The following is the text of a report on Wison Engineering Services Co. Ltd., prepared for the purpose of incorporation in this prospectus received from the auditors and reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

Ernst & Young
安 永

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

December 13, 2012

The Directors
Wison Engineering Services Co. Ltd.
Citigroup Global Markets Asia Limited
Deutsche Bank AG, Hong Kong Branch
BOCOM International (Asia) Limited

Dear Sirs,

We set out below our report on the financial information of Wison Engineering Services Co. Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the three years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2009, 2010 and 2011 and June 30, 2012, together with the notes thereto (the "Financial Information"), and the comparative consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended June 30, 2011 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2 of Section II, below for inclusion in the prospectus of the Company dated December 13, 2012 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 30, 2004. Pursuant to a group reorganization (the "Reorganization"), as described in the subsection headed "History, Reorganization and Group Structure" in the Prospectus, which was completed on May 16, 2011, the Company acquired the entire issued share capital of Wison Engineering Technology Limited ("Wison Technology"), a company incorporated in the British Virgin Islands, which was the then holding company of the other subsidiaries comprising the Group and became the holding company of the Group. Particulars of the Company and its subsidiaries are set out in note 1 of Section II below. The Company and its subsidiaries have adopted December 31 as their financial year end date.

As of the date of this report, no statutory financial statements have been prepared by the Company as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. As at the end of the Relevant Periods, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. The statutory financial statements of the subsidiary incorporated in the British Virgin Islands were not prepared as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. The statutory financial statements of the companies established or incorporated in Mainland China, Singapore and Hong Kong were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the Group's consolidated financial statements for each of the Relevant Periods (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. The Underlying Financial Statements for each of the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012 were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We have also performed a review of the Interim Comparative Information in accordance with International Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the IAASB. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at December 31, 2009, 2010 and 2011 and June 30, 2012 and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I FINANCIAL INFORMATION

Consolidated Statements of Comprehensive Income

The following is a summary of the consolidated results of the Group for the Relevant Periods and for the six months ended June 30, 2011 prepared on the basis set out in Section II:

	Notes	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011	Six months ended June 30, 2011	Six months ended June 30, 2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
REVENUE	6	1,884,387	4,976,220	5,036,622	1,655,187	861,725
Cost of sales		(1,325,161)	(3,755,811)	(3,829,895)	(1,287,611)	(677,604)
GROSS PROFIT		559,226	1,220,409	1,206,727	367,576	184,121
Other income and gains	6	25,086	34,969	30,558	16,110	16,565
Selling and marketing expenses		(14,711)	(25,849)	(24,960)	(20,502)	(32,531)
Administrative expenses		(120,602)	(158,165)	(124,073)	(81,061)	(66,752)
Other expenses		(66,286)	(119,359)	(155,709)	(56,206)	(52,004)
Finance costs	7	(87,579)	(133,704)	(137,944)	(81,881)	(53,023)
Share of profits of an associate		118	358	618	215	102
PROFIT/(LOSS) BEFORE TAX	8	295,252	818,659	795,217	144,251	(3,522)
Income tax	10	(65,309)	(182,639)	(205,504)	(35,536)	5,766
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		229,943	636,020	589,713	108,715	2,244
Attributable to:						
Owner of the parent		206,642	567,685	518,753	95,382	301
Non-controlling interests		23,301	68,335	70,960	13,333	1,943
		229,943	636,020	589,713	108,715	2,244

Details of the dividends payable and proposed for the Relevant Periods are disclosed in note 11 to the Financial Information.

Consolidated Statements of Financial Position

	Notes	December 31, 2009	December 31, 2010	December 31, 2011	June 30, 2012
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	249,683	250,313	443,702	556,968
Investment properties	15	17,039	16,458	15,877	15,587
Prepaid land lease payments	16	15,202	14,786	14,370	189,427
Goodwill	17	15,752	15,752	15,752	15,752
Other intangible assets	18	10,000	9,434	12,172	13,160
Investment in an associate	19	1,018	1,376	1,994	2,096
Long-term prepayments	23	17,637	17,637	167,834	20,000
Deferred tax assets	29	6,625	6,451	8,940	7,386
Total non-current assets		332,956	332,207	680,641	820,376
CURRENT ASSETS					
Inventories	20	51,846	117,044	46,850	59,086
Gross amounts due from contract customers	21	352,749	468,032	2,096,204	2,133,389
Trade and bills receivables	22	630,574	802,088	163,775	157,289
Due from a director	32	438	659	—	—
Due from related companies	32	34,728	543,740	172	233
Due from fellow subsidiaries	32	487,020	1,178,185	3,087	6,173
Due from the ultimate holding company	32	873,998	343,632	89	87
Prepayments, deposits and other receivables	23	43,945	49,152	80,382	162,234
Pledged bank balances and time deposits	24	898,344	1,568,673	508,183	718,769
Unpledged cash and bank balances	24	435,622	542,181	639,970	571,014
Total current assets		3,809,264	5,613,386	3,538,712	3,808,274
CURRENT LIABILITIES					
Gross amounts due to contract customers	21	703,870	414,278	562	336,354
Trade and bills payables	25	588,919	1,031,157	1,508,147	1,387,524
Other payables, advance from customers and accruals	26	133,660	252,599	175,212	137,481
Derivative financial instruments	34	—	746	—	—
Interest-bearing bank borrowings	27	1,823,347	2,592,683	1,391,604	2,223,474
Due to a related company	32	19,978	—	78	78
Due to a fellow subsidiary	32	3,686	—	—	—
Due to an associate	32	—	—	630	630
Due to a related party	32	600	—	—	—
Dividends payable		184,605	184,605	—	61,353
Tax payable		41,117	72,201	74,711	—
Total current liabilities		3,499,782	4,548,269	3,150,944	4,146,894
NET CURRENT ASSETS/(LIABILITIES)		**309,482**	**1,065,117**	**387,768**	**(338,620)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**642,438**	**1,397,324**	**1,068,409**	**481,756**
NON-CURRENT LIABILITIES					
Finance lease payables	28	953	715	731	551
Interest-bearing bank borrowings	27	233,849	290,000	200,000	—
Deferred tax liabilities	29	28,351	91,304	63,255	341
Government grants	30	—	—	—	2,250
Total non-current liabilities		263,153	382,019	263,986	3,142
NET ASSETS		**379,285**	**1,015,305**	**804,423**	**478,614**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Issued capital	31	—	—	1	1
Reserves	31	273,328	841,013	649,325	392,927
		273,328	**841,013**	**649,326**	**392,928**
Non-controlling interests		**105,957**	**174,292**	**155,097**	**85,686**
TOTAL EQUITY		**379,285**	**1,015,305**	**804,423**	**478,614**

Consolidated Statement of Changes in Equity

The movements in the consolidated statements of changes in equity of the Group during the Relevant Periods and the six months ended June 30, 2011 prepared on the basis set out in Section II below are as follows:

	Attributable to owners of the parent									
	Issued capital	Capital reserve*	Redemption reserve*	Statutory surplus reserve*	Expansion reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2009	—	—	1	8,439	8,003	8,191	41,566	66,200	91,781	157,981
Transfer to statutory reserve fund	—	—	—	1,240	1,240	—	(2,480)	—	—	—
Deemed contribution by the then equity holder of a subsidiary	—	486	—	—	—	—	—	486	—	486
Profit and total comprehensive income for the year	—	—	—	—	—	—	206,642	206,642	23,301	229,943
Dividends declared	—	—	—	—	—	—	—	—	(9,125)	(9,125)
As at December 31, 2009 and January 1, 2010	—	486	1	9,679	9,243	8,191	245,728	273,328	105,957	379,285
Transfer to statutory reserve fund	—	—	—	1,613	—	—	(1,613)	—	—	—
Profit and total comprehensive income for the year	—	—	—	—	—	—	567,685	567,685	68,335	636,020
As at December 31, 2010 and January 1, 2011	—	486	1	11,292	9,243	8,191	811,800	841,013	174,292	1,015,305
Transfer to statutory reserve fund	—	—	—	14,646	7,878	—	(22,524)	—	—	—
Issue of shares	1	(1)	—	—	—	—	—	—	—	—
Exchange realignment	—	—	—	—	—	46	—	46	—	46
Deemed distribution to the then equity holder of a subsidiary	—	(486)	—	—	—	—	—	(486)	—	(486)
Profit and total comprehensive income for the year	—	—	—	—	—	—	518,753	518,753	70,960	589,713
Dividends declared	—	—	—	—	—	—	(710,000)	(710,000)	(90,155)	(800,155)
As at December 31, 2011 and January 1, 2012	1	(1)	1	25,938	17,121	8,237	598,029	649,326	155,097	804,423
Transfer to statutory reserve fund	—	—	—	6,553	6,553	—	(13,106)	—	—	—
Exchange realignment	—	—	—	—	—	(143)	—	(143)	—	(143)
Profit and total comprehensive income for the period	—	—	—	—	—	—	301	301	1,943	2,244
Dividends declared	—	—	—	—	—	—	(256,556)	(256,556)	(71,354)	(327,910)
As at June 30, 2012	1	(1)	1	32,491	23,674	8,094	328,668	392,928	85,686	478,614
Unaudited										
As at December 31, 2010 and January 1, 2011	—	486	1	11,292	9,243	8,191	811,800	841,013	174,292	1,015,305
Issue of shares	1	(1)	—	—	—	—	—	—	—	—
Profit and total comprehensive income for the period	—	—	—	—	—	—	95,382	95,382	13,333	108,715
Deemed distribution to the then equity holder of a subsidiary	—	(486)	—	—	—	—	—	(486)	—	(486)
As at June 30, 2011	1	(1)	1	11,292	9,243	8,191	907,182	935,909	187,625	1,123,534

* These reserve accounts represent the total consolidated reserves of RMB273,328,000, RMB841,013,000, RMB649,325,000, RMB935,908,000 and RMB392,927,000 in the consolidated statements of financial position as at December 31, 2009, 2010, 2011 and June 30, 2011 and 2012, respectively.

Consolidated Statements of Cash Flows

The consolidated statements of cash flow of the Group for the Relevant Periods and for the six months ended June 30, 2011 prepared on the basis set out in Section II below are as follows:

	Notes	Year ended December 31,			Six months ended June 30,	
		2009	2010	2011	2011	2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		295,252	818,659	795,217	144,251	(3,522)
Adjustments for:						
Depreciation of property, plant and equipment and investment properties	8,14,15	21,080	20,426	19,897	9,630	10,842
Amortization of intangible assets	8,18	4,076	3,641	4,104	2,030	2,446
Amortization of prepaid land lease payments	8,16	416	416	416	208	2,562
Share of profits of an associate		(118)	(358)	(618)	(215)	(102)
(Reversal of provision)/provision for inventories	8,20	(3,532)	637	(599)	975	—
(Gain)/loss on disposal of property, plant and equipment	8	(17)	393	(123)	42	57
Loss on disposal of other intangible assets	8	—	164	—	—	—
Fair value loss, net:						
Derivative instruments—transactions not qualifying as hedges	8	—	746	5,764	1,615	—
Reversal of impairment of investment in an associate	8	(300)	—	—	—	—
Reversal of impairment of trade and bills receivables	8,22	(1,100)	(1,246)	(1,000)	(1,000)	—
Finance costs	7	87,579	133,704	137,944	81,881	53,023
Interest income	6	(12,592)	(30,585)	(19,075)	(12,026)	(10,825)
		390,744	**946,597**	**941,927**	**227,391**	**54,481**
Decrease/(increase) in inventories		16,057	(65,835)	70,793	(103,280)	(12,236)
(Increase)/decrease in trade and bills receivables		(371,428)	(170,268)	639,313	227,191	6,486
Decrease/(increase) in prepayments, deposits and other receivables		11,061	(5,207)	(31,184)	(71,174)	(77,958)
Decrease(increase) in amounts due from/(to) contract customers		(213,484)	(404,875)	(2,041,888)	11,343	298,607
Increase/(decrease) in trade and bills payables		340,982	442,238	476,990	112,362	(120,623)
Increase/(decrease) in other payables, advance from customers and accruals		34,356	118,939	(77,387)	(170,115)	(37,731)
Decrease in derivative financial liabilities		—	—	(6,510)	(4,396)	—
		208,288	**861,589**	**(27,946)**	**229,322**	**111,026**
Interest received		12,592	30,585	19,075	12,026	10,825
Interest paid		(87,579)	(133,704)	(137,944)	(81,881)	(53,023)
Tax paid		(21,045)	(88,428)	(233,532)	(75,217)	(130,305)
Net cash flows from/(used in) operating activities		**112,256**	**670,042**	**(380,347)**	**84,250**	**(61,477)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(7,015)	(21,931)	(212,825)	(9,686)	(123,978)
Deposits paid for purchase of land use right		(17,637)	—	(150,197)	—	(13,822)
Investment in an associate		(600)	—	—	—	—
(Increase)/decrease in an amount due from a director		913	(221)	659	659	—
(Increase)/decrease in an amount due from the ultimate holding company		(775,873)	530,366	343,543	223,663	2
(Increase)/decrease in amounts due from fellow subsidiaries		(405,037)	(691,165)	1,177,216	284,278	(3,086)
(Increase)/decrease in amounts due from related companies		(29,728)	(509,012)	541,450	(103,648)	(61)
Proceeds from disposal of items of property, plant and equipment		1,694	1,253	749	773	103
Purchase of other intangible assets	18	(1,648)	(3,239)	(6,842)	(1,596)	(3,434)
Proceeds from disposal of an equity investment at fair value through profit or loss		50,000	—	—	—	—
Increase in government grant		—	—	—	—	2,250
Net cash flows (used in)/from investing activities		**(1,184,931)**	**(693,949)**	**1,693,753**	**394,443**	**(162,026)**

	Notes	Year ended December 31, 2009	2010	2011	Six months ended June 30, 2011	2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution by the then equity holder of a subsidiary		486	—	—	—	—
Decrease in amount due to a fellow subsidiary		(46,764)	(3,686)	—		—
Increase/(decrease) in amount due to a related company		14,591	(19,978)	78	—	—
Increase in an amount due to an associate		—	—	630	630	—
Increase/(decrease) in amount due to a related party		600	(600)	—	—	—
Capital element of finance lease payments		(222)	(377)	(428)	(184)	(280)
Dividends paid		(9,125)	—	(984,760)	—	(266,557)
Deemed distribution of the then equity holder		—	—	(486)	(486)	—
(Increase)/decrease in pledged deposits		(528,351)	(670,329)	1,060,490	(144,551)	(210,586)
New bank loans		2,761,997	3,756,934	1,406,055	800,041	1,431,226
Repayment of bank loans		(1,171,433)	(2,931,498)	(2,697,196)	(1,515,565)	(799,256)
Increase in unpledged time deposits with original maturity of more than three months		—	—	(130,000)	—	(2,145)
Net cash flows from/(used in) financing activities		**1,021,779**	**130,466**	**(1,345,617)**	**(860,115)**	**152,402**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(50,896)**	**106,559**	**(32,211)**	**(381,422)**	**(71,101)**
Cash and cash equivalents at beginning of year/period		486,518	435,622	542,181	542,181	509,970
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**435,622**	**542,181**	**509,970**	**160,759**	**438,869**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	24	400,622	542,181	639,970	160,759	571,014
Unpledged time deposits with original maturity of less than three months when acquired	24	35,000	—	—	—	—
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION		**435,622**	**542,181**	**639,970**	**160,759**	**571,014**
Unpledged time deposits with original maturity of more than three months when acquired	24	—	—	(130,000)	—	(132,145)
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		**435,622**	**542,181**	**509,970**	**160,759**	**438,869**

STATEMENT OF FINANCIAL POSITION

	Notes	Year ended December 31, 2009	2010	2011	As of June 30, 2012
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Investment in a subsidiary	33	—	—	1	1
Equipment	14	8	—	—	—
Total non-current assets		8	—	1	1
CURRENT ASSETS					
Due from a fellow subsidiary	32	3	7	—	—
Due from a subsidiary	32	—	—	62,323	61,485
Prepayments, deposits and other receivables	23	123	1,683	9,318	9,823
Dividend receivables		—	—	162,003	438,609
Cash and cash equivalents	24	1,336	81	436	19,820
Total current assets		1,462	1,771	234,080	529,737
CURRENT LIABILITIES					
Accruals	26	474	—	12,633	11,446
Due to fellow subsidiaries	32	38,078	44,586	—	—
Due to subsidiaries	32	—	—	243,355	246,040
Due to the ultimate holding company	32	4,466	4,483	—	—
Total current liabilities		43,018	49,069	255,988	257,486
NET CURRENT (LIABILITIES)/ASSETS		**(41,556)**	**(47,298)**	**(21,908)**	**272,252**
TOTAL ASSETS LESS CURRENT LIABILITIES		**(41,548)**	**(47,298)**	**(21,907)**	**272,252**
NET (LIABILITIES)/ASSETS		**(41,548)**	**(47,298)**	**(21,907)**	**272,252**
EQUITY					
Issued capital	31	—	—	1	1
(Accumulated losses)/retained profits	31(c)	(41,548)	(47,298)	(21,908)	272,251
(DEFICIENCY IN ASSETS)/TOTAL EQUITY		**(41,548)**	**(47,298)**	**(21,907)**	**272,252**

II NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, George Town, Grand Cayman, KY1-1108, Cayman Islands.

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

The Group is principally engaged in the provision of project solutions to petrochemicals and coal-to-chemicals producers in the design, building and commissioning of their production facilities through technology consultancy, engineering, procurement and construction management services in the People's Republic of China (the "PRC"). As at the date of this report, the Company had direct or indirect interests in the following subsidiaries.

Name of company	Place and date of incorporation/ establishment	Nominal value of issued and paid up capital	Percentage of equity interest attributable to the Group
Directly held:			
Wison Engineering Technology Limited ("Wison Technology")(a)	British Virgin Islands April 23, 2003	United States dollar ("US$")1	100%
Indirectly held:			
Wison Energy Engineering (Hong Kong) Limited ("Wison Energy (HK)")(b)	Hong Kong June 3, 2008	Hong Kong dollar ("HK") 1,000,000	100%
Wison Singapore Pte. Ltd ("Wison Singapore")(c)	Singapore July 9, 2009	Singapore dollar ("SG$") 100,000	100%
惠生工程（中國）有限公司 ("Wison Engineering Ltd.") (Formerly known as 上海惠生化工工程有限公司 ("Shanghai Wison Chemical Engineering Co., Ltd")) ("Wison Engineering")(d)	People's Republic of China ("PRC") November 14, 1997	RMB300,600,000	75%
惠生（揚州）化工機械有限公司 ("Wison (FYI) Chemical Machinery Co., Ltd.") ("Wison Yangzhou")(e)	PRC May 18, 2004	US$13,000,000	100%

(a) As at the date of this report, the authorized share capital of Wison Technology was US$50,000. Wison Technology is incorporated in the British Virgin Islands as an investment holding company. No statutory financial statements have been prepared by Wison Technology as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(b) As at the date of this report, the registered capital of Wison Energy (HK) has been fully paid up. Wison Energy (HK) is incorporated in Hong Kong and acts principally as an investment holding company. The statutory financial statements of Wison Energy (HK) for the years ended December 31, 2009, 2010 and 2011 prepared in accordance with Hong Kong Financial Reporting Standards have been audited by Nelson and Company, a certified public accounting firm in Hong Kong.

(c) As at the date of this report, the registered capital of Wison Singapore has been fully paid up. Wison Singapore was incorporated in Singapore. Wison Singapore has been dormant since incorporation. The statutory financial statements of Wison Singapore for the years ended December 31, 2009, 2010 and 2011 prepared in accordance with Singapore Financial Reporting Standards have been audited by Ernst & Young, Singapore, a certified public accounting firm in Singapore.

(d) As at the date of this report, the registered capital of Wison Engineering has been fully paid up. Wison Engineering is a Sino-foreign co-operative enterprise established in the PRC. The principal activities of Wison Engineering are the provision of solutions for renovating existing ethylene cracking furnaces and design building new ethylene cracking furnaces, and the provision of other chemical engineering processing system solutions in the PRC. Wison Engineering is treated as a subsidiary because the Company has unilateral control over Wison Engineering. As at June 30, 2012, the registered capital of Wison Engineering was fully paid up. The joint venture partners' profit sharing ratios of Wison Engineering are not in proportion to their equity ratios but are as defined in the joint venture contract and other relevant documents. Pursuant to the joint venture contract, Wison Energy (HK) and the joint venture partner share the profits of Wison Engineering at a 90%:10% ratio, respectively.

The statutory financial statements of Wison Engineering for the years ended December 31, 2009, 2010 and 2011 prepared in accordance with the PRC general accepted accounting principles ("PRC GAAP") have been audited by 上海公信中南會計師事務所有限公司 ("Gongxin Zhongnan Certified Public Accountants Co., Ltd."), a certified public accounting firm registered in the PRC.

(e) As at the date of this report, the registered capital of Wison Yangzhou has been fully paid up. Wison Yangzhou is a wholly-foreign-owned enterprise established in the PRC. The registered capital of Wison Yangzhou is US$13,000,000. As at June 30, 2012, the registered capital of Wison Yangzhou was fully paid up. The principal activities of Wison Yangzhou are the manufacture and sale of heat resistant alloy pipes and materials for cracking furnaces.

The statutory financial statements of Wison Yangzhou for the years ended December 31, 2009, 2010 and 2011 prepared in accordance with PRC GAAP have been audited by 江蘇蘇亞金城會計師事務所有限公司 ("Jiangsu Suya Jincheng Certified Public Accountants Co., Ltd."), a certified public accounting firm registered in the PRC.

2. BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in the subsection headed "History, Reorganization and Group Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on May 16, 2011. The companies now comprising the Group were under common control of the controlling shareholder, Wison Holding, before and after the Reorganization. Accordingly, for the purpose of this report, the Financial Information and the Interim Comparative Information of the Group have been prepared by applying the principles of merge accounting as if the Reorganization had been completed at the beginning of the Relevant Periods.

The consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the six months ended June 30, 2011 have been prepared as if the current group structure had been in existence throughout the Relevant Periods and the six months ended June 30, 2011, or since the respective dates of incorporation or establishment of the respective companies now comprising the Group, where this is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2009, 2010 and 2011 and June 30, 2012 have been prepared as if the current group structure had been in existence at the dates and to present the assets and liabilities of the subsidiaries using the then carrying values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

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

3.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the IASB. All IFRSs effective for the accounting periods commencing from January 1, 2012, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

(a) Going Concern

As at June 30, 2012, the Group had current liabilities of RMB338,620,000. The Directors of the Company are of the opinion that, taking into account the presently available banking and credit facilities, internal financial resources of the Group and cash in inflow from profitable operation, there is sufficient working capital for its present requirements. Hence the consolidated financial statements have been prepared on a going concern basis. In the opinion of the directors of the Company, the Group should be able to continue as a viable going concern. Adjustments would have to be made to write down the values of assets to their recoverable amounts and to provide for any further liabilities which might arises should the Group be unable to operate as a going concern. The effect of these adjustments has not been reflected in the Financial Information for the Relevant Periods.

3.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[4]
IFRS 10	*Consolidated Financial Statements*[2]
IFRS 11	*Joint Arrangements*[2]
IFRS 12	*Disclosure of Interests in Other Entities*[2]
IFRS 13	*Fair Value Measurement*[2]
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statement—Presentation of Items of Other Comprehensive Income*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*[2]
IAS 27 (Revised)	*Separate Financial Statements*[2]
IAS 28 (Revised)	*Investment in Associate and Joint Ventures*[2]
IAS 32 Amendments	*Offsetting Financial Assets and Financial Liabilities*[3]
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards—Government Loans*[2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities*[2]
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance*[2]
IFRS 10, IFRS 12 and IAS 27 Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities*[3]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvement Projects	*Annual Improvements to IFRSs 2009-2011 Cycles*[2]

1 Effective for annual periods beginning on or after July 1, 2012
2 Effective for annual periods beginning on or after January 1, 2013
3 Effective for annual periods beginning on or after January 1, 2014
4 Effective for annual periods beginning on or after January 1, 2015

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on its results of operations and financial position.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. As explained in note 3.1 above, the acquisition of subsidiaries under common control has been accounted for using the merge method of accounting.

The merge method of accounting involves incorporating the financial statement items of the consolidating entities or businesses in which the common control consolidation occurs as if they had been consolidated from the date when the consolidating entities or businesses first came under the control of the controlling party. The net assets of the consolidating entities or businesses are consolidated using the existing book value. No amount is recognized in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control consolidation.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realized upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with IAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in profit or loss and reserves, respectively. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in an associate, except where unrealized losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, inventories, deferred tax assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization), had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly-controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of property, plant and equipment over the following estimated useful lives.

Buildings	20-30 years
Plant and machinery	10 years
Motor vehicles	10 years
Office equipment	5 years
Leasehold improvements	Over the lease terms and 5 years, whichever is shorter

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal or retirement of an item of property, plant and equipment recognized in profit or loss in the period the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at depreciated cost (less any impairment losses).

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Intangible assets represent software and are subject to amortization over an estimated useful life of five years.

Research and development costs

All research costs are charged to profit or loss incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as loans and receivables as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include unpledged cash and bank balances, pledged bank balances and time deposits, trade and bills receivables, other receivables, an amount due from a director, amounts due from fellow subsidiaries, amounts due from related companies and an amount due from the ultimate holding company.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in profit or loss. The loss arising from impairment is recognized in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the impairment loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, or loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, an amount due to the ultimate holding company, an amount due to a related company, an amount due to a fellow subsidiary, an amount due to an associate, an amount due to a related party, derivative financial instruments, finance lease payables and interest-bearing bank borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings and finance lease payables are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognized less, when appropriate, cumulative amortization.

Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation under the liabilities are discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market bid prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and other valuation models.

Inventories

Inventories are stated at the lower of cost and net realizable value after making due allowances for obsolete and slow-moving items. Cost is determined on the weighted average basis and in case of finished goods, comprises direct materials, direct labor and appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labor and an appropriation of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is treated as an amount due to contract customers.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labor and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognized based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is treated as an amount due to contract customers.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flow, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" above;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) from the rendering of services, either on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" above or in the period when services are rendered;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) rental income, on a time proportion basis over the lease terms.

Other employee retirement benefits

The Group operates a defined contribution mandatory provident fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salary and charged to profit or loss as they become payable in accordance with the rules of the MPF

Scheme. The assets of the MPF Schemes are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China ("PRC group companies") have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to profit or loss in the period in which they are incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the consolidated statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Renminbi ("RMB"), which is the Company's presentation and functional currency because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of comprehensive income are translated into RMB at the weighted average exchange rates for the year and the period. The resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income deferred relating to that particular foreign operation is recognized in profit or loss.

For the purpose of the consolidated statements of the cash flow, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets and liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Information:

Operating lease commitments—Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

Percentage of completion of construction works

The Group recognizes revenue according to the percentage of completion of individual contracts of construction work, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding contract revenue is also estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue is less than expected or actual contract costs are more than expected, a foreseeable loss may arise.

Estimation of total budgeted costs and cost to completion for construction contracts

Total budgeted costs for construction contracts comprise (i) direct material costs, (ii) costs of subcontracting and direct labor, and (iii) an appropriation of variable and fixed construction overheads. In estimating the total budgeted costs for construction contracts, management makes reference to information such as (i) current offers from sub-contractors and suppliers, (ii) recent offers agreed with sub-contractors and suppliers, and (iii) professional estimation on construction and material costs.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of trade receivables

The Group maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers will deteriorate such that the actual impairment loss might be higher than expected, the Group would be required to revise the basis for making the allowance and its future results would be affected.

Impairment test of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The carrying amount of goodwill of the Group arose from the acquisition of 河南省化工設計院 ("Henan Chemical Industry Design Institute") on November 30, 2007. This requires an estimation of the value in use of the asset and the cash-generating units to which the asset is allocated. Management consider that the goodwill should be allocated to the Group's operating segments (cash generating units) as Henan Chemical Industry Design Institute provides the design service (integral to these contracts). Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the asset or the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at June 30, 2012 was RMB15,752,000. Details are set out in note 17.

PRC corporate income tax

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgment based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realize.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management estimation is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

Operating segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the Relevant Periods:

Year ended December 31, 2009	Ethylene and downstream petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	1,386,295	210,929	207,225	79,938	1,884,387
Intersegment sales	—	—	—	58,845	58,845
Total revenue	**1,386,295**	**210,929**	**207,225**	**138,783**	**1,943,232**
Reconciliation:					
Elimination of intersegment sales					(58,845)
Revenue from continuing operations					1,884,387
Segment results	396,414	90,505	47,349	24,958	559,226
Reconciliations:					
Unallocated income					25,204
Unallocated expenses					(201,599)
Finance costs					(87,579)
Profit before tax					295,252
Segment assets	415,344	288,332	265,501	67,458	1,036,635
Reconciliations:					
Corporate and other unallocated assets					3,105,585
Total assets					4,142,220
Segment liabilities	880,595	26,402	356,750	30,566	1,294,313
Reconciliations:					
Corporate and other unallocated liabilities					2,468,622
Total liabilities					3,762,935
Other segment information					
Share of profits and losses of:					
Associate	—	—	—	118	118
Impairment losses reversed in the income statement	(3,532)	—	—	(1,100)	(4,632)
Depreciation and amortization					
Unallocated					25,572
Segment					—
Investment in an associate	—	—	—	1,018	1,018
Capital expenditure*					
Unallocated					26,300
Segment					—

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

Year ended December 31, 2010	Ethylene and downstream petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue					
Sales to external customers	2,860,453	28,398	2,050,011	37,358	4,976,220
Intersegment sales	—	—	—	91,931	91,931
Total revenue	**2,860,453**	**28,398**	**2,050,011**	**129,289**	**5,068,151**
Reconciliation:					
Elimination of intersegment sales					(91,931)
Revenue from continuing operations					4,976,220
Segment results	752,653	21,717	431,893	14,146	1,220,409
Reconciliations:					
Unallocated income					35,327
Unallocated expenses					(303,373)
Finance costs					(133,704)
Profit before tax					818,659
Segment assets	537,536	117,574	702,412	31,976	1,389,498
Reconciliations:					
Corporate and other unallocated assets					4,556,095
Total assets					5,945,593
Segment liabilities	763,965	10,625	668,814	2,929	1,446,333
Reconciliations:					
Corporate and other unallocated liabilities					3,483,955
Total liabilities					4,930,288
Other segment information					
Share of profits and losses of:					
Associate	—	—	—	358	358
Impairment losses recognized in profit or loss	—	—	—	637	637
Impairment losses reversed in profit or loss	(1,246)	—	—	—	(1,246)
Depreciation and amortization					
Unallocated					24,483
Segment					—
Investment in an associate	—	—	—	1,376	1,376
Capital expenditure*					
Unallocated					25,170
Segment					—

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

Year ended December 31, 2011	Ethylene and downstream petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue					
Sales to external customers	1,624,226	949,736	2,447,046	15,614	5,036,622
Intersegment sales	32,062	—	—	2,417	34,479
Total revenue	**1,656,288**	**949,736**	**2,447,046**	**18,031**	**5,071,101**
Reconciliation:					
Elimination of intersegment sales					(34,479)
Revenue from continuing operations					5,036,622
Segment results	408,880	240,298	556,051	1,498	1,206,727
Reconciliations:					
Unallocated income					31,176
Unallocated expenses					(304,742)
Finance costs					(137,944)
Profit before tax					795,217
Segment assets	926,878	597,564	811,465	44,702	2,380,609
Reconciliations:					
Elimination of intersegment receivables					(30,221)
Corporate and other unallocated assets					1,868,965
Total assets					4,219,353
Segment liabilities	547,073	316,125	643,659	3,300	1,510,157
Reconciliations:					
Elimination of intersegment payables					(1,406)
Corporate and other unallocated liabilities					1,906,179
Total liabilities					3,414,930
Other segment information					
Share of profits and losses of:					
Associate	—	—	—	618	618
Impairment losses recognized in profit or loss	975	—	—	—	975
Impairment losses reversed in profit or loss	(2,574)	—	—	—	(2,574)
Depreciation and amortization					
Unallocated					24,417
Segment					—
Investment in an associate					1,994
Capital expenditure*					
Unallocated					369,864
Segment					—

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

Six months ended June 30, 2012	Ethylene and downstream petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	130,166	520,785	125,184	85,590	861,725
Intersegment sales	32,926	549	—	—	33,475
Total revenue	**163,092**	**521,334**	**125,184**	**85,590**	**895,200**
Reconciliation:					
Elimination of intersegment sales					(33,475)
Revenue from continuing operations					861,725
Segment results	21,216	133,693	17,453	11,759	184,121
Reconciliations:					
Unallocated income					16,667
Unallocated expenses					(151,287)
Finance costs					(53,023)
Loss before tax					(3,522)
Segment assets	796,593	769,962	724,567	130,371	2,421,493
Reconciliations:					
Elimination of intersegment receivables					(22,723)
Corporate and other unallocated assets					2,229,880
Total assets					4,628,650
Segment liabilities	402,650	692,872	519,311	133,046	1,747,879
Reconciliations:					
Elimination of intersegment payables					(22,363)
Corporate and other unallocated liabilities					2,424,520
Total liabilities					4,150,036
Other segment information					
Share of profits and losses of:					
Associate	—	—	—	102	102
Depreciation and amortization					
Unallocated					15,850
Segment					—
Investment in an associate					2,096
Capital expenditure*					
Unallocated					161,234
Segment					—

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

Six months ended June 30, 2011 (unaudited)	Ethylene and downstream petrochemicals	Coal-to-chemicals	Oil refinery	Other products and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue					
Sales to external customers	610,901	139,247	895,357	9,682	1,655,187
Intersegment sales	—	—	—	473	473
Total revenue	**610,901**	**139,247**	**895,357**	**10,155**	**1,655,660**
Reconciliation:					
Elimination of intersegment sales					(473)
Revenue from continuing operations					1,655,187
Segment results	129,810	41,099	195,561	1,106	367,576
Reconciliations:					
Unallocated income					16,325
Unallocated expenses					(157,769)
Finance costs					(81,881)
Profit before tax					144,251
Other segment information					
Share of profits and losses of:					
Associate	—	—	—	215	215
Impairment losses recognized in profit or loss	—	—	—	975	975
Impairment losses reversed in profit or loss	(1,000)	—	—	—	(1,000)
Depreciation and amortization					
Unallocated					11,868
Segment					—
Capital expenditure*					
Unallocated					11,282
Segment					—

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

Information about major customers

The revenue derived from PetroChina Company Limited and its subsidiaries, on a group basis, amounted to approximately 63.1%, 80.1%, 58.4% and 14.0% of the total revenue, for each of the years ended December 31, 2009, 2010 and 2011 and for the six months ended June 30, 2012.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts; the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered during the Relevant Periods and for the six months ended June 30, 2011.

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

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue					
Construction contracts	1,796,159	4,925,031	4,890,441	1,616,140	770,220
Sale of goods	78,503	34,634	14,683	8,698	6,792
Rendering of services	9,725	16,555	131,498	30,349	84,713
	1,884,387	4,976,220	5,036,622	1,655,187	861,725
Other income					
Government grants*	12	792	1,209	11	1,653
Interest income	12,592	30,585	19,075	12,026	10,825
Rental income	2,682	2,801	8,056	4,012	4,056
Sales of scrap materials	9,235	26	9	9	2
Others	548	765	2,086	52	29
	25,069	34,969	30,435	16,110	16,565
Gains					
Gain on disposal of items of plant and equipments	17	—	123	—	—
	17	—	123	—	—
	25,086	34,969	30,558	16,110	16,565

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on bank loans	87,503	129,802	136,901	81,847	52,657
Interest on bills receivables	—	3,824	947	—	346
Interest on finance leases	76	78	96	34	20
	87,579	133,704	137,944	81,881	53,023

8. PROFIT BEFORE TAX

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

	Notes	Year ended December 31,			Six months ended June 30,	
		2009	2010	2011	2011	2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cost of inventories sold		94,289	78,734	16,106	7,864	6,280
Cost of services provided		1,230,872	3,677,077	3,813,789	1,279,747	671,324
Depreciation	14,15	21,080	20,426	19,897	9,630	10,842
Research and development costs		61,460	116,749	147,579	55,747	50,156
Amortization of prepaid land lease payments	16	416	416	416	208	2,562
Amortization of intangible assets	18	4,076	3,641	4,104	2,030	2,446
(Gain)/loss on disposal of items of property, plant and equipment		(17)	393	(123)	42	57
Loss on disposal of items of other intangible assets		—	164	—	—	—
Reversal of impairment of trade and bills receivables	22	(1,100)	(1,246)	(1,000)	(1,000)	—
Reversal of impairment of an investment in an associate	19	(300)	—	—	—	—
(Reversal of provision)/provision for inventories	20	(3,532)	637	(599)	975	—
Fair value losses:						
Derivative instruments—transaction not qualifying as hedges		—	746	5,764	1,615	—
Minimum lease payments under operating leases		5,314	6,067	8,242	3,273	5,766
Auditors' remuneration		2,568	1,698	5,397	1,812	3,097
Foreign exchange differences, net		(2,334)	(1,560)	(8,571)	(870)	3,119
Employee benefits expense (including directors' remuneration) (note 9):						
Wages and salaries		171,730	217,145	294,384	128,129	167,888
Retirement benefit scheme contributions		13,125	19,388	26,796	12,438	14,788
		184,855	236,533	321,180	140,567	182,676

9. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

Directors' remuneration disclosed pursuant to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kinds	1,572	1,914	2,959	1,462	1,222
Performance related bonuses	281	585	585	585	435
Retirement benefit scheme contributions	25	28	51	20	32
Total	1,878	2,527	3,595	2,067	1,689

(a) Independent non-executive Directors

Mr. Choy Sze Chung, Mr. Liu Ji and Mr. Wu Jianmin were appointed as the independent non-executive directors of the Company on November 30, 2012. There were no fees or other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended June 30, 2011.

(b) Executive directors and independent non-executive directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Retirement benefit scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2009					
— Mr. Hua Bangsong	—	857	143	—	1,000
— Mr. Liu Haijun	—	715	138	25	878
	—	1,572	281	25	1,878
Year ended December 31, 2010					
— Mr. Hua Bangsong	—	1,029	171	—	1,200
— Mr. Liu Haijun	—	885	414	28	1,327
	—	1,914	585	28	2,527
Year ended December 31, 2011					
— Mr. Hua Bangsong	—	716	171	—	887
— Mr. Liu Haijun	—	1,211	414	30	1,655
— Mr. Chen Wenfeng	—	1,032	—	21	1,053
— Mr. Zhao Ziming	—	—	—	—	—
	—	2,959	585	51	3,595
Six months ended June 30, 2011 (unaudited)					
— Mr. Hua Bangsong	—	716	171	—	887
— Mr. Liu Haijun	—	591	414	15	1,020
— Mr. Chen Wenfeng	—	155	—	5	160
— Mr. Zhao Ziming	—	—	—	—	—
	—	1,462	585	20	2,067
Six months ended June 30, 2012					
— Mr. Hua Bangsong	—	—	—	—	—
— Mr. Liu Haijun	—	666	300	16	982
— Mr. Chen Wenfeng	—	556	135	16	707
	—	1,222	435	32	1,689

(c) Five highest paid employees

The five highest paid employees of the Group during the Relevant Periods and the six months ended June 30, 2011 are analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
				(Unaudited)	
Directors	2	2	1	2	2
Non-director employees	3	3	4	3	3
	5	5	5	5	5

Details of the remuneration of the directors are set out in above.

Details of the remuneration of the non-director, highest paid employees for the Relevant Periods and for the six months ended June 30, 2011 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kinds	2,488	2,790	4,451	2,002	2,152
Retirement benefit scheme contributions	77	84	120	44	48
	2,565	2,874	4,571	2,046	2,200

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Nil to RMB1,000,000	3	2	—	—	—
RMB1,000,001 to RMB2,000,000	—	1	4	—	—
	3	3	4	—	—

During the Relevant Periods and the six months ended June 30, 2011, no emoluments were paid by the Group to any of the persons who are directors of the Company, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group was not subject to any income tax in the Cayman Islands and British Virgin Islands. The Group was not liable for income tax in Hong Kong and Singapore as the Group did not have any assessable income currently arising in Hong Kong and Singapore during the Relevant Periods and the six months ended June 30, 2011.

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current—Mainland China:					
Charge for the year/period	47,905	119,512	148,270	20,472	(8,624)
Deferred (note 29)	17,404	63,127	57,234	15,064	2,858
Total tax charge/(credit) for the year/period	65,309	182,639	205,504	35,536	(5,766)

The New PRC Corporate Income Tax Law (effective from January 1, 2008 onwards) introduced a wide range of changes including, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Enterprises previously entitled to certain preferential tax rates will gradually move to the applicable corporate tax rate of 25% within five years for 20% in 2009, 22% in 2010, 24% in 2011 and 25% from 2012 onwards.

Wison Engineering also qualified as a "High and New Technology Enterprise" in 2008 and was entitled to a preferential corporate income tax ("CIT") rate of 15% for three years successively from 2008 to 2010. Hence, Wison Engineering was subject to CIT at a rate of 15% in 2009 and 2010.

In accordance with the requirements of the tax regulations in the PRC, Wison Engineering submitted its application to renew its "High and New Technology Enterprise" status for another three years ending December 31, 2013 and obtained the certification on October 20, 2011. Therefore, Wison Engineering was subject to CIT at rate of 15% for the year ended December 31, 2011 and the six months ended June 30, 2012.

Wison Yangzhou was qualified as a "production enterprise" and was entitled to full exemption from CIT for the first and second profitable years (after offsetting accumulated tax losses, which could be carried forward for utilization for a maximum period of five years), and a further 50% exemption for the three succeeding years commencing from 2008. Wison Yangzhou's first profitable year was 2006. Wison Yangzhou was entitled to a preferential tax rate of 12.5% from 2008 to 2010 and 25% from 2011 onwards.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and for the six months ended June 30, 2011 as follows:

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit/(loss) before tax	295,252	818,659	795,217	144,251	(3,522)
At the statutory income tax rates	73,813	204,665	198,804	36,063	(880)
Tax at lower tax rates	(30,341)	(84,945)	(82,338)	(15,871)	(625)
Tax losses not recognized	2,378	4,715	11,492	3,049	2,796
Income not subject to tax	—	—	—	(336)	—
Withholding taxes on undistributed profits of the subsidiaries in Mainland China	20,723	62,953	59,723	11,841	1,304
Capital gain tax	—	—	14,831	—	—
Additional tax deduction	(2,627)	(6,641)	—	—	(9,687)
Expenses not deductible for tax	1,363	1,892	2,992	790	1,326
Tax charge for the year/period	65,309	182,639	205,504	35,536	(5,766)

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

11. DIVIDENDS

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interim	—	—	710,000	—	256,556
Proposed final	—	—	—	—	—
	—	—	710,000	—	256,556

The Company declared interim dividends to Wison Holding, its then shareholder, during the year ended December 31, 2011 and the six months ended June 30, 2012 of RMB710,000,000 and RMB256,556,000, respectively. The rates of dividends and number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization and the preparation of the results of the Group for the Relevant Periods and six months ended June 30, 2011 as disclosed in note 2 above.

13. PROFIT/LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit/(loss) attributable to owners of the parent for the years ended December 31, 2009, 2010 and 2011 and for the six months ended June 30, 2011 and 2012 amounted to (RMB4,058,000), (RMB5,750,000), RMB735,390,000, (RMB2,296,000) and RMB550,715,000, which has been dealt with in the financial statements of the Company.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
June 30, 2012							
At December 31, 2011 and January 1, 2012:							
Cost	248,309	5,965	16,637	24,511	43,178	211,011	549,611
Accumulated depreciation	(54,250)	(550)	(9,351)	(15,709)	(26,049)	—	(105,909)
Net carrying amount	194,059	5,415	7,286	8,802	17,129	211,011	443,702
At January 1, 2012, net of accumulated depreciation	194,059	5,415	7,286	8,802	17,129	211,011	443,702
Additions	—	831	39	5,108	2,814	115,186	123,978
Depreciation provided during the period	(4,166)	(1,011)	(695)	(1,428)	(3,252)	—	(10,552)
Disposals	—	—	—	(33)	(127)	—	(160)
At June 30, 2012, net of accumulated depreciation	189,893	5,235	6,630	12,449	16,564	326,197	556,968
At June 30, 2012:							
Cost	248,309	6,796	16,676	29,500	45,484	326,197	672,962
Accumulated depreciation	(58,416)	(1,561)	(10,046)	(17,051)	(28,920)	—	(115,994)
Net carrying amount	189,893	5,235	6,630	12,449	16,564	326,197	556,968

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2011							
At December 31, 2010 and January 1, 2011:							
Cost	248,309	2,694	18,085	23,930	37,431	13,348	343,797
Accumulated depreciation	(45,957)	(2,223)	(9,567)	(14,667)	(21,070)	—	(93,484)
Net carrying amount	202,352	471	8,518	9,263	16,361	13,348	250,313
At January 1, 2011, net of accumulated depreciation	202,352	471	8,518	9,263	16,361	13,348	250,313
Additions	—	5,371	234	2,832	7,231	197,663	213,331
Depreciation provided during the year	(8,293)	(427)	(1,461)	(2,986)	(6,149)	—	(19,316)
Disposals	—	—	(5)	(307)	(314)	—	(626)
At December 31, 2011, net of accumulated depreciation	194,059	5,415	7,286	8,802	17,129	211,011	443,702
At December 31, 2011:							
Cost	248,309	5,965	16,637	24,511	43,178	211,011	549,611
Accumulated depreciation	(54,250)	(550)	(9,351)	(15,709)	(26,049)	—	(105,909)
Net carrying amount	194,059	5,415	7,286	8,802	17,129	211,011	443,702

December 31, 2010	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2009 and January 1, 2010:							
Cost	248,306	2,694	19,849	20,835	36,386	—	328,070
Accumulated depreciation	(38,001)	(1,266)	(8,929)	(12,276)	(17,915)	—	(78,387)
Net carrying amount	210,305	1,428	10,920	8,559	18,471	—	249,683
At January 1, 2010, net of accumulated depreciation	210,305	1,428	10,920	8,559	18,471	—	249,683
Additions	3	—	70	4,338	4,362	13,348	22,121
Depreciation provided during the year	(7,956)	(957)	(1,753)	(3,372)	(5,807)	—	(19,845)
Disposals	—	—	(719)	(262)	(665)	—	(1,646)
At December 31, 2010, net of accumulated depreciation	202,352	471	8,518	9,263	16,361	13,348	250,313
At December 31, 2010:							
Cost	248,309	2,694	18,085	23,930	37,431	13,348	343,797
Accumulated depreciation	(45,957)	(2,223)	(9,567)	(14,667)	(21,070)	—	(93,484)
Net carrying amount	202,352	471	8,518	9,263	16,361	13,348	250,313

December 31, 2009	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2008 and January 1, 2009:							
Cost	248,324	2,185	19,800	20,772	32,032	—	323,113
Accumulated depreciation	(29,256)	(663)	(7,088)	(9,110)	(12,764)	—	(58,881)
Net carrying amount	219,068	1,522	12,712	11,662	19,268	—	264,232
At January 1, 2009, net of accumulated depreciation	219,068	1,522	12,712	11,662	19,268	—	264,232
Additions	52	509	305	1,082	5,679	—	7,627
Depreciation provided during the year	(8,758)	(603)	(1,865)	(3,639)	(5,634)	—	(20,499)
Disposals	(57)	—	(232)	(546)	(842)	—	(1,677)
At December 31, 2009, net of accumulated depreciation	210,305	1,428	10,920	8,559	18,471	—	249,683
At December 31, 2009:							
Cost	248,306	2,694	19,849	20,835	36,386	—	328,070
Accumulated depreciation	(38,001)	(1,266)	(8,929)	(12,276)	(17,915)	—	(78,387)
Net carrying amount	210,305	1,428	10,920	8,559	18,471	—	249,683

At December 31, 2009, 2010 and 2011 and June 30, 2012, certain of the Group's buildings with net book value of approximately RMB210,212,000, RMB151,148,000, RMB193,443,000 and RMB172,098,000 were pledged to secure general banking facilities granted to the Group (note 27). The net book value of the Group's property, plant and equipment held under finance leases included in the total amounts of office equipment at December 31, 2009, 2010 and 2011 and June 30, 2012 amounted to RMB1,331,000, RMB1,193,000, RMB1,304,000 and RMB1,085,000, respectively.

The Group's buildings are situated in Mainland China and held under long term leases.

Company

December 31, 2010	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2009 and January 1, 2010:						
Cost	—	70	—	—	60	130
Accumulated depreciation	—	(70)	—	—	(52)	(122)
Net carrying amount	—	—	—	—	8	8
At January 1, 2010, net of accumulated depreciation	—	—	—	—	8	8
Additions	—	—	—	—	—	—
Depreciation provided during the year	—	—	—	—	(8)	(8)
At December 31, 2010, net of accumulated depreciation	—	—	—	—	—	—
At December 31, 2010 and 2011, and June 30, 2012:						
Cost	—	70	—	—	60	130
Accumulated depreciation	—	(70)	—	—	(60)	(130)
Net carrying amount	—	—	—	—	—	—

December 31, 2009	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2008 and January 1, 2009:						
Cost	—	70	—	—	60	130
Accumulated depreciation	—	(64)	—	—	(40)	(104)
Net carrying amount	—	6	—	—	20	26
At January 1, 2009, net of accumulated depreciation	—	6	—	—	20	26
Additions	—	—	—	—	—	—
Depreciation provided during the year	—	(6)	—	—	(12)	(18)
At December 31, 2009, net of accumulated depreciation	—	—	—	—	8	8
At December 31, 2009:						
Cost	—	70	—	—	60	130
Accumulated depreciation	—	(70)	—	—	(52)	(122)
Net carrying amount	—	—	—	—	8	8

15. INVESTMENT PROPERTIES

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at January 1	17,620	17,039	16,458	15,877
Depreciation	(581)	(581)	(581)	(290)
Carrying amount at December 31/June 30	17,039	16,458	15,877	15,587

The fair values of the Group's investment properties amounted to RMB24,631,000, RMB28,904,000, RMB34,043,000 and RMB36,042,000, based on valuations as at December 31, 2009, 2010 and 2011 and June 30, 2012 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis.

The Group's investment property is under medium term leases situated in Mainland China and is leased to a third party under operating leases, further summary details of which are included in note 35 to the Financial Information.

16. PREPAID LAND LEASE PAYMENTS

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at January 1,	16,034	15,618	15,202	14,786
Additions during the year/period	—	—	—	181,656
Amortized during the year/period	(416)	(416)	(416)	(2,562)
Carrying amount at end of the year/period	15,618	15,202	14,786	193,880
Current portion included in prepayments, deposits and other receivables	(416)	(416)	(416)	(4,453)
Non-current portion	15,202	14,786	14,370	189,427

The carrying amount of the Group's prepaid land lease payments represents land use rights in Mainland China with land held under the following lease terms:

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long term lease (≥50 years)	15,202	14,786	14,370	14,162
Medium term lease (<50 years)	—	—	—	175,265
	15,202	14,786	14,370	189,427

At December 31, 2009, 2010 and 2011 and June 30, 2012, certain of the Group's leasehold interests on land with the carrying amount of approximately RMB15,618,000, RMB12,346,000, RMB14,786,000 and RMB14,579,000 were pledged to secure banking facilities granted to the Group (note 27).

17. GOODWILL

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period and at the end of the year/period	15,752	15,752	15,752	15,752

The carrying amount of goodwill of the Group arose from the acquisition of the business of Henan Chemical Industry Design Institute during the year ended December 31, 2007.

The recoverable amount of the goodwill is determined from a value in use calculation using cash flow forecast based on financial budgets. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the period. The directors estimate the discount rates of 20% using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. The growth rates of 20% are based on industry growth forecasts. Changes in revenue and direct costs are based on past practices and expectations of future changes in the market. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for 2012 and extrapolates cash flow for the following five years based on an estimated average industry growth rate. The rate does not exceed the average long-term growth rate for the relevant markets.

Based on the above, the directors consider that there is no impairment of goodwill.

18. OTHER INTANGIBLE ASSETS

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software				
At January 1				
Cost	19,570	21,218	23,506	30,348
Accumulated amortization	(7,142)	(11,218)	(14,072)	(18,176)
Net carrying amount	12,428	10,000	9,434	12,172
Cost at January 1, net of accumulated amortization	12,428	10,000	9,434	12,172
Additions	1,648	3,239	6,842	3,434
Amortization provided during the year/period	(4,076)	(3,641)	(4,104)	(2,446)
Disposals	—	(164)	—	—
At the end of the year/period, net of accumulated amortization	10,000	9,434	12,172	13,160
At the end of the year/period				
Cost	21,218	23,506	30,348	33,782
Accumulated amortization	(11,218)	(14,072)	(18,176)	(20,622)
Net carrying amount	10,000	9,434	12,172	13,160

19. INVESTMENT IN AN ASSOCIATE

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted shares, at cost	—	—	—	—
Share of net assets	1,018	1,376	1,994	2,096
	1,018	1,376	1,994	2,096

Investment in an associate as at December 31, 2009, 2010 and 2011 and June 30, 2012 represents the Group's 30% equity interest in 河南創思特工程監理諮詢有限公司 (Henan Chuangsite Supervisory Consulting Co., Ltd. "Henan Chuangsite")*, a company established in the PRC.

In May 2009, the other equity holders of Henan Chuangsite contributed additional capital of RMB2,000,000 to increase Henan Chuangsite's paid up capital to RMB3,000,000 from RMB1,000,000. Consequently, the Group's effective equity interest in Henan Chuangsite decreased from 30% to 10% in May 2009.

In December 2009, the Group acquired a 20% equity interest from the other equity holder of Henan Chuangsite (also a key member of management of the Group) for a consideration of RMB600,000 (note 32(a)(v)) and increased the Group's equity interest in Henan Chuangsite to 30%.

The principal activity of Henan Chuangsite is the provision of supervisory services for construction projects. The Group's shareholding in Henan Chuangsite is held through a wholly owned subsidiary of the Company.

* The statutory financial statements of Henan Chuangsite for the years ended December 31, 2009, 2010 and 2011 were audited by 河南世紀聯合會計師事務所 ("Henan Shi Ji Lian He Certified Public Accountants Co., Ltd."), a certified public accounting firm registered in the PRC.

The following table illustrates the summarized financial information of Henan Chuangsite, the Group's associate extracted from its management accounts:

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets	3,982	5,313	7,341	7,773
Liabilities	587	724	696	786

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	2,127	4,666	10,579	2,296	1,937
Profit for the year/period	708	1,194	2,056	715	341

20. INVENTORIES

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction materials, net	10,147	102,036	34,758	44,000
Raw materials, gross	35,575	8,082	7,150	8,204
Work in progress, gross	303	—	1,352	6,271
Finished goods, gross	5,821	6,926	3,590	611
	51,846	117,044	46,850	59,086

The movements in the provision for inventory provision are as follows:

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1	7,551	3,819	3,155	2,556
Write back	(200)	(1,301)	—	—
(Reversal of provision)/provision for the year/period (note 8)	(3,532)	637	(599)	—
At December 31/June 30	3,819	3,155	2,556	2,556

21. CONSTRUCTION CONTRACTS

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts due from contract customers	352,749	468,032	2,096,204	2,133,389
Gross amounts due to contract customers	(703,870)	(414,278)	(562)	(336,354)
	(351,121)	53,754	2,095,642	1,797,035

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract costs incurred plus recognized profits less recognized losses to date	5,023,399	10,486,588	12,341,386	13,295,146
Less: Progress billings	(5,374,520)	(10,432,834)	(10,245,744)	(11,498,111)
	(351,121)	53,754	2,095,642	1,797,035

As at December 31, 2009, 2010, and 2011 and June 30, 2012, amounted to RMB399,301,000, RMB728,000,000, RMB185,478,000, RMB277,901,000 of advances to suppliers were included in the gross amount due from/(to) contract customers, respectively.

As at December 31, 2009, 2010, 2011 and June 30, 2012, RMB6,734,000, RMB32,480,000, RMB408,050,000 and RMB429,772,000 of gross amounts due from contract customers will be transferred to trade receivable when the Group bills the customers and such trade receivables will be retention money in nature and classified as non-current trade receivable from the customers.

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

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Fellow subsidiary				
惠生（南京）清潔能源股份有限公司 (Wison (Nanjing) Clean Energy Co., Ltd.) (formerly known as 惠生（南京）化工有限公司 (Wison (Nanjing) Chemical Co., Ltd.) ("Wison Nanjing"))	17,405	—	3,893	20,077
舟山惠生海洋工程有限公司 (Zhoushan Wison Offshore & Marine Co., Ltd. "Zhoushan Wison")	—	—	—	66,343
Related company				
陝西長青能源化工有限公司 (Shaanxi Changqing Energy & Chemical Co., Ltd. "Shaanxi Changqing")*	—	—	429,504	556,842

* Shaanxi Changqing is indirectly owned as to 25% by Mr. Hua Bangsong, a director and beneficial shareholder of the Company.

22. TRADE AND BILLS RECEIVABLES

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

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

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

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables:				
Less than 3 months	428,634	592,829	72,838	47,762
4 to 6 months	86,736	12,118	14,555	16,112
7 to 12 months	6,626	42,086	26,703	36,665
Over 1 year	108,578	155,055	49,679	56,750
	630,574	802,088	163,775	157,289

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

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1	5,457	4,357	1,765	765
Write off	—	(1,346)	—	—
Reversal of impairment for the year/period (note 8)	(1,100)	(1,246)	(1,000)	—
At December 31/June 30	4,357	1,765	765	765

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

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	618,521	712,036	82,869	60,002
Less than 3 months	3,040	2,118	14,555	16,113
4 to 12 months	6,626	42,086	26,703	36,166
Over 1 year	2,387	45,848	39,648	45,008
	630,574	802,088	163,775	157,289

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

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fellow subsidiaries				
Wison Nanjing	138,926	14,751	—	9,491
鄂爾多斯市國泰化工有限公司 (Erdos Guotai Chemical Co., Ltd. "Erdos Guotai")	89,357	49,357	—	—
	228,283	64,108	—	9,491
Related company				
Shaanxi Changqing	—	—	52,058	500

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

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion of prepaid land lease payments	416	416	416	4,453
Prepayments	19,103	19,971	211,393	69,006
Deposits	5,090	3,904	8,413	8,343
Other receivables, net of provision for impairment	36,973	42,498	27,994	100,432
	61,582	66,789	248,216	182,234
Less: non-current portion	(17,637)	(17,637)	(167,834)	(20,000)
	43,945	49,152	80,382	162,234

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

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fellow subsidiary Wison Nanjing	—	—	50	—
Related company Shaanxi Changqing	—	—	3,526	—

Company

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	4	1,567	9,201	9,823
Deposits	119	116	117	—
	123	1,683	9,318	9,823

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The fair values of other receivables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts, due to their relatively short maturity term.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	456,109	654,918	598,372	756,468
Time deposits with original maturity of less than three months	35,000	228,738	867	9,952
Time deposits with original maturity of more than three months	842,857	1,227,198	548,914	523,363
	1,333,966	2,110,854	1,148,153	1,289,783
Less: Pledged bank balances and time deposits	(898,344)	(1,568,673)	(508,183)	(718,769)
Unpledged cash and bank balances	435,622	542,181	639,970	571,014
Unpledged time deposits with original maturity of less than three months	35,000	—	—	—
Unpledged time deposits with original maturity of more than three months	—	—	130,000	132,145
Cash and cash equivalents	400,622	542,181	509,970	438,869
Unpledged cash and bank balances	435,622	542,181	639,970	571,014

At December 31, 2009, 2010 and 2011 and June 30, 2012, bank deposits of RMB158,504,000, RMB148,060,000, RMB235,291,000 and RMB382,849,000 were placed as guarantee deposits for performance of certain construction contracts and for the tendering process, respectively.

At December 31, 2009 and June 30, 2012, bank deposits of RMB5,568,000 and RMB11,250,000 were pledged to a bank as security for bill facilities granted by the bank, respectively.

At December 31, 2009, 2010 and 2011 and June 30, 2012, bank deposits of RMB5,722,000, RMB11,803,000, RMB3,967,000 and RMB55,810,000 were pledged to a bank as security to obtain a letter of credit facility for the purchase of imported equipment, respectively.

At December 31, 2009, 2010 and 2011 and June 30, 2012, bank deposits of RMB596,750,000, RMB838,960,000, RMB268,925,000 and RMB268,860,000 were pledged as security for bank loans, respectively (note 27).

At December 31, 2009 and 2010, bank deposits of RMB131,800,000 and RMB569,850,000 were pledged as security for a bank loan granted to Wison Holding, respectively (note 32).

At December 31, 2009, 2010 and 2011 and June 30, 2012, the cash and bank balances of the Group denominated in RMB amounted to RMB1,329,038,000, RMB2,106,242,000, RMB1,076,082,000 and RMB1,213,871,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

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

Company

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	1,336	81	436	19,820

25. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	519,813	885,906	1,345,029	1,068,254
1 to 2 years	57,624	120,744	104,378	188,200
2 to 3 years	11,482	24,507	47,740	110,827
Over 3 years	—	—	11,000	20,243
	588,919	1,031,157	1,508,147	1,387,524

The amounts due to a related company included in the trade payables are as follows:

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
江蘇新華化工機械有限公司 (Jiangsu Xinhua Chemical Engineering Co., Ltd. "Jiangsu Xinhua")	—	—	1,008	822

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

26. OTHER PAYABLES, ADVANCE FROM CUSTOMERS AND ACCRUALS

Group

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	2,767	2,770	20,721	19,682
Advance from customers	1,524	898	42	1,638
Other payables	129,369	248,931	154,449	116,161
	133,660	252,599	175,212	137,481

Company

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	474	—	12,633	11,446
	474	—	12,633	11,446

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Bank loans repayable within one year				
— secured	1,773,002	2,492,287	1,161,146	1,823,116
— unsecured	50,000	100,000	230,000	400,000
	1,823,002	2,592,287	1,391,146	2,223,116
Finance lease payables (note 28)	345	396	458	358
	1,823,347	2,592,683	1,391,604	2,223,474
Non-current				
Bank loans repayable in the second year				
— secured	233,849	90,000	200,000	—
Bank loans repayable in the third to fifth year				
— secured	—	200,000	—	—
	233,849	290,000	200,000	—
Finance lease payables (note 28)	953	715	731	551
	234,802	290,715	200,731	551
	2,058,149	2,883,398	1,592,335	2,224,025

An analysis of loans (in original currency) is as follows:

	US$'000	*US$'000*	*US$'000*	*US$'000*
— US$ denominated	80,965	97,515	40,000	40,000

The US$ denominated loans bear interest at floating rates pegged to London Inter Bank Offered Rate or the Hong Kong Inter Bank Offered Rate, except that a bank loan of US$31,500,000 and US$31,680,000 denominated loans bore fixed rates of 1.83% and 3.33% at December 31, 2009 and 2010. The remaining bank and other borrowings balances at December 31, 2009, 2010 and 2011 and June 30, 2012, are denominated in RMB and bear interest at floating rates except for loans of RMB670,000,000, RMB20,000,000, RMB235,300,000 and RMB571,000,000 at December 31, 2009, 2010 and 2011 and June 30, 2012, respectively, which bear interest at fixed rates.

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

Year ended December 31, 2009	1.03% to 6.11%
Year ended December 31, 2010	1.03% to 6.58%
Year ended December 31, 2011	0.99% to 7.22%
Six months ended June 30, 2012	3.74% to 7.92%

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

		December 31,			June 30,
	Notes	2009	2010	2011	2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	14	210,212	151,148	193,443	172,098
Leasehold interests on land	16	15,618	12,346	14,786	14,579
Time deposits	24	596,750	838,960	268,925	268,860

During the year ended December 31, 2009, Wison Nanjing executed a guarantee to a bank for a loan granted to the Group of RMB100,000,000 at nil consideration. The guarantee was released on March 16, 2010 (note 32(b)(vii)).

During the six months ended June 30, 2012, Wison Investment executed a guarantee to a bank for a loan granted to the Group of RMB100,000,000 at nil consideration. The guarantee was subsequently released (note 32(b)(x)).

During the six months ended June 30, 2012, Wison Investment executed a guarantee to a bank for a bank facility to the Group of RMB700,000,000 at nil consideration. As at June 30, 2012, the loan was drawn down to the extent of RMB400,000,000. The guarantee was subsequently released (note 32(b)(x)).

In addition, certain banks have granted credit facilities to the Group for which the receivables from construction contracts with 中國石油天然氣股份有限公司撫順石化分公司 ("PetroChina Fushun Petrochemical Company"), 中國石油四川石化有限責任公司 ("PetroChina Sichuan Petrochemical Co., Ltd.") and other customers are pledged as security (note 22). As at December 31, 2009, 2010 and 2011 and June 30, 2012, the bank loans were drawn down to the extent of RMB1,251,970,000, RMB1,888,541,000, RMB886,200,000 and RMB1,146,000,000, respectively.

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

28. FINANCE LEASE PAYABLES

During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, the Group leased certain of its office machinery for its operation requirements. These leases are classified as finance leases.

At December 31, 2009, 2010 and 2011 and June 30, 2012, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments December 31, 2009	Present value of payments December 31, 2009
	RMB'000	*RMB'000*
Amounts payable:		
Within one year	412	345
In the second year	412	361
In the third to fifth years, inclusive	636	592
Total minimum finance lease payments	1,460	1,298
Future finance charges	(162)	
Total net finance lease payables	1,298	
Portion classified as current liabilities (note 27)	(345)	
Non-current portion	953	

	Minimum lease payments December 31, 2010	Present value of payments December 31, 2010
	RMB'000	*RMB'000*
Amounts payable:		
Within one year	454	396
In the second year	398	366
In the third to fifth years, inclusive	366	349
Total minimum finance lease payments	1,218	1,111
Future finance charges	(107)	
Total net finance lease payables	1,111	
Portion classified as current liabilities (note 27)	(396)	
Non-current portion	715	

	Minimum lease payments December 31, 2011	Present value of payments December 31, 2011
	RMB'000	*RMB'000*
Amounts payable:		
Within one year	557	498
In the second year	328	293
In the third to fifth years, inclusive	425	398
Total minimum finance lease payments	1,310	1,189
Future finance charges	(121)	
Total net finance lease payables	1,189	
Portion classified as current liabilities (note 27)	(458)	
Non-current portion	731	

	Minimum lease payments June 30, 2012	Present value of payments June 30, 2012
	RMB'000	*RMB'000*
Amounts payable:		
Within one year	416	371
In the second year	295	269
In the third to fifth years, inclusive	285	269
Total minimum finance lease payments	996	909
Future finance charges	(87)	
Total net finance lease payables	909	
Portion classified as current liabilities (note 27)	(358)	
Non-current portion	551	

29. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during each of the Relevant Periods are as follows:

Deferred tax assets

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1,	3,306	6,625	6,451	8,940
Deferred tax credited/(charged) to profit or loss during the year/period	3,319	(174)	2,489	(1,554)
Gross deferred tax assets at the end of year/period	6,625	6,451	8,940	7,386

Deferred tax liabilities

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1,	15,841	28,351	91,304	63,255
Realized during the year/period	(8,213)	—	(87,772)	(64,218)
Deferred tax charged to profit or loss during the year/period	20,723	62,953	59,723	1,304
Gross deferred tax liabilities at the end of year/period	28,351	91,304	63,255	341

The Group's deferred tax assets and deferred tax liabilities are attributed to the following items, which are reflected in the statements of financial position:

Deferred tax assets

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provision for impairment of assets	2,060	1,246	520	514
Accruals and payables	4,554	5,205	8,420	3,577
Tax losses	—	—	—	3,295
Pre-operating expenses	11	—	—	—
Deferred tax assets at year/period end	6,625	6,451	8,940	7,386

Deferred tax liabilities

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Withholding taxes arising from undistributed profits of the PRC subsidiaries	28,351	91,304	63,255	341
Deferred tax liabilities at year/period end	28,351	91,304	63,255	341

Deferred tax assets have not been recognized in respect of the following items:

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	2,378	4,715	11,492	2,796

30. GOVERNMENT GRANTS

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year/period	—	—	—	—
Received during the year/period	12	792	1,209	3,903
Released to profit or loss (note 6)	(12)	(792)	(1,209)	(1,653)
Carrying amount at end of the year/period	—	—	—	2,250
Non-current	—	—	—	2,250

The Group received government grants for the purpose of using the energy-saving materials in the newly constructed office buildings.

31. ISSUED CAPITAL AND RESERVES

(a) Shares

	December 31,			June 30,
	2009	2010	2011	2012
Number of ordinary shares				
Authorized:				
Ordinary shares of HK$0.1 each	3,000,000	3,000,000	3,000,000	3,000,000
Issued:				
Ordinary shares of HK$0.1 each	1,000	1,000	10,000	10,000

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Authorized:				
Ordinary shares of HK$0.1 each	319	319	319	319
Issued:				
Ordinary shares of HK$0.1 each	—	—	1	1

The Company was incorporated with an authorized share capital of HK$300,000 divided into 3,000,000 shares of HK$0.1 each.

On May 16, 2011, the Company issued 9,000 ordinary shares of HK$0.1 each to Wison Holding pursuant to the Group Reorganization for the acquisition of the entire issued share capital of Wison Technology.

(b) Statutory surplus reserve ("SSR") and expansion reserve

Group

In accordance with the Company Law of the PRC and the articles of association, Wison Engineering may make appropriation to its statutory surplus reserve fund and expansion reserve fund as a percentage of its profit after tax. The amount of the appropriation is subject to the approval of the board of directors of Wison Engineering in accordance with the articles of association of Wison Engineering. Subject to certain restrictions set out in the Company Law of the PRC and the articles of association, part of these reserves may be converted to increase the company's registered capital, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

In accordance with the Company Law of the PRC and the articles of association, Wison Yangzhou is required to transfer at least 10% of its profit after tax to its statutory surplus reserve fund, until such reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC and the articles of association of Wison Yangzhou, this reserve may be capitalized as the registered capital.

The SSR and the expansion reserve are non-distributable except in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalized as paid-up capital.

(c) Reserves of the Company

	Retained profits/ (Accumulated losses)	Total
	RMB'000	RMB'000
At January 1, 2009	(37,490)	(37,490)
Net loss and total comprehensive loss for the year	(4,058)	(4,058)
At December 31, 2009 and January 1, 2010	(41,548)	(41,548)
Net loss and total comprehensive loss for the year	(5,750)	(5,750)
At December 31, 2010 and January 1, 2011	(47,298)	(47,298)
Net profit and total comprehensive income for the year	735,390	735,390
Dividend declared	(710,000)	(710,000)
At December 31, 2011 and January 1, 2012	(21,908)	(21,908)
Net profit and total comprehensive income for the period	550,715	550,715
Dividend declared	(256,556)	(256,556)
At June 30, 2012	272,251	272,251
Unaudited		
At December 31, 2010 and January 1, 2011	(47,298)	(47,298)
Net loss and total comprehensive loss for the period	(2,296)	(2,296)
At June 30, 2011	(49,594)	(49,594)

(d) Capital reserve

The capital reserve represents the paid-in capital of Wison Singapore at December 31, 2010 and 2011. The Group acquired Wison Singapore during 2011 from Wison Holding which was a business combination under common control and has been accounted for by applying the principle of merge accounting and the capital reserve has been debited.

32. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during each of the Relevant Periods and the six months ended June 30, 2011:

		Year ended December 31,			Six months ended June 30,	
	Notes	2009	2010	2011	2011	2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Related companies:						
Purchase of products	(a)(i)	1,805	1,626	2,980	1,363	—
Rental income	(a)(ii)	887	152	3,333	2,368	233
Rendering of services	(b)(i)	—	—	878,478	111,305	322,179
Fellow subsidiaries:						
Rental income	(a)(ii)	—	735	2,516	556	2,691
Rendering of services	(b)(i)	152,195	585	19,914	—	88,299
Sale of construction materials	(a)(iii)	779	—	—	—	—
Rental expenses	(a)(iv)	—	—	331	—	276
Purchase of services	(b)(ii)	—	—	4,600	—	200
Purchase of interests in an associate from a key management personnel	(a)(v)	600	—	—	—	—

Notes:

(a) Recurring

(i) The Group and Jiangsu Xinhua entered into a framework agreement effective on April 25, 2011 for a term of three years that sets out the principal term and conditions under which the Group will purchase anchor, refractory support plunge hook and other ancillary accessories for its cracking furnaces and chemical engineering tower from Jiangsu Xinhua. During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2011 and 2012, the Group's purchases of heat-resistant alloy pipes and other ancillary accessories from Jiangsu Xinhua amounted to RMB1,805,000, RMB1,626,000 and RMB2,980,000, RMB1,363,000 and nil, respectively. The purchases were made by reference to the published prices and conditions offered by Jiangsu Xinhua to its customers.

(ii) The Group leased out office space to 上海澤潤生物科技有限公司 (Shanghai Zerun Biotechnology Co., Ltd. "Zerun Biotech") a previously related company of which became a fellow subsidiary of the Group in 2011, for RMB887,000 per annum for a three year period commencing from May 20, 2007. Rental income for the year ended December 31, 2009 amounted to RMB887,000.

In January 2010, the Group and Zerun Biotech agreed to terminate the lease agreement. The Group entered into lease agreements with Zerun Biotech and 嘉和生物藥業有限公司 (Genor BioPharma Co., Ltd. "Genor BioPharma", a fellow subsidiary of the company), respectively, for which the Group leased out the same office space to Zerun Biotech and Genor BioPharma for RMB152,000 per annum and RMB735,000 per annum, respectively, for a three-year period commencing from January 1, 2010. Rental income for the year ended December 31, 2010 from Zerun Biotech and Genor BioPharma amounted to RMB152,000 and RMB735,000 respectively.

On December 31, 2010, the Group and Zerun Biotech agreed to terminate the above lease agreement and entered into a new lease agreement on May 10, 2011, for which the Group leased out a new office space to Zerun Biotech for RMB4,269,000 per annum for a three-year period commencing from January 1, 2011. During the year ended December 31, 2011, the Group and Zerun Biotech agreed to supersede the foregoing leasing agreements and entered into another the lease agreement, for which the Group leased out two additional office premises to Zerun Biotech of which one premise is RMB4,579,000 per annum for a 30 month period commencing from July 1, 2011 and another premise is RMB317,000 per annum for a 24 month period commencing from January 1, 2012. Rental income for the year ended December 31, 2011 and the six months ended June 30, 2011 and 2012 from Zerun Biotech amounted to RMB4,424,000, RMB2,135,000 and RMB2,448,000, respectively.

On December 31, 2010, the Group and Genor BioPharma agreed to terminate the above lease agreement and entered into a new lease agreement on May 10, 2011, for which the Group leased out a new office space to Genor BioPharma for RMB626,000 per annum for a three-year period commencing from January 1, 2011. During the year ended December 31, 2011, the Group and Genor BioPharma agreed to amend the foregoing lease agreement, for which Genor BioPharma reduced the leased office spaces for RMB317,000 per annum for a 6-month period commencing from July 1, 2011. On December 31, 2011, the Group and Genor BioPharma agreed to terminate the above agreements. Rental income for the year ended December 31, 2011 and for the six months ended June 30, 2011 from Genor BioPharma amounted to RMB472,000 and RMB313,000, respectively.

During the year ended December 31, 2011, the Group leased out office space to 上海惠生通訊技術有限公司 (Wison (Shanghai) Telecommunication Technology Company Limited "Wison Telecommunication") for RMB467,000 per annum for a three-year period commencing from January 1, 2011. Rental income for the year ended December 31, 2011 and for the six months ended June 30, 2011 and 2012 from Wison Telecommunication amounted to RMB467,000, RMB233,000 and RMB233,000, respectively.

During the year ended December 31, 2011, the Group leased out office space to 惠生（南通）重工有限公司 (Wison (Nantong) Heavy Industrial Co., Ltd. "Wison Nantong", a fellow subsidiary of the Company), for RMB486,000 per annum for a three-year period commencing from January 1, 2011. Rental income for the year ended December 31, 2011 and for the six months ended June 30, 2011 and 2012 from Wison Nantong amounted to RMB486,000, RMB243,000 and RMB243,000, respectively.

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

(iii) During the year ended December 31, 2009, the Group sold construction materials to Wison Nanjing amounting to RMB779,000. In the opinion of the Directors of the Company, the transactions between the Group and Wison Nanjing were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(iv) On August 29, 2011, 南京瑞固化工有限公司 (Nanjing Ruigu Chemical Engineering Co. Ltd. "Nanjing Ruigu"), a previously fellow subsidiary of the Company was de-registered and merged with Wison Nanjing on November 30, 2011, leased to the Group a portion of land. The lease is for a term commencing from July 1, 2011 to December 31, 2013. On May 30, 2012, the Group and Wison Nanjing agreed to terminate the above lease agreement. Rental expenses for the year ended December 31, 2011 and for the six months ended June 30, 2012 amounted to RMB331,000 and RMB276,000, respectively. In the opinion of the Directors of the Company, the transactions between the Group and Wison Nanjing and Nanjing Ruigu were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(v) During the year ended December 31, 2009, the Group purchased a 20% equity interest of Henan Chuangsite from Mr. Yang Zhimin, who is a key member of management of a subsidiary of the Group, for a consideration of RMB600,000 (note 19). In the opinion of the Directors of the Company, the transactions between the Group and the aforementioned related party were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(vi) Wison Holding, as licensor, entered into three trade mark licensing agreement with the Group to grant the right to use the trade marks by the Group on a perpetual and non-exclusive basis at nominal or nil consideration during the six months ended June 30, 2012.

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

(b) Non-recurring

(i) During the year ended December 31, 2007, the Group and Wison Nanjing entered into a contract whereby Wison Nanjing engaged the Group to undertake the construction of its coal-to-chemicals production facilities located in the Nanjing Chemical Industrial Park, Nanjing City, Jiangsu province, the PRC, for a consideration of RMB260 million. The Group and Wison Nanjing agreed to increase the contract consideration by RMB35 million due to variation orders. The Group recognized revenue of RMB64,958,000 and RMB585,000 on this contract during the years ended December 31, 2009 and 2010, respectively. In the opinion of the Directors of the Company, the transactions between the Group and Wison Nanjing were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties. The amount due from customer and trade receivables relating to Wison Nanjing are set out in notes 21 and 22, respectively.

The Group had a contract with Wison Nanjing to undertake the design of coal-to-chemicals production facilities in the Nanjing Chemical Industrial Park for a contract value of RMB11,200,000. The Group recognized revenue of RMB1,233,000 on this contract during the year ended December 31, 2009. In the opinion of the Directors of the Company, the transactions between the Group and Wison Nanjing were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

During the year ended December 31, 2011, the Group and Wison Nanjing entered into a design contract and a technology licensing agreement whereby Wison Nanjing engaged the Group to design and license the technology for its Butanol and Octanol projects including a 250kta Butanol and Octanol processing unit, a 300kta propane processing unit and other ancillary facilities for an aggregate contract value of RMB51,030,000. The Group recognized revenue of RMB17,464,000 and RMB13,029,000 on this contract during the year ended December 31, 2011 and the six months ended June 30, 2012, respectively. In the opinion of the Directors of the Company, the transactions between the Group and Wison Nanjing were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

During the year ended December 31, 2011 and the six months ended June 30, 2012, the Group and Wison Nanjing entered into a series of service contracts for a total contract value of RMB2,450,000 and RMB53,730,000, respectively. The Group recognized revenue of RMB2,450,000 and RMB8,954,000 (net of valued added tax) on these contracts during the year ended December 31, 2011 and the six months ended June 30, 2012. In the opinion of the Directors of the Company, the transactions between the Group and Wison Nanjing were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

During the year ended December 31, 2009, the Group and Erdos Guotai, a fellow subsidiary of the Company, entered into a contract whereby Erdos Guotai engaged the Group to undertake the construction of its coal-to-chemicals production facilities for a contract value of RMB1,997,500,000. On January 20, 2010, the Group and Erdos Guotai agreed to terminate the contract and decreased the contract value to RMB89,357,000 (inclusive of value added tax). The Group recognized revenue of RMB86,004,000 on this contract during the year ended December 31, 2009. In the opinion of the Directors of the Company, the transactions between the Group and Erdos Guotai were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties. The trade receivables and amount due from customer relating to Erdos Guotai are set out in notes 22 and 21, respectively.

During the year ended December 2011, the Group and Shaanxi Changqing, of which, Wison Holding has an indirect 25% equity interests, entered into a construction contract whereby Shaanxi Changqing engaged the Group to undertake the construction of its coal-to-chemicals production facilities for a contract value of RMB2,186,500,000. The Group recognized revenue of RMB878,478,000, RMB111,305,000 and RMB322,179,000 (net of tax) on this contract during the year ended December 31, 2011 and the six months ended June 30, 2011 and 2012, respectively. In the opinion of the Directors of the Company, the transactions between the Group and Shaanxi Changqing were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties. The amount due from customers and trade receivables relating to Shaanxi Changqing are set out in notes 21 and 22, respectively.

On May 16, 2012, the Group and Zhoushan Wison, a fellow subsidiary of the Company, entered into a construction contract whereby Zhoushan Wison engaged the Group to procure all the equipment and materials and oversee quality assurance and completion of the construction of the Zhoushan marine engineering base for a contract value of RMB990,930,000. The Group recognized revenue of RMB66,316,000 on this contract during the six months ended June 30, 2012. In the opinion of the Directors of the Company, the transactions between the Group and Zhoushan Wison were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties. The amount due from customer and trade receivables relating to Zhoushan Wison are set out in notes 21 and 22, respectively.

(ii) On June 8, 2011, the Group and Nanjing Ruigu entered into a technology co-operation development contract for the development of the project "cooperative research project for the methanol-to-olefins sets pilot phase", for a consideration of RMB23 million. The Group paid research and development expenses of RMB4,600,000 and RMB200,000 on this contract to Nanjing Ruigu during the year ended December 31, 2011 and the six months ended June 30, 2012, respectively. In the opinion of the Directors of the Company, the transactions between the Group and Nanjing Ruigu were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(iii) During the year ended December 31, 2011, the Group paid certain expenses of RMB3,526,000 on behalf of Shaanxi Changqing.

(iv) During the year ended December 31, 2011, the Group paid a tendering deposit of RMB50,000 to Wison Nanjing and has been settled subsequently in 2012.

(v) On June 6, 2007, Mr. Hua Bangsong, Wison Holding, and Wison Technology entered into an agreement with Oasis Energy Limited, 8W APO Holdings Ltd. and Fortuneway Group Limited (collectively, the "Investors") whereby Wison Holding issued exchangeable bonds to the Investors for a consideration of US$80 million (the "Exchangeable Bonds Agreement"). On June 12, 2008, Mr. Hua Bangsong, Wison Holding and Wison Technology entered into a supplementary agreement with the Investors whereby certain terms of the Exchangeable Bonds Agreement were amended. As detailed in the Exchangeable Bonds Agreement and the supplementary agreement, the exchangeable bonds were mandatorily exchangeable for ordinary shares of the Company immediately prior to an initial public offering and listing of the Company meeting certain requirements. Mr. Hua Bangsong and Wison Holding provided a guarantee to the Investors that upon the occurrence of an event of default (as defined under the Exchangeable Bonds Agreement), at the sole option of the Investors, Wison Holding or Mr. Hua Bangsong would redeem part or all of the exchangeable bonds at a redemption price which would give the Investors a compound annual return of 25% per annum. Subsequently, in 2009, Wison Holding fully redeemed the exchangeable bonds together with the interest. The Group made advances of RMB775,873,000 to Wison Holding for the redemption.

(vi) As at December 31, 2009 and 2010, bank deposits of RMB131,800,000 and RMB569,850,000, respectively, were pledged as security by the Group to a bank for Wison Holding to obtain a bank loan (note 24).

(vii) During the year ended December 31, 2009, Wison Nanjing executed a guarantee to a bank for a loan granted to the Group of RMB100,000,000 at nil consideration. The guarantee was released on March 16, 2010 (note 27).

(viii) During the year ended December 31, 2009, Wison Nanjing executed a guarantee to a bank for a credit facility granted to the Group of RMB200,000,000 at nil consideration. The guarantee was released in 2011.

(ix) During the year ended December 31, 2010, Wison Engineering executed a guarantee to a bank for a credit facility granted to Wison Nanjing of RMB300,000,000 at nil consideration. The guarantee was released in 2011.

(x) During the six months ended June 30, 2012, Wison Investment executed a guarantees to a bank for a bank loan granted to the Group of RMB100,000,000 at nil consideration. The guarantee was subsequently released (note 27).

During the six months ended June 30, 2012, Wison Investment executed a guarantee to a bank for a credit facility granted to the Group of RMB700,000,000 at nil consideration. The guarantee was subsequently released (note 27).

(xi) On July 5, 2011, the Company and eleven Investors ("Pre-IPO Investors") entered into eight separate subscription agreements (the "Subscription Agreements"). Pursuant to the Subscription Agreements, Wison Holding agreed to issue exchangeable bonds ("the Bonds") to the Pre-IPO Investors, for an aggregate consideration of US$95 million. The Bonds are exchangeable for ordinary shares of the Company held by Wison Investment. The maturity date of the Bonds is January 6, 2013. The Group's companies are guarantors to the Bonds. Completion of the Subscription Agreements took place on July 6, 2011.

Wison Holding entered into agreements with China Huadian Hongkong Company Limited ("Huadian") on March 23, 2012 and with Huaneng Invesco WLR, Credit Suisse AG and United Overseas Bank Limited on June 4, 2012 to redeem the Bonds issued to those parties, completion of which took place on June 20, 2012 for Huadian and on June 25, 2012 for Huaneng Invesco WLR, Credit Suisse AG and United Overseas Bank Limited. On September 20, 2012, the Bonds held by the remaining Pre-IPO Investors were exchanged into the shares pursuant to the terms and conditions of the Bonds and the remaining Pre-IPO Investors became the shareholders of the Company.

(xii) On July 5, 2011, Wison Investment entered into a facility agreement (the "Facility Agreement") with three lenders, including BOCOM International Holdings Company Limited, Credit Suisse AG and United Overseas Bank Limited (the "Lenders") and pursuant to which the Lenders provided, among other things, a US$100.0 million loan facility funded by each of the Lenders severally, at a fixed rate of 9.0% per annum. As a term of the Facility Agreement, Wison Investment must ensure that all amounts borrowed under the facility are used to repay certain loans and payables owed by Wison Holding and its subsidiaries to the Group. The obligations of Wison Investment under the Facility Agreement are also guaranteed jointly and severally by the Company, Wison Technology, Wison Energy (HK) and Wison Singapore.

On July 6, 2011, the Company, Wison Technology and Wison Energy (HK) granted security over certain bank accounts in respect of the proceeds of the issuance of the Bonds and the funds advanced under the Facility Agreement for the benefit of the Pre-IPO Investors and Lenders.

On July 6, 2011, the Company, Wison Technology, Wison Energy (HK) and Wison Singapore granted security for the benefit of the Pre-IPO Investors and Lenders over all their assets and undertakings (other than the shares and/or equity interests in Wison Engineering and Wison Yangzhou.).

On July 6, 2011, the Group granted security for the benefit of the Pre-IPO Investors and Lenders over all its shares in Wison Technology, Wison Energy (HK) and Wison Singapore.

(c) Balances with related parties:

Group

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from a director:				
Mr. Hua Bangsong	438	659	—	—
Due from related companies:				
Jiangsu Xinhua	—	62,620	—	—
Wison Telecommunication	556	11,050	172	233
Erdos Guotai	5	68,244	—	—
鄂爾多斯市綠舟實業有限公司 (Erdos Lvzhou Industry Co., Ltd. "Erdos Lvzhou")	—	1,000	—	—
Zerun Biotech	34,167	400,826	—	—
	34,728	543,740	172	233
Due from fellow subsidiaries:				
Zerun Biotech	—	—	2,290	4,738
Wison Offshore & Marine Limited	73,845	84,242	—	—
Genor BioPharma	—	70	—	172
Wison Investment (Hong Kong) Limited (formerly known as Wison Chemical (Hong Kong) Limited) ("Wison Chemical")	—	150,600	—	—
Wison Nanjing	120,079	—	—	—
惠生（中國）投資有限公司 (Wison (China) Investment Co., Ltd. "Wison (China) Investment")	—	—	128	217
Wison Nantong	293,096	943,273	669	1,046
	487,020	1,178,185	3,087	6,173
Due from the ultimate holding company:				
Wison Holding	873,998	343,632	89	87
Due to a related company:				
Jiangsu Xinhua	(19,978)	—	(78)	(78)
Due to a fellow subsidiary:				
Wison Chemical	(3,686)	—	—	—
Due to an associate:				
Henan Chuangsite	—	—	(630)	(630)
Due to a related party:				
Mr. Yang Zhimin	(600)	—	—	—

Mr. Hua Bangsong is a director and the beneficial shareholder of the Company.

Zerun Biotech (a related company prior to September 2, 2011 and became a fellow subsidiary thereafter), Erdos Lvzhou and Erdos Guotai are companies in which Mr. Hua Bangsong has a beneficial interest as an equity holder.

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

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

The amounts with fellow subsidiaries, related companies and the ultimate holding company are presented on a net basis in the consolidated statements of financial position.

Company

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from a fellow subsidiary*:				
Wison Energy (HK)	3	7	—	—
Due from a subsidiary:				
Wison Technology	—	—	62,323	61,485
Due to fellow subsidiaries:				
Wison Chemical	(1,680)	(5,799)	—	—
Wison Engineering*	(14,159)	(16,557)	—	—
Wison Yangzhou*	(2)	(2)	—	—
Wison Energy (HK)*	—	—	—	—
Wison Technology	(22,237)	(22,228)	—	—
	(38,078)	(44,586)	—	—
Due to subsidiaries:				
Wison Engineering	—	—	(21,458)	(24,229)
Wison Yangzhou	—	—	(2)	(2)
Wison Energy (HK)	—	—	(221,895)	(221,809)
	—	—	(243,355)	(246,040)
Due to the ultimate holding company:				
Wison Holding	(4,466)	(4,483)	—	—

* Wison Energy (HK), Wison Engineering and Wison Yangzhou become subsidiaries of the Company during 2011.

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

The maximum outstanding amounts during the Relevant Periods were are as follows:

Group

	December 31, 2009	December 31, 2010	December 31, 2011	June 30, 2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from a director:				
Mr. Hua Bangsong	435	659	659	—
Due from related companies:				
Jiangsu Xinhua	—	65,831	62,620	—
Wison Telecommunication	556	11,066	76,029	233
Erdos Guotai	13	68,244	68,224	—
Erdos Lvzhou	—	1,000	1,000	—
Zerun Biotech	97,893	400,826	—	—
	98,462	546,967	207,873	233
Due from fellow subsidiaries:				
Zerun Biotech	—	—	562,070	4,738
Wison Offshore & Marine Limited	73,845	84,242	84,242	—
Genor BioPharma	15,000	98	170,402	172
Wison Chemical	—	168,105	157,829	—
Wison Nanjing	272,430	—	—	—
Wison (China) Investment	—	—	624	310
Wison Nantong	323,096	943,273	1,005,328	1,046
	684,371	1,195,718	1,980,495	6,266
Due from the ultimate holding company:				
Wison Holding	1,134,277	873,998	440	87

33. INVESTMENT IN A SUBSIDIARY

	December 31, 2009	December 31, 2010	December 31, 2011	June 30, 2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At cost:				
Wison Technology	—	—	1	1

Pursuant to the Group Reorganization on May 16, 2011, the Company issued 9,000 ordinary shares of HK$0.1 each and in consideration and in exchange for the entire issued share capital of Wison Technology. Upon completion, Wison Technology became wholly owned by the Company.

34. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2009	December 31, 2010	December 31, 2011	June 30, 2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Forward currency contract	—	(746)	—	—

35. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for a term of three years.

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

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	2,380	1,632	6,511	7,327
In the second to fifth years, inclusive	733	887	5,848	2,448
	3,113	2,519	12,359	9,775

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from three to six years/for a term of five years.

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

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	6,508	6,745	16,413	19,575
In the second to fifth years, inclusive	1,521	8,174	13,752	17,010
	8,029	14,919	30,165	36,585

36. COMMITMENTS

In addition to the operating lease commitment detailed in note 35 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided:				
Equipment and materials	1,722,379	1,560,607	637,329	1,535,140
Land and buildings	158,729	158,729	135,052	300,293
	1,881,108	1,719,336	772,381	1,835,433

37. CONTINGENT LIABILITIES

On November 20, 2008, Wison Technology entered into an agreement with Wison Energy (HK), its wholly owned subsidiary, to transfer its entire 75% equity interest in Wison Engineering to Wison Energy (HK). This equity transfer was approved by the Shanghai Commerce Bureau on December 25, 2008 and was registered with the Shanghai Administration for Industry and Commerce on December 29, 2008. On May 14, 2010, Wison Technology entered into a supplementary agreement with Wison Energy (HK), whereby Wison Technology and Wison Energy (HK) agreed that the purchase price would be settled in full via the issuance of 1 share in Wison Energy (HK) to Wison Technology.

On November 20, 2008, Wison Technology entered into an agreement with Wison Energy (HK) to transfer its entire 100% equity interest in Wison Yangzhou to Wison Energy

(HK). This equity transfer was approved by the Yangzhou Foreign Trade and Economic Cooperation Bureau on December 3, 2008 and was registered with the Jiangsu Administration for Industry and Commerce on December 17, 2008. On May 14, 2010, Wison Technology entered into a supplementary agreement with Wison Energy (HK), whereby Wison Technology and Wison Energy (HK) agreed that the purchase price would be settled in full via the issuance of 1 share in Wison Energy (HK) to Wison Technology.

According to the PRC tax rules, Wison Technology is subject to PRC income tax on such equity transfers and will be exempted from the PRC income tax if these equity transfers fulfill the criteria as laid down in Article 5 of the Ministry of Finance/State Administration of Taxation Circular of Caishui [2009] No.59 titled "Circular on Certain Questions Regarding Corporate Income Tax Treatments for Business Reorganization of Enterprises" (關於企業重組業務企業所得稅處理若干問題的通知) (hereinafter referred to as the "Circular No.59") and the equity transfer qualify for special tax treatment as stipulated in the Circular No.59. Pursuant to the State Administration of Taxation Circular of Guoshuihan [2009] No.698 titled "Circular on Strengthening the Corporate Income Tax Administration on Non-Resident Enterprise's Gain on Equity Transfer" (關於加強非居民企業股權轉讓所得企業所得稅管理的通知), the qualification of special tax restructuring treatment of a non-resident enterprise needs to be assessed and recognized by the provincial tax authority.

In 2010, the Group submitted its application for the above equity transfer transactions to qualify for special tax treatment under Circular No.59 to the relevant tax bureau. To date, the relevant tax bureau has not reverted on this application. In December 2011, the Group computed the tax liability in relation to the transfer of equity interests in Wison Engineering based on the relevant PRC tax regulations and submitted a payment of RMB10.4 million to the relevant tax bureau. As at December 31, 2011, the Group assessed and computed the tax liability in relation to the transfer of equity interests in Wison Yangzhou based on the relevant PRC tax regulations and made a provision of RMB4.4 million accordingly which has been considered by the Company's directors to be adequate. In the opinion of the Directors, the PRC tax authorities may not accept the Group's application so that the Group may fail to obtain the preferential tax under Circular No.59 and resulted in additional tax paid.

Pursuant to the Subscription Agreements and Facility Agreement dated July 5, 2011, the Company, Wison Technology, Wison Energy (HK) and Wison Singapore provided guarantees to eleven investors and Lenders to secure the obligations of the parties thereto upon the occurrence of an event of default under the Subscription Agreements and Facility agreement.

On July 6, 2011, the Company, Wison Technology and Wison Energy (HK) granted security over certain bank accounts in respect of the proceeds of the issuance of the Bonds and the funds advanced under the Facility Agreement for the benefit of the Pre-IPO Investors and Lenders.

On July 6, 2011, the Company, Wison Technology, Wison Energy (HK) and Wison Singapore granted security for the benefit of the Pre-IPO Investors and Lenders over all its assets and undertakings (other than the shares and/or equity interests in Wison Engineering and Wison Yangzhou.).

On July 6, 2011, the Group granted security for the benefit of the Pre-IPO Investors and Lenders over all its shares in Wison Technology, Wison Energy (HK) and Wison Singapore.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Group

June 30, 2012

Financial assets

	Loans and receivables	Total
	RMB'000	*RMB'000*
Trade and bills receivables	157,289	157,289
Financial assets included in prepayments, deposits and other receivables (note 23)	100,432	100,432
Due from related company	233	233
Due from fellow subsidiaries	6,173	6,173
Due from the ultimate holding company	87	87
Pledged bank balances and time deposits	718,769	718,769
Unpledged cash and bank balances	571,014	571,014
	1,553,997	1,553,997

Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*
Trade and bills payables	1,387,524	1,387,524
Financial liabilities included in other payables, advance from customers and accruals (note 26)	135,843	135,843
Due to a related company	78	78
Due to an associate	630	630
Interest-bearing bank borrowings	2,223,116	2,223,116
Finance lease payables	909	909
	3,748,100	3,748,100

December 31, 2011

Financial assets

	Loans and receivables	Total
	RMB'000	*RMB'000*
Trade and bills receivables	163,775	163,775
Financial assets included in prepayments, deposits and other receivables (note 23)	27,994	27,994
Due from a related company	172	172
Due from fellow subsidiaries	3,087	3,087
Due from the ultimate holding company	89	89
Pledged bank balances and time deposits	508,183	508,183
Unpledged cash and bank balances	639,870	639,870
	1,343,170	1,343,170

Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*
Trade and bills payables	1,508,147	1,508,147
Financial liabilities included in other payables, advance from customers and accruals (note 26)	175,170	175,170
Due to a related company	78	78
Due to an associate	630	630
Interest-bearing bank borrowings	1,591,146	1,591,146
Finance lease payables	1,189	1,189
	3,276,360	3,276,360

December 31, 2010

Financial assets

	Loans and receivables	Total
	RMB'000	*RMB'000*
Trade and bills receivables	802,088	802,088
Financial assets included in prepayments, deposits and other receivables (note 23)	42,498	42,498
Due from a director	659	659
Due from fellow subsidiaries	1,178,185	1,178,185
Due from related companies	543,740	543,740
Due from the ultimate holding company	343,632	343,632
Pledged bank balances and time deposits	1,568,673	1,568,673
Unpledged cash and bank balances	542,181	542,181
	5,021,656	5,021,656

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	—	1,031,157	1,031,157
Financial liabilities included in other payables, advance from customers and accruals (note 26)	—	251,701	251,701
Derivative financial instruments	746	—	746
Dividends payable	—	184,605	184,605
Interest-bearing bank borrowings	—	2,882,287	2,882,287
Finance lease payables	—	1,111	1,111
	746	4,350,861	4,351,607

Group

December 31, 2009

Financial assets

	Loans and receivables	Total
	RMB'000	*RMB'000*
Trade and bills receivables	630,574	630,574
Financial assets included in prepayments, deposits and other receivables (note 23)	36,973	36,973
Due from a director	438	438
Due from fellow subsidiaries	487,020	487,020
Due from related companies	34,728	34,728
Due from the ultimate holding company	873,998	873,998
Pledged bank balances and time deposits	898,344	898,344
Unpledged cash and bank balances	435,622	435,622
	3,397,697	3,397,697

Financial liabilities

	Financial liabilities at amortized cost	Total
	RMB'000	*RMB'000*
Trade and bills payables	588,919	588,919
Financial liabilities included in other payables, advance from customers and accruals (note 26)	132,136	132,136
Interest-bearing bank borrowings	2,056,851	2,056,851
Finance lease payables	1,298	1,298
Dividends payable	184,605	184,605
Due to a fellow subsidiary	3,686	3,686
Due to a related company	19,978	19,978
Due to a related party	600	600
	2,988,073	2,988,073

Company

Financial assets

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans and receivables				
Due from a subsidiary	3	7	—	—
Due from a fellow subsidiary	—	—	62,323	61,485
Dividend receivables	—	—	162,003	438,609
Cash and cash equivalents	1,336	81	436	19,820
	1,339	88	224,762	519,914

Financial liabilities

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at amortized cost				
Financial liabilities included in other payables, advance from customers and accruals (note 26)	474	—	12,633	11,446
Due to fellow subsidiaries	38,078	44,586	—	—
Due to subsidiaries	—	—	243,355	246,040
Due to the ultimate holding company	4,466	4,483	—	—
	43,018	49,069	255,988	257,486

39. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are not based on observable market data (unobservable inputs)

As at December 31, 2010, the Group's derivative financial instruments (level 2) were measured at fair value. There is no change of hierarchy for determining the fair value of the financial instruments during the Relevant Periods.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments consist mainly of cash and bank balances, pledged bank balances and time deposits, derivative financial instruments, an amount due to a related party, amounts with related companies, amounts with fellow subsidiaries and an amount due from ultimate holding company, an amount due from a director, an amount due to an associate, interest-bearing bank and other borrowings and finance lease payables. The main purpose of these financial instruments was to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces conservative strategies on its risk management. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank and other borrowings and finance lease payables set out in notes 27 and 28. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using a mix of variable rate bank and other borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Decrease/ (increase) in loss before tax
		RMB'000
Six months ended June 30, 2012		
— US$ denominated loans	20	(506)
— RMB denominated loans	20	(3,940)
— US$ denominated loans	(20)	506
— RMB denominated loans	(20)	3,940

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		RMB'000
Year ended December 31, 2011		
— US$ denominated loans	20	(504)
— RMB denominated loans	20	(2,678)
— US$ denominated loans	(20)	504
— RMB denominated loans	(20)	2,678
Year ended December 31, 2010		
— US$ denominated loans	20	(1,292)
— RMB denominated loans	20	(4,454)
— US$ denominated loans	(20)	1,292
— RMB denominated loans	(20)	4,454
Year ended December 31, 2009		
— US$ denominated loans	20	(1,106)
— RMB denominated loans	20	(3,045)
— US$ denominated loans	(20)	1,106
— RMB denominated loans	(20)	3,045

(b) Foreign currency risk

As a result of the US$ denominated loans and foreign currency bank balances, the Group's balance sheet can be affected significantly by movements in the exchange rates of US$, Euro dollars ("EUR$"), HK$ and Saudi Riyal dollar ("SAR$") against RMB.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates of US$/EUR$/HK$/SAR$ against RMB, with all other variables held constant, of the Group's profit/loss before tax (due to changes in the fair values of US$/EUR$/HK$/SAR$ denominated loans and other monetary assets and liabilities).

	Increase/decrease in HK$/US$/EUR$/SAR$ rate	Loss before tax
		RMB'000
Six months ended June 30, 2012		
	-5%	(8,891)
	+5%	8,891

	Increase/decrease in HK$/US$/EUR$/SAR$ rate	Profit before tax
		RMB'000
Year ended December 31, 2011		
	-5%	(9,099)
	+5%	9,099
Year ended December 31, 2010		
	-5%	(3,053)
	+5%	3,053
Year ended December 31, 2009		
	-5%	(2,408)
	+5%	2,408

(c) Credit risk

The Group's bank balances are maintained mainly with state-owned banks in Mainland China.

The carrying amounts of the trade and bills receivables, other receivables, amount due from a director, an amount due from the ultimate holding company, amounts due from related companies and amounts due from fellow subsidiaries included in the financial statements represent the Group's maximum exposure to credit risk in relation to the Group's financial assets. No other financial assets carry a significant exposure to credit risk.

The credit risk of the Group's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amount of their instruments.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers.

In addition to the Group's exposure to credit risk in relation to the Group's financial assets, the Group is exposed to credit risk from guarantees which the Group has provided. Pursuant to the Exchangeable Bonds Agreement, Wison Holding, the Company and Mr. Hua Bangsong provided a guarantee to the Investors that upon the occurrence of an event of default (as defined under the Exchangeable Bonds Agreement), at the sole option of the Investors, Wison Holding, the Company or Mr. Hua Bangsong would redeem part or all of the exchangeable bonds at a redemption price which would give the Investors a compound annual return of 25% per annum (note 32). Subsequently, in 2009, Wison Holding fully redeemed the exchangeable bonds and settled the accrued interest payable. Pursuant to the Subscription Agreement and the Facility Agreement dated July 5, 2011, the Company, Wison Technology, Wison Energy (HK) and Wison Singapore provided guarantees to the Pre-IPO Investors and Lenders to secure the obligations of the parties thereto upon the occurrence of an event of default under the Subscription Agreement and the Facility Agreement.

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings, trade and bills payable, other payables and finance lease payables, an amount due to a related company, an amount due to a fellow subsidiary, an amount due to an associate and an amount due to a related party. Cash flows are closely monitored on an ongoing basis.

The maturity profiles of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, were as follows:

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
June 30, 2012					
Interest-bearing bank and other borrowings	—	474,780	1,847,262	—	2,322,042
Trade and bills payables	—	1,387,524	—	—	1,387,524
Other payables and accruals	—	135,843	—	—	135,843
Finance lease payables	—	104	312	580	996
Due to a related company	78	—	—	—	78
Due to an associate	630	—	—	—	630
Guarantees given to the Investors in connection with the Exchangeable Bonds Agreement and the Facility Agreement	—	—	1,227,663	—	1,227,663
December 31, 2011					
Interest-bearing bank and other borrowings	—	419,579	1,025,171	201,176	1,645,926
Trade and bills payables	—	1,508,147	—	—	1,508,147
Other payables and accruals	—	175,170	—	—	175,170
Finance lease payables	—	186	371	753	1,310
Due to a related company	78	—	—	—	78
Due to an associate	630	—	—	—	630
Guarantees given to the Investor in connection with the Exchangeable Bonds Agreement and the Facility Agreement	—	—	—	1,493,313	1,493,313
December 31, 2010					
Interest-bearing bank and other borrowings	—	407,072	2,315,920	305,000	3,027,992
Trade and bills payables	—	1,031,157	—	—	1,031,157
Other payables and accruals	—	251,701	—	—	251,701
Dividends payable	184,605	—	—	—	184,605
Finance lease payables	—	114	340	764	1,218
Guarantees given to banks in connection with facilities granted to Fellow subsidiary	300,000	—	—	—	300,000
December 31, 2009					
Interest-bearing bank and other borrowings	—	459,210	1,425,900	239,224	2,124,334
Trade and bills payables	—	588,919	—	—	588,919
Other payables and accruals	—	132,136	—	—	132,136
Dividends payable	184,605	—	—	—	184,605
Finance lease payables	—	103	309	1,048	1,460
Due to a fellow subsidiary	3,686	—	—	—	3,686
Due to a related company	19,978	—	—	—	19,978
Due to a related party	600	—	—	—	600
Guarantees given to banks in connection with facilities granted to fellow subsidiary	300,000	—	—	—	300,000

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to equity holders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes interest-bearing bank and other borrowings and finance lease payables. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	December 31,			June 30,
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	2,056,851	2,882,287	1,591,146	2,223,116
Finance lease payables	1,298	1,111	1,189	909
Total debt	2,058,149	2,883,398	1,592,335	2,224,025
Total equity	379,285	1,015,305	804,423	478,614
Gearing ratio	5.4x	2.8x	2.0x	4.6x

41. MAJOR NON-CASH TRANSACTIONS

During the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of RMB612,000, RMB190,000 and RMB506,000 and nil respectively.

42. EVENTS AFTER THE REPORTING PERIOD

On September 20, 2012, the Bonds held by the remaining Pre-IPO Investors were exchanged into 649 shares of HK$0.10 each. As set out in Appendix IV, section headed "Summary of Pre-IPO Investment" of the Prospectus, these Pre-IPO Investors had already exchanged the Bonds into shares of the Company and were still entitled to the First Put Option and the Third Put Option (as defined in the Majority Shareholder Undertakings dated July 5, 2011). Accordingly, the Group continues to provide guarantee in relation to the First Put Option and the Third Put Option under the Majority Shareholder Undertakings.

In December 2012, certain Pre-IPO Investors have extended the maturity date of the remaining Bonds with principal amount of US$57,000,000 to December 31, 2013.

The Company has conditionally adopted a share option scheme under which options to subscribe for shares of the Company of HK$0.1 each, representing up to 10% of the issued share capital of the Company as of the date of listing, may be granted to the directors, full-time or part-time employees, consultants and advisers of the Group (the "Share Option Scheme"). As of the date of this report, no option has been granted or agreed to be granted under the Share Option Scheme.

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on November 30, 2012. As of the date of this report, the Pre-IPO share options to subscribe for an aggregate of 197,923,000 shares had been granted by the Company to 542 grantees.

For details of the Share Option Scheme and the Pre-IPO Share Option Scheme, please refer to Appendix VI of the Company's Prospectus dated December 13, 2012.

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

On November 30, 2012, Wison Holding and the Company entered into an administrative services agreement (the "Administrative Services Agreement"), for which Wison Holding agreed to provide general legal services and legal consultation, information system management services, data management services, back-up services and other related support services to the Group that are charged by Wison Holding based on the cost involved and the portion of actual time incurred by the staff of Wison Holding towards the provision of such services.

On November 30, 2012, the Company's authorized share capital was increased from HK$300,000 to HK$2,000,000,000 by creation of an additional 19,997,000,000 ordinary shares of HK$0.10 each.

On December 11, 2012, BOCOM International Holdings Company Limited agreed to extend the final repayment date for its portion of principal amount under the Facility Agreement, being US$64,000,000, to December 31, 2013.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or its subsidiaries in respect of any period subsequent to June 30, 2012.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong