 760.0 million tons in 2016, 940.0 million tons in 2021 and further to 990.0 million tons in 2026. CMAI estimates the total investment costs for the expansion from 2012 to 2016 will be in the range of US$65.0 billion to US$80.0 billion and an additional US$75.0 billion to US$85.0 billion investment is expected from 2016 to 2021. In the coal-to-chemicals sector, given the abundance of coal resources in China, the evolution of, and improvement in, coal-to-chemicals technology, and the economics to convert coal to chemicals, plus the continued price escalation of crude oil and liquid natural gas, CMAI expects the PRC government to rely on China's significant coal resources to generate chemicals to allow the country to be less dependent on petroleum-based feedstock. Among the recently announced coal-to-olefins projects, CMAI estimates that up to ten of such announced projects are potentially viable to progress between 2012 and 2016, with total investment costs estimated to be between US$30.0 billion and US$35.0 billion.

There are substantial process similarities between the EPC service requirements for the design-building of petrochemicals production facilities and those for oil refineries and coal-to-chemicals production facilities. Further, the majority of the parts and equipment of oil refineries and petrochemicals and coal-to-chemicals facilities are also supplied by the same manufacturers. As a result, much of the knowledge and experience we have gained through providing EPC services to the petrochemicals industry can be applied in the provision of EPC services to the oil refining and coal-to-chemicals industries. In addition, we gained an early mover advantage compared to other private sector coal-to-chemicals EPC service providers when we design-built Project 42 (Wison (Nanjing) Synthesis Gas Project) in March 2007, which marked our first venture into the provision of engineering solutions to coal-to-chemicals producers and has been a representative project that demonstrates our coal-to-chemicals EPC capability.

Unlike China's petrochemicals and oil refining industries, which are dominated by a small number of state-owned enterprises, China's coal-to-chemicals industry is more fragmented than the other industries in which we operate and comprises several privately-owned businesses, which we believe to have more limited project experience and resources, as well as several state-owned enterprises. As such, we expect China's coal-to-chemicals producers will continue to need EPC service providers with a broad range of service capabilities across the engineering, procurement and construction management spectrum. As a result, we believe our ability to provide turnkey services from market research, feasibility studies, project development, staff training, design, engineering, procurement, construction

management, maintenance and after-sale technical support will help us generate greater client interest that could lead to further work in the coal-to-chemicals industry and diversify our sources of revenue.

Actively develop our presence in the international markets

We believe our extensive project management experience accumulated in successfully completing several large projects, our proprietary technologies, established network and close relationship with raw materials and equipment suppliers and sub-contractors, combined with our experience and EPC service capability achieved by working on projects in China managed by international operators, such as BASF and Shell, can be extended to international projects outside of China. We aim to promote our extensive experience and know-how in designing, engineering, construction management and use of proprietary technology to reduce capital expenditures incurred by ethylene producers and be attractive to other engineering firms abroad. We plan to partner with other international engineering companies with complementing technologies to jointly tender bids for projects abroad whenever opportunities arise.

Internationally, we are exploring the possibility of expanding our business in Southeast Asia and the Middle East and have engaged in marketing efforts and conducted a number of feasibility studies to attract potential clients in these areas since 2008. We believe our Singapore subsidiary will play an important role in our exploration into Southeast Asia, as we expect countries in Southeast Asia to provide significant opportunities for the products and services we offer, due to our proximity to these locations and the familiarity of businesses in these places with the technology and services provided by China's EPC service providers. We have also established a branch office in Saudi Arabia in August 2008 to provide us with local market intelligence in the Middle East and a branch office in Jakarta in August 2011 to provide us with local market intelligence in Indonesia. Currently, we are also planning to look for opportunities in West Africa and Latin America. For example, we established a branch office in Venezuela in April 2012 to provide us with local market intelligence in Latin America. In addition to expanding our focus to PRC mid- and small-size petrochemicals facilities and oil refineries and large coal-to-chemicals producers, our planned expansion to overseas petrochemicals and coal-to-chemicals markets would further diversify our revenue stream and reduce our reliance on PRC state-owned petrochemicals producers.

Continue to attract and retain top talent in the industry

The availability of engineering talent is key to success in our industry. To that end, we continuously seek to attract and recruit employees, engineering teams and design houses from within China and abroad who possess the necessary knowledge and experience in EPC services in the petrochemicals and coal-to-chemicals industries. Our design and engineering staff has increased from approximately 50 people as of December 31, 2006 to 615 people as of June 30, 2012 and our total number of employees has reached 1,430 as of June 30, 2012. We also motivate and nurture our existing employees, and seek to attract highly qualified candidates, by offering competitive remuneration packages and by providing a safe and comfortable working environment. We offer our employees opportunities and career development through our training programs designed to continuously enhance their technical skills, as well as their knowledge of industry quality standards. Through our interactive and dynamic working environment, our employees are encouraged to develop their individual potential, enhancing our overall team capability and client services.

BUSINESS SEGMENTS

Our wide range of services are primarily categorized by reference to the industry they serve: petrochemicals, oil refineries, coal-to-chemicals and other products and services comprising a range of small projects over a broad range of industries and fabrication of heat-resistant alloy tubes and fittings.

In the provision of services, our role on a project is typically to act as a "general contractor". We provide, as requested by our clients, a combination of technology consultancy, engineering, design, raw materials and equipment procurement, and construction management services. We do not consider ourselves to be a construction firm and we typically sub-contract construction work to specialized construction sub-contractors. Our employees are principally involved in engineering, design implementation, procurement of raw materials and equipment, and supervision of construction. We can provide complete solutions based on the EPC service model or a part of it, such as engineering and procurement (EP) or procurement and construction management (PC), corresponding to specific client needs. We can also provide project management contracting (PMC) services, where we charge a fee for our project management services while our clients assume the cost of procurement and construction. In addition, our wholly owned subsidiary, Wison Yangzhou, may act as a pipe supplier to the general contractors, which could be Wison Engineering for projects we have undertaken, or to independent third parties with whom we enter into supply agreements.

Petrochemicals

We provide EPC services to PRC petrochemicals producers in relation to the design-building or renovation of their production facilities. Projects involving the building of new production facilities for ethylene and its downstream products and other petrochemicals can involve several EPC providers in charge of different sections of the facilities. These projects can take from 12 to 36 months to complete and the contract value typically ranges from several million to several hundred million Renminbi, depending on the scale of the project.

For the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, our total revenue derived from the provision of petrochemicals EPC services amounted to approximately RMB1,386.3 million, RMB2,860.5 million, RMB1,624.2 million and RMB130.1 million, respectively, representing approximately 73.6%, 57.5%, 32.2% and 15.1%, respectively, of our total revenue for those years. During the same period, we took part in nine major ethylene production facility construction projects for petrochemicals producers in the PRC, providing EPC services to PetroChina, Sinopec, and CSPC.

Ethylene cracking furnaces are the core components of ethylene production facilities and typically account for approximately 30% of the total capital investment and approximately 70% of the total energy consumption of ethylene production facilities. Through our ethylene production EPC services, we assist ethylene producers to modernize their existing ethylene cracking furnaces and to design-build, renovate, upgrade or expand their furnaces through a combination of efficient project management and certain proprietary technologies. During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, we completed the building or renovation of 15, 14, 11 and seven furnaces, respectively. We expect that this business segment will continue to constitute a substantial portion of our revenue in the foreseeable future.

Besides ethylene cracking furnaces, other technologies used in the production of ethylene are also constantly evolving. In order to maintain efficient energy consumption and product yield, which directly affects the competitiveness of ethylene producers, new technologies have to be routinely introduced to existing ethylene production facilities. Following the PRC's accession to the WTO on December 11, 2001, PRC ethylene producers are facing competition from PRC entities or joint ventures that are funded by foreign producers, as well as from purely PRC-funded producers. Coupled with the rapidly growing demand for ethylene production in the PRC in recent years and concerns over the environmental problems contributed by outdated production plants, some ethylene producers in the PRC will need to continue to improve the production efficiency and product yield of their existing production facilities and lower their level of energy consumption.

Furnace construction solutions

Our furnace construction solutions involve the design-building of entirely new ethylene cracking furnaces. The design-building process generally takes between 12 and 24 months to complete, but this can vary due to factors such as the complexity of, and the extent of construction work required for, each individual project. We believe that, compared to ethylene producers undertaking such design-building work themselves, our design-building solutions typically have the following advantages:

- reduced project costs due to bulk purchasing of materials and equipment;
- lower risks associated with the project due to our in-depth knowledge of design and engineering solutions and experience in using proprietary as well as third party technology; and
- shortened project lifecycles due to our know-how and experience in project management.

In the three years ended December 31, 2011 and the six months ended June 30, 2012, we provided EPC services for the design-building of ethylene cracking furnaces to PetroChina, CSPC and BASF-YPC Co., Ltd. The furnaces were all design-built in the PRC and have annual production capacities ranging from 3.0t/h to 20.0t/h. Depending on our scope of work, production capacity and other contract specifications, the contract value of our design-building projects in the three years ended December 31, 2011 and the six months ended June 30, 2012 ranged from RMB65.0 million to RMB243.6 million per furnace.

Furnace renovation solutions

Ethylene cracking furnaces, due to the severe conditions in which they operate, generally need to be serviced or renovated at an interval of between every four to six years. Furnace operators may take this opportunity to upgrade furnace capacity, reliability and energy efficiency. Renovating an existing ethylene cracking furnace mainly involves the refurbishing or upgrade of various hardware and software components of a furnace within its existing structure. It is a faster and less expensive way of increasing ethylene production capacity than constructing a new furnace based on the latest design. In some cases, it may be the only feasible option available to an ethylene producer due to space limitations.

However, since the refurbishing or upgrading is carried out within the furnace's existing structure, precise calculations must be undertaken to ensure that the new hardware and software components are integrated into, and supported by, the existing structure. From design to completion, the typical project lifecycle of our furnace renovation solutions ranges from four to seven months.

Our furnace renovation solutions typically result in:

- an improvement in equipment utilization rate;
- a reduction in an ethylene cracking furnace's energy consumption; and
- an improvement in the yield of an ethylene cracking furnace, so that the level of ethylene produced from each unit of feedstock is increased, resulting in a reduction of the per unit production cost.

Between January 1, 2008 and June 30, 2012, we have successfully built, renovated, upgraded or expanded a total of 55 ethylene cracking furnaces in the PRC. Since September 2005, we provided our renovation solutions to clients including Sinopec, PetroChina and Liaoning Huajin Chemical Industry Group Co., Ltd. Depending on our scope of work, production capacity and other contract specifications, the contract value of our renovation projects in the three years ended December 31, 2011 and the six months ended June 30, 2012 ranged from RMB2.3 million to RMB55.8 million per furnace.

Downstream petrochemicals

Many different ethylene derivatives are produced through chemical reactions. The production of ethylene derivatives such as synthetic resin, synthetic rubber and synthetic fiber are typically made as a part of the modern integrated ethylene production complex. We have developed various engineering know-how relating to synthetic resin and synthetic fiber production plants.

Some of the ethylene derivative plants and complexes we helped build include the styrene butadiene rubber plant, polybutadiene rubber plant and FDPE plant at the PetroChina Dushanzi Integrated Refinery and Petrochemical Complex, the LLDPE plant at PetroChina Sichuan Integrated Refinery and Petrochemical Complex and the MTBE plant for Sinopec Guangzhou.

Major projects

Benefiting from our strong track record in the ethylene furnace EPC arena, we have expanded our EPC services into the broader petrochemicals industry. Our major projects include:

- PetroChina Daqing Project: From August 2002 to June 2004, we built two ethylene cracking furnaces for PetroChina Daqing in Daqing, Heilongjiang Province, China, under a PC contract. The total production capacity of the PetroChina Daqing ethylene cracking furnaces was 600kta of ethylene. These ethylene cracking furnaces were two of the largest capacity furnaces in China at the time their operation was commissioned;

- PetroChina Lanzhou Ethylene Plant Project: From April 2005 to October 2006, we expanded the production capacity of an ethylene plant in Gansu Province, China, for PetroChina Lanzhou and increased its production capacity by 460kta under a PC contract. This project successfully transformed us from a specialist in design-building ethylene cracking furnaces into an EPC service provider of both ethylene and downstream petrochemicals production facilities. The construction period for this plant, which started in April 2005 and continued until its commissioning in November 2006, was the shortest for a similar scale of construction in China at the time;

- PetroChina Dushanzi Integrated Refinery and Petrochemical Complex: From June 2006 to June 2009, we built the PetroChina Dushanzi Integrated Refinery and Petrochemical Complex in Dushanzi, Xinjiang, China, under several PC contracts. This integrated refinery and petrochemicals complex, at the time commissioned, had a total production capacity of 1,000kta of ethylene, 600kta of polyethylene and 180kta of styrene butadiene rubber. At the time this complex was commissioned in 2008, it was the largest plant of its kind in China;

- Nanjing BASF-YPC Ethylene Cracking Furnace Project: From July 2008 to December 2010, we built an EU ethylene cracking furnace for BASF-YPC Co., Ltd., a joint venture between BASF and Sinopec Yangzi, in Nanjing, Jiangsu Province, China, under an EPC contract. The EU ethylene cracking furnace we built has the capacity of 192kta of ethylene. This EU ethylene cracking furnace, at the time commissioned, was the largest liquid feedstock ethylene cracking furnace in the world; and

- Chongqing BASF MDI Complex Project: Between June 2011 and the estimated completion date of May 2014, under an E+PsCM contract, we and Daelim Industrial Co., Ltd. have been working on the building of the BASF MDI Complex in Chongqing, China, for BASF, which complex consists of: (i) a MNB plant, (ii) an aniline plant, (iii) a CMDI plant, (iv) a MMDI plant, (v) tank farm/logistics and (vi) certain utility systems.

Oil refineries

We expanded our business into oil refinery construction in June 2006 by providing PMC services to PetroChina Dalian, which was the largest refinery in China at the time it was commissioned. On December 2, 2007, we entered into a contract with PetroChina Guangxi to provide procurement and construction management (PC) services for the construction of its naphtha hydrotreating and saturate gas concentration plants in its refinery project. For the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, revenue from this segment of our business amounted to approximately RMB207.3 million, RMB2,050.0 million, RMB2,447.0 million and RMB125.2 million, respectively, representing approximately 11.0%, 41.2%, 48.6% and 14.5%, respectively, of our total revenue for those periods.

Driven by China's rapid economic growth and expansion of the automotive industry, China's oil refining capacity increased significantly between 2005 and 2011 to meet the growth of demand in China from 395.0 million tons per year in 2005 to 542.0 million tons per year in 2011, as estimated by CMAI. Currently, many oil refineries are under different stages

of development and China's oil refining capacity is expected to grow from 542.0 million tons per year in 2011 to 760.0 million tons per year in 2016, 940.0 million tons per year in 2021 and further to 990.0 million tons per year in 2026, as estimated by CMAI. CMAI estimates the total investment costs for the expansion from 2012 to 2016 will be in the range of US$65.0 billion to US$80.0 billion, and an additional US$75.0 billion to US$85.0 billion investment is expected from 2016 to 2021.

Building on our solid foundation in the provision of EPC, EP and PC services and our familiarity with the PRC petrochemicals industry, we believe that we are well-positioned to expand our business in providing tailor-made solutions to oil refineries to capture the opportunities presented by the growth in this area.

Major projects

For oil refineries, during the period between January 1, 2006 and June 30, 2012, we provided EPC or PMC services, including design, procurement and construction, to the following two oil refinery projects:

- PetroChina Dalian Refinery Project: From June 2006 to September 2008, we built an oil refinery for PetroChina Dalian in Dalian, Liaoning Province, China, under a PMC contract. The PetroChina Dalian Plant includes the following facilities: (i) a 2,200kta continuous reforming plant, (ii) a 3,600kta hydrocracking plant, (iii) a 3,000kta residue hydrodesulfur plant, (iv) a 200,000 Nm^3/h hydrogen generation plant, (v) a 6,000kta diesel hydrorefining complex and (vi) a 270kta sulfur recovery plant. Each of these production facilities, at the time commissioned, was the largest production facility of its kind in China; and

- PetroChina Sichuan Integrated Refinery and Petrochemical Complex: Since September 2009, we have been working on the building of the PetroChina Sichuan Integrated Refinery and Petrochemical Complex in Sichuan Province, China, under several PC contracts, which is expected to be fully completed by December 2012. The PetroChina Sichuan Integrated Refinery and Petrochemical Complex consists of (i) eight ethylene cracking furnaces, with a total production volume of 800kta, and pipe-racks, (ii) a 300kta LLDPE plant, (iii) a 2,700kta waxoil hydrocracking plant, (iv) a 200kta continuous reforming plant, including a pressure swing absorption (PSA) unit, (v) a 650kta paraxylene plant, (vi) a 100kta sulfur recovery plant and (vii) certain utility systems.

Coal-to-chemicals

We entered into our first contract in this business segment in June 2007 by providing EPC services for the construction of Wison Nanjing's coal-to-synthesis gas production facility (see "Connected Transactions" for further details).

Coal-to-chemicals production is a rapidly developing industry in the PRC, as China has an abundance of coal reserves and coal is becoming increasingly important as an alternative energy source to certain petrochemicals in view of depleting petroleum reserves. China's twelfth five-year plan continues to emphasize the development of coal as a feedstock to decrease its dependency on petroleum, albeit with more focus on technological solutions to

efficiency and environmental issues. The major coal-to-chemicals processes utilized in China include coal-to-methanol, coal-to-olefins, coal-to-PVC, coal-to-aromatics and coal-to-ammonia/urea. Recently, the focus in China has shifted to coal-to-methanol, methanol-to-olefins (MTO) and methanol-to-propylene (MTP) processes that produce the same chemical products, such as ethylene and propylene, as the petrochemical facilities, due to the better cost efficiency and greater demand for these products. Subject to the model of services we are engaged in and the chemical conversion processes employed, the scale and duration of a coal-to-chemicals project do not differ materially from a petrochemicals project. We have identified several upcoming production facility construction projects by coal-to-chemicals producers. We intend to closely monitor and involve ourselves in the bidding process for these projects once they commence.

At the same time, the PRC government is becoming cautious in approving new coal-to-chemicals project investments given the proliferation of small scale projects that do not necessarily justify their environmental impact. The PRC government updated a new policy on coal-to-chemicals investment approvals on March 23, 2011, prohibiting investments in certain small scale coal-to-chemicals projects and imposing tight thresholds on large scale coal-to-chemicals projects. Pursuant to this update in policy, approval for the following projects is suspended pending issuance of new project approval standards by relevant government authorities: (i) coal-to-methanol-to-olefins projects with an annual output of no more than 500kta; (ii) coal-to-methanol projects with an annual output of no more than 1,000kta; (iii) coal-to-dimethyl ether projects with an annual output of no more than 1,000kta; (iv) coal liquefaction projects with an annual output of no more than 1,000kta; (v) coal-to-gas projects with an annual output of no more than two billion cubic meters; and (vi) coal-to-ethylene glycol projects with an annual output of no more than 200kta. In addition, any large scale coal processing and conversion projects that exceed the above outputs must also be submitted to the NDRC for approval.

As advised by our PRC legal advisers, the coal-to-chemicals project approvals that have been duly obtained from competent government authorities prior to March 23, 2011, the effective date of the new policy, will not be revoked by virtue of the implementation of the new policy. However, the new policy will apply to those projects whose project approvals are obtained after March 23, 2011 and existing projects that require further project approvals, for example, as a result of a modification or expansion of construction scale.

As of the Latest Practicable Date, none of our coal-to-chemicals projects that was in progress as of March 23, 2011, and none of our coal-to-chemicals project undertaken since then, have been delayed, cancelled or suspended. Most of the coal-to-chemicals projects currently undertaken by us do not involve the six chemical processes listed above. Among our current projects, those that do not involve the six chemical processes listed above include Projects 42 (Wison (Nanjing) Synthesis Gas Project), 45 (Shaanxi Yanchang Petroleum Light Oil Processing Facility Project), 47 (Wison Nanjing Butanol and Octanol Design Project), 48 (Inner Mongolia Guangyuan Thermal Power Project), 49 (Inner Mongolia Dongyuan Butanediol Project), 50 (Inner Mongolia Dongyuan Calcium Carbide Project), 51 (Wison Nanjing Butanol and Octanol Project Propylene Separation Licensing, Process Package Planning and Technical Service Project), 53 (Xinjiang XLX Energy Chemical Synthetic Ammonia and Urea Complex Project) and 55 (Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I)). Among our four current projects that involve regulated chemical processes,

Project 54 (Pucheng Polyethylene Plant Project), which involves the coal-to-methanol-to-olefins processes, has a planned output of 700kta of olefins, which is greater than the 500kta minimum output requirement. Projects 44 (Erdos Jinchengtai Methanol Project), 46 (Baoji Methanol Project) and 52 (Erdos Guotai Chemical Coal-to-Methanol Project) involve the coal-to-methanol process. While Project 44 has a planned output of 600kta of methanol and Project 52 has a planned output of 400kta of methanol, which are less than the 1,000kta minimum output requirement, both projects, however, received the relevant governmental approvals prior to March 23, 2011, and the validity of such approvals has not been affected by the new policy. Project 46 (Baoji Methanol Project), however, has a planned output of 1,500kta, which is higher than the 1,000kta minimum output requirement.

While the implementation of this new policy could adversely affect the initiatives of small scale coal-to-chemicals plants, we believe that this policy change will have minimal effect on our immediate future outlook in this business segment as we focus on projects that have planned annual output larger than the thresholds established by the policy.

During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, our total revenue derived from the provision of coal-to-chemicals production EPC services amounted to approximately RMB210.9 million, RMB28.4 million, RMB949.7 million and RMB520.8 million, respectively, representing approximately 11.2%, 0.6%, 18.9% and 60.5%, respectively, of our total revenue for those periods.

Major projects

We own proprietary technologies in the areas of coal-to-olefins, energy saving coal-to-methanol and coal-to-dimethyl ether and can provide a one-stop service encompassing transfer of the proprietary technologies, design and construction of the plants. During the period between January 1, 2007 and June 30, 2012, we provided EPC services to the following coal-to-chemicals projects:

- Wison (Nanjing) Synthesis Gas Project: From March 2007 to November 2009, we built a coal-to-synthesis gas production plant for Wison (Nanjing) Chemical Co., Ltd. in Nanjing, Jiangsu Province, China, under an E+PM+C contract. This coal-to-synthesis gas production plant, at the time commissioned, had the production capacities of 300kta of carbon monoxide, 100kta of methanol, 9,000Nm^3/h hydrogen, 11,000Nm^3/h synthesis gas and 16,000Nm^3/h hydrogen-rich gas and is representative of our sophisticated EPC capability in the coal-to-chemicals segment;

- Erdos Jinchengtai Methanol Project: Since April 2009, we have been building a coal-to-methanol production plant for Erdos Jinchengtai Chemical Co., Ltd. in Erdos, Inner Mongolia, China, under an E+PM+C contract, which is expected to be completed in December 2012. The estimated production capacity of the plant will be approximately 600kta of methanol. This is our first EPC project provided to an independent third party in the coal-to-chemicals segment; and

- Pucheng Polyethylene Plant Project: We entered into an EPC contract with PuCheng Clean Energy Chemical Co., Ltd. to build a 700kta polyethylene production plant in Shaanxi Province, China. This project commenced in March

2012 and is expected to be completed around December 2013. Its separation unit will utilize, and be licensed with, our proprietary methanol-to-olefins separation technology.

- Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I): We entered into a contract with Jiangsu Sailboat Petrochemical Co., Ltd. in May 2012 to provide EPC service to its 600kta MTO plant and relevant public utilities and ancillary facilities for its alcohol based cogeneration project (phase I) and EM+PC service to its 350kta EVA plant, 260kta acrylonitrile plant and 80kta MMA plant in Jiangsu Province, China. This project commenced in September 2012 and is expected to be completed around in March 2015. This is our largest project by contract value as of the Latest Practicable Date.

While the NDRC updated its policy on coal-to-chemicals investment approvals on March 23, 2011, prohibiting investments in certain small scale coal-to-chemicals projects and imposing tight thresholds on large scale coal-to-chemical projects, we believe that all relevant NDRC approvals for our backlog projects as of June 30, 2012 have been obtained and we are not aware of any project of our Group where NDRC project approval was not obtained by the project owner when such approval was required. As part of our tendering process, prior to tendering, we enquire of the project owners as to whether the relevant project: (a) is subject to NDRC approval, (b) was approved prior to the start of the tendering process, as required under PRC law in cases where NDRC approval is necessary, or (c) is certified by the project owners to have been approved by the NDRC. As the project owners, not the service providers, are the parties responsible under applicable PRC laws and regulations for obtaining NDRC approval for a project, any administrative sanctions, fines and other penalties will be borne by the project owner instead of our Group if the requisite NDRC approval has not been obtained. Under PRC laws and regulations, regardless of whether it is expressly stated in the project contract, the project owner is responsible for obtaining necessary government approvals, including NDRC approval, for the project, and if a project owner fails to obtain the necessary NDRC approval for a project, we will be entitled to seek compensation from the project owner for any loss we may suffer in connection with the project contract.

Other products and services

Pipe fabrication

Through our wholly owned subsidiary, Wison Yangzhou, we produce heat-resistant alloy tubes and fittings for the projects we undertake and as a supplier for third party purchasers. Wison Yangzhou does not engage in mass production of standard products, but instead manufactures its products according to client specifications and requirements. For the three years ended December 31, 2011 and the six months ended June 30, 2012, approximately 53.2% of Wison Yangzhou's products and services were supplied to Wison Engineering and the remainder of its products were supplied to PRC ethylene producers. We fabricate heat-resistant alloy tubes and fittings using nickel, carbon and stainless steel, titanium and aluminum. We fabricate these tubes by cutting them to specified lengths, welding flanges, fittings or other components on the tubes and bending the tubes to precise client specifications.

During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, our total revenue derived from the sales of heat-resistant alloy tubes and fittings amounted to approximately RMB137.3 million, RMB126.6 million, RMB17.1 million and RMB6.8 million, respectively. Our revenue derived from the sales of heat-resistant alloy tubes and fittings exclusive of inter-segment sales for the same periods amounted to approximately RMB78.5 million, RMB34.6 million, RMB14.7 million and RMB6.8 million, respectively.

Other services

We provide EPC and PC services for the enhancement and modification of other chemical engineering processing systems and facilities (such as steel and marine engineering projects). During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, our total revenue derived from the provision of such other services amounted to approximately RMB1.4 million, RMB2.7 million, RMB0.9 million and RMB78.8 million, respectively.

Our most recent major project in this segment is:

- Saudi De-Bottlenecking (DBN) Project: We entered into EPC contracts with a Saudi Arabian company to provide services both within and outside of Saudi Arabia. This project (in the business segment of other products and services) commenced in May 2012 and is expected to be completed around September 2013. This is our first major EPC project abroad.

BUSINESS OPERATIONS

We provide a broad range of project solutions to China's petrochemicals producers, oil refineries and coal-to-chemicals producers in the design, building and commissioning of their production facilities through our technology consultancy, engineering, procurement and construction management services. We also manufacture and sell heat-resistant alloy tubes and fittings.

Engineering, procurement, construction management and other services

We operate our primary business of providing integrated solutions to the petrochemicals, oil refining and coal-to-chemicals industries mainly through a combination of engineering, procurement and construction management (EPC) services. From time to time at the request of our clients, we also provide other models of services, such as engineering management consulting (EM), engineering and procurement (EP), procurement management consulting (PM), procurement and construction management (PC) and project management contracting (PMC) services, where we charge fees for our project management services while our clients assume the costs of procurement and construction.

Much of the design and building of oil refineries and petrochemicals and coal-to-chemicals production facilities in China is, and has in the past been, undertaken by the engineering or construction management departments established by such producers, their parent companies or joint venture investors. To do so, these producers or their affiliates have to deploy significant human resources and undertake parts of the engineering, procurement and construction processes themselves, which tended to divert attention and

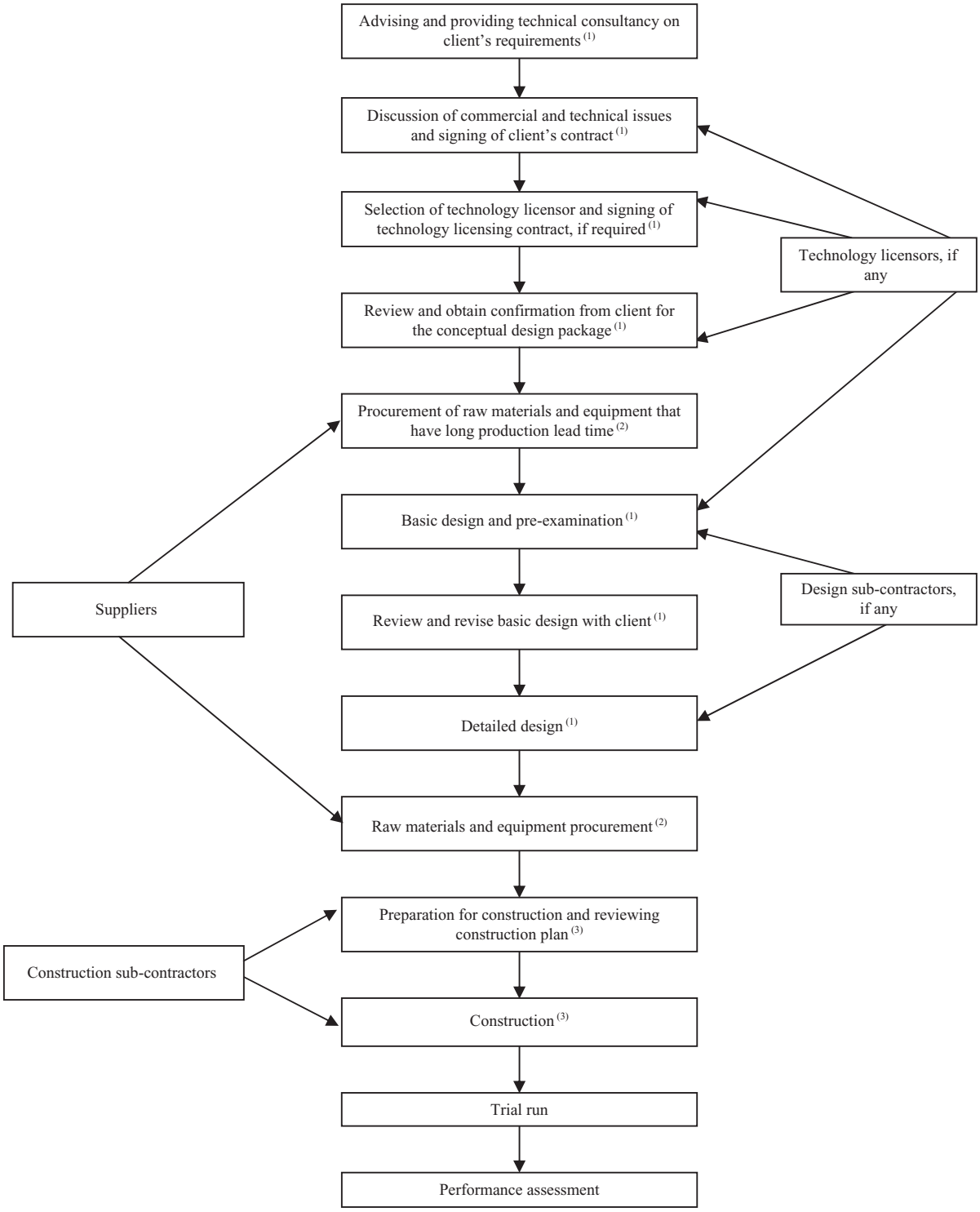
resources from their core businesses. With our specialized services provided at each phase of the project lifecycle and by sub-contracting to construction sub-contractors, our clients are able to delegate to us the responsibility of planning and executing such functions within an agreed budget and pre-determined timetable. Our clients can also employ the most appropriate technologies, either proprietary or licensed from third parties, and services by relying on our broad knowledge base, technical capability and sourcing experience and have the comfort that the risks associated with the design and building of a project, such as poor construction quality and cost overruns, are transferred to us. See "Risk Factors—Risks Relating to Our Business—Our operations could be affected by fluctuations in the supply and price of raw materials, parts and equipment and cost overruns".

We tailor each of our project solutions to the specific nature and requirements of our clients. Generally, we have been requested to provide EPC or PC solutions for the design and building of petrochemicals and coal-to-chemicals production facilities and PC solutions for the building of oil refineries. Other models of services, such as PMC solutions, may also be adopted where applicable and necessary.

When providing a full EPC solution, we are in charge of all aspects of a project, including design and engineering, quality control, budget control, scheduling and post-sale technical support. Our role is to facilitate integration of various elements and systems and deliver to our clients a tailor-made solution. In order to ensure cost containment and minimize risks of delay, our engineering division, procurement division and construction management division work together to carefully plan each stage of a project, including scheduling, material and equipment specifications, cost estimates and resources for post-sale technical support. We believe, based on client feedback, that our efforts in systematically pre-examining each step of a project at an early stage are important to construction efficiency and cost containment.

We can also deploy specific elements of the EPC service as required by our clients. For instance, when we provide our solutions based on engineering and procurement (EP) services, we design and engineer the project, undertake the procurement of raw materials and equipment, but allow our clients or third parties to handle the construction of a project. In effect, we undertake most of the tasks under the full EPC service solution, except those relating to construction supervision. In contrast, when we provide our solutions based on procurement and construction management (PC) services, we do not make decisions on design and selection of technology but rather act as the project manager by overseeing the implementation of the design, undertaking the procurement and monitoring, and supervising the installation and construction of a project. In effect, we undertake most of the tasks under the full EPC service solutions, except for those relating to the engineering phase such as the selection of appropriate engineering and technological know-how and the preparation of designs.

The following diagram depicts our workflow and the other parties involved in a typical petrochemicals, oil refineries or coal-to-chemicals project lifecycle:



Notes:

(1) This step relates to the engineering phase of a project lifecycle.
(2) This step relates to the procurement phase of a project lifecycle.
(3) This step relates to the construction phase of a project lifecycle.

Engineering phase

During the engineering phase, our engineers review project requirements based on our experience, know-how and available technology, both proprietary and licensed from third parties. We then carry out the basic design work that involves the preparation of various design materials, consisting of conceptual designs for the equipment and technologies to be used, selection of materials and equipment and completion of the design of the overall structure necessary to meet with applicable regulatory requirements. Basic design is then submitted to the project owner for approval.

Detailed design, also known as construction plan design, is the next step of the engineering phase, which involves detailed and specific engineering designs based on the basic designs approved by project owners. Detailed designs transform basic designs into actual construction and installation plans and facilitate the procurement of raw materials and equipment.

In addition, based on the specifications of a project provided by our clients, we may source certain technologies from technology licensors which, in certain instances, are further supplemented with our own proprietary technologies. In such situations, the project owners typically also enter into technology licensing agreements with us for our proprietary technologies or with the owners of third party technologies, either directly or with our recommendation.

As of June 30, 2012, there were 615 employees in our engineering division, a majority of whom hold bachelor's degrees or above, with average working experience of approximately ten years. Wison Engineering holds a Class 1 Design Classification.

Procurement phase

During the procurement phase, we source raw materials and equipment within the PRC and from overseas for delivery to our clients in accordance with our established supplier evaluation and management system, supplier supervision and logistics systems. Based on the specifications drawn up during the engineering phase of a project, we prepare a list of relevant suppliers, seek bids, evaluate bidders' proposals, and monitor the manufacturing and delivery progress with suppliers to ensure that all ordered raw materials and equipment are delivered on schedule and are ready for scheduled installation and construction.

To ensure the reliable supply of quality materials and equipment, we have established and maintained a list of pre-approved qualified suppliers based on our internal sourcing policy. Suppliers on the list are given priority over other suppliers to supply us with the requisite materials and equipment for our projects. In order to be on our pre-approved list, a supplier has to pass our assessment on the quality of its production facilities, manufacturing capacity, financial strength, minimum sales volume for the most recent three years, product quality, pricing, reputation in the industry and availability of after-sales services. Each qualified supplier will be awarded a qualified supplier certificate that is valid for one year. Once included on our pre-approved list, qualified suppliers are subject to an annual assessment in order to stay on the list. As of June 30, 2012, there were 1,292 domestic and 85 overseas suppliers on our pre-approved list, as well as another 608 potential overseas suppliers. All such qualified suppliers are Independent Third Parties, except Jiangsu Xinhua (see "Connected Transactions" for further details).

Procurement of raw materials and equipment typically comprises about 65% to 80% of the costs of a project. The proportion of cost of raw materials out of the total cost of raw materials and equipment procurement is relatively small, having represented approximately 10.3%, 26.2%, 12.1% and 10.6% of the total cost of raw materials and equipment procurement from all signed contracts during the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, respectively. The fluctuation of raw material prices did not have any material impact on our cost of raw materials and equipment procurement during the three years ended December 31, 2011 and the six months ended June 30, 2012 and the variation between the initial budgeted and actual cost of raw materials and equipment procurement in our major projects was within 5.0% during the same period. The signing of raw materials and equipment supply contracts happens after the tender of our bids and while our actual costs for the execution of the supply contracts may differ from our estimates of such costs at the time we tender our bids, we have taken measures to limit our exposure to the fluctuation of raw materials and equipment prices for our fixed price contracts. See "—Procurement Management and Inventory Control" and "—Pricing and Risk Management—Risk Management Strategies—Fixed Price Contracts" for the details. Also, see "Financial Information—Net Profit Sensitivity" for a sensitivity analysis for each of the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012 showing the changes in net profit with reference to movements in our cost of procurement for raw materials and equipment for all of our projects.

We believe that early procurement planning, detailed knowledge of the supply channel, our ability to optimize component mix and a knowledgeable purchase team are important factors that have contributed to our success in cost containment. In addition, given our extensive and in-depth knowledge of the industry and our staff's technical background and experience, we are typically able to identify all necessary materials and equipment that have relatively long production cycles and begin technical discussions with, and review fee proposals from, such suppliers. We procure equipment from reputable equipment manufacturers and generally require such manufacturers to warrant that they have all the requisite intellectual property rights with respect to the equipment sold to the project owners and to indemnify the project owners for losses as a result of infringing the intellectual property rights of third parties.

While we procure a majority of our imported raw materials and equipment directly, we have also established good relationships with many Independent Third Party suppliers locally and internationally and we are able to source high-quality materials and equipment from them for our projects. For imported materials and equipment that we do not procure directly, we generally procure such materials and equipment through PRC import agents designated by the project owners (which agents are also Independent Third Parties). We generally pay these import agents 0.6% to 0.7% of the contract sum and costs as an agency fee. For the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, approximately 20.0%, 26.0%, 13.0% and 11.0% of the raw materials, parts and equipment we procured were sourced from overseas. We have not experienced any major problems in the past with any of our agents or suppliers.

Our procurement engineer is responsible for handling procurement requisitions from the project manager for a particular project. The procurement engineer will choose appropriate suppliers of raw materials, parts or equipment from the procurement division's

pre-approved list of suppliers, which takes into consideration the quality of the equipment supplied and a risk analysis of whether such equipment may infringe on third party intellectual property rights, depending on the specifications given by the project manager. The procurement engineer will then produce a draft purchase order for review by our project procurement manager and our project fee control engineer and then for approval by our project manager. The purchase orders are also subject to the approval of our manager and deputy manager of procurement department, commercial director in charge of procurement and senior vice president in charge of the project management department, cumulatively, depending on the amounts of purchase orders. In particular, if the amount of any purchase order is more than RMB0.2 million and up to RMB3.0 million, such purchase order is subject to additional approval from our manager and deputy manager of procurement department; if the amount of any purchase order is more than RMB3.0 million and up to RMB5.0 million, such purchase order is subject to further additional approval from our commercial director in charge of procurement; and if the amount of any purchase order is more than RMB5.0 million, such purchase order is subject to further additional approval from our senior vice president in charge of the project management department. Once approved, the purchase order will be passed to the project procurement engineer for execution.

Some of our clients must undergo time-consuming internal approval procedures before they can sign binding project contracts with us. In the interest of shortening the construction schedule, we may begin technical discussions with, and review fee proposals from, certain suppliers of raw materials and equipment that have a long production lead time before we enter into binding project contracts. Once we execute the binding project contracts, we can then quickly select the final suppliers or issue purchase orders. Our client, whether as the project owner or general contractor, will then be obligated to pay us the advance costs for work performed and materials and equipment so ordered. During the three years ended December 31, 2011 and the six months ended June 30, 2012, we did not suffer any loss nor has there been any claim made against us as a result of the above arrangements.

Apart from participating in the overall project planning, our procurement division also undertakes activities such as verification of the qualifications of our suppliers, calling for bids, clarification of bid specifications, bid analysis and bid negotiation, and coordinating inspection, shipping and delivery logistics. As of June 30, 2012, there were 111 employees in our procurement division, a majority of whom hold bachelor's degrees or above with average working experience of approximately 20 years.

Construction phase

The construction phase involves the construction of oil refineries and petrochemicals and coal-to-chemicals production facilities and installation of equipment on-site.

Our staff members in our construction management division are highly experienced. As of June 30, 2012, there were 179 employees in our construction management division, a majority of whom hold bachelor's degrees or above with average working experience of approximately 17 years. Our construction managers organize and supervise the construction process through multiple levels of supervision and monitor the actual construction progress as compared to the project plan and implement remedial actions, if any, as necessary. Our construction managers review construction sub-contractors' performance based on work

progress, quality of the work completed, safety of the construction site and compliance with regulatory and project requirements. In order to ensure that our construction sub-contractors comply with the regulatory and project requirements, we normally identify the items that should be inspected for each project to ensure our sub-contractors' compliance and inspect these items from time to time throughout the construction process. We also maintain a written record of each inspection. In the event that we find any weakness or possible non-compliance during our inspection, we give specific instructions and deadlines to our construction sub-contractors on how to take remedial actions. We closely supervise the remedial actions of our construction sub-contractors until they meet the regulatory and project requirements. In addition, for certain construction work, the project owners are required to engage a third party supervisor to supervise the construction process. If the third party supervisor finds any weakness or possible non-compliance by our construction sub-contractors, it will normally issue written notices to us. Once we receive such notices, we immediately notify our construction sub-contractors and request them to remedy the situation. We also closely supervise the remedial actions of our construction sub-contractors until they meet the requirements of the third party supervisors. For the three years ended December 31, 2011 and up to the Latest Practicable Date, there was no material default by or dispute with our construction sub-contractors.

With extensive assessment and pre-examination carried out before actual construction commences, we are able to pre-determine and establish our construction schedule as to when and how each part of the petrochemicals or coal-to-chemicals production facilities will be installed and conduct risk analysis of whether the project constructed would infringe third party intellectual property rights based on the conclusion of procurement engineers. Unlike the traditional installation methods where parts are only assembled on-site without any pre-calculation, our method has the advantage of enhanced quality assurance and a shortened construction schedule by identifying possible errors before the commencement of the actual construction stage.

Sub-contracting arrangements

EPC service providers generally outsource the construction and installation work to construction sub-contractors as construction and installation is generally a highly competitive and low margin business. Our team of construction managers organizes and supervises the construction process to ensure quality and timely completion.

We sub-contract all construction and installation work to experienced and specialized construction companies with Grade I Overall Contracting Qualification. For certain projects owned by PRC state-owned enterprises, such as PetroChina or Sinopec, many of the construction sub-contractors are also subsidiaries of such state-owned enterprises. While project owners may participate in the process of selecting sub-contractors, as the EPC contractor, it is our responsibility to hire all sub-contractors. For the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, the sub-contracting fees we paid to PetroChina's subsidiaries amounted to approximately RMB207.3 million, RMB473.9 million, RMB435.0 million and RMB68.1 million, respectively, which accounted for 66.5%, 64.2%, 45.8% and 16.7%, respectively, of the total sub-contracting fees we paid during the same periods. For the same periods, the sub-contracting fees we paid to Sinopec's subsidiaries amounted to approximately RMB35.8 million, RMB33.1 million, RMB115.1 million and RMB34.6 million, respectively, which

accounted for 11.5%, 4.5%, 12.1% and 8.5%, respectively, of the total sub-contracting fees we paid during such periods. Our focus on the management of the construction process and quality control contributes to cost containment as a result of competitive bidding by sub-contractors and allows us to maintain flexibility in selecting sub-contractors with the most relevant technical expertise for a given project.

We select a majority of our construction sub-contractors through a competitive bidding process that, in addition to price, takes into account the historical performance, credibility, qualifications, management quality, experience and reputation of the bidder. We invite qualified sub-contractors to participate in the bidding process, or, if our clients so require, we also select sub-contractors through tender among sub-contractors approved and recommended by such clients.

As of June 30, 2012, there were 148 qualified sub-contractors on our list of construction sub-contractors, eight of whom have maintained business relationships with us for over six years. During the three years ended December 31, 2011 and the six months ended June 30, 2012, we did not experience any material delay in the work of our sub-contractors that led to any adverse impact on our operations.

Construction sub-contracts

Key provisions of our construction sub-contracts typically include:

- provisions defining the scope and time for completion of the construction and installation work to be undertaken by us and the sub-contractor, respectively;
- provisions setting out that sub-contractors are responsible for all claims, damages, losses or other expenses arising from any delay or default by the sub-contractors in relation to the work to be undertaken by them;
- provisions setting out that we should give the sub-contractors relevant extensions if any delay or default is caused by us;
- provisions setting out that we may pay default interest to the sub-contractors if we do not make our payments timely; and
- provisions setting out that sub-contractors may not further sub-contract any part of our work to any other parties without our consent.

Generally, construction sub-contracts may be terminated only in accordance with the terms set out in the contracts, which typically include: non-performance of the sub-contracts by the sub-contractors; further sub-contracting without authorization; or our clients' failure to pay the contract price at specified times. During the three years ended December 31, 2011 and the six months ended June 30, 2012, we did not terminate any contract with any of our construction sub-contractors.

Under the Construction Law of the PRC (《中華人民共和國建築法》), as a general contractor, we are responsible to the client for the quality of the construction work. Therefore, we may be liable to the project owners for any default of our sub-contractors, even though we have a right to seek remedies from our sub-contractors. See "Risk Factors—Risks Relating to Our Business—We could be liable for the quality of our sub-contractors' work and could be sued for service/product or other liability that arises from our sub-contractors' work".

Our key responsibilities and value added in an EPC project

The following table summarizes our key responsibilities and value added by us in the three phases of the EPC model of a typical project:

	ENGINEERING	PROCUREMENT	CONSTRUCTION
KEY RESPONSIBILITIES OF OUR GROUP	● assist in the preparation of project proposal and feasibility study based on our client's requirements ● analyze the best-suited technologies to be applied ● test the feasibility of certain design and engineering solutions ● review and submit the basic design to clients ● prescribe specifications for raw materials and equipment to be procured	● understand the specifications for raw materials and equipment to be procured based on our technical background and extensive operating experience ● compile detailed procurement schedule and budget ● search for suitable materials and equipment based on prescribed specifications or recommend suitable alternatives	● develop a construction plan and schedule the installation of the various components and equipment ● assess construction sub-contractors' bids and construction plans and engage sub-contractors ● apply our project management skills to manage the construction and installation process performed by sub-contractors
	● utilize our in-depth knowledge and experience to formulate the detailed design and overall design management proposal ● provide financing plans in conjunction with our engineering pricing service	● assess suppliers' bids based on quality, pricing, intellectual property contents and other relevant factors ● compile assessment report of suppliers' pricing and technical sophistication and confirm technical requirements ● utilize our in-depth knowledge and experience to assess and inspect quality of materials and equipment ordered	● utilize our in-depth knowledge and experience to assess quality of completed construction and installation

	ENGINEERING	PROCUREMENT	CONSTRUCTION
KEY VALUE ADDED BY OUR GROUP	• ability to understand clients' requirements, optimize the design solutions and reduce project costs • ability to evaluate a broad range of third party technology for suitability with the proposed projects • ability to apply certain proprietary technology and know-how onto individual clients' different facilities and carry out necessary customizations	• ability to bring forward the order of necessary materials and equipment before completion of the detailed design so as to shorten the project lifecycle • ability to achieve cost containment through bulk purchasing of materials and equipment, strict assessment of suppliers' pricing and quality via procurement by tender; control over the usage of raw materials and equipment to minimize wastage and costs	• ability to assess the reasonableness and practicality of construction plans, with a view to ensuring quality of the construction and shortening the construction schedule • ability to provide high-quality on-site management

Based on our clients' feedback, our clients have often granted the project contracts to us because we have been capable of providing EPC services efficiently, particularly on large scale projects with tight timetables.

Manufacture and sale of integrated piping systems

Aside from the provision of EPC services, we also manufacture and sell integrated piping systems comprising heat-resistant alloy tubes and fittings, including the following cracking furnace components: venturi pipes, guide plates, brackets, anchors, bends and plate guards, through our wholly owned subsidiary, Wison Yangzhou. Wison Yangzhou fabricates heat-resistant alloy tubes and fittings by using molten nickel, carbon and stainless steel, titanium and aluminum through a centrifugal or static casting process to create pipes of different diameters and thicknesses and by cutting these pipes to specified lengths, bending the pipes to precise shape specifications and welding flanges, fittings or other components to the pipes to create an integrated piping system.

As estimated by our Directors, the production capacity of Wison Yangzhou was at least 1,000 tons per year. The key machinery and equipment produced by Wison Yangzhou includes furnaces, centrifugal pipe molders, casting, pressing and welding machines and testing equipment. Annual maintenance and repair plans are devised for conducting regular maintenance on the machinery and equipment to ensure it is in good working order. For the three years ended December 31, 2011 and the six months ended June 30, 2012, Wison Yangzhou did not experience any material breach of contract or delay in its delivery of integrated piping systems.

We currently have two lines of production for centrifugal casting and one line of production for each of static casting, processing of pipes and pipe accessories and welding.

Table of Our Major Projects

The following table sets out our major service contracts, including all major service contracts signed or performed as of the Latest Practicable Date, by business segments and in the order of the project commencement date:

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
1.	PetroChina Liaoyang Ethylene Cracking Furnaces Project	PetroChina Liaoyang	Petrochemicals	1. Engineering, Procurement and Construction Contract for New 60kta Ethylene Cracking Furnace #F112 of PetroChina Liaoyang; 2. Engineering, Procurement and Construction Contract for New 60kta Ethylene Cracking Furnace #F113 of PetroChina Liaoyang	EPC	April 2004	Completed in October 2005	100%	100%
2.	Maoming Seven Ethylene Cracking Furnaces Project	Maoming R&P Petrochemical Engineering Co., Ltd.	Petrochemicals	1. Procurement and Management Contract for Seven New Ethylene Cracking Furnaces of 800kta Ethylene Plant 2. Construction Management and Technical Service Contract for Seven New Ethylene Cracking Furnaces of 800kta Ethylene Plant	P+ Technical Service	July 2004	Completed in August 2006	100%	99.8%
3.	PetroChina Lanzhou Ethylene Cracking Furnaces Project	PetroChina Lanzhou	Petrochemicals	1. Procurement and Construction (PC) Contract for Ethylene Cracking Furnaces of the 600kta Ethylene Plant	PC	March 2005	Completed in November 2006	100%	100%

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
4.	PetroChina Lanzhou Ethylene Plant Project	PetroChina Lanzhou	Petrochemicals	1. Procurement and Construction Contract for 600kta Ethylene Plant (excluding Ethylene cracking furnace) Renovation;	PC	April 2005	Completed in October 2006	100%	99.99%
				2. Procurement and Construction (PC) Contract for Spent Caustic Treatment Plant of the Ethylene Plant		August 2005			
5.	PetroChina Liaoyang Ethylene Cracking Furnace Project	PetroChina Liaoyang	Petrochemicals	Engineering, Procurement and Construction Contract for New 60kta Ethylene Cracking Furnace #F103X of PetroChina Liaoyang	EPC	November 2005	Completed in November 2006	100%	100%
6.	Ling Tian (Nanjing) Membrane Separation Unit Project	Ling Tian (Nanjing) Fine Chemical Co., Ltd.	Petrochemicals	Engineering, Procurement and Construction Contract for 1680Nm^3/h CO/H Membrane Separation Unit of Ling Tian (Nanjing) Fine Chemical Co., Ltd.	EPC	January 2006	Completed in June 2007	100%	100%
7.	PetroChina Dushanzi Ethylene Cracking Furnace Project	Huanqiu	Petrochemicals	Procurement and Construction Contract for Ethylene Cracking Furnace and BFW System of the 1,000kta Ethylene Plant of PetroChina Dushanzi Integrated Refinery and Petrochemical Complex	PC	June 2006	Completed in June 2009	100%	99.1%
8.	Sinopec Guangzhou Ethylene Cracking Furnace Project	Sinopec Guangzhou	Petrochemicals	Engineering Management, Procurement and Construction Contract for new 40kta Ethylene Cracking Furnace of Sinopec Guangzhou	EPC	June 2006	Completed in January 2007	100%	100%

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
9.	PetroChina Dushanzi Styrene Butadiene Rubber Plant Project	PetroChina Dushanzi	Petrochemicals	Procurement and Construction Contract for SSBR/SBS Plant of PetroChina Dushanzi Integrated Refinery and Petrochemical Complex	PC	October 2006	Completed in June 2009	100%	99.9%
10.	PetroChina Lanzhou Ethylene Cracking Furnaces Project	PetroChina Lanzhou	Petrochemicals	Engineering, Procurement and Construction Contract for Two New 40kta Ethylene Cracking Furnaces of PetroChina Lanzhou	EPC	November 2006	Completed in October 2007	100%	100%
11.	PetroChina Dushanzi FDPE Plant Project	PetroChina Dushanzi	Petrochemicals	Procurement and Construction Contract for the FDPE Plant of PetroChina Dushanzi Integrated Refinery and Petrochemical Complex	PC	December 2006	Completed in June 2009	100%	100%
12.	Shanghai Ethylene Cracking Furnace Renovation Project	Sinopec Shanghai	Petrochemicals	Engineering, Procurement and Construction Contract for Energy Saving Renovation of SRT-III Cracking Furnace of 2# Ethylene Plant of Sinopec Shanghai	EPC	February 2007	Completed in September 2007	100%	100%
13.	PetroChina Liaoyang F108 Ethylene Cracking Furnace Renovation Project	PetroChina Liaoyang	Petrochemicals	Engineering, Procurement and Construction Contract for Renovation of #F108 Ethylene Cracking Furnace of PetroChina Liaoyang	EPC	July 2007	Completed in July 2008	100%	100%
14.	Sinopec Guangzhou MTBE Plant Renovation Project	Sinopec Guangzhou	Petrochemicals	Engineering Management, Procurement and Construction Contract for MTBE Plant Renovation of Sinopec Guangzhou	EM+PC	November 2007	Completed in June 2008	100%	100%

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
15.	Nanjing BASF-YPC Ethylene Cracking Furnace Project	BASF-YPC Co., Ltd.	Petrochemicals	Engineering, Procurement and Construction Contract for EU Furnace 310-H-109 For 192kta Ethylene Expansion Project	EPC	July 2008	Completed in December 2010	100%	100%
16.	Huizhou CSPC Ethylene Cracking Furnace Project	CSPC	Petrochemicals	1. Engineering, Procurement and Construction Contract for the 120kta LOP Cracking Furnace of the CSPC Debottlenecking Project 2. Supply Agreement for Onshore Procured Materials of LOP Cracking Furnace of the CSPC Debottlenecking Project	EPC	August 2008	Completed in April 2010	100%	100%
17.	PetroChina Fushun Ethylene Plant Project	PetroChina Fushun Petrochemical Corporation	Petrochemicals	Procurement and Construction Contract for 800kta Ethylene Plant	PC	October 2008	Completed in June 2012	97.9%	90.8%
18.	PetroChina Jilin Ethylene Cracking Furnace Renovation Project	PetroChina Jilin	Petrochemicals	Engineering, Procurement and Construction Contract for 1# Ethylene Cracking Furnace Renovation of 700kta Ethylene Plant of PetroChina Jilin	EPC	December 2008	Completed in September 2009	100%	100%
19.	PetroChina Jilin Ethylene Cracking Furnace Project	PetroChina Jilin	Petrochemicals	Engineering, Procurement and Construction Contract for the New 10# Ethylene Cracking Furnace of 150kta Ethylene Plant of PetroChina Jilin	EPC	January 2009	Completed in October 2009	100%	100%

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
20.	PetroChina Sichuan LLDPE Plant Project	PetroChina Sichuan	Petrochemicals	Procurement and Construction Contract for 300kta LLDPE Plant of the 800kta Ethylene Plant of PetroChina Sichuan	PC	April 2009	Completed in November 2012	98.6%	81.3%
21.	PetroChina Sichuan Ethylene Plant Project	PetroChina Sichuan	Petrochemicals	Procurement and Construction Contract for Ethylene Cracking Furnaces and Pipe-rack of the 800kta Ethylene Plant of PetroChina Sichuan	PC	September 2009	Estimated to complete in December 2012	97.2%	71.6%
22.	Sinopec Guangzhou MTBE Plant Expansion Project	Sinopec Guangzhou	Petrochemicals	Engineering Management, Procurement and Construction Contract for MTBE Plant Expansion of Sinopec Guangzhou	EM+PC	March 2010	Completed in August 2010	100%	100%
23.	PetroChina Daqing Seven Cracking Furnaces Renovation Project	PetroChina Daqing	Petrochemicals	1. Engineering, Procurement and Construction Contract for Renovation of Ethane Cracking Furnace and Quench Oil Viscosity Reducing System of PetroChina Daqing	EPC	March 2010	Completed in October 2010	100%	95.0%
				2. Engineering, Procurement and Construction Contract for Renovation of 16W Cracking Furnace Convection Section of PetroChina Daqing		April 2010			

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
24.	Dushanzi Polybutadiene Rubber Plant Project	Xinjiang Land Fine Petrochemical Co., Ltd.	Petrochemicals	Engineering, Procurement and Construction Contract for the 50kta Polybutadiene Rubber Plant of Xinjiang Lande Fine Petrochemical Co., Ltd.	EPC	March 2010	Completed in August 2011	99.3%	92.9%
25.	PetroChina Sichuan Central Laboratory Project	PetroChina Sichuan	Petrochemicals	Procurement and Construction Contract for PetroChina Sichuan Refinery Integration Engineering Central Laboratory Project	PC	March 2010	Completed in November 2012	95.0%	81.8%
26.	PetroChina Jilin Five Ethylene Cracking Furnaces Renovation Project	PetroChina Jilin	Petrochemicals	Engineering, Procurement and Construction Contract for Five Ethylene Cracking Furnaces Renovation of 700kta Ethylene Plant of PetroChina Jilin	EPC	July 2010	Completed in September 2011	99.2%	95.0%
27.	Shenyang Wax Chemical Naphtha Hydrotreating and Aromatics Project	Shenyang Wax Chemical Co., Ltd.	Petrochemicals	Engineering Design Contract for 120kta Naphtha Hydrotreating and 80kta Aromatics of Shenyang Wax Chemical Co., Ltd.	E	April 2011	Completed in August 2011	100%	73.0%
28.	BASF-YPC Liquid Furnace Renovation Project	BASF-YPC Co., Ltd.	Petrochemicals	Engineering Procurement and Construction Contract for H116 and H118 Liquid Furnace of BASF-YPC Renovation Project	EPC	March 2011	Completed in July 2011	100%	95.0%
29.	Chongqing BASF MDI Complex Project	BASF Polyurethane (Chongqing) Co., Ltd.	Petrochemicals	EP_SC_M Contract for BASF MDI Complex Chongqing Project	E+PsCM	June 2011	Estimated to complete in May 2014	39.7%	27.7%

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
30.	SECCO Hydrogen Purification Plant Project	SECCO	Petrochemicals	1. Design Service Contract (Wison Part) for 55000 NM^3/h PSA Hydrogen Purification Plant of SECCO 2. Procurement and Construction Contract for 55000 NM^3/h Hydrogen Purification Plant of SECCO 3. Procurement Contract for WYFCNA-193B-SK Catalyst of SECCO PSA Plant	EPC	July 2011	Completed in December 2011	98.0%	89.8%
31.	Sichuan Shengda Chemical PTA Project	China Chengda Engineering Co., Ltd.	Petrochemicals	Procurement and Construction Contract for 1000kta PTA of Sichuan Shengda Chemical New Material Co., Ltd.	PC	August 2012	Estimated to complete in December 2014	0%	0%
32.	Sichuan Shengda Chemical Adipic Acid, Hexanlactam, Nylon 6, Nylon 66 Units Project	China Chengda Engineering Co., Ltd.	Petrochemicals	Procurement and Construction Contract for Adipic Acid, Hexanolactam, Nylon 6, Nylon 66 Units of Sichuan Shengda Chemical New Material Co., Ltd.	PC	Estimated to commence in December 2012	Estimated to complete in December 2015	0%	0%
33.	Saudi Benzene Mitigation Project	A Saudi Arabian Company (an affiliate of the Saudi Arabian company for Project 57 below)	Petrochemicals	Engineering, procurement and construction of the Benzene Mitigation Project	EPC	May 2012	Estimated to complete in December 2013	0.3%	0%

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
34.	Yantai Wanhua 750kta Propane Dehydrogenation Plant Furnace Project	Yantai Wanhua Polyurethanes Co., Ltd.	Petrochemicals	Engineering and Procurement Contract for Propane Dehydrogenation Plant Furnace of Propylene Oxide and Acrylate Integration Projects of Yantai Wanhua Polyurethanes Co., Ltd.	EP	October 2012	Estimated to complete in June 2014	0%	0%

In petrochemicals, between January 1, 2009 and June 30, 2012, our total aggregate new contract value was RMB8,733.1 million, of which RMB8,649.7 million, or 99.0%, was contributed by the projects set forth above. During the same period, we recognized an aggregate net revenue, net of estimated VAT, of RMB6,001.1 million, of which RMB5,949.2 million, or 99.1%, was contributed by the projects set forth above.

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
35.	PetroChina Dalian Refinery Project	PetroChina Dalian	Oil refineries	Project Management Contract for PetroChina Dalian Oil Refinery Renovation Project	PMC	June 2006	Completed in September 2008	100%	100%
36.	PetroChina Guangxi Refinery Project	PetroChina Guangxi	Oil refineries	Procurement and Construction Contract for Naphtha Hydrocracking and Light Olefin Recovery Plant of PetroChina Guangxi	PC	September 2007	Completed in January 2010	100%	92.7%
37.	PetroChina Sichuan Continuous Reforming Plant and PX Plant Project	PetroChina Sichuan	Oil refineries	1. Procurement and Construction Contract for 600kta Polyxylene Plant of 10,000kta Refinery of PetroChina Sichuan 2. Procurement and Construction Contract for 2,000kta Continuous Reforming Plant (including PSA) of 10000kta Refinery of PetroChina Sichuan	PC	September 2009	Completed in November 2012	98%	88.5%
38.	PetroChina Sichuan Gasoil Hydrocracking Plant Project	PetroChina Sichuan	Oil refineries	Procurement and Construction Contract for 2,200kta Gasoil Hydrocracking Plant of 10,000kta Refinery of PetroChina Sichuan	PC	September 2009	Estimated to complete in December 2012	97.1%	87.5%
39.	PetroChina Sichuan Sulfur Recovery Plant Project	PetroChina Sichuan	Oil refineries	Procurement and Construction Contract for 60kta Sulfur Recovery Plant of 10,000kta Refinery of PetroChina Sichuan	PC	September 2009	Completed in November 2012	95.5%	84.2%

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
40.	PetroChina Sichuan Refinery and Petrochemical Complex Utilities Project	China Chengda Engineering Co., Ltd.	Oil refineries	1. Procurement and Construction Contract for Refinery Utilities of the PetroChina Sichuan Integrated Refinery and Petrochemical Complex 2. Procurement and Construction Contract for Petrochemical Utilities of the PetroChina Sichuan Integrated Refinery and Petrochemical Complex	PC	September 2009	Completed in November 2012	99.1%	78.0%
41.	Deep Conversion Project, Puerto La Cruz Refinery	PDVSA Petróleo, S.A.	Oil refineries	Engineering, Procurement, Construction and Start up Assistance of the Environmental Units, Auxiliary Units and Renovation of the Atmospheric Distillation Units of the Deep Conversion Project, Puerto La Cruz Refinery	EPC	August 2012	Estimated to complete in February 2016	0%	0%

In oil refineries, between January 1, 2009 and June 30, 2012, our total aggregate new contract value was RMB11,332.3 million, of which RMB11,325.4 million, or 99.9%, was contributed by the projects set forth above. During the same period, we recognized an aggregate net revenue, net of estimated VAT, of RMB4,829.5 million, almost all of which, was contributed by the projects set forth above.

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
42.	Wison (Nanjing) Synthesis Gas Project	Wison (Nanjing) Chemical Co., Ltd.	Coal-to-chemicals	Engineering, Procurement and Construction Contract for Wison (Nanjing) Phase II Synthesis Gas Project	E+PM+C	March 2007	Completed in November 2009	100%	100%
43.	Erdos Guotai Methanol Project	Erdos Guotai Chemical Co., Ltd.	Coal-to-chemicals	Engineering, Procurement and Construction Contract for the 400kta Methanol Plant of Erdos Guotai Chemical Co., Ltd.	EPC	July 2009	Cancelled in January 2010(1)	N/A(1)	100%
44.	Erdos Jinchengtai Methanol Project	Erdos Jinchengtai Chemical Co., Ltd.	Coal-to-chemicals	Engineering, Procurement and Construction Management Contract for 600kta Methanol Plant of Erdos Jinchengtai Chemical Co., Ltd.	E+PM+CM	April 2009	Estimated to complete in December 2012	91.3%	34.0%
45.	Shaanxi Yanchang Petroleum Light Oil Processing Facility Project	Beijing Petrochemical Engineering Co., Ltd.	Coal-to-chemicals	Engineering Design Contract for 400kta Light Oil Processing Facility of Shaanxi Yanchang Petroleum Yan'an Integrated Utilization of Coal, Petrol and Gas Resources Project	E	March 2011	Completed in October 2012	42.8%	20.0%
46.	Baoji Methanol Project	Shaanxi Changqing Energy & Chemical Co., Ltd.	Coal-to-chemicals	Engineering Management, Procurement and Construction Contract for Xuzhou Mining Group 1,500 kta Methanol Project with initial 600 kta Methanol Project	EM+PC	March 2011	Estimated to complete in December 2012	60.4%	38.4%

Note:

(1) Erdos Guotai Chemical Co., Ltd. ("Old Erdos Guotai"), a company established in the PRC on July 8, 2008 with limited liability, which was then indirectly majority-owned by Mr. Hua, and was deregistered on May 5, 2011, was the project owner of Erdos Guotai Methanol Project and was a chemical production company that began the construction of a coal-to-chemicals facility after obtaining a preliminary allocation of coal supply granted by the Erdos local government. The completion of the project was dependent on obtaining a significant ongoing allocation of coal. Due to an increase in the number of industry participants in the Erdos area and a limit on coal production, Erdos Guotai Methanol Project did not obtain the final amount of coal allocation from the government that it previously expected. Therefore, on January 20, 2010, we and Old Erdos Guotai agreed to terminate the project and reduced the contract value to RMB89.4 million.

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
47.	Wison Nanjing Butanol and Octanol Design Project	Wison Nanjing	Coal-to-chemicals	Engineering Contract for Overall Design, Infrastructure Design and Detailed Engineering Design of Wison Nanjing 250kta Butanol and Octanol Project	E	September 2011	Completed in November 2012	63.3%	54.0%
48.	Inner Mongolia Guangyuan Thermal Power Project	China Chengda Engineering Co., Ltd.	Coal-to-chemicals	Procurement and Construction Contract for Inner Mongolia Guangyuan Thermal Power 4X50,000 KW back-pressure units Project	PC	July 2011	Estimated to complete in June 2014	0%	0%
49.	Inner Mongolia Dongyuan Butanediol Project	China Chengda Engineering Co., Ltd.	Coal-to-chemicals	Procurement and Construction Contract for Inner Mongolia Dongyuan Technology Co., Ltd. 100 kta 1,4-Butanediol Project	PC	July 2011	Estimated to complete in June 2014	0%	0%
50.	Inner Mongolia Dongyuan Calcium Carbide Project	China Chengda Engineering Co., Ltd.	Coal-to-chemicals	Procurement and Construction Contract for Inner Mongolia Dongyuan Technology Co., Ltd. Guangyuan Chemicals 720 kta Calcium Carbide Project	PC	August 2011	Estimated to complete in June 2014	0%	0%
51.	Wison Nanjing Butanol and Octanol Project Propylene Separation Licensing, Process Package Planning and Technical Service Project	Wison Nanjing	Coal-to-chemicals	Engineering Contract for Wison Nanjing 250kta Butanol and Octanol Project Propylene Separation Licensing, Process Package Planning and Technical Service Project	E	September 2011	Completed in May 2012	63.3%	54.0%

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for Which Payment Has Been Received as of June 30, 2012
52.	Erdos Guotai Chemical Coal-to-Methanol Project	Erdos Guotai Chemical Co., Ltd.(1)	Coal-to-chemicals	Engineering, Procurement and Construction Contract for 400kta Coal-to-Methanol Project of Erdros Guotai Chemical Co., Ltd.	EPC	December 2011	Estimated to complete in April 2014	6.9%	24.0%
53.	Xinjiang XLX Energy Chemical Synthetic Ammonia and Urea Complex Project	Xinjiang XLX Energy Chemical Co., Ltd.	Coal-to-chemicals	Engineering Design Contract for 300kta Synthetic Ammonia and 520kta Urea Complex of Xinjiang XLX Energy Chemical Co., Ltd.	E	December 2011	Estimated to complete in August 2013	6.4%	17.5%
54.	Pucheng Polyethylene Plant Project	PuCheng Clean Energy Chemical Co., Ltd.	Coal-to-chemicals	Pucheng 700 kta coal to olefins project polyethylene plant and PE/PP Packaging warehouse EPC overall contract	EPC	March 2012	Estimated to complete in December 2013	2.8%	0%
55.	Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I)	Jiangsu Sailboat Petrochemical Co., Ltd.	Coal-to-chemicals	Jiangsu Sailboat Petrochemical Co., Ltd. Alcohol Based Cogeneration Project (Phase I)	EPC & EM+PC	September 2012	Estimated to complete in March 2015	0%	0%
56.	Pucheng Public Utility and Ancillary Facilities Project	PuCheng Clean Energy Chemical Co., Ltd.	Coal-to-chemicals	Pucheng 700 kta coal to olefins project public utility and ancillary facilities engineering management, procurement and construction contract	EM+PC	August 2012	Estimated to complete in September 2013	0%	0%

Note:

(1) Erdos Guotai Chemical Co., Ltd. ("Erdos Guotai"), a company established in the PRC on November 11, 2011 with limited liability, is wholly-owned by Erdos Guotai Trading Co., Ltd., a company established in the PRC on November 10, 2003 with limited liability, which in turn is owned as to 95% by Beijing Haohua Energy Resource Co., Ltd., a company listed on the Shanghai Stock Exchange and an Independent Third Party, and as to 5% by Wison Nanjing. Therefore, Erdos Guotai is not a connected person of our Company.

In coal-to-chemicals, between January 1, 2009 and June 30, 2012, our total aggregate new contract value, was RMB19,802.5 million, of which RMB19,706.7 million, or 99.5%, was contributed by the projects set forth above. During the same period, we recognized an aggregate net revenue, net of estimated VAT, of RMB1,709.8 million, of which RMB1,664.3 million, or 97.3%, was contributed by the projects set forth above.

No.	Project Name	Client	Business Segment	Contract	Mode of Operation	Commencement Date	Project Status	Percentage of Contract Revenue Recognized as of June 30, 2012	Percentage of Contract Revenue for which Payment Was Received as of June 30, 2012
57.	Saudi De-Bottlenecking (DBN) Project	A Saudi Arabian company	Other products and services	Engineering, Procurement, Construction, Construction Management, Start-up, Hot Commissioning, Plant Acceptance and staff training of the De-Bottlenecking (DBN) Project	EPC	May 2012	Estimated to complete in September 2013	3.8%	15.0%
58.	Zhoushan Wison Marine Engineering Base Project	Zhoushan Wison	Other products and services	Procurement and Construction Contract for the Marine Engineering Base Project of Zhoushan Wison	PC	May 2012	Estimated to complete in October 2013	6.8%	0%

Total contract value

In petrochemicals, between January 1, 2009 and June 30, 2012, our total aggregate new contract value was RMB8,733.1 million, of which RMB8,649.7 million, or 99.0%, was contributed by the projects set forth in the major projects table above. During the same period, we recognized an aggregate net revenue, net of estimated VAT, of RMB6,001.1 million, of which RMB5,949.2 million, or 99.1%, was contributed by the projects set forth in the major projects table above.

In oil refineries, between January 1, 2009 and June 30, 2012, our total aggregate new contract value was RMB11,332.3 million, of which RMB11,325.4 million, or 99.9%, was contributed by the projects set forth in the major projects table above. During the same period, we recognized an aggregate net revenue, net of estimated VAT, of RMB4,829.5 million, virtually all of which was contributed by the projects set forth in the major projects table above.

In coal-to-chemicals, between January 1, 2009 and June 30, 2012, our total aggregate new contract value was RMB19,802.5 million, of which RMB19,706.7 million, or 99.5%, was contributed by the projects set forth in the major projects table above. During the same period, we recognized an aggregate net revenue, net of estimated VAT, of RMB1,709.8 million, of which RMB1,664.3 million, or 97.3%, was contributed by the projects set forth in the major projects table above.

Backlog and new contract value

Backlog represents our estimate of the contract value of work that we are engaged in and remains to be completed as of a certain date from signed and legally-binding contracts, net of estimated VAT. New contract value represents the aggregate value of the contracts that we entered into during a specified period. The contract value of a project represents the amount that we expect to receive under the terms of the contract assuming the contract is performed in accordance with its terms. To the extent work on these contracts advances, amounts are progressively removed from backlog. Backlog is not an audited measure defined by IFRS and our methodology in determining backlog may not be comparable to the methodology used by other companies.

Backlog might not be indicative of our future operating results and difficulties in contract performance could lead to inaccuracies with respect to the ultimate income from uncompleted contracts. Not all our revenue is recorded in backlog for a variety of reasons, including the fact that some projects begin and end within a short-term period. Many contracts do not provide for a fixed amount of work to be performed and are subject to modification or termination by the clients, and thus only a portion of the remaining work is set at any given stage of performance. Further, the termination or modification of any one or more sizeable contracts or the addition of other contracts could have a substantial and immediate effect on the amount of our backlog and the revenue and profits we may earn from such contracts, and could have a material adverse effect on our profitability and financial condition. As a result, our backlog information presented in this prospectus should not be relied on as an indicator of our future earnings.

The following table sets forth, net of estimated VAT, our backlog, new contract value and recognized contract revenue for each of the periods indicated. In any given period, our backlog at the beginning of the period plus our contract value for new contracts entered into during the period less our recognized contract revenue for the period equals our backlog at the end of the period.

	Years ended December 31,			Six months ended June 30,
	2009	2010	2011	2012
	(Unaudited, RMB in millions)			
Backlog at the beginning of the period				
Petrochemicals	3,219.5	3,606.5	1,413.3	5,376.0
Oil refineries	20.7	4,705.2	2,642.3	161.6
Coal-to-chemicals	30.5	78.0	53.1	5,953.3
Other products and services	—	—	—	—
Total	3,270.7	8,389.7	4,108.7	11,490.9
Contract value for new contracts entered into during the period[1]				
Petrochemicals	1,784.7	676.0	5,581.4	384.1
Oil refineries	4,892.5	—	(7.3)	5,929.5
Coal-to-chemicals	256.0	—	6,839.4	11,131.8
Other products and services	—	—	—	1,161.2
Total	6,933.2	676.0	12,413.5	18,606.6
Recognized contract revenue for the period[1][2]				
Petrochemicals	1,397.7	2,869.2	1,618.7	129.9
Oil refineries	208.0	2,062.9	2,473.4	126.7
Coal-to-chemicals	208.5	24.9	939.2	518.6
Other products and services	—	—	—	78.8
Total	1,814.2	4,957.0	5,031.3	854.0
Backlog at the end of the period				
Petrochemicals	3,606.5	1,413.3	5,376.0	5,630.2
Oil refineries	4,705.2	2,642.3	161.6	5,964.4
Coal-to-chemicals	78.0	53.1	5,953.3	16,566.5
Other products and services	—	—	—	1,082.4
Total	8,389.7	4,108.7	11,490.9	29,243.5

Notes:

(1) Contract value for new contracts entered into during the period and recognized contract revenue for the period are net of estimated VAT, including any adjustments for prior periods.

(2) Recognized contract revenue is not equal to our total revenue. In 2009, the difference between the recognized contract revenue of RMB1,814.2 million and the total revenue of RMB1,884.4 million consisted primarily of revenue from sales of goods, net of business tax, of RMB78.5 million and revenue from rendering of services, net of tax payable, of RMB9.7 million less tax payable for the recognized contract revenue of RMB18.0 million. In 2010, the difference between the recognized contract revenue of RMB4,957.0 million and the total revenue of RMB4,976.2 million consisted primarily of revenue from sales of goods, net of business tax, of RMB34.6 million and revenue from rendering of services, net of tax payable, of RMB16.6 million less tax payable for the recognized contract revenue of RMB32.0 million. In 2011, the difference between the recognized contract revenue of RMB5,031.3 million and the total revenue of RMB5,036.6 consisted primarily of revenue from sales of goods, net of business tax, of RMB14.7 million and revenue from rendering of services, net of tax payable, of RMB51.7 million less business tax payable for the recognized contract revenue of RMB61.1 million. In the six months ended June 30, 2012, the difference between the recognized contract revenue of RMB854.0 million and the total revenue of RMB861.7 million consisted primarily of revenue from sales of goods, net of business tax, of RMB15.7 million and revenue from rendering of services, net of tax payable, of RMB11.7 million less business tax payable for the recognized contract revenue of RMB4.0 million.

Analysis of our backlog

As of December 31, 2009, backlog in each of our business segments consisted primarily of: (i) in petrochemicals, Project 15 (Nanjing BASF-YPC Ethylene Cracking Furnace Project), Project 17 (PetroChina Fushun Ethylene Plant Project), Project 20 (PetroChina Sichuan LLDPE Plant Project) and Project 21 (PetroChina Sichuan Ethylene Plant Project); (ii) in oil refineries, Project 37 (PetroChina Sichuan Continuous Reforming Plant and PX Plant Project), Project 38 (PetroChina Sichuan Gasoil Hydrocracking Plant Project), Project 39 (PetroChina Sichuan Sulfur Recovery Plant Project) and Project 40 (PetroChina Sichuan Refinery and Petrochemical Complex Utilities Project); and (iii) in coal-to-chemicals, Project 44 (Erdos Jinchengtai Methanol Project).

As of December 31, 2010, backlog in our oil refineries business segment contributed to the largest portion of the backlog. Backlog in our petrochemicals business segment consisted primarily of Project 17 (PetroChina Fushun Ethylene Plant Project), Project 20 (PetroChina Sichuan LLDPE Plant Project), Project 21 (PetroChina Sichuan Ethylene Plant Project) and Project 24 (Dushanzi Polybutadiene Rubber Plant Project). As of December 31, 2010, backlog in our oil refineries business segment consisted primarily of four projects related to PetroChina Sichuan Integrated Refinery and Petrochemical Complex, which were Project 37 (PetroChina Sichuan Continuous Reforming Plant and PX Plant Project), Project 38 (PetroChina Sichuan Gasoil Hydrocracking Plant Project), Project 39 (PetroChina Sichuan Sulfur Recovery Plant Project) and Project 40 (PetroChina Sichuan Refinery and Petrochemical Complex Utilities Project). We believe we were awarded these projects as our expertise in providing PC services to oil refinery projects began to receive recognition. As of December 31, 2010, backlog in our coal-to-chemicals business segment consisted primarily of Project 44 (Erdos Jingchengtai Methanol Project).

As of December 31, 2011, backlog in our coal-to-chemicals business segment constituted the largest portion of our backlog due to the inclusion of four new projects and increased contract revenue of RMB6,839.4 million attributable to the projects undertaken in this segment. Backlog in our petrochemicals business segment related primarily to two new projects we entered into in 2011 to be commenced in 2012, Project 32 (Sichuan Shengda Chemical Adipic Acid, Hexanlactam, Nylon 6, Nylon 66 Units Project) and Project 31 (Sichuan Shengda Chemical PTA Project). Backlog in our oil refineries business segment related primarily to Project 40 (PetroChina Sichuan Refinery and Petrochemical Complex Utilities Project), Project 37 (PetroChina Sichuan Continuous Reforming Plant and PX Plant Project) and Project 38 (PetroChina Sichuan Gasoil Hydrocracking Plant Project), all of which recognized over 95% of their respective contract revenue for the project as of December 31, 2011. Backlog in our oil refineries business segment decreased significantly in 2011 compared to 2010 because the four projects related to PetroChina Sichuan Integrated Refinery and Petrochemical Complex, which were Project 37 (PetroChina Sichuan Continuous Reforming Plant and PX Plant Project), Project 38 (PetroChina Sichuan Gasoil Hydrocracking Plant Project), Project 39 (PetroChina Sichuan Sulfur Recovery Plant Project and Project 40 (PetroChina Sichuan Refinery and Petrochemical Complex Utilities Project) completed their principal construction phases by the end of 2011 and we did not commence any large scale oil refinery project in 2010 or 2011 to offset this decrease in backlog. Backlog in our coal-to-chemicals business segment as of December 31, 2011 related primarily to four new projects: Project 50 (Inner Mongolia Dongyuan Calcium Carbide Project), Project 46

(Baoji Methanol Project), Project 48 (Inner Mongolia Guangyuan Thermal Power Project) and Project 52 (Erdos Guotai Chemical Coal-to-Methanol Project), as compared to backlog as of December 31, 2010 that did not relate to any similar projects, as we did not commence any large scale coal-to-chemicals projects during 2010.

As of June 30, 2012, backlog in our coal-to-chemicals business segment constituted the largest portion of backlog, followed by oil refineries and petrochemicals. Backlog in our coal-to-chemicals business segment primarily related to Project 52 (Erdos Guotai Chemical Coal-to-Methanol Project), Project 48 (Inner Mongolia Guangyuan Thermal Power Project), Project 49 (Inner Mongolia Dongyuan Butanediol Project), Project 46 (Baoji Methanol Project) and Project 55 (Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I)), our largest project by contract value as of the Latest Practicable Date. Backlog in our petrochemicals business segment primarily related to Project 32 (Sichuan Shengda Chemical Adipic Acid, Hexanlactam, Nylon 6, Nylon 66 Units Project), Project 31 (Sichuan Shengda Chemical PTA Project) and Project 33 (Saudi Benzene Mitigation Project). Backlog in our oil refineries business segment primarily related to Project 40 (PetroChina Sichuan Refinery and Petrochemical Complex Utilities Project), Project 37 (PetroChina Sichuan Continuous Reforming Plant, PX Plant Project), Project 38 (PetroChina Sichuan Gasoil Hydrocracking Plant Project) and Project 41 (Deep Conversion Project, Puerto La Cruz Refinery). In addition, we had RMB1,082.4 million of backlog in our other products and services business segment as of June 30, 2012, as we were awarded Project 57 (Saudi De-Bottlenecking (DBN) Project) and Project 58 (Zhoushan Wison Marine Engineering Base Project) in this business segment during the six months ended June 30, 2012. A breakdown of our backlog as of June 30, 2012 by major clients, each accounting for at least 20.0% of our backlog as of that date, is as follows: of our backlog as of June 30, 2012, RMB10,484.4 million, or 35.9%, was attributable to Jiangsu Sailboat Petrochemical Co., Ltd., RMB7,617.2 million, or 26.0%, was attributable to China Chengda Engineering Co., Ltd., and RMB5,863.1 million, or 20.0%, was attributable to PDVSA Petróleo, S.A. Our dependency on the PetroChina and Sinopec groups diminished during this period. Of our backlog as of June 30, 2012, RMB143.2 million, or 0.5%, was attributable to PetroChina and its subsidiaries, on a group basis, and RMB21.2 million, or 0.1%, was attributable to Sinopec and its subsidiaries, on a group basis.

Analysis of our new contracts

In 2009, we entered into three major projects in our petrochemicals business segment, which were Project 19 (PetroChina Jilin Ethylene Cracking Furnace Project), Project 20 (PetroChina Sichuan LLDPE Plant Project) and Project 21 (PetroChina Sichuan Ethylene Plant Project), four major projects in our oil refineries business segment, which were Project 37 (PetroChina Sichuan Continuous Reforming Plant and PX Plant Project), Project 38 (PetroChina Sichuan Gasoil Hydrocracking Plant Project), Project 39 (PetroChina Sichuan Sulfur Recovery Plant Project) and Project 40 (PetroChina Sichuan Refinery and Petrochemical Complex Utilities Project), and two major projects in our coal-to-chemicals business segment, which were Project 43 (Erdos Guotai Methanol Project) and Project 44 (Erdos Jingchentai Methanol Project).

In 2010, we entered into four major projects in our petrochemicals business segment, which were Project 22 (Sinopec Guangzhou MTBE Plant Expansion Project), Project 23

(PetroChina Daqing Seven Cracking Furnaces Renovation Project), Project 24 (Dushanzi Polybutadiene Rubber Plant Project) and Project 26 (PetroChina Jilin Five Ethylene Cracking Furnaces Renovation Project). We did not commence any large scale oil refinery project during 2010, and we were still in the early stage of developing our coal-to-chemicals business segment in 2010, and therefore we had no new major contracts in these two business segments during this period.

In 2011, we entered into four major projects in our petrochemicals business segment, which were Project 25 (PetroChina Sichuan Central Laboratory Project), Project 29 (Chongqing BASF MDI Complex Project), Project 31 (Sichuan Shengda Chemical PTA Project) and Project 32 (Sichuan Shengda Chemical Adipic Acid, Hexanlactam, Nylon 6, Nylon 66 Units Project), and four major projects in our coal-to-chemicals business segment, which were Project 46 (Baoji Methanol Project), Project 48 (Inner Mongolia Guangyuan Thermal Power Project), Project 49 (Inner Mongolia Dongyuan Butanediol Project) and Project 52 (Erdos Guotai Chemical Coal-to-Methanol Project). As a result of certain increases in VAT, and since our new contract value is calculated net of estimated VAT, we had negative RMB7.3 million in our new contract value in the oil refineries business segment in 2011, reflecting the application of an increased VAT rate to our contracts in this business segment as compared to the prior year. Our research and development efforts in the past few years on the MTO and MTP processes has been beneficial to us in dealing with project owners who are seeking to develop large scale projects based on these technologies. So far as we are aware, no large scale oil refinery project in the PRC opened for tender during 2011. Correspondingly, we had no new major contracts in this business segment during this period.

In the six months ended June 30, 2012, we entered into two major projects in our coal-to-chemicals business segment, Project 54 (Pucheng Polyethylene Plant Project) and Project 55 (Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I)), our largest project by contract value as of the Latest Practicable Date. We entered into one major project in our petrochemicals business segment, Project 33 (Saudi Benzene Mitigation Project). We entered into one major project in our oil refineries business segment, Project 41 (Deep Conversion Project, Puerto La Cruz Refinery). In addition, we were awarded Project 57 (Saudi De-Bottlenecking (DBN) Project) and Project 58 (Zhoushan Wison Marine Engineering Base Project) in our other products and services business segment during the six months ended June 30, 2012. In the six months ended June 30, 2012, our total new contract value, net of VAT, was approximately RMB18,606.6 million. Of our RMB18,606.6 million in new contract value, net of estimated VAT, for the contracts awarded to us in the six months ended June 30, 2012, approximately RMB105.5 million, or 0.6%, was attributable to PetroChina and its subsidiaries, on a group basis, and approximately RMB31.1 million, or 0.2%, was attributable to Sinopec and its subsidiaries, on a group basis, respectively, during this period.

Furthermore, in November 2012, PDVSA Petróleo, S.A. confirmed to us in a letter that it is considering awarding to Wison Engineering the site preparation contract relating to Project 40 (Deep Conversion Project, Puerto La Cruz Refinery) subject to (a) agreement on the details of the relevant contract with us and (b) our assisting in arranging project financing relating to the relevant contract. We are in the process of negotiating the terms of the site preparation contract with PDVSA Petróleo, S.A. and liaising with a PRC bank for financing for the project. There is no assurance that such contract will be awarded to us.

SALES AND MARKETING

Given that there are only a limited number of producers in China's oil refining and petrochemicals and coal-to-chemicals production industries, our marketing strategy mainly focuses on direct marketing to existing and potential clients. We aim to strengthen our ongoing business relationships with our existing clients, maintain a high level of client satisfaction and attract potential clients by building and reinforcing our reputation in the petrochemicals industry.

Due to the technology-oriented nature of our business, we emphasize our in-depth knowledge of the industry and related technologies in our marketing activities. A majority of the members of our sales and marketing division have a technical background and are familiar with the complex specifications required for our solutions. We believe that these are important attributes as they help to develop clients' trust and reliance on us. Our sales team maintains regular contacts with our existing and potential clients to discuss, among other things, clients' development plans and technology trends in the industry, thereby gaining invaluable market information for our analysis. We may begin our sales process by assisting our clients in the preparation of project requirements and a feasibility study and analyzing the best-suited technology to be applied. Our sales team emphasizes developing long-term relationships with clients and often approaches potential clients at a very early stage even before a specific project has been initiated or identified, so that we can work with these potential clients to understand their requirements and concerns and also build relationships with relevant officers and other personnel, to ensure that we are well placed to secure business when specific opportunities arise. As of December 31, 2009, 2010 and 2011 and June 30, 2012, we had 61, 80, 100 and 95 staff members in our sales and marketing team, respectively.

We have formulated guidelines and work procedures for project tendering, such as our Project Tendering Work Procedures. When we receive an invitation for tender, we first gather information on the project and analyze the relevant data and requirements. Working teams are then formed whereby the bidding plan and strategies are formulated, and the amount and complexity of work to be undertaken, technical skills required, expected time schedule, market conditions, safety measures and all other aspects that could affect our obligations are discussed. Upon approval by a vice president or senior vice president, the tender documents are submitted to the project owner for consideration. As the set of tendering procedures in place are closely monitored and submission of tendering documents is only made upon final approval by our management, we believe that our control and procedures in relation to contract-bidding are adequate and effective in enabling us to comply with the requirements of the tendering process.

Since August 2002, we have maintained a branch office in Beijing with the main function of enhancing coordination and communication with our major clients, relevant national bureaus and societies and associations within the petrochemicals industry. The branch office assists us to enlist industry experts and keep us up to date with the latest developments in the regulation of the petrochemicals industry.

Since March 2011, we have maintained a subsidiary in Singapore with the main function of gathering local market intelligence. Our Singapore office has since provided

feasibility studies and preliminary engineering plans to several projects in Southeast Asia as well as tendered several bids.

We have also established a branch office in Saudi Arabia in August 2008 to provide us with local market intelligence in the Middle East and a branch office in Jakarta in August 2011 to provide us with local market intelligence in Indonesia. Currently, we are also planning to look for opportunities in West Africa and Latin America. For example, we established a branch office in Venezuela in April 2012 to provide us with local market intelligence in Latin America.

We also participate in China's annual meeting for ethylene producers and other exhibitions and seminars relating to engineering technologies for the energy industry to keep abreast of changing technological trends and client requirements.

OUR CLIENTS

Ethylene and downstream petrochemicals production and oil refining industries in the PRC are currently dominated by two industry leaders in the petrochemicals market in the PRC, PetroChina and Sinopec, and their independently-operated subsidiaries. According to CMAI, the total ethylene production capacity in the PRC was 15.6 million tons per year in 2011. In 2011, the PetroChina and Sinopec groups had 3.7 million and 9.8 million tons of ethylene capacity, respectively, accounting for 23.6% and 63.0% of the total ethylene production capacity in 2011 in China, respectively, as estimated by CMAI. We have been providing one-stop EPC service solutions for ethylene cracking furnaces to a number of subsidiaries of PetroChina and Sinopec since 2002 and 2000, respectively, and have established good working relationships with them. Since 2005, we have successfully expanded our business to undertake projects beyond ethylene cracking furnaces to other sections of ethylene and downstream product production facilities and starting from 2006, oil refineries.

We have continued to maintain a strong connection with PetroChina and its subsidiaries since 2000 as they continue to build new ethylene production plants and renovate existing furnaces. Our strong relationship with PetroChina is based on a combination of continued development of our proprietary furnace technologies coupled with our project execution experience and ability to service the requirements of PetroChina and its subsidiaries. Other than through our arm's length business relationship with PetroChina and its subsidiaries, we, our shareholders, senior management, Directors and any of our or their respective associates have no other past or present relationships with PetroChina and its subsidiaries. In the three years ended December 31, 2011, revenue derived from PetroChina and its subsidiaries, on a group basis, constituted a large proportion of our revenue. Our revenue derived from our largest client, PetroChina and its subsidiaries, on a group basis, amounted to approximately RMB1,188.9 million, RMB3,985.0 million, RMB2,941.6 million and RMB120.6 million or 63.1%, 80.1%, 58.4% and 14.0% of our revenue, for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012 and our major clients during this period included nine independently operated subsidiaries of PetroChina: PetroChina Dalian, PetroChina Daqing, PetroChina Dushanzi, PetroChina Fushun, PetroChina Guangxi, PetroChina Jilin, PetroChina Lanzhou, PetroChina Liaoyang and PetroChina Sichuan.

While we continued to maintain good relations with Sinopec and its subsidiaries during the same period, particularly with our participation in several projects owned by Sinopec Maoming, Sinopec Shanghai and Sinopec Guangzhou, in comparison to PetroChina, revenue derived from Sinopec and its subsidiaries, on a group basis, amounted to RMB182.7 million, RMB98.0 million, RMB57.0 million and RMB11.7 million, or approximately 9.7%, 2.0%, 1.1% and 1.4% of our total revenue in the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, as the engineering subsidiaries of Sinopec developed their own engineering skills and competed with us to obtain EPC contracts from Sinopec and its subsidiaries. While only a small percentage of our revenue was derived from Sinopec and its subsidiaries in the three years ended December 31, 2011 and the six months ended June 30, 2012, we believe that as the PRC economy continues to develop, Sinopec may build additional ethylene and downstream chemical production facilities and oil refineries and we may have opportunities to win further bids from Sinopec and its subsidiaries in the future.

Additionally, during the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, our five largest clients, in aggregate, counting each subsidiary of PetroChina on a standalone basis, accounted for approximately 72.5%, 95.9%, 93.7% and 80.4%, respectively, of our total revenue. During the same periods, our five largest clients, in aggregate, counting revenue derived from PetroChina and its subsidiaries and Sinopec and its subsidiaries, respectively, on a group basis, accounted for approximately 96.6%, 99.3%, 96.7% and 86.3%, respectively, of our total revenue. Our revenue derived from the single largest client for the same periods, counting each subsidiary of PetroChina on a standalone basis, amounted to approximately 44.7%, 46.2%, 51.3% and 37.7%, respectively, of our total revenue.

In order to further diversify our sources of revenue and reduce our reliance on our major clients, including PetroChina and its subsidiaries as well as Sinopec and its subsidiaries, we plan to cover more mid- to large-size petrochemicals producers that are not subsidiaries of PetroChina or Sinopec, continue to expand our business in the oil refineries and coal-to-chemicals business segments and selectively expand into the international markets. As a result, we anticipate that we will be less dependent on PetroChina, Sinopec and their subsidiaries going forward. During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, our contract value from new clients, excluding subsidiaries of PetroChina and Sinopec, was RMB1,829.8 million, RMB521.9 million, RMB4,932.5 million and RMB19,536.7 million, respectively, which, for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, accounted for 24.0%, 67.3%, 38.3%, and 98.9% respectively, of our new contract value. Some of our recently acquired new clients include PuCheng Clean Energy Chemical Co., Ltd. in connection with the Pucheng Clean Energy Project and Shaanxi Changqing Energy & Chemical Co., Ltd. in connection with Project 46 (Baoji Methanol Project). Generally, construction of petrochemicals and coal-to-chemicals facilities, oil refineries or the new construction of ethylene furnaces require approximately 12 to 36 months to complete, while contracts for ethylene furnace renovation services typically require approximately four to seven months to complete. While each project contract is negotiated on an arm's length basis, the basic terms of our contracts with new clients do not differ materially from those with the subsidiaries of PetroChina and Sinopec.

None of our Directors, any of their associates or any Shareholders that, to the knowledge of our Directors, own more than 5% of the issued share capital of our Company had any interest in any of our five largest clients during the three years ended December 31, 2011 and the six months ended June 30, 2012.

We have not had any difficulties in obtaining credit facilities during the three years ended December 31, 2011 and up to June 30, 2012 and we do not believe that our business, operations or financial situation have been negatively affected by recent adverse economic conditions in China (including, but not limited to, the after-effects of a recently uncovered fraudulent lending scheme based in Wenzhou, Zhejiang Province) or by the general market downturn in the United States and Western Europe. However, we cannot assure you that such events will not affect us in the future, either domestically or in our international expansion. See "Risk Factors—Risks Relating to Our Business—We may fail to obtain financing to meet our liquidity needs and sustain our continued growth" and "—Our expansion into overseas markets is subject to political, economic and other uncertainties not generally encountered in our PRC domestic operations".

PROCUREMENT OF RAW MATERIALS AND EQUIPMENT SUPPLIERS

Procurement of raw materials and equipment

We procure raw materials, parts and equipment that include stainless steel, copper alloy materials, valves and industrial meters for our projects. Most of our principal raw materials, parts and equipment were sourced from the PRC, although, for the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, approximately 20.0%, 26.0%, 13.0% and 11.0%, respectively, were sourced from abroad.

The purchase prices of our raw materials or equipment are determined by reference to market conditions. As our EPC services and manufacturing are conducted on a project-by-project basis, most of our procurement of raw materials or equipment is made in accordance with specific contracts with our clients. The availability of a number of alternate sources of raw materials or equipment has enabled us to minimize the effect on our business of any interruptions in the supply of raw materials or equipment. We also monitor any changes in the prices of equipment and raw materials and from time to time may enter into fixed price agreements with equipment and raw material suppliers to secure a fixed cost for existing projects. During the three years ended December 31, 2011 and the six months ended June 30, 2012, we did not experience any material increase in the prices of our raw materials nor any problem that had a significant effect on our ability to source raw materials, parts or equipment necessary for our production or projects.

Suppliers

We have maintained business relationships with our five largest suppliers of raw materials and equipment for the three years ended December 31, 2011 for between two to seven years. As of December 31, 2009, 2010 and 2011 and June 30, 2012, our five largest suppliers accounted for approximately 19.8%, 17.1%, 19.3% and 17.9%, respectively, of our total purchases, while our largest supplier accounted for approximately 6.2%, 4.2%, 7.2% and 7.1%, respectively, of our total purchases.

None of our Directors, any of their associates or any Shareholders that, to the knowledge of our Directors, own more than 5% of the issued share capital of our Company had any interests in any of our five largest suppliers during the three years ended December 31, 2011 and the six months ended June 30, 2012.

See "—Business Operations—Engineering, Procurement, Construction Management and Other Services—Procurement Phase" above for further details on procurement and our suppliers. Also see "—Credit Control and Cash Flow Management" below for further details on payment arrangements with suppliers.

PROCUREMENT MANAGEMENT AND INVENTORY CONTROL

Procurement management is very important to our business model as most of our contracts during the three years ended December 31, 2011 and the six months ended June 30, 2012 were fixed price contracts and included procurement management within the services provided. Of the RMB29,243.5 million of our total backlog as of June 30, 2012, RMB18,770.4 million, or 64.2%, consisted of fixed price contracts. As such, for the projects where we provide procurement management services, we utilize a material control and procurement management system to closely monitor and control raw materials, parts and equipment supply, delivery schedules and allocation to better suit the purchase plan and delivery schedule to the needs of the project.

We monitor and control the inventory levels of our raw materials, parts and equipment closely to optimize our operations. We have an inventory control system that monitors the planning and allocation of warehouse stock of raw materials, parts and equipment to coordinate with the project requirements and schedules.

In general, the equipment we use is manufactured on a contract basis according to the specific requirements of each of our EPC projects. Any excess or unused materials, parts or equipment at the end of a project are generally returned to the suppliers or sold to the project owners for their future use. We keep excess materials, parts or equipment as inventory only if they are of a nature that we can use in concurrent or subsequent projects.

In the three years ended December 31, 2011 and the six months ended June 30, 2012, we maintained relatively stable gross profit margins despite the changes in the prices of raw materials and equipment and the changes in the proportion of cost of raw materials out of the total cost of raw materials and equipment procurement, having represented approximately 10.3%, 26.2%, 12.1% and 10.6% of the total cost of raw materials and equipment procurement from all signed contracts during the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, respectively. The fluctuation of raw material prices did not have any material impact on our cost of raw materials and equipment procurement during the three years ended December 31, 2011 and the six months ended June 30, 2012 and the variation between the initial budgeted and actual cost of raw materials and equipment procurement in our major projects was generally within 5.0% during the same period. The signing of raw materials and equipment supply contracts happens after the tender of our bids and while our actual costs for the execution of the supply contracts may differ from our estimates of such costs at the time we tender our bids, we have taken measures to limit our exposure to the fluctuation of raw materials and equipment prices for our fixed price

contracts: (i) the availability of a number of alternate sources of raw materials or equipment has enabled us to minimize the adverse effect on our business of any interruptions in the supply of raw materials or equipment (we had 1,292 domestic and 85 overseas suppliers on our pre-approved list, as well as another 608 potential overseas suppliers as of June 30, 2012); (ii) we have signed framework agreements with major suppliers of raw materials and equipment to secure volume discounts for some of our raw materials and equipment purchases; and (iii) in addition, we monitor changes in the prices of raw materials and equipment and from time to time may enter into fixed price agreements with raw materials and equipment suppliers to secure a fixed cost for existing projects. See "—Pricing and Risk Management—Risk Management Strategies—Fixed Price Contracts" for the detailed measures that we have taken to limit our exposure to the fluctuation of raw materials and equipment prices for our fixed price contracts. Also, see "Financial Information—Net Profit Sensitivity" for a sensitivity analysis for each of the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012 showing the changes in net profit with reference to movements in our cost of procurement for raw materials and equipment for all of our projects. Our early procurement planning, detailed knowledge of the supply channel, ability to optimize component mix and knowledgeable purchase team are important factors that have enabled and helped us to control purchase costs.

CREDIT CONTROL AND CASH FLOW MANAGEMENT

We incur considerable expenses during the course of a project. Therefore, effective credit control and cash flow management are critical to the success of our business.

Apart from certain raw materials, parts and equipment that have long production lead times such that, in order to meet project schedules, we have to order before receiving advances or payment from the clients, we usually request that our clients make an advance to us representing 10% to 20% of the contract price upon our entering into a contract with our client and before we commence the design process or incur significant project management expenses. Over the term of an agreement with a client, the client is required to continue to pay to us installments, typically by way of progress payments upon attaining certain agreed objective milestones (such as the delivery of equipment on site, completion of the project construction and expiration of warranty period) or on a monthly basis reflecting work completed, whereby the relevant inspection departments of our clients together with third party inspection teams (who are Independent Third Parties), if third party certification is required, review the quality of work completed or equipment delivered before remitting payments to us.

Payment arrangements with our clients

For construction contracts, our normal payment arrangements with our clients are as follows: (i) 10% to 20% of the total contract price is collected as an advance upon signing of the contract; (ii) further collection is made such that we will have cumulatively received 60% to 70% of the total contract price based on project milestones (such as the materials and equipment being delivered on site) for relatively smaller projects or in accordance with monthly or other periodic progress billings for relatively larger projects; and (iii) further collection is made such that we will have cumulatively received 90% to 100% of the total contract price upon completion of the construction and acceptance testing. With respect to

our internal control measures on billing management, see "—Internal Controls—Internal Control on Revenue and Cost Recognition and Billing Management". Depending on the contract, we may provide, as a form of retention fund, bank guarantees to clients representing approximately 5% of the total contract price until the expiry of the warranty period, which on average is about 12 months after the acceptance of the goods and services by our client or 18 months after the facility has been commissioned for production. In cases where we provide a bank guarantee to clients, the guarantee is of the nature of a performance guarantee and eliminates the need for any retention money.

For supply contracts in relation to the integrated piping systems manufactured and sold by Wison Yangzhou, the general payment arrangements with our major clients are as follows: (i) up to 30% of the total contract price is collected as an advance upon signing of the contract; (ii) further payments are made by our clients such that we will have cumulatively received 90% to 95% of the total contract price upon delivery of goods to the clients; and (iii) the remaining 5% to 10% of the total contract price is withheld by our clients as retention money, which is collected upon the expiry of the warranty period, which on average is 12 months after the delivery of goods.

Our terms of business typically require our clients to make payments within 30 days of the payment date stipulated in the contract and receipt of invoices. We may, however, provide more favorable credit terms to our clients who have long-term relationships with us. See "Financial Information—Liquidity and Capital Resources—Trade Receivables Level and Turnover Days" for further details on our clients' credit terms.

Payment arrangements with raw materials and equipment suppliers

Our normal payment arrangements with our raw material suppliers generally do not require any advance payment on signing, but up to 90% to 100% of the invoice amount must be paid before delivery of goods.

Our normal payment arrangements with our equipment suppliers are as follows: (i) 15% to 30% of the total contract price is paid as an advance upon signing of a supply contract; (ii) further payment is made such that we will have cumulatively paid 90% to 95% of the total contract price when the equipment is delivered; (iii) 5% to 10% of the total contract price is paid when the equipment delivered has passed any on-site testing; and (iv) the remaining 5% of the total contract price is paid upon the expiry of the warranty period which on average is about 12 months after the delivery of the key equipment on site.

Raw materials and equipment costs generally constitute about 65% to 80% of the total cost of a project. Our purchases from overseas suppliers are generally settled by bank order or telegraphic transfer, whereas local purchases are generally settled by check or by bank transfer. During the three years ended December 31, 2011 and the six months ended June 30, 2012, most of our purchase costs were settled in Renminbi as our purchases were either made in the PRC or imported from overseas through our PRC import agents.

Our credit payment terms to our raw materials and equipment suppliers are approximately 30 to 90 days, depending on the nature and the amount of our purchases.

Payment arrangements with construction sub-contractors

Our normal payment arrangements with construction sub-contractors are generally fixed and are payable by progress payments; in particular, some sub-contracts provide for monthly payments calculated by reference to the progress of construction, others provide for payments against the meeting of certain project milestones, such as upon the completion of the installation of certain parts of the cracking furnaces or facilities, delivery of the completed solution and expiry of the warranty period. For a description of how the timing difference between the payment term for credit payment given to us by the project owners and the credit payment terms given by us to the sub-contractors affected our results of operations and financial condition, see "Financial Information—Factors Affecting our Results of Operations and Financial Condition—Timing of Our Cash Flow and Revenue Recognition".

Our credit payment terms to our construction suppliers are approximately 30 to 90 days, depending on our overall assessment of the particular sub-contractors.

PRICING AND RISK MANAGEMENT

It is generally the project owners, and not the service providers such as us, who determine (and set out in the bidding documents) whether a contract is fixed price or cost plus. Generally, we price our projects based on our estimate of the cost involved in delivering our services, adjusted for factors such as the volume of business, length of contracts, potential benefits of establishing a long-term business relationship with a client and other competitive factors involved in bidding for a client's project.

Many of our EPC services are provided under fixed price contracts that fix an all inclusive lump-sum price for a project. In the three years ended December 31, 2011 and the six months ended June 30, 2012, approximately RMB1,827.5 million, RMB4,952.1 million, RMB5,006.5 million and RMB852.5 million, or 97.0%, 99.5%, 99.4% and 98.9% of our revenue, was attributable to fixed price contracts. Of the RMB29,243.5 million of our Group's total backlog as of June 30, 2012, RMB18,770.4 million, or 64.2%, consisted of fixed price contracts. While fixed price contracts entail business and financial risks, notably requiring us to absorb any cost overruns, we can also profit from any cost savings generated from the project through disciplined risk management and cash flow management. See "—Competition" below.

Given the nature of fixed price contracts, various factors, including increases in the cost of raw materials and equipment due to unforeseen events, delays caused by adverse weather conditions or unexpected events and failure on the part of suppliers or sub-contractors to perform, could reduce our profit margins. See "Risk Factors—Risks Relating to Our Business—Our operations could be affected by fluctuations in the supply and price of raw materials, parts and equipment and cost overruns" for more details. Also, see "Financial Information—Net Profit Sensitivity" for a sensitivity analysis for each of the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012 showing the changes in net profit with reference to movements in our cost of procurement for raw materials and equipment for all of our projects. In order to manage the risks of fluctuating raw materials and equipment prices and sub-contracting fees for our fixed price contracts, we determine our fee quotation during the tendering process based on a careful and comprehensive estimation of procurement costs, construction costs, management

fees and expenses that may be incurred throughout the project, including: (a) procurement costs in accordance with the estimated prices for the required raw materials and equipment, taking into account the prevailing and anticipated trends of raw materials and equipment prices based on our analysis of historical pricing data and estimation of the future supply and demand for such raw materials and equipment; (b) construction costs in accordance with the project scale, with reference to the costs in projects that use similar sub-contractors, raw materials and equipment as well as local pricing standards at the project venues; and (c) management fees and expenses in accordance with the estimated manpower required for the project, with reference to the cost per capita of previous projects and local pricing standards at the project venues. We have undertaken a variety of measures to limit our exposure to cost increases. See "—Procurement Management and Inventory Control" and "—Pricing and Risk Management—Risk Management Strategies—Fixed Price Contracts" for more details.

From time to time, we may enter into contracts based on non-fixed pricing models, where, for example, we charge our actual cost for the project plus a margin as negotiated and agreed by the project owners (cost plus pricing). In the three years ended December 31, 2011 and the six months ended June 30, 2012, approximately RMB56.9 million, RMB24.1 million, RMB30.1 million and RMB9.2 million, or 3.0%, 0.5%, 0.6% and 1.1% of our revenue, was attributable to contracts based on non-fixed pricing models. Of the RMB29,243.5 million of our Group's total unaudited backlog and the RMB16,566.5 million of our unaudited backlog in the coal-to-chemicals business segment as of June 30, 2012, RMB10,473.1 million, or 35.8% and 63.2% respectively, was attributable to Project 55 (Jiangsu Sailboat Alcohol Based Cogeneration Project (Phase I)), our largest project by contract value as of the Latest Practicable Date, which was based on a cost plus pricing model. In general, cost plus contracts transfer the risks of fluctuating raw materials and equipment prices and sub-contracting fees to the project owners and thus limit the risk of gross profit margin volatility. As project owners take into account this shifting of risk, gross profit margins for our cost plus contracts tend to be lower than gross profit margins for our fixed price contracts.

Performance and progress penalty clauses

Our agreements with clients usually contain performance and progress penalty clauses. Under the performance penalty clauses, if our solutions fail to attain any agreed performance parameters (such as yield of ethylene/propylene and furnace thermal efficiency), we will be subject to fines ranging from 0.1% to 1.0% of the total contract price for each unit of deviation. Nevertheless, our agreements with clients usually also provide that the maximum amount of fines payable under such clauses will not exceed 5% of the total contract price.

Under the progress penalty clauses, delay in the delivery of a solution typically attracts a fine ranging from 0.01% to 0.5% of the contract price per day, although since 2006, our agreements typically provide for a cap on the fine of between 2.0% and 5.0% of the contract price. During the three years ended December 31, 2011 up to the Latest Practicable Date, we have not experienced any material delay in our projects nor have we incurred any significant fines under any of our agreements with clients.

Warranty period, retention money and bank guarantee

Under a number of our agreements with clients, we either allow approximately 5% of the contract price to be retained by our clients or issue a bank guarantee for the equivalent

sum to our client until the expiry of our warranty period, which normally is 12 months after the acceptance of the goods and services by our client or 18 months after the facility has been commissioned for production. During the warranty period, we are responsible for rectifying any defects in the services or equipment provided. We are also responsible for carrying out repairs and providing technical support to our clients. For the three years ended December 31, 2011 and the six months ended June 30, 2012, we did not experience any material defect in the services or equipment we provided, and as a result we did not incur any expenses to rectify defects or carry out repairs.

Bank guarantees taken out by us have been generally counter-guaranteed by pledges of our cash. As of December 31, 2009, 2010 and 2011 and June 30, 2012, our cash balances at banks with total carrying values of approximately RMB158.5 million, RMB148.1 million, RMB235.3 million and RMB382.7 million were pledged to banks for issuance of bank guarantees in respect of construction contracts. During the same period, we have not had any material retention money forfeited or bank guarantees enforced by our clients.

Risk management strategies

Fixed price contracts

In order to limit our exposure to the fluctuation of raw materials and equipment prices and sub-contracting fees for our fixed price contracts, we have taken the following measures:

- Budgeting engineering and procurement costs and expenses strictly in accordance with the specific needs of each project in order to control the project cost;

- Setting up a "procurement risk control" team with 13 members to analyze pricing trends of raw materials and equipment and circulating the results to the relevant departments for reference on a quarterly basis;

- Having our procurement engineers in charge of quotations participate in preparing quotations of raw materials and equipment prices for projects and our procurement experts with relevant expertise in the "procurement risk control" team examine and monitor such quotations for every project during the tendering process;

- Having our project procurement managers and project fee control engineers review and our project managers approve each draft purchase order in respect of raw materials and equipment procurement and our management/senior management approve the purchase orders over certain thresholds. In particular, if the amount of any purchase order is more than RMB0.2 million and up to RMB3.0 million, such purchase order is subject to additional approval from our manager and deputy manager of procurement department; if the amount of any purchase order is more than RMB3.0 million and up to RMB5.0 million, such purchase order is subject to further additional approval from our commercial director in charge of procurement; and if the amount of any purchase order is more than RMB5.0 million, such purchase order is subject to further additional approval from our senior vice president in charge of the project management department. See "—Business

Operations—Engineering, procurement, construction management and other services—Procurement phase" for more details;

- Entering into fixed price agreements with raw materials and equipment suppliers from time to time;
- Entering into framework agreements with major raw materials and equipment suppliers to jointly bear the risks of price fluctuation;
- Monitoring closely market prices and paying close attention to market forecasts and market condition analysis, placing orders in a timely manner, making deposits, advance payments and progress payments to the relevant suppliers in a timely manner and monitoring closely the availability of major raw materials and equipment from suppliers;
- Selecting the equipment in strict compliance with the technical requirements of the design;
- Selecting suitable sub-contractors for construction during the tendering process;
- Establishing a pre-approval system with regular assessments of each of the raw materials and equipment suppliers and sub-contractors and a short list of qualified raw materials and equipment suppliers and sub-contractors;
- Adopting a mechanism for reviewing the prices of raw materials and equipment provided by suppliers;
- Controlling increases in project costs by strictly regulating changes in the project scope;
- Making claims to project owners with respect to significant changes in project scope or delays caused by the project owners in order to limit increases in cost; and
- Keeping the management fees and payroll costs of a project under control through stringent control of staff numbers and reasonable deployment.

As a result of these pricing and risk management measures, the influences of fluctuating raw materials and equipment prices and sub-contracting fees on the gross profit margins of our fixed price projects have been minimal during the three years ended December 31, 2011 and the six months ended June 30, 2012.

Engineering, procurement, construction management and other services

In light of the above and in order to minimize such risks, we pursue strategies of risk management based principally on the following elements:

To avoid cost overruns:

- Selecting projects carefully by rejecting any project that we believe will not offer adequate profitability to cover the risks involved; and

- Estimating costs at various stages prior to the signing of agreements with clients, based on our extensive experience in procuring equipment, materials and services and analyzing cost trends.

To minimize cash flow mismatches:

- Controlling costs and minimizing the impact from fluctuations of the prices of raw materials and equipment by careful scheduling to shorten the period of time between the signing of agreements with clients and the ordering of supplies;

- Requesting suppliers to submit monthly production progress briefings for supply contract cycles exceeding six months and paying random visits to production sites of suppliers to conduct quality inspections;

- Negotiating payment terms and conditions to minimize contract and financial risks; and

- Implementing budgeting and internal cost control policies and conducting regular project reviews by our project management department together with the relevant divisions responsible for the project.

See "—Internal Controls—Internal Control on Cost Overruns and Cash Flow Mismatches" for more details of our procedures and processes implemented to avoid cost overruns and minimize cash flow mismatches.

For quality assurance:

- Selecting appropriate raw materials and equipment suppliers and sub-contractors based on intellectual property contents, technical abilities and financial strength and awarding contracts through a competitive bidding process to the extent possible;

- Establishing close working relationships and maintaining constant communication with relevant raw materials and equipment suppliers and construction sub-contractors;

- Implementing strict quality control measures on projects through the establishment and enforcement of stringent internal rules and regulations; and

- Throughout a project, and prior to authorization for delivery of a solution, carrying out rigorous quality assurance and test runs.

While we diligently employ the strategies described above and relevant internal control procedures described below to minimize our risks, the shifting of the risks associated with the construction of production facilities, such as delays and cost overruns, from our clients to us is inherent in the nature of our business model. As the factors leading to cost overruns are difficult to predict at the time of bidding or prior to signing of binding agreements, it may not be possible for us to alleviate fully the risks of cost overruns. See "Risk Factors—Risks Relating

to Our Business—Our operations could be affected by fluctuations in the supply and price of raw materials, parts and equipment and cost overruns".

Manufacture and sale of integrated piping systems

Supply contracts in relation to the heat-resistant alloy tubes and fittings manufactured and sold by Wison Yangzhou are generally awarded after bilateral negotiations or a competitive bidding process. The pricing of our products is governed by market conditions with reference to similar products in the market. Depending on the contract sum, goods and contract party, our supply contracts generally contain the following provisions:

- Fines ranging from 5% to 10% of the contract value in case of breach of contract by either party;
- Penalties up to 0.1% of the contract value per day for late deliveries, up to a maximum penalty of 5%; and
- Retention of approximately 5.0% of the contract price by our clients until the expiry of our warranty period, which normally is approximately 12 months after the acceptance of the goods and services by our clients.

During the three years ended December 31, 2011 and the six months ended June 30, 2012, we did not experience any material warranty claim.

INTERNAL CONTROLS

We have policies on internal controls in place. Our Directors are responsible for monitoring our internal control system and for reviewing its effectiveness. In accordance with applicable laws and regulations, we have stipulated internal procedures and guidelines with a view to establishing and maintaining our internal control systems, which cover business operations, human resources management, finance management, administration and legal compliance. To our knowledge, during the three years ended December 31, 2011 and the six months ended June 30, 2012, save as disclosed in this prospectus, no material failure occurred and we believe that our internal control system and current procedures are sufficient and effective.

Internal control on revenue and cost recognition and billing management

Our project management department reviews, on a quarterly basis, the difference between the budgeted cost and actual cost of each project through the project stage at the time of review, in accordance with the project schedule set forth in each project contract, and issues an update on total budgeted cost if necessary. Any noted differences must be acknowledged by our senior vice president in charge of the project management department before we recognize the relevant revenue. This procedure also applies to revenue and cost recognition of any variation orders, claims and incentive payments.

If there are significant variation orders, the relevant agreement will be revised and the capital plan for the project will be accordingly updated for reference of monthly revenue recognition. The review and approval for the revision of the agreement and capital plan are

the same as for a new project agreement and new capital plan. Further, claims in relation to significant variation orders are also reviewed and approved together with the revised agreement.

During the three years ended December 31, 2011 and the six months ended June 30, 2012, almost half of our contracts with clients provided for the payment of additional amounts to us as incentive payments under certain circumstances. If a contract includes an incentive payment, which may entitle us to receive an additional percentage of the contract value exclusive of such incentive payment (normally 2%) if we meet or exceed certain project milestones on our progress schedule, maintain a high service quality standard and do not have any health, safety or environmental incidents, we usually recognize at least a portion of the incentive payment as revenue on a monthly basis without confirming with the client (after we have reviewed the situation and concluded that we believe that we will be able to meet all the preconditions, if specified, for the incentive payment). The percentage of the incentive payment that we recognize monthly may be the same as the percentage of the non-incentive contract value that we recognize in the same month (meaning that the total available incentive payment under the contract would be multiplied by the same fraction of costs incurred divided by total budgeted cost that is used to calculate non-incentive contract revenue). However, in order to be conservative, we sometimes apply a discount to determine the amount of any incentive payment when we assess the relevant revenue earned in a particular period. We have in the past used a discount of 50% for the contract revenue we estimated to be collectible from the customer of the particular contract. To the extent that any incentive payment or portion thereof is confirmed to be payable to us by a contract client, we recognize such amount as revenue, to the extent that we have not already done so. Finally, if a contract contains an incentive payment provision but does not expressly set out the criteria for such payment, or where it is unclear to us that we will meet the incentive standards in a project contract, we normally do not recognize the revenue for any incentive payment until the point in time, generally toward the completion of the project, when we agree with our clients on the amount to which we are entitled.

In terms of our monthly or periodic billing management, our project engineers prepare a request for project progress confirmation, which, depending on the contract, is based on project milestones or is obtained periodically, that shows the amount to be paid by our clients on our ongoing projects in the current period, as well as the accumulated payments already made by such clients. Such requests for project progress confirmation are first approved by our project manager and are then delivered to our clients for review and confirmation or, if necessary, amendment or revision. Once a request is confirmed, a payment review and approval sheet is then prepared by our client and sent to us. Based on such confirmation, our client pays the appropriate amount to us according to the payment terms of the relevant contract.

Internal control on cost overruns and cash flow mismatches

In order to minimize cost overruns and cash flow mismatches, we implemented the following internal control procedures and processes between September 2005 and December 2011:

- We have formulated various measures for the management of costs and expenditures as well as the cash flow of our projects, including but not limited to

the Rules on Project Cost Control, Rules on Company Budget Management, Rules on Management of Assets of the Group, Rules on Cash Flow Management, Rules on Cash Flow Plan, Rules on Project Income and Expenditure, Rules on Reporting of Project Costs, Rules on Settlement of Project Construction and Rules on Reimbursement;

- We hold quarterly meetings for analysis of our financial condition and operational results;

- The project departments submit monthly reports on project actual costs to our management for review. If our actual costs incurred exceed our budgeted costs, acknowledgement must be obtained from our senior vice president in charge of the project management department. With respect to our internal controls on our budgeted costs, see "—Internal Control on Revenue and Cost Recognition and Billing Management";

- We prepare cash flow plans for our projects and our Group in the beginning of each month. Our project departments collect and make timely payments in accordance with our contracts based on our monthly cash flow plans to seek to ensure that we have adequate cash flows to fulfill the funding requirements of our projects; and

- Our risk control department organizes internal control reviews for our projects.

Internal control on licenses and qualifications

Generally, project owners will examine all bidders/licensing and qualification status as a fundamental requirement to tender any bid. Nevertheless, we have also taken measures to ensure our compliance with licensing requirements on an ongoing basis, which include engaging in large scale petrochemicals projects with reasonable profits, keeping and retaining qualified technicians, maintaining and procuring necessary construction machinery and proactively preparing for periodic inspections, if any, in accordance with the licensing requirements set forth in the relevant laws and regulations. Our vice president and general manager of our Henan branch office, Mr. Yang Zhimin, is responsible for monitoring our internal control system on licenses and qualifications. See "Directors, Senior Management and Employees—Senior Management" for his background and qualifications. To ensure that we have the appropriate licenses and qualifications, we have established a specialized department on licenses and qualifications headed by Mr. Yang with three designated staff members to take charge of the daily work in obtaining and maintaining various licenses and qualifications. These individuals produce monthly, quarterly and annual reports to monitor the status and renewal of such licenses and qualifications. To ensure that we are up to date in obtaining the latest licenses and qualifications, we also recruit and train qualified engineers, monitor requirements of any potential projects and strengthen our technological sophistication by conducting various technical development projects and participating in the formulation of various industry standards.

Internal control on investment and cash management

We have established certain cash management policies to detail the procedures for our daily cash and bank transaction management, which include the policies and procedures of petty cash management, cash advance management, bank receipt and payment management, monthly cash flow planning and custody of company chops and checks. Further, we have formulated an investment policy to regulate our investment decision-making process, which covers the sub-processes of investment project initiation, investment evaluation, investment project approval and periodical monitoring of investment. This policy also requires management to retain sufficient records in relation to each investment decision to provide an adequate basis for our annual audit. Our Directors are responsible for our internal controls on investment and cash management. See "Directors, Senior Management and Employees—Directors" for their background and qualifications.

Internal control on hedging transactions

We have formulated the following hedging policy: (i) the personnel ultimately responsible for making investment decisions are our Directors who have the authority to approve hedging transactions; (ii) our Directors are responsible for organizing and conducting a risk assessment of the risks and benefits of entering into hedging transactions by considering various factors such as global economic conditions, the demand and supply of a commodity or currency and relevant currency policies; (iii) our general manager, manager office, finance department, risk management department, legal professionals and other related departments are required to provide support to our Directors in performing such risk assessment; (iv) the purpose of the hedging transactions should never be for speculation but should always be to hedge against exposure in underlying transactions; and (v) the amount of the hedging transactions should be sufficient to cover the exposure to risks in the underlying transaction but not more. Under the supervision of our Directors, the management of the relevant borrowing entity must review its monthly foreign exchange exposure and expected future cash flow, and report to our Directors any material issues identified or material fluctuation anticipated. During the three years ended December 31, 2011 and the six months ended June 30, 2012, we entered into two non-delivery foreign exchange forward contracts, dated April 29, 2010 and April 27, 2011, respectively. See "Financial Information—Indebtedness, Contractual Obligations and Other Off-Balance Sheet Arrangements—Off-Balance Sheet Arrangements—Non-delivery Foreign Exchange Forward Contracts" for detailed descriptions of these two hedging transactions.

OUR PROJECT TENDERING PROCESS

Most of our major projects were awarded to us following our participation in a tendering process including public tender of open bids and invitational tender with multiple bidders. With respect to what types of projects are subject to public and invitational tender processes, see "Summary of PRC Laws and Regulations—Administration of Call for Tender and Submission of Bids".

In order to prevent us and our personnel from violating relevant laws and regulations or being involved in collusion, our management has formulated project tendering work procedures and administrative provisions relating to project construction agreements to standardize our tendering process.

In accordance with our project tendering work procedures and administrative provisions relating to project construction agreements, the following standard tendering processes have been adopted by us, and are conducted and coordinated by our commerce department throughout different stages of the tendering process.

Pre-tendering preparation stage

Our sales department liaises with other departments to evaluate the feasibility of a proposed project and initiate the evaluation of client requirements based on the information request list compiled by our commerce department. Site visits and sorting of collected information are also conducted at this stage.

Evaluation of bidding risk

In terms of managing the bidding risk, a bidding manager is responsible for arranging for a bidding risk analysis, pursuant to our provisions on early stage risk management for engineering projects. Each assigned professional is required to address: (i) the risks of bidding for the project, (ii) the likelihood of such risks materializing, (iii) what effect the risks may have on executing the project and (iv) measures that can be adopted to mitigate or counter the risks. The bidding manager is also required to compile and fill in a project risk evaluation and analysis form, identifying non-quantifiable risks such as risks concerning technologies, design, purchases, construction, processes, performance guarantees, exchange rates and payments. This form, once completed, is submitted to the deputy general manager.

Preparing the tendering documents

At this stage, our sales department fills in the evaluation record form of the client's product requirements and reports to the management team that decides whether to bid for the project, along with bidding strategies. If approved, our sales department fills in the notice on pre-launch of a project and sends it to our commerce department. Our commerce department then fills in the notice on project tasks and the tendering manager nomination form and submits the notice and the nomination form to the project management department. Our project management department then arranges for the participation of technical personnel in the project tendering process. Our commerce department is also responsible to appoint a commerce manager to the project, together with a technical team. They will discuss, draft and finalize the tendering proposal for our management's review. The reviewing management team includes, but is not limited to, the deputy general manager, manager of the design center, purchasing manager and head of project management. Our project tendering manager is also appointed at this stage by the company deputy general manager, based on the information provided in the tendering manager nomination form. The tendering proposal contains fundamental data and supportive details, which require high value input by our project management team at various stages. Our project tendering manager prepares a project risk assessment, which incorporates comments from the management and compliance staff for monitoring purposes and this risk assessment also provides the basis to establish contingent measures.

Vetting and presentation stage

Upon the request of our clients, we prepare certain brief presentation documents consistent with the bidding procedures to introduce our past performance and project implementation plans.

Conclusion stage

Once the bidding process is finalized, and the results are known, our project manager prepares a summary of quotations on the tendering project for review and may call for the project tendering team and relevant personnel to review, analyze and summarize the bidding process. Once announced as the winning bidder, our commerce department gathers key departments to review and evaluate the proposed project contract. In accordance with the collective evaluation opinions, a contract engineer negotiates with the client to fine tune specific contract clauses. Upon agreeing on the terms of the contract, the relevant departments that were involved in the evaluation of the contract fill in the counter-signing form of the engineering project contract. The commerce department then formulates the approval form of the engineering project contract and submits it to the deputy general manager for his or her final approval. Once approved, our authorized agent signs the form, and then the form is handed to our legal representative or authorized agent with written authorization for our client to sign.

Outlook

As a result of the various public tender laws and regulations in the PRC, companies like PetroChina and Sinopec and their respective subsidiaries are required to call for tender on all aspects of projects relating to social and public benefits and public security, such as large scale infrastructure and public utilities projects in the PRC. Pursuant to the Tender Law of the PRC, any violation of the Tender Law involving the failure to call for a tender on a project where a tender process is obligatory may result in a penalty that is between 0.5% and 1% of the relevant contract value that should be subject to the tender process. In addition, if any state-owned funds are used for the relevant project, the construction process or the allocation of such funds may be suspended and sanctions may be imposed on people in charge of the project and any other people who are considered to be directly responsible for the project. As certain subsidiaries of PetroChina and Sinopec operate as EPC service providers to petrochemicals producers in China, PetroChina and Sinopec may prefer to utilize the services of their own subsidiaries to provide EPC solutions instead of us. Nevertheless, they must select their EPC contractors through public tender of open bids or invitational tender with multiple bidders, in compliance with PRC regulations. See “Risk Factors—Risks Relating to Our Business—We have a limited client base and may fail to secure further contracts from existing clients, or may fail to win contracts from new clients” for further details. Throughout the three years ended December 31, 2011 and up to the Latest Practicable Date, we continued to win bids from repeat clients, including PetroChina and Sinopec and their subsidiaries, which we believe were based on: (i) our focus on client satisfaction and a market-driven business model; (ii) our track record of providing timely and tailor-made solutions to our clients; (iii) our established and good working relationships with our existing clients; and (iv) our strong technology innovation capability coupled with our execution experience and ability to service the requirements of our existing clients. As such, our Directors anticipate that we should continue to obtain further EPC work from these companies

for the foreseeable future. To further diversify our client base, we are seeking to: (i) strengthen our existing relationships with other clients, including CNOOC and BASF; (ii) further expand into other key sectors such as the broader petrochemicals industry (downstream from ethylene crackers and other petrochemicals), oil refineries and coal-to-chemicals; and (iii) expand into the international markets by (a) promoting our extensive experience and know-how in designing, engineering, construction management and use of proprietary technologies to reduce capital expenditures and partnering with other international engineering companies with complementing technologies to jointly tender bids for projects abroad and (b) engaging in marketing efforts to attract potential clients in Southeast Asia and the Middle East.

We engaged an independent internal control adviser through Wison Energy (HK) to conduct a review of Wison Engineering's internal controls over the tendering process, during the review period from January 1, 2011 to April 30, 2012. The internal control adviser has reviewed our established relevant duty segregations as well as our review and approval procedures for key sub-processes of the tendering process, which include tendering requisition, tendering document preparation, open tender process, bid document assessment and evaluation, and purchase order and/or purchase contract preparation and approval. Based on the said review, our internal control adviser has concluded that the internal controls over the tendering process implemented by Wison Engineering were effective, in all material respects, during the abovementioned review period.

During the three years ended December 31, 2011 and up to June 30, 2012, Wison Engineering obtained project contracts for 26 projects through tendering and bidding procedures. Our Directors confirm that we and our personnel have not been involved in any violation, collusion or circumvention of the laws and regulations concerning the tendering process during the three years ended December 31, 2011 and up to June 30, 2012. Our PRC legal advisers are also of the view that they are not aware of any violation of the relevant tendering and bidding laws and regulations by Wison Engineering in obtaining these projects during these periods.

QUALITY ASSURANCE

We recognize the importance of quality assurance, as it can directly affect our profit margin as well as our reputation. Accordingly, we have established and implemented a quality assurance system. Our advanced and stringent quality assurance measures are adopted throughout each phase of our business operations.

We have published guidelines for the reference of our suppliers as to our requirements on quality and have established a system of qualifying suppliers for the purposes of our sourcing policy. In order to become a pre-approved qualified supplier, a supplier has to meet certain criteria with regards to production facilities and manufacturing capacity, financial strength, minimum sales volume for the most recent three years, product quality, pricing, reputation in the industry and availability of after-sales services.

For key materials and equipment, we inspect the production tools and equipment of suppliers, review the inspection and testing plan proposed by suppliers, and only permit production to begin once they have passed our inspection. We visit the production facilities of

suppliers to monitor their monthly production progress briefings in accordance with the agreed upon inspection and testing plan. Our construction division staff oversee the progress and quality of the sub-contractors' work by carrying out on-site inspections.

We have also established internal quality assurance measures for our project-based work. Instead of designating a quality control division, our approach is to set up a stringent quality assurance system that requires a paper trail at each stage of project implementation, ensuring a clear path of responsibility among participants in each project and to have each project manager be responsible for the overall quality of projects under his care. In respect of our production of heat-resistant tubes and fittings, we place the same emphasis on quality assurance. As of June 30, 2012, we have 87 staff members in our quality assurance division who help implement various quality assurance and monitoring measures and ensure strict compliance with our quality assurance manual as well as production standards. Further, we regularly provide quality assurance training to our staff to ensure that they understand the importance of quality assurance in our business.

As a testament to our quality assurance efforts, below is a list of awards we have received in connection with our quality assurance system:

- In November 2010, Wison Engineering obtained the ISO 9001-2008 Quality Management System Certificate awarded by Det Norske Veritas for conforming to the management system standard in contracting management on EPC services for petrochemicals projects.

- In September 2010, Wison Engineering obtained the ISO 9001-2000 Management System Certificate awarded by Det Norske Veritas for contracting management on EPC services for petrochemicals projects.

- In July 2006, Wison Yangzhou obtained the ISO 9001-2000 Quality Management System Certificate awarded by the Shanghai Audit Centre of Quality Systems, which is valid for three years.

- In March 2006, Wison Engineering obtained the: (i) ISO/CD 14690—Safety Environment & Health Management System Certificate, Overall Contracting Qualification Grade One for Petrochemical Project Construction (only for ethylene plants) PMC; (ii) ISO14001:2004—Environmental Management System Certificate, Overall Contracting Qualification Grade One for Petrochemical Project Construction (for ethylene plants) PMC; and (iii) ISO14001:2004—Environmental Management System Certificate, Overall Contracting Qualification Grade One for Petrochemical Projects.

RESEARCH AND DEVELOPMENT

We have in-house research and development capabilities. As of June 30, 2012, in addition to a number of technical specialists, we had 45 full-time staff members, with ten years of experience on average, engaging in research and development activities, including 22 master's degree holders and 13 bachelor's degree holders. In addition, many staff members in our design department also participate in various research and development activities. We also engaged part-time specialists who focus on coal-to-chemicals separation

research and development, including five former professors from Tsinghua University and East China University of Science and Technology. See "Directors, Senior Management and Employees—Employees" for further details. Ms. Chen Huimei, a vice president of Wison Engineering and the general manager of the research and development center of Wison Engineering, is responsible for our research and development efforts. See "Directors, Senior Management and Employees—Senior Management" for her background and qualifications.

As an EPC solution provider, we stress the importance of technological innovation throughout our organization. Our dedication to learning and developing technological skills should also continue to enable us to foster long-term and close relationships with our clients. We have made our research and development efforts and skills acquisition integral parts of our organization and a part of the job description of all of our engineers and technicians. In addition, we also house a dedicated research and development team under the coal-to-chemicals development and industrial furnaces development divisions that focus on developing core technologies that could enhance our growth, including, but not limited to, researching and developing technologies relating to chemical engineering solutions and separation systems as well as gas catalytic and ethylene cracking furnace technologies. In particular, we have obtained a number of patents in relation to our HS-I, HS-II and HS-III technologies, including utilizing the venturi pipe structure to allow quench oil to quickly lower the furnace temperature and utilizing a radiant coil arrangement to induce more efficient heat transfer to extend the run length of a furnace. See "Appendix VI—Statutory and General Information—Further information about our business—Intellectual property rights of our Group" for a list of our registered patents and technologies under pending patent application.

During the three years ended December 31, 2011 and the six months ended June 30, 2012, our dedicated expenditure on research and development amounted to RMB61.5 million, RMB116.7 million, RMB147.6 million and RMB50.2 million, respectively. Our research and development efforts have resulted in specific innovation in the areas of ethylene process integration technologies, coal-to-chemicals and efficient clean coal utilization technologies and energy saving technologies. See "—Our Key Strengths—Strong technology innovation capability".

As the technology in the petrochemicals and coal-to-chemicals industries continues to develop, we are also committed to keeping ourselves abreast of the latest design development, available technology and know-how acquired from different projects. We participate in a number of industry organizations, such as China National Association of Engineering Consultants and China Exploration & Design Association and attend seminars on developments in the petrochemicals and coal-to-chemicals industries. In addition, we have also conducted joint research and development projects with leading universities and research institutes in China, among which: (i) a technical development agreement with the Beijing University of Chemical Technology on refining a low-temperature methanol wash solvent for a term of ten years starting from August 15, 2009; (ii) a technical service agreement with East China University of Science and Technology on developing an adiabatic reaction test device for the MTO process for a term of two years starting from June 22, 2009; (iii) a technical service agreement with East China University of Science and Technology on the development of an adiabatic bench scale test device for a term of one year starting from March 6, 2010; and (iv) a technical cooperation agreement with Tianjin University on refining the syngas-to-glycol process for a term of twenty years starting from May 19, 2011.

We also actively seek opportunities to cooperate with internationally renowned companies on new technology development. 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). See "—Intellectual Property Rights—Shell Hybrid Gasification Demonstration Project" below. The development of this technology is in line with the policy of the PRC government to encourage and support the "development of large-scale clean coal gasification technology" and industrial policy for the coal-to-chemicals industry. This technology has the potential of offering an environmentally sound solution for project owners to efficiently upgrade low-cost feedstock, such as coal, to more valuable products.

Because development in coal-to-chemicals technology can reduce China's reliance on oil and petrochemical products, we believe strong growth can be expected in this sector. As a result, we have established the following research and development plans:

- Short-term plan: Within one to three years, we plan to develop or cooperatively develop competitive large scale coal-to-chemicals key technologies, including clean coal gasification, coal-to-olefins and coal-to-glycol processes and to achieve commercialization;

- Mid-term plan: Within three to five years, we plan to develop new technology of coal-to-synthetic natural gas and refine the methodology for more economical utilization of lignite; and

- Long-term plan: Within five to ten years, we plan to focus on developing new technologies or new products of converting coal to high value-added chemical products in order to expand our EPC business and seek new profit growth.

Our efforts in the area of research and development were recognized as evidenced by the awards and certifications set out under the heading "—Awards". We also plan to further enhance our profile by applying for a national Class I Engineering Design Integrated Qualification certificate, even though we have already obtained the Class I Design Qualification. In addition, we intend to apply part of the proceeds from the Global Offering for research and development of our own proprietary technologies for a new generation of advanced ethylene cracking furnaces, and in the field of coal-to-chemicals separation.

Research and development centers

We are in the process of establishing a national research and development center in Shanghai. In addition to being our head research and development center, in order for our planned research and development center in Shanghai to be qualified as a "national" class research and development center, the planned research and development center will be evaluated on a number of factors, among which are that: (i) the investment costs for the research and development equipment must be no less than RMB20.0 million; (ii) the number of dedicated research and development staff must be no less than 150; and (iii) the annual research and development expenses must be no less than RMB15.0 million. We currently intend to apply for the "national" class accreditation in 2015 from the NDRC upon the establishment of the Shanghai research and development center. The award of such

accreditation will depend on our Shanghai research and development center satisfying the requirements set by the NDRC.

We are also in the process of locating a building site for a new engineering, research and development center to be established in Beijing. Our Beijing engineering, research and development center will focus its research and development efforts on environmental friendly new materials and new energy technologies, including biomass energy technology. We intend to use a part of the proceeds of the Global Offering to pay for the construction and establishment of our research and development centers in Shanghai and Beijing.

Design and engineering centers

We have established three design and engineering centers located in Beijing, Shanghai and Zhengzhou. As of June 30, 2012, our Beijing, Shanghai and Zhengzhou design and engineering centers were staffed with 276, 216 and 104 design and engineering specialists, respectively. We have also started two additional design and engineering centers in Wuhan and Tianjin. As of June 30, 2012, our Wuhan design and engineering center was staffed with three pre-sale consultants and our Tianjin design and engineering center was staffed with 18 design and engineering specialists. We intend to expand our staffing in each of our Wuhan and Tianjin design and engineering centers in the next few months, depending on the availability of quality staff we can attract. We may also establish additional design and engineering centers in other selected cities in China. As of the Latest Practicable Date, we did not have any cities selected but our site selection criteria includes the number of potential clients in or around such cities and the availability of design talent in such cities. We intend to use a part of the proceeds of the Global Offering to pay for the remuneration of our newly recruited design staff, office leases and other administrative expenses.

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we are the owner of 31 patent registrations and have 26 patent applications in the PRC. To the knowledge of our PRC legal advisers, the patent applications of Wison Engineering are legal and valid. Nevertheless, approval of such patent applications remains subject to review and determination by the State Intellectual Property Office of the PRC. Particulars of the intellectual property rights, which are material in relation to our business, are set out under "Appendix VI—Statutory and General Information—Further information about our business—Intellectual property rights of our Group".

As we are required to disclose the full specifications of our technology when applying for a patent in return for protection of the patented technology for only a specified and limited duration, we have opted not to register certain technology that is highly confidential in nature.

Save for the aforesaid reasons and for certain proprietary technology that is not developed enough for registration, we have registered all our proprietary technology that is eligible for registration. For technology developed by us that has not been patented, we rely on confidentiality provisions in contracts with our clients to safeguard our interests.

Generally, project owners are aware of the technologies they use for their projects and the sources of such technologies. In addition, project owners and EPC service providers,

such as ourselves, will typically conduct intellectual property risk analysis in the design and construction of the project and equipment selected. As a result, it is normal for project owners to enter into technology licensing agreements with owners of the identified technology. We generally also require our equipment suppliers and project owners to indemnify us for any losses due to infringement of third party intellectual property rights based on the engineering design given to us or equipment supplied. Nevertheless, we cannot assure you that we will not be subject to intellectual property infringement claims. See "Risk Factors—Risks Relating to Our Business—Infringement of intellectual property rights can adversely affect our reputation and profitability".

We were not subject to any claims in connection with infringement of intellectual property rights nor did we make any claims against any third parties during the three years ended December 31, 2011 and up to June 30, 2012.

We have entered into confidentiality agreements with all of our employees to safeguard our interests in our intellectual property rights. We also routinely request confidentiality provisions in our agreements with our suppliers, construction sub-contractors and research partners.

Shell Hybrid Gasification Demonstration Project

On May 30, 2012, Wison Engineering entered into a cooperation agreement for coal gasification technology with Shell Global Solutions (the "Shell Cooperation Agreement"). The cooperation efforts will combine Shell Global Solutions' expertise in coal gasification technology with our proprietary knowledge and expertise. Pursuant to the Shell Cooperation Agreement, Wison Engineering will actively support the development and licensing by Shell of the Shell coal gasification process (the "SCGP") and certain hybrid gasification technology, as modified by the results from a demonstration project (as so modified, the "HGT"). As of August 2012, Shell Global Solutions had executed 19 technology license agreements with various customers for the application of its coal gasification technology into 23 coal gasification furnaces in China, among which 20 coal gasification furnaces, or 87.0% of these, have been put into operation. Nevertheless, Shell Global Solutions' hybrid coal gasification technology is still in the validity demonstration stage and therefore is subject to occasional setbacks that could disrupt production processes resulting in lower yields to facilities than anticipated. Wison Engineering and Shell Global Solutions also agreed to commercialize the HGT and grant each other the necessary rights and licenses relating to their respective intellectual property, and to support Shell Global Solutions in finding a partner to demonstrate and evaluate the same (the "Demo Project"). Wison Engineering will inform Shell Global Solutions of all potential projects that it becomes aware of where HGT could be applied, so that Shell Global Solutions may in its discretion offer a license for HGT to the prospective licensees. Shell Global Solutions will also inform Wison Engineering of all potential projects that it becomes aware of involving HGT where Wison Engineering's services could be used, so that Wison Engineering may in its discretion offer its detailed engineering and other EPC services. The Shell Cooperation Agreement is for an initial term of nine years from its execution date (i.e. May 30, 2012), after which it will be tacitly renewed for one year on each anniversary of its execution date (i.e. May 30), and may be terminated (i) by written notice served by either party to the other at least six months prior to a tacit renewal date or (ii) by an aggrieved party at liberty by giving 30 days' notice in writing to the other who becomes

insolvent or is in default of any of its material obligations under the Shell Cooperation Agreement and has failed to make good and/or to indemnify the aggrieved party for such default or reach an alternative solution with the aggrieved party within 60 days after the party in default has received notice from the aggrieved party requiring the party in default to make good and/or to indemnify the aggrieved party for such default, and, unless the party in default has referred the matter to arbitration before expiry of the 60 days, upon expiry of the 60 days and without reference to arbitration.

The Shell Cooperation Agreement provides that for projects other than the Demo Project, the total net licensing income received from licensees of the HGT will be shared on an equal basis between Wison Engineering and Shell Global Solutions, provided that Wison Engineering and Shell Global Solutions will each contribute 10% of the total net licensing income as licensing support and service fees for performing the licensing activities. In consideration of the split of responsibilities in licensing activities within and outside China, as the compensation for such licensing support and services, Shell Global Solutions will be entitled to 15% and Wison Engineering to 5% of the net licensing income received from transactions within China, whereas Shell Global Solutions will be entitled to the full 20% of the net licensing income received from transactions outside China. As of the Latest Practicable Date, we have not been appointed as a contractor by a licensee (other than the licensee in connection with the Demo Plant as described below).

Wison Engineering has been selected as the engineering contractor by the owner of the plant for the Demo Project (the "Demo Plant") in relation to the Demo Project and the operation of the Demo Plant afterwards, and Wison Engineering and Shell Global Solutions are or will become joint proprietors of the patents and any other intellectual property rights in the results and improvements from the Demo Project and the operation of the Demo Plant afterwards, in accordance with the Shell Cooperation Agreement.

Shell Global Solutions will recommend Wison Engineering to relevant licensees in respect of the hybrid technology projects on the basis of any directly relevant experience of Wison Engineering as an EPC contractor, but the relevant licensees will retain the right to make the final decision in choosing an EPC contractor. In addition, Shell Global Solutions undertakes to engage Wison Engineering exclusively to prepare part of the basic design and engineering packages (the "BDEP") to be delivered to relevant licensees for the hybrid technology projects in China, wherever and whenever possible and for a period of six years from the date of the Shell Cooperation Agreement, subject to applicable competition law. In the event of preparation of the BDEP for hybrid technology projects outside China, Shell Global Solutions has further agreed to inform relevant licensees that Wison Engineering is an appropriate contractor. Moreover, Shell Global Solutions has undertaken to engage Wison Engineering exclusively to prepare part of the BDEP for plants using the SCGP and the top quench technologies of Shell Global Solutions in China, wherever and whenever possible, to the extent permissible under applicable competition law, from a date at least one year after execution of the Shell Cooperation Agreement.

COMPETITION

We believe there are a limited number of domestic solution providers that operate within the EPC framework for conducting design-building and renovation projects for

petrochemicals producers and oil refineries in the PRC. Our major competitors are engineering subsidiaries of PetroChina and Sinopec such as Huanqiu and SEI, respectively. See "—Our Clients".

With our in-depth knowledge of the relevant technologies and our ability to provide specialized and professional services to many ethylene producers, we believe we have a competitive advantage compared to petrochemicals producers' subsidiaries undertaking design-building and renovation work for their ethylene cracking furnaces and production facilities. Not only can our clients reduce capital expenditures on construction machinery and equipment and the manpower required to undertake these tasks, they can also employ appropriate technologies and services and have the comfort that the risks associated with design-building and renovating their processing systems, such as poor construction quality, delays or cost overruns, are shifted to us.

We believe that we currently enjoy various competitive advantages compared to other domestic solution providers, including, among others, our early-mover advantage, our expertise and experience in the petrochemicals industry, our competitive cost structure and our well-established network of business partners as described under the heading "—Our Key Strengths—Established network and close relationships with raw materials and equipment suppliers and construction sub-contractors".

Although we also work with sub-contractors that are subsidiaries of PetroChina and Sinopec, these sub-contractors specialize in the areas of design or construction work, and we believe these sub-contractors are independently operated enterprises from those PetroChina and Sinopec subsidiaries that are EPC service providers. Our sub-contractors that do not act as EPC service providers do not compete with us in this regard.

As our major competitors operate as EPC service providers to petrochemicals producers in China, PetroChina and Sinopec can choose to utilize the services of their own subsidiaries to provide EPC services instead of ours (particularly if such subsidiaries expand their respective EPC total solutions businesses). Further, we could face increased competition from overseas solutions providers that could have greater experience in the industry as well as greater financial resources or could make strategic investments in or form partnerships with domestic EPC service providers. Nevertheless, given our accumulated experience in the industry, high quality of services and track record, we believe we are well positioned to continue to appeal to producers in the PRC petrochemicals and oil refining industries. We also believe that our understanding of the culture and practices of the local market, as well as our local procurement network and relationship with sub-contractors, should help us compete with our foreign counterparts.

Unlike China's petrochemicals and oil refining industries, which are dominated by a small number of state-owned enterprises, China's coal-to-chemicals industry is more fragmented than the other industries in which we operate and comprises several privately-owned businesses, which we believe to have more limited project experience and resources, as well as several state-owned enterprises. We believe that in the future China's coal-to-chemicals producers will have greater needs for EPC service providers with a broad range of service capabilities across the engineering, procurement and construction management spectrum. As a result, we believe our ability to provide turnkey services from

market research, feasibility studies, project development, staff training, design, engineering, procurement, construction management, maintenance and post-sale technical support will assist in generating greater client interest that could lead to further work in the coal-to-chemicals industry and help us diversify our sources of revenue.

As our major clients and sub-contractors are related parties of our key competitors, depending on the nature of the contracts and whether know-how and technology are involved, most of the contracts we enter into with our clients and sub-contractors include a confidentiality clause for the protection of our know-how and technology and prevention of any leakage of our technology and expertise to our competitors.

AWARDS

We have received various awards, honors and recognitions for our products and services, including:

1. On December 1, 2008, we received Third Prize on "technology development and applications for ethylene cracking furnaces" from Shanghai Municipal People's Government.

2. In October 2009, we received the certificate for "2009 China's chemical industry innovation business model enterprise" from China Petroleum and Chemical Industry Federation.

3. On September 28, 2010, we received the award for outstanding energy saving contribution from CCECTA for our renovation of a quench oil viscosity reducing system for ethylene units of PetroChina Daqing by using our "advanced quench oil viscosity reducing technology".

4. On September 29, 2010, we received the award for outstanding energy saving design from China Petroleum and Chemical Industry Energy Conservation Association for our "energy saving technology on the coal-to-methanol process".

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

ENVIRONMENTAL MATTERS

Matters relating to environmental protection are generally provided for in our project-based contracts we enter into with our clients and sub-contractors. In order to ensure compliance with the applicable environmental protection laws and policies and avoid potential future environmental risks, we have procedures, rules and guidelines in place that are prepared and implemented by our quality management and a health safety environment (HSE) department staffed with engineers possessing managerial experience in petrochemicals and related project work. In each of the projects we undertake, consideration is placed on the effect of the construction process on the environment, including, but not limited to, the effect of dust, noise and light during the construction process, industrial and human waste production, other potential pollution on surface and underground water,

including erosion, and effects on nearby cultural relics, if any. The management procedures and rules we formulated are contained in our work manual under the following titles: the Laws and Regulations and Other Required Management Procedures, Management Rules on Dangerous Chemicals, Management Rules on Solid Waste, Waste Gas and Waste Water, Management Rules on Heat, Dust and Noise, Management Rules on Emergency Measures and Responses. In addition, we have also adopted a procedure called the Identification and Evaluation of Environmental Elements so as to minimize the occurrence of potential environmental hazards. Our goal is to limit potential impact on the environment in all phases of our projects, from formulating a project construction process that could minimize its environmental impact, and selecting equipment and raw materials used in a project and methods of transporting them to the project site with minimal environmental impact and pollution control during the construction phase. As we may be held liable for the non-compliance of our construction sub-contractors with any environmental regulation, we actively provide guidance and monitor our construction sub-contractors to ensure they follow the procedures and rules we formulate and are otherwise in compliance with the applicable environmental regulations. In particular, we normally identify the items to be inspected for each project to ensure compliance with applicable environmental regulations and inspect these items from time to time throughout the construction process. We also maintain a written record for each inspection. In the event that we find any weakness or possible non-compliance during our inspection, we give specific instructions and deadlines to our construction sub-contractors on how to take remedial actions. We closely supervise the remedial actions of our construction sub-contractors until they meet the regulatory requirements.

During its manufacturing process, Wison Yangzhou does not discharge gas pollutants, such as sulfur dioxide, soot or industrial dust; only waste water, which is deposited and filtered in an oil separation tank, then pumped into the pipeline network in Hanjiang Industrial Zone, and finally enters the waste water treatment plant. Wison Yangzhou has obtained the Pollutants Discharge Permit—Yang Han Huan (Wu) No. 321003032 dated January 19, 2011 issued by the Environmental Protection Administration of Hanjiang District, Yangzhou.

On October 16, 2012, the Environmental Protection Bureau of Hanjiang District, Yangzhou City issued the "Certificate of the Environmental Protection Conditions", which stated that, since January 1, 2008 and up to the date of such certificate, Wison Yangzhou (i) had implemented the measures required by all applicable laws, rules and regulations in relation to environmental protection during the course of its business, (ii) had not breached any environmental laws or regulations and (iii) had not been subject to any penalty by the bureau as a result of a violation of the laws or regulations in relation to environmental protection. Our PRC legal advisers are of the view that the Environmental Protection Bureau in Hanjiang District, Yangzhou is the relevant and competent authority to issue such certificate of compliance.

On October 23, 2012, the Environmental Protection and City Sanitation Management Bureau of Pudong New Area, Shanghai issued the "Certificate of no administrative penalty of environmental protection", which stated that since January 1, 2009 and up to the date of such certificate, Wison Engineering had not been subject to any administrative penalty in connection with environmental protection by the bureau. Our PRC legal advisers are of the view that the Environmental Protection and City Sanitation Management Bureau of Pudong New Area, Shanghai is the relevant and competent authority to issue such certificate of compliance.

Our PRC legal advisers are of the view that the production and operation activities of Wison Engineering and Wison Yangzhou are in compliance with the requirements of the national laws and regulations in relation to environmental protection. Our PRC legal advisers have also advised that Wison Engineering and Wison Yangzhou have obtained all necessary environmental permits and approvals in respect of their business. Wison Engineering and Wison Yangzhou have not encountered any pollution incidents, violated any environmental laws or regulations, or been subjected to any administrative sanctions from environmental protection authorities during the three years ended December 31, 2011 and the six months ended June 30, 2012. No administrative penalty arising from any violation of relevant environmental protection regulations was imposed on Wison Engineering or Wison Yangzhou during the three years ended December 31, 2011 and the six months ended June 30, 2012. See "Summary of PRC Laws and Regulations—Principal Laws and Regulations of the Construction Industry—Environmental Protection".

Pursuant to the Construction Law of the PRC, the overall contractor and relevant sub-contractor of a project are jointly and severally liable for the relevant subcontracted construction project. Pursuant to the Civil Law of the PRC, any debtor with joint and several liability for a debt that is due and payable must pay the full amount of the debt, and may then seek proportionate indemnification from any other person who bears joint and several liability for that debt. Our PRC legal advisers are of the view that, pursuant to PRC laws and regulations, in the event any sub-contractors of Wison Engineering violates the relevant PRC environment protection laws and regulations in carrying out a sub-contracted project from Wison Engineering, Wison Engineering will be entitled to seek compensation from such sub-contractors if Wison Engineering incurs any liability or suffers any loss as a result of such sub-contractors' non-compliance with relevant PRC environment protection laws and regulations in carrying out the sub-contracted projects.

Generally, costs of our environmental compliance obligations are included as a part of our project costs. For the years ended December 31, 2009, 2010, 2011 and the six months ended June 30, 2012, we incurred approximately RMB0.9 million, RMB1.2 million, RMB1.2 million and RMB0.5 million, respectively, as separate, itemized, health, safety and environmental expenses outside of our project costs. We estimate that we have incurred approximately RMB0.6 million in respect of our separate, itemized, health, safety and environmental expenses outside of project costs for the period between June 30, 2012 and the Latest Practicable Date.

HEALTH AND SAFETY

We are dedicated to the implementation of health and safety procedures to ensure a safe working environment at our offices and worksites and that the work undertaken by us does not pose any danger to the general public. We have implemented a health and safety management system at our offices and at construction sites. In particular, we provide intensive training programs for the management personnel of our construction sub-contractors to improve their safety awareness, allocate full-time safety engineers to supervise the construction process and monitor high risk sites to ensure each phase of the construction is monitored for safety. We also conduct daily inspections, weekly evaluations and give monthly awards to motivate our staff to operate safely. We have also prepared a series of management handbooks and procedures on relevant laws and regulations, as well as training

procedures on occupational health and safety in order to ensure compliance by our staff members with the applicable laws and policies and to avoid potential accidents. See "Summary of PRC Laws and Regulations—Principal Laws and Regulations of the Construction Industry—Work Safety" for the relevant laws and regulations.

Wison Engineering has set up a comprehensive set of operational standards that are in compliance or exceed the requirements of relevant regulations in respect of labor, health, safety and insurance. During the three years ended December 31, 2011 and the six months ended June 30, 2012, neither Wison Engineering nor Wison Yangzhou was sanctioned by any relevant regulatory authorities for breaches of any relevant regulations in respect of labor, health and safety.

On October 17, 2012, the Production Safety Supervision Bureau of Pudong New Area, Shanghai issued a certificate, stating that: (i) since January 1, 2008 and up to the date of such certificate, Wison Engineering had been in compliance with all applicable laws and regulations regarding production safety, and met the requirements of production safety; (ii) no safety production accidents had occurred due to the fault of Wison Engineering; and (iii) Wison Engineering had not been punished by the production safety supervision bureau for any breach of laws and regulations regarding production safety. Our PRC legal advisers are of the view that the Production Safety Supervision Bureau of Pudong New Area, Shanghai is the relevant and competent authority to issue such certificate of compliance.

On October 16, 2012, the Production Safety Supervision Bureau of Hanjiang District, Yangzhou issued a certificate stating that: (i) since January 1, 2008 and up to the date of such certificate, Wison Yangzhou had been in compliance with all laws and regulations and met the requirements of production safety; (ii) no production safety accidents had occurred due to the fault of Wison Yangzhou; and (iii) Wison Yangzhou had not been punished by Production Safety Supervision Bureau of Hanjiang District, Yangzhou for any breach of laws and regulations regarding production safety. Our PRC legal advisers are of the view that the Production Safety Supervision Bureau of Hanjiang District, Yangzhou is the relevant and competent authority to issue such certificate of compliance.

Our PRC legal advisers are of the view that the production and operation activities of Wison Engineering and Wison Yangzhou are in compliance with the requirements of the national laws and regulations in relation to production safety. No administrative penalty arising from violation of relevant production safety regulations was imposed on Wison Engineering or Wison Yangzhou during the three years ended December 31, 2011 and the six months ended June 30, 2012.

We have complied with the relevant production safety laws or regulations in the past and our production facilities complied with the laws and regulations applicable to petrochemicals products manufacturers in China during the three years ended December 31, 2011 and the six months ended June 30, 2012. See "Summary of PRC Laws and Regulations—Principal Laws and Regulations of the Construction Industry—Work Safety".

INSURANCE

We have taken out the following insurance policies for our employees who are based in Shanghai and Yangzhou: (i) statutory welfare insurance policies to cover medical

insurance, pension insurance, unemployment insurance, working injury insurance and maternity insurance; (ii) group insurance for accidents and injuries; and (iii) insurance for employers' liabilities. We also maintain insurance coverage for damage to our vehicles and for certain of our properties. We are not required under the current laws of the PRC to, and have not, maintained any property insurance, public liability insurance, product or service liability insurance, business interruption insurance or any third party liability insurance to cover claims, suits or complaints incidental to our business. Our Directors are of the view that our insurance coverage is currently adequate and consistent with industry practice and standards in the PRC.

PROPERTY INTERESTS

As of the date of the property valuation report, we owned, occupied and rented the properties as set out below.

Properties held and occupied in China

We own a parcel of land, eight buildings and various ancillary structures at No. 1399 Zhangheng Road, Pudong New Area, Shanghai, the PRC. The site area of the land is approximately 20,000 sq.m. and the total gross floor area of the buildings is approximately 25,690 sq.m. The property is currently occupied by us for office and production purposes except for a portion of four buildings that are leased to some of our connected parties for office and industrial use. Construction of the first and second phases of our buildings in Shanghai was completed in 2004 and 2006, respectively. We mortgaged the aforesaid properties to Agricultural Bank of China Shanghai Jinqiao Branch as collateral for debts up to a maximum amount of RMB190 million in total, the duration of which is between April 13, 2010 and April 12, 2013, for RMB100 million; and, between July 21, 2010 and July 20, 2013, for RMB90 million, respectively.

We own a parcel of land at Lot No. B-3-6 and seven buildings under construction at No. 699 Zhong Ke Road, Pudong New Area, Shanghai, the PRC. The site area of the land is approximately 43,044 sq.m. This parcel of land is currently being used for the construction and establishment of a national research and development center in Shanghai.

We own three parcels of land, 11 buildings and structures located at Hanjiang Industry Park, Yangzhou City, Jiangsu Province, the PRC. The total site area of the land is approximately 97,790 sq.m. and the total gross floor area of the buildings is approximately 29,145 sq.m. The property is currently occupied by us for manufacturing and production purposes. The construction of our manufacturing plant in Yangzhou was completed between 2005 and 2006, respectively.

We own Units 2601 to 2604 and Units 2701 to 2704 on Levels 26 and 27, SunCo First International Building, No.14 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province, the PRC. The total gross floor area of these real estate properties is approximately 2,398 sq.m. These office units were purchased by us in 2008 and are currently occupied by us for office purposes.

We also own an office unit at Unit 3901, Tower 4, Beijing Fortune Center, No.7 East 3rd Ring Middle Road, Chaoyang District, Beijing, the PRC. The apportioned site area of the

land is approximately 93 sq.m. and the gross floor area of the office unit is approximately 677 sq.m. The construction was completed in 2005.

A gatehouse on the parcels of land in Yangzhou City with a gross floor area of approximately 30 sq.m. has not been granted a Building Ownership Certificate. As Wison Yangzhou has not obtained the approval from the relevant government authorities for the construction of the gatehouse, our PRC legal advisers are of the view that, pursuant to the relevant laws and regulations, Wison Yangzhou may be subject to a maximum penalty of: (i) being required to dismantle the gatehouse within a prescribed time; and (ii) a fine of no more than 10% of the construction cost of the gatehouse, which we estimate to be approximately RMB4,100. The gatehouse is not directly related to the production operation of Wison Yangzhou, its size is relatively small (i.e. approximately 0.1% of the total area of the buildings owned by Wison Yangzhou) and the relocation cost is estimated to be no more than RMB10,000. Our PRC legal advisers are of the view that the absence of title certificates for the gatehouse will not have a material adverse effect on our business.

Our Directors are of the view that the gatehouse without the Building Ownership Certificate is not crucial to our operations and the cost of relocation would not be very high. If we are forced to vacate the gatehouse, we can readily use the premises of Wison Yangzhou for the gatehouse purpose. Our Directors are of the view that, in such an event, the impact on our business, results of operations and financial condition would be minimal.

Our PRC legal advisers are of the view that, except for the aforesaid gatehouse and subject to the mortgages as disclosed herein, Wison Engineering and Wison Yangzhou have legal and valid right to own, occupy, rent, transfer, mortgage, sell and use the lands and buildings set out above.

Save for the above, we have obtained all the relevant land use right certificates, building ownership certificates and title certificates for all of our property interests owned or held in the PRC.

For details of the properties owned by us in the PRC, as well as our property interests, see the property valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuation firm, in Appendix III.

Properties rented and occupied in China

We rent an office unit on Level 4, Block 2 Tower 1, No.88 Cailun Road, Pudong New Area, Shanghai, the PRC. The total gross floor area of this unit is approximately 300 sq.m.

We rent Unit 103 on Level 1 and Units 401, 403 and 404 on Level 4, Changxing Tower, No.888 Bibo Road, Pudong New Area, Shanghai, the PRC, the gross floor area of which is approximately 3,255 sq.m.

We rent Units 801, 802 and 806 on Level 8, Levels 9 and 10, Tower 1, Recreo International Center, No. 8 East Wangjing Road, Chaoyang District, Beijing, the PRC. The total gross floor area of these 15 office units is approximately 4,972 sq.m.

We rent a unit on Level 3, No.1 the western side of Chenggou Bridge, Zhangdian Street, Dongzhou District, Fushun City, Liaoning Province, the PRC, the gross floor area of which is approximately 130 sq.m.

We rent a unit on level 1 located at No.199 South Street, Tianpeng Town, Pengzhou City, Chengdu City, Sichuan Province, the PRC, the gross floor area of which is approximately 24 sq.m.

We rent Unit No. 1 on Level 7 of Building B2, Area B, Phase 4.1 of Software Park of Optic Valley, Donghu New & High Technology Development Zone, Wuhan City, Hubei Province, the PRC, the gross floor area of which is approximately 373 sq.m.

We rent Units 601 to 608 and 903 to 906 of Fuli Yingli Building, Building No.10, Tiankang Yuan of Fuli City, Western side of Xima Road, Nankai District, Tianjin, the PRC, the gross floor area of which is approximately 2,050 sq.m.

The tenancy agreements for the properties set out above have not been registered and filed with the local authorities. As advised by our PRC legal advisers, the validity of such tenancy agreements is not subject to their registration and filing pursuant to relevant PRC laws, and the absence of tenancy registration and filing will not have a material adverse impact on the leasing and occupation of these buildings by Wison Engineering. Our Directors are of the view that the impact on our business, results of operations and financial condition would therefore be minimal.

Properties rented and occupied in Hong Kong

We rent an office unit located at Room 5007, 50th Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong, the gross floor area of which is approximately 2,812 sq.ft.

Mr. Hua and Wison Holding have (pursuant to the deed of indemnity referred to in "Appendix VI—Further information about our business—Summary of material contracts") given joint and several indemnities to our Group in connection with, among other things, property liabilities, in connection with any property claims or third party claims arising out of (i) any breach or non-compliance by any user and/or breach or non-compliance of other terms, conditions, covenants, restrictions of the relevant agreement (including, but not limited to, any mortgage, legal charge and tenancy agreement) or of any land use right, sale and purchase agreement or holding of any defective real estate title certificate or any other title documents in respect of any property or (ii) any eviction of our subsidiaries from any property for any reason whatsoever by any government authority or any third party (see "Appendix VI—Other information—Tax and other indemnities").

Our planned research and development center in Shanghai

We plan to construct and establish a national research and development center in Shanghai. See "—Research and Development—Research and development centers". Wison Engineering entered into a contract on January 8, 2009 with Shanghai Zhangjiang (Group) Co., Ltd. in relation to the acquisition of a parcel of land for a price of approximately RMB176.0 million, excluding related taxes, for the planned construction of the research and development center. In this agreement, the completion of the land title transfer is subject to the satisfaction of certain conditions, including the completion of at least 25% of the construction and receipt of relevant government approvals. The land title transfer has been completed and we obtained the certificate of real estate ownership for holding relevant land use rights from the Shanghai Housing Security and Administration Bureau and the Shanghai

Planning, Land and Resources Administration Bureau on March 1, 2012. Prior to the acquisition of the land, Shanghai Zhangjiang held the relevant land use rights. The construction of our new research and development center began in June 2011 and is expected to be completed by May 2013. As of the Latest Practicable Date, we have almost completed the construction of its main buildings. The total budget for the construction is approximately RMB1.2 billion, including the acquisition price for the land. The scope of research to be conducted on this site includes the development of large scale coal-to-chemicals key technologies.

Material property analysis

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, has confirmed that the proportion of carrying amount of all the properties held by us is very small compared to our total assets, except for a property under construction located at No. 699 Zhongke Road, Pudong New Area, Shanghai, PRC. Apart from the property under construction, none of our properties has a carrying amount that will be over 15% of our total assets until completion. Please refer to property No. 4 in Appendix III for details. Moreover, no property contributes a significant portion of our revenue. Except for the mortgage of a property located at No. 1399 Zhangheng Road, Pudong New Area, Shanghai, PRC with a total maximum amount of RMB190 million, Jones Lang LaSalle Corporate Appraisal and Advisory Limited has not found any other encumbrances, liens, pledges or mortgages against any property or use of property that may impact our operations. Jones Lang LaSalle Corporate Appraisal and Advisory Limited is of the view that except for the property under construction located in Shanghai, we do not hold any material property.

The table below shows a summary of the property interests rented and occupied by us that are not covered in Appendix III:

No.	Use and name/brief description of the property	Gross floor area/Leasable area (sq.m.) of the property	Number of units of the property	Lessor	Lessee	Terms of tenure (year of leasehold expiry)	Average effective rent (as required under Listing Rule 5.06(2))
1	A unit on Level 4 Block 2 Tower 1 No. 88 Cailun Road Pudong New Area Shanghai The PRC	300.00	1	Shanghai NGS Group Changzheng Co., Pudong Branch	Wison Engineering	commencing from July 1, 2011 and expiring on June 30, 2013	annual rent of RMB129,600
2	Unit 103 on Level 1 and Units 401, 403 and 404 on Level 4 Changxing Tower No. 888 Bibo Road Pudong New Area Shanghai The PRC	3,255.33	4	Shanghai Changxing Intelligent System Co., Ltd.	Wison Engineering	commencing from May 1, 2011 and expiring on April 30, 2013	annual rent of RMB4,515,144
3	Units 801, 802 and 806 on Level 8 Levels 9 and 10 Tower 1 Recreo International Center No. 8 East Wangjing Road Chaoyang District Beijing The PRC	4,971.69	15	Beijing Recreo Holding Group Co., Ltd.	Wison Engineering Beijing Branch	commencing from November 26, 2011 and expiring on November 25, 2014	monthly rent of RMB606,546.18
4	A unit on Level 1 No. 199 South Street Tianpeng Town Pengzhou City Chengdu City Sichuan Province The PRC	24.00	1	Dinghong He	Wison Engineering Chengdu Branch	commencing from February 14, 2012 and expiring on February 13, 2015	monthly rent of RMB3,500

No.	Use and name/brief description of the property	Gross floor area/Leasable area (sq.m.) of the property	Number of units of the property	Lessor	Lessee	Terms of tenure (year of leasehold expiry)	Average effective rent (as required under Listing Rule 5.06(2))
5	A unit on Level 3 No. 1 the western side of Chenggou Bridge Zhangdian Street Dongzhou District Fushun City Liaoning Province The PRC	130.00	1	Synthetic Detergent Factory of PetroChina Fushun	Wison Engineering Fushun Branch	commencing from January 1, 2011 and expiring on December 31, 2015	monthly rent of RMB13,000
6	Unit No.1 on Level 7 Building B2, Area B Phase 4.1 Software Park of Optic Valley Donghu New & High Technology Development Zone Wuhan City Hubei Province The PRC	372.81	1	Nan Yang	Wison Engineering	commencing from January 1, 2012 and expiring on December 31, 2014	monthly rent of RMB18,640.5
7	Units 903 to 906 Fuli Yingli Building Building No.10 Tiankang Yuan of Fuli City Western side of Xima Road Nankai District Tianjin The PRC	781.81	4	Yinhai Li	Wison Engineering	commencing from October 9, 2012 and expiring on April 8, 2014	annual rent of RMB1,068,732
8	Units 601 to 608 Fuli Yingli Building Building No.10 Tiankang Yuan of Fuli City Western side of Xima Road Nankai District Tianjin The PRC	1,267.76	8	Langfang Development Zone Dazheng Zinc Industry Co., Ltd.	Wison Engineering	commencing from September 1, 2012 and expiring on August 31, 2014	annual rent of RMB1,574,302.2

No.	Use and name/brief description of the property	Gross floor area/Leasable area (sq.m.) of the property	Number of units of the property	Lessor	Lessee	Terms of tenure (year of leasehold expiry)	Average effective rent (as required under Listing Rule 5.06(2))
9	Suite 5007 50th Floor Central Plaza No.18 Harbour Road Wanchai Hong Kong.	2,812 sq.ft	1	Central Plaza Management Company Limited	Wison Energy (HK)	commencing from January 3, 2012 and expiring on January 2, 2015	monthly rent of HK$201,058
10	7th Floor International Financial Centre Jalan Jendral Sudrman Kav.22-23 Jakarta 12920 Indonesia	102.43	1	PT Kepland Investama	Wison Engineering	commencing from July 15, 2011 and expiring on July 14, 2014	monthly rent of approximately Rp.80,000 per sq.m.
11	Villa BOSPAD#01 Eurovillage Compound P. O. Box 691 Dhahran Airport 31932 Saudi Arabia	130.00	1	Euro Village Compound	Branch Of Wison Engineering	commencing on March 5, 2012 and expiring on March 4, 2013	annual rental of S.R.250,000
12	Al jarbou Tower Al Dhahran Street Al khobar Saudi Arabia	182.87	1	Mohammed R.Al garboo	Branch of Wison Engineering	commencing on August 1, 2011 and expiring on July 30, 2013	annual rental of S.R.164,583

LEGAL AND COMPLIANCE

As of the Latest Practicable Date, we were not involved in any material litigation, arbitration or administrative proceedings that could have a material adverse effect on our business, financial condition or results of operations.

Wison Energy (HK) inadvertently failed to comply fully with the Companies Ordinance by failing to lay audited accounts for the year ended December 31, 2009 before its annual general meeting, which was a non-compliance under section 122 of the Companies Ordinance (the "Non-compliance"). The Non-compliance was a result of inadvertent oversight by the directors of Wison Energy (HK), who were not familiar with the detailed statutory requirements and were not alerted to the need to prepare timely accounts and hold an annual general meeting of Wison Energy (HK). To rectify the Non-compliance, Wison Energy (HK) filed an application with the High Court of Hong Kong, Court of First Instance (the "Court") to seek relief under section 122(1B) of the Companies Ordinance and to comply with the law. The Court allowed the application and by a court order (the "Order") dated November 10, 2011, the Court ordered that leave be granted to substitute the requirement in section 122(1) of the Companies Ordinance to lay the audited accounts before Wison Energy (HK) at its annual general meeting with respect to the periods from January 1, 2009 to December 31, 2009 by laying such accounts before Wison Energy (HK) by resolutions in writing signed by all the shareholders dated October 18, 2011 pursuant to section 116B of the Companies Ordinance and article 65(a) of the articles of association of Wison Energy (HK) in lieu of a general meeting.

Going forward, as preventive measures, the board of directors of Wison Energy (HK) will work closely with its auditors and company secretary to ensure compliance with the statutory requirements under the Companies Ordinance. Monthly management meetings will be held to review the affairs of our Group, including, but not limited to, compliance matters. After the Listing, independent non-executive Directors with professional knowledge will be appointed to advise the Board on compliance matters and an audit committee will be formed to oversee the financial reporting and internal control procedures of our Group to ensure compliance with regulatory matters and enhance corporate governance.

With the Order granted by the court pursuant to the Companies Ordinance and Wison Energy (HK)'s fulfillment of the requirements of the Order, the Non-compliance has been rectified. No legal penalty, fine or sanctions have been imposed on Wison Energy (HK) or any of its directors in relation to the Non-compliance.

Taxation

The relevant tax authorities issued certificates to Wison Engineering, Wison Engineering's Chengdu Branch, Wison Engineering's Fushun Branch and Wison Engineering's Henan Design Institute Branch on November 6, 2012, October 31, 2012, October 31, 2012 and November 1, 2012, respectively, and to Wison Yangzhou on August 5, 2011 and October 16, 2012, confirming that no major violation of tax management regulations, including tax arrears and evasion by them, had been identified by the authorities.

Social security and housing fund

On September 3, 2012, the Social Insurance Management Center of Pudong District, Shanghai, the competent social security supervision authority, issued a written confirmation to Wison Engineering that confirmed that Wison Engineering had duly contributed social security payments for its employees. On October 16, 2012, Social Insurance Fund Management and Settlement Center of Hanjiang District, Yangzhou City, the competent social security supervision authority, issued a written confirmation to Wison Yangzhou that confirmed that Wison Yangzhou had made social security contributions for its employees in accordance with relevant national and local laws and regulations since January 1, 2008 without any record of being sanctioned by the Social Insurance Fund Management and Settlement Center of Hanjiang District for any non-compliance. The period covered by the confirmation is from January 1, 2008 up to the date of issuance of the confirmation.

During the three years ended December 31, 2011 and the eight months ended August 31, 2012, Wison Yangzhou did not make full contributions to the social security and housing funds for all its employees. Wison Yangzhou did not pay, or was not able to pay, certain past social security and housing fund contributions in strict compliance with the relevant PRC regulations for and on behalf of its employees due to differences in local regulations, inconsistent implementation or interpretation by local authorities in the PRC and different levels of acceptance of the housing fund system by its employees. In particular, according to relevant PRC laws and regulations, Wison Yangzhou is responsible for contributing to the social security and housing fund on the basis of actual salary paid to its employees. As some of Wison Yangzhou's employees have houses in nearby villages, they are reluctant to make full housing fund contributions and have calculated the amount of their housing fund contributions on a basis that is lower than the salaries received by them. As Wison Yangzhou is required to make its portion of the housing fund contributions on the same basis as its employees, the amount of social security and housing fund contributions made by Wison Yangzhou for its employees were less than the amount required under the PRC laws and regulations. Nevertheless, the local government authority with oversight of Wison Yangzhou has issued a regulatory compliance certificate on social security and housing fund contributions to Wison Yangzhou, and therefore the risk of Wison Yangzhou being required to make a supplemental contribution or being imposed administrative penalties is low, and our PRC legal advisers have advised that they are of the view that there is a low likelihood that Wison Yangzhou may be required to make supplemental contributions or be subject to administrative penalties or sanctions in respect of its failure to make full contributions. Wison Yangzhou's total outstanding amount of past social security obligations is approximately RMB3.3 million for the three years ended December 31, 2011 and the eight months ended August 31, 2012 and the outstanding amount of past housing fund contributions is approximately RMB0.7 million for the three years ended December 31, 2011 and the eight months ended August 31, 2012. Taking into account the outstanding amount of past social security and housing fund contributions, the receipt of compliance certificates from the local competent social security and housing fund authorities and the advice of our PRC legal advisers that there is a low likelihood that Wison Yangzhou may be required to make supplemental contributions or be subject to administrative penalties or sanctions in respect of its failure to make full contributions, our Directors consider that adequate provisions have been made.

Notwithstanding Wison Yangzhou's failure to comply with the relevant PRC regulations with respect to social security and housing fund contributions, on October 16, 2012, Yangzhou Housing Fund Management Center, the competent housing fund supervision authority, issued a written confirmation to Wison Yangzhou that confirmed that Wison Yangzhou had duly contributed housing funds for employees in accordance with relevant laws and regulations since January 1, 2008 without any record of being sanctioned for any non-compliance. On October 25, 2012, the Shanghai Housing Fund Management Center, the competent housing fund supervision authority, issued a written confirmation to Wison Engineering that confirmed that Wison Engineering had made housing fund contributions for employees since June 1999 without any record of being sanctioned by the Shanghai Housing Fund Management Center.

We will pay all outstanding contributions as soon as possible for employees who have been reluctant to make contributions if such employees agree to make social security and housing fund contributions or if we receive any payment demand notice from the relevant authorities. As of the Latest Practicable Date, we had not received any notice from the relevant authorities demanding payment of the outstanding contributions. On this basis, our Directors consider that such non-compliance should only have minimal financial and operational impact on us.

Our Controlling Shareholders have provided an indemnity against all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines suffered or incurred by us through Wison Engineering and Wison Yangzhou in this regard.

Wison Yangzhou has made full contributions to the social security and housing funds for all its employees since October, 2012.