WISON ENGINEERING SERVICES CO. LTD.
惠 生 工 程 技 術 服 務 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2236)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023 AND PROPOSED AMENDMENTS TO THE SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION

HIGHLIGHTS:

- Our revenue for the year ended 31 December 2023 amounted to approximately RMB3,842,719,000, representing a decrease of 17.5% from approximately RMB4,658,780,000 recorded in 2022.

- Our gross profit for the year ended 31 December 2023 amounted to approximately RMB227,202,000, as compared to gross loss of approximately RMB208,300,000 recorded in 2022, representing an increase of gross profit of approximately RMB435,502,000.

- Our loss for the year ended 31 December 2023 amounted to approximately RMB198,378,000, as compared to loss of approximately RMB1,197,386,000 recorded in 2022, representing a decrease of loss of approximately RMB999,008,000.

- Loss attributable to owners of the parent for the year ended 31 December 2023 amounted to approximately RMB196,122,000, as compared to loss attributable to owners of the parent of approximately RMB1,185,486,000 recorded in 2022, representing a decrease of approximately RMB989,364,000.

- Our total new contract value (net of estimated value-added tax ("**VAT**")) for the year ended 31 December 2023 amounted to approximately RMB407,911,000, while total new contract value (net of estimated VAT) recorded in 2022 amounted to approximately RMB11,312,845,000.

- Our total backlog value (net of estimated VAT) as at 31 December 2023 amounted to approximately RMB23,255,794,000, representing a decrease of 13.0% from approximately RMB26,724,003,000 recorded as at 31 December 2022.

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Wison Engineering Services Co. Ltd. ("**Wison Engineering**", "**Wison**" or the "**Company**") is pleased to announce annual results and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**" or the "**Reporting Period**") together with selected explanatory notes and the relevant comparative figures for 2022.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

REVIEW OF 2023 ANNUAL RESULTS AND OUTLOOK

MARKET AND RESULTS OVERVIEW

During the Year, the petrochemicals market in 2023 faced multi-faceted challenges and opportunities, and went through changes because of multiple factors, such as the global economic environment, energy price fluctuations and policy adjustments. Upholding the strategy of "leading by innovation, focusing on principal operations and establishing global presence", Wison Engineering gave full play to its advantages of the rapid and flexible mechanism of a private enterprise, moved forward with a pragmatic and pioneering attitude, and calmly responded to market changes. During the Period under Review, the Company continue to expand the talent team, strengthened delicacy management, tightened risk control, enhanced its digital and modular capabilities, and consolidated its core competitiveness. In the face of new challenges and opportunities, the Company reinforced its presence in the field of energy and chemical engineering, and accelerated its business development in the field of new energy and new materials to seize opportunities and open up new markets. The Company continuously improved operation and management benefits and created value for customers. It is committed to growing into a world-class energy and chemical engineering company.

During the Period under Review, the global economy faced multiple challenges due to mounting pressures of geopolitical tensions, supply chain issues and inflation in the global market. Against such backdrop, the global economy showed signs of recovery, albeit at varying speeds. On one hand, developed economies were recovering at relatively slow pace, mainly due to the impacts of high energy prices, inflation and interest rate hikes. On the other hand, emerging markets and developing economies, especially China, demonstrated robust resilience and recovery. Despite external pressures and internal difficulties, China's economy rebounded and grew. The government effectively facilitated stable economic growth by means of policies and measures, including fiscal stimulus, monetary policy adjustment and measures to support the real economy. The annual gross domestic product ("**GDP**") of China in the Year hit RMB126 trillion, increasing by 5.2% over the previous year. In particular, the consumer market recorded strong recovery, and became a key engine of economic growth.

The year 2023 was complex and volatile for the petrochemical industry. The oil price, a core indicator of the market, exerted far-reaching impacts on the whole industry with its fluctuations. The crude oil price was volatile throughout the year, and went through three phases: downward fluctuation, rapid recovery and median fluctuation. Those fluctuations had direct impacts on petrochemical companies. On one hand, high oil price drove up the production costs of companies, and cut their profit margins; on the other hand, low oil price reduced production costs but it might expose companies to the risk of revenue decline. Despite the weakening global demand and drop in crude oil price, the petrochemical industry rebounded from the bottom and grew steadily due to the gradual recovery of the Chinese economy as well as increasing demand for crude oil and various chemicals. As the international community sped up green transformation, the global refining hub was shifting eastward, and the refining capacity in the Asia-Pacific region was growing. Meanwhile, the refining structure was also changing, conducive to the transformation of oil refineries to chemical refineries. The transformation also brought more market opportunities to the energy and chemical engineering industry.

During the Reporting Period, the Group recorded a revenue of approximately RMB3,842.7 million (for the year ended 31 December 2022: approximately RMB4,658.8 million), representing a decrease of 17.5%; gross profit of approximately RMB227.2 million (for the year ended 31 December 2022: gross loss of approximately RMB208.3 million), representing a year-on-year increase of gross profit of RMB435.5 million; and loss attributable to owners of the parent company of approximately RMB196.1 million (for the year ended 31 December 2022: approximately RMB1,185.5 million). In 2023, the Group received new contracts with a total value of approximately RMB407.9 million (net of estimated VAT). As at 31 December 2023, the total value of the Company's outstanding contracts was approximately RMB23,255.8 million (net of estimated VAT), representing a decrease of 13.0% from the total value of outstanding contracts as at 31 December 2022.

BUSINESS AND OPERATIONS REVIEW

Focusing on Principal Business to Cement Energy and Chemical Markets

During the Period under Review, Wison Engineering continuously consolidated its core business market and maintained the leadership in terms of traditional competitive products, including ethylene, cracking furnace, propane dehydrogenation ("**PDH**"), coal gasification, methanol-to-olefins ("**MTO**") and synthetic ammonia. Meanwhile, Wison Engineering further explored emerging fields and stepped up technological research and development in the new energy and new materials sectors to accelerate development of new markets. Continuous breakthroughs were made in degradable plastics ("**PGA**"), methyl methacrylate ("**MMA**"), hydrogen energy, carbon dioxide ("**CO_2**") emission reduction, green coal chemical industry, butadiene and other processes and catalysts.

The Company smoothly implemented its various projects domestically and abroad. It made progress in the following major projects:

Shandong Binhua New Material's PDH plant in C3, C4 comprehensive utilisation project: The plant succeeded in commissioning and start-up in one run on 30 June 2023, and produced high-quality propylene products with a purity of over 99.6%. The project was awarded the annual "5A" quality certificate of high-quality engineering and construction project by the China National Association of Chemical Construction Industry Enterprises in 2023.

Henan Shenma's hydrogen and ammonia project: The mid-term delivery was completed up to high standards as agreed in the contract on 5 July 2023. The coal preparation plant started handling coal and launched loaded operation on 25 September 2023. The air separation plant managed to separate oxygen and nitrogen up to standards on 22 November 2023. The gasification plant passed commissioning and start-up in one run on 29 November 2023.

SP Chemicals' PS project: The mid-term delivery of units and plants was conducted in November and December 2023, and was completed by the end of December 2023.

Xinjiang Weigerui's 240,000-ton-per-year PGA resin project: The mid-term delivery of Phase I was conducted on 9 May 2023. The PBS 500 line completed revamping and relocation, and launched production on 21 December 2023.

Panjin Sanli's MMA project: The project was 84.31% completed, with design completed in general, equipment and materials on the site, construction and installation in full swing, steel structure 89% completed, equipment installation 76% completed, and process pipe welding 14.4% completed.

Turnkey project for cracking furnaces of Wanhua Chemical Group Co., Ltd.'s 1.2 million-ton-per-year ethylene plant: The design was completed, and key equipment and materials were delivered to the site as scheduled. The main structures of the cracking furnaces were installed in December 2023.

Natural-gas-to-hydrogen project in Thailand: The project was 99.25% completed, with equipment commissioning, tightness testing and purging completed. Preparations for the start-up of units are underway.

Saudi Aramco's DPCU project: The project was 63.75% completed, with design finished and under review and updating. Orders for equipment and materials have been placed, and equipment, steel structures, pipes, fittings and valves were delivered. Pipes are under prefabrication, and the steel structure of the pipe gallery modules started assembly.

Qatar's EPC4 sulphur-handling project: The project was 27.65% completed. 60% model review of the design was smoothly completed on 6 December 2023. The procurement function signed a total of 73 contracts. Temporary facilities for construction were commissioned. Civil works and pile testing were finished. Mechanical, electrical and instrumentation (MEI) and tank subcontracts were signed.

EPSS project of SIBUR's PDH2 & PP Units: The project was 33.86% completed, with the 30% and 60% 3D model reviews completed as scheduled, and first piles and basic drawings released. The contracts regarding long-lead-time equipment procurement were signed, and contract negotiations for underground pipes and first batch of above-ground pipes were finished.

FARABI's Lab4 project in Saudi Arabia: The project was 15.60% completed, with 60% model review of the design finished. The 90% model review is about to be conducted. Equipment orders have been placed with production in progress as scheduled. Civil works are under construction as planned, and construction and installation subcontractors are organized to conduct relocation and pre-construction preparation.

Steady Enhancement in Project Management Competence

During the Period under Review, Wison Engineering continued to pursue the strategic goal of "leading by innovation, focusing on principal operations (of chemical energy) and establishing global presence", strengthened the pre-project planning, underscored the development and application of the ECOSYS, which features delicacy management and integrated project management, throughout project implementation, and established effective communication mechanism to enhance project management competence. In respect of overseas projects, the Company stepped up business opportunity assessment and risk control, identified and effectively managed various potential risks in advance, and optimised the project management system and processes to ensure that project goals can be fulfilled on schedule. Thanks to those measures, Wison Engineering continued to consolidate and enhance its core competitiveness, laying a solid foundation for its long-term development.

Remarkable Achievement in QHSE Management

During the year 2023, the Company continued to strengthen quality, health, safety and environment ("**QHSE**") management. Following the principle of "safety first throughout the project management life cycle", Wison Engineering kept promoting the development of the QHSE management system and standardisation of health, safety and environment ("**HSE**") management on projects, and refined the management of model projects and exceptional processes. It reinforced employees' understanding of QHSE concepts and awareness of assuming primary quality and safety responsibilities. It also made continuous efforts to promote the "1+3 co-construction" in QHSE management with project builders, suppliers, construction contractors and strategic partners to create a good ecosystem of QHSE management for integration, collaboration, improvement and win-win results.

Other nine engineering, procurement and construction ("**EPC**") projects, including Henan Shenma's hydrogen and ammonia project, Xinjiang Weigerui's newly-built Phase I 240,000-ton-per-year PGA resin project, Dongming Petrochemical's 1-million-ton-per-year light hydrocarbon comprehensive utilisation project, optimisation project for CNOOC Huizhou Petrochemical's Phase II hydrogen production facility, revamping project for Junchen New Material Technology's styrene furnaces and pipe gallery in Zibo, Shandong, Shandong Binhua's 600,000-ton-per-year propane dehydrogenation (PDH) project, SRU project in Abu Dhabi, STC project of Saudi Basic Industries Corporation, and hydrogen production project in Thailand, all passed commissioning and start-up in one run. Moreover, our project management consultancy ("**PMC**") project, i.e. Guangxi Huayi's 300,000-ton-per-year soda and 400,000-ton-per-year polyvinyl chloride ("**PVC**") project at the New Chemical Materials Integrated Base in Qinzhou, passed performance assessment in September 2023. All aforesaid successful projects proved the Company's capabilities of project design, procurement as well as quality and safety management throughout the project management life cycle.

During the Period under Review, the Company kept meticulous in-depth audits on all types of projects in the QHSE management system, thus constantly improving the Company's business capabilities and project management competence through QHSE audits. For the year 2023, we completed QHSE audits on one process package, two research and development (R&D) projects, four engineering consulting projects, six engineering design projects, seven project sites and 24 departments, the scope and depth of which all met requirements as expected.

The Company successfully passed the triennial re-certification audit of its QHSE management system by the Shanghai Audit Center of Quality System ("**SAC**") with a good rating without any non-conformity items in November 2023. The SAC spoke highly of our QHSE management system.

The Company intensified HSE management and delivered smooth and orderly HSE management in 2023. A total of 13,194,640 safe man-hours in domestic and overseas projects were delivered. All HSE management indicators were within the target control range set at the beginning of the year. For instance, the Saudi Aramco's DPCU project hit one million safe man-hours in October 2023 without any accidents incurring man-hours loss or recordable incidents. Saudi Aramco, the owner, presented a million safe man-hours medal to Wison's DPCU project management team. The case fully proved the Company's HSE management competence and level in the international engineering market.

The Company won seven exploration & design awards in 2023. For example, the Shandong Yangmei Hengtong Chemical Co., Ltd.'s 300,000-ton methanol-to-olefins project won the First Design Prize by the Shanghai Exploration and Design Association; Wanhua Chemical's 1,000,000-ton-per-year ethylene plant won the Second Design Prize from the China Petrochemical Exploration and Design Association; Xinjiang Xinlianxin Coal Head Project's 280,000-ton-per-year synthetic ammonia project won the Third Design Prize from the Shanghai Exploration and Design Association; and Zhejiang Dushan Energy Co., Ltd.'s 2.2 million-ton-per-year PTA project won the Second Project Design Prize (Industrial Category) from the China Engineering & Consulting Association.

The Company received eight consulting awards from various consulting associations in 2023. Specifically, the "Feasibility Study Report on the New Chemical Materials Project (Phase I) of Xinjiang Xinlianxin Chemical Industry Co., Ltd" won the First Prize of Shanghai Excellent Engineering Consulting Achievements; the "Feasibility Study Report on the Methanol-to-

Olefins and Downstream Deep Processing Integrated Project of Guangxi Huayi Energy and Chemical Co., Ltd." won the Second Prize of Shanghai Excellent Engineering Consulting Achievements; the "Feasibility Study Report on the Coal-Based High Performance New Material Project of Jiangsu Jinkong Xinhengsheng Co., Ltd." and the "Feasibility Study Report on the 80,000-ton-per-year Melamine Project of Xinjiang Yihua Chemical Co., Ltd." won the First Prize of Henan Provincial Excellent Engineering Consulting Achievements.

Establishing Global Presence for Full Exploration of Domestic and International Markets

With the steady recovery of the international economy, the demand for energy gradually increased, the demand for oil and gas products and chemicals continuously went up, and global investment in energy and chemicals picked up. New market opportunities began to emerge. Wison Engineering adhered to the strategy of "establishing global presence" and effectively implemented the globalisation strategy covering both domestic and international markets. During the Period under Review, there were delays in investment, and contract review and approval of the projects followed up by the Company due to investment decisions of customers. The signing of certain contracts were postponed to early 2024. Therefore, the total value of the new contracts secured by the Company amounted to approximately RMB408 million in 2023.

In the domestic market, Wison Engineering focused on principal operations by strengthening the core products, locking in key customer business opportunities, and improving the quality of orders. During the Period under Review, the Company fully leveraged its competitive advantages in core petrochemical and coal chemical products, tracked opportunities for a number of ethylene, MTO and other projects, and actively assisted project owners in accelerating project implementation. It signed the technology licensing agreement on Dongming Fuel and Petrochemicals Co., Ltd.'s 300,000-ton-per-year UPC pilot plant project.

At the same time, Wison Engineering developed new competitive products, especially in the field of new energy and new materials. During the Period under Review, the Company Datang's integrated wind and solar power-to-hydrogen demonstration project in Duolun, a technical consulting contract on JISCO Honghui's emission reduction and carbon reduction industrial chain extension project, an exploration and design service contract on the hydrogen production system of CSSC's wind and solar power-to-hydrogen storage pilot test site project in Dunhuang, a technical consulting contract on the compilation of feasibility study report on the integrated 150,000-kW wind and solar power generation project in Baotou, a technical consulting contract on the new material integration-propylene value chain project, and EPC of Shanghai Waigaoqiao No. 3 Power Generation Co., Ltd.'s 10,000-ton flue gas-CO_2-to-methanol pilot demonstration project.

During the Year, the Company followed up with multiple technical service projects and EPC projects, such as the methanol-to-olefins EPC of the methanol-to-olefins and downstream deep processing integrated project of Guangxi Huayi Energy and Chemical Co., Ltd., and Dongming Fuel and Petrochemicals Co., Ltd.'s 300,000-ton-per-year UPC pilot plant project. Contracts for these two projects were signed in the beginning of 2024, with a total contract amount of approximately RMB8 billion. Moreover, with the successful start-up of PGA and MMA pilot test projects, more project opportunities are yet to come.

Wison Engineering has been working on overseas markets for many years and accumulated rich project experience. It has established good partnerships with many international engineering companies and suppliers, and has the experience and ability to provide high-quality and differentiated services to customers in different countries and regions by giving full play to its own modular design and manufacturing advantages.

The Middle East is a key market for Wison Engineering, where the Company has deep presence for more than a decade and has established a deep foundation for business development. The Company focused on its competitive projects like ethylene and PDH/PP projects, maintained its stable partnerships with SABIC/Saudi Aramco, and engaged itself in the pre-project exchanges of SABIC/Saudi Aramco's liquid to chemicals (LTC) project. Meanwhile, the Company followed up on Chinese-funded investment projects in Qatar and Saudi Arabia, which are currently in the quotation stage. In view of the emerging renewable energy market and business opportunities arising from green hydrogen and green ammonia in the Middle East, the Company established cooperation with a number of domestic partners and international patent dealers in order to seize market opportunities in new energy and carbon capture projects.

In addition to the Middle East and other traditional chemical markets, the Company actively made its presence in emerging markets by closely following up on petrochemical, new coal chemical, new energy, new material and other projects in regions including Russia, Southeast Asia, North America and Africa. During the Period under Review, Wison Engineering secured the preliminary consulting contract for ARPHL's refinery project in Nigeria and participated in the front-end engineering design (FEED) quotation for another PDH/PP project in Africa. A contract for the latter was signed in early 2024. The Company participated in the quotation for the alkylation project in Indonesia with a view to further expanding the incremental market space.

During the Period under Review, Wison Engineering was awarded the process design package and front-end engineering design (PDP+FEED) contract for the CIC ethylene project in Russia and signed SIBUR Kstovo LLC's cracking furnace PDP project. As a model project, the CIC project exerted positive effects on many sets of ethylene cracking furnaces, ethylene revamping, and newly built ethylene plants and polyolefin projects that are currently under quotation and follow-up. At the same time, Wison Engineering continued to focus on renewable energy, methanol and modular construction opportunities in the Middle East, Russia and the United States. The Company will provide high-quality services to meet customer needs and lay the foundation for subsequent EPC projects.

Excellent Research and Development Capabilities for New Materials and New Processes Leading to Accelerating Commercial Implementation

It is a prevailing trend of the industry to develop and apply new technologies, such as new materials and degradable plastics, and it is also the key development direction for Wison Engineering. With R&D investment and technology accumulation throughout the years, Wison Engineering made breakthroughs in several key technologies during the Period under Review.

The Company participated in the development and won the EPC contract of Panjin Sanli's MMA project, the first industrialised project of new green ethylene-based MMA technology. The civil works, steel structure, equipment installation and pipelines installation were in full swing with the overall construction was 84.31% completed. The plants are to be completed and put into production in 2024. Being the first industrialised ethylene-based MMA production plants in China, the project adopts the leading olefin hydroformylation technology and the new technology of one-step oxidation and esterification of methacrolein with complete domestic intellectual property rights. Through innovative, green and sustainable technical solutions, the project effectively solves the problems of high pollution and energy consumption arising from the common processes of MMA production via acetone cyanohydrin in China. As the demonstration plants approached completion soon, many domestic owners are negotiating for technology licensing.

In terms of innovative technology development and industrialisation of degradable plastics, during the Period under Review, the 1,000-ton pilot plant of PGA built in cooperation with Inner Mongolia Rongxin Chemical Co., Ltd. finished construction and commissioning, and produced crude products. Pilot test study is currently underway, and a commercial-scale process package is being prepared test at the same time. It is expected that the results will be ready for commercialisation and promotion by the middle of 2024.

During the Period under Review, the new technology of catalytic ODHE to ethylene, jointly developed by the Company and the Dalian Institute of Chemical Physics, Chinese Academy of Sciences, began to be commercialised. Many projects are under preliminary feasibility study, and active efforts are made to facilitate project implementation. The technology is applicable for ethylene production via various ethane materials with significantly lower investment, energy consumption and carbon emissions than those of traditional processes. It is of groundbreaking significance to ethylene production, aligned with the global trend of using light olefin raw materials, and holds broad application prospects.

The Company proactively promoted the catalyst and complete set of technology for the oxidative dehydrogenation of butene to butadiene. The commercial plant that uses the catalyst and complete set of technology for the oxidative dehydrogenation of butene to butadiene shows outstanding operation effect, and the technology has been unanimously recognised and is leading domestically and internationally. So far, several domestic and foreign enterprises have in-depth communication with Wison Engineering, showing the promising commercialisation of the Company's technology. At the same time, the Company was committed to the optimisation and upgrading of butadiene technology, and has completed the development of a new generation of energy-saving butene oxidation and dehydrogenation catalysts and reaction technology, as well as the optimisation and development of the N-methylpyrrolidone (NMP) based butadiene extraction technology, of which, as compared with the existing butadiene production technology via butene oxidation and dehydrogenation, steam consumption is significantly reduced, energy consumption is further reduced by 30%, wastewater is reduced by 40% with further improved yield and the cost of production of tons of butadiene reduced by about RMB1,400, which marks a disruptive progress of the development of energy-saving butadiene production technology via oxidation and dehydrogenation of butene. At present, the new technology has passed the single-tube experiment and entered the promotion stage, drawing special attention from the industry. It is expected to transform the original oxidation and dehydrogenation device and significantly improve the economic performance of the device. The successful development of this new technology further maintained the Company's leading position and competitiveness in the field of butadiene technology.

Our butadiene division has been innovating the C4 separation process by using a new solvent for C4 separation and butadiene extraction. As compared to traditional processes, the new process decreases energy consumption by 26% and wastewater by over 90%, which was highly recognised by enterprises. Such technology had successfully transferred within the Year. Moreover, the Company conceived an innovative energy-efficient butene-1 separation process, which reduces energy consumption by 65% as compared to traditional fine distillation process, had also successfully transferred within the Year. All those processes and technologies boost the growth of Wison Engineering, and advance technological progress of the industry. Besides, the butadiene division is developing 1,3-propanediol catalyst and a complete process package with a new technology roadmap. If successfully developed, this technology will be very competitive, and is expected to become another major technological highlights of Wison Engineering. The Company is developing technologies related to butadiene and new materials, which will greatly enhance the technological progress and development of the industry.

During the Period under Review, Wison Engineering was awarded 14 new patents, applied for 9 new patents, and continuously consolidated its intellectual property rights and technical reserves.

Focus on Green Energy Transformation and Disruptive Productive Forces, Promote Green and Intelligent Reengineering

It has become a general consensus for the international community to adapt to climate change through green and low-carbon transformation. Against such backdrop, Wison Engineering capitalised on rising opportunities. The Company has accelerated the rapid transformation of its business towards customer and market needs-driven. As a new energy engineering company, Wison Engineering will strive to become a leading provider for engineering and technology solutions for domestic and global energy transformation.

During the Period under Review, Wison Engineering set up a product technology center that focuses on the exploration of new business, technologies and products. The Company actively captured and gained insights into the global trend of energy and chemical transformation, and systematically analysed the needs of and technological bottleneck in the transformation from traditional chemical industry that is driven by resources and carbon to the new energy industry that is driven by technological innovation and electricity-hydrogen coupling. Moreover, the Company kept abreast of the development of cutting-edge technologies, deepened the international cooperation in production and research on process and technology roadmaps, focused on the recruitment of technical experts and core talents specialising in electricity-hydrogen coupling, green ammonia and methanol, carbon capture and utilisation, and biomass utilisation to build up a task force to coordinate the in-depth development of the technology roadmaps and solutions for deep decarbonisation of hydrogen, ammonia, methanol, and sustainable aviation fuel (SAF) etc., strove to be part of the strategic global energy transformation and national development of disruptive productive forces, and spared no efforts in creating new business and product lines dealing with services and delivery of renewable energy technology with Wison Engineering's core competitiveness.

During the Period under Review, Wison Engineering was awarded an EPC bid winning notice regarding a demonstration project of methanol synthesis from hydrogen and CO_2. It won the bid and completed the engineering design of a small-scale wind and solar-based hydrogen production pilot project (including electrolysis, electrochemical energy storage and fuel cell). In terms of early consultation, the Company secured several early consultation contracts on off-grid/grid-connected wind and solar-based hydrogen production coupled with coal chemical industry, flexible wind and solar-based ammonia production, and biomass/electricity-methanol production in Inner Mongolia, Qinghai and other regions. We have also provided many technical solutions for domestic and international customers regarding their needs and scenarios of low-carbon and green development, such as low-carbon methanol synthesis from carbon capture coupled with exhaust gas-hydrogen in an active large-scale refining and chemical integration project, methanol synthesis from carbon capture and hydrogen in a large-scale coal chemical project, solar-based hydrogen production coupled with the product chain of a specialty gas company, hydrogen storage in organic liquids, on-shore carbon capture/liquefaction/shipping of offshore gas reinjection, offshore off-grid wind-based hydrogen and ammonia production, and offshore floating liquefied hydrogen production. In collaboration with Shanghai Wison Offshore & Marine Co. Ltd., we completed the technical research on the concept design of floating green ammonia and floating green methanol products, further reinforcing our technical reserve and solution capabilities in various new energy technology roadmaps and application scenarios.

During the Period under Review, the Company developed a dynamic multi-steady state simulation system to address the "raw material" and the characteristic of "unstable state" in the new energy industry. Equipped with its independently developed simulation models and intelligent algorithms, the system can develop solutions for whole-plant system configuration and automated optimisation solutions for green hydrogen, ammonia and methanol projects based on the hourly wind/solar power output data and various boundary conditions, and supports quick generation of whole-plant investment budget and product costs. The system serves as an efficient and intelligent tool for quick response to needs of new energy project owners, higher accuracy of systematic solutions and flexibility in comparison and selection of multiple solutions. At the same time, the new energy business partnered with external companies and universities in R&D of the energy management system (EMS).

In addition, during the Period under Review, the Company carried out systematic analysis of EU's Fit for 55 package renewable energy directive (RED) II/III, such as international sustainability and carbon certification (ISCC) EU, renewable fuels of non-biological origin (RFNBO), recycled carbon fuels (RCF), fully communicated with third-party advisory agencies while providing early consultation services, offered full-lifecycle carbon footprint calculation to customers in the project planning stage regarding biomass collection, pre-treatment, methanol production, transportation to port refueling, and assisted customers in optimising solutions to meet the requirements of EU green energy certification and increase value-added products by iteration and refining of technology roadmaps and whole-process consumption.

Continue to Enhance Digital Design and Delivery, Accelerated Construction of the Digital Integrated Project Management System and Strengthened Delicacy Management

During the Period under Review, we continued to advance our digital integrated design competence. The engineering data warehouse (EDW) was applied in SIBUR's project, and enabled electronic archiving of all design files with 100% accuracy of attribute matching. The quality of digital delivery was improved with significantly higher efficiency. SRU project in Abu Dhabi has completed integrated design center, incorporated data from piping and instrumentation diagram (PID), instrument boards and electricity and will complete integration of smart plant 3D ("**SP3D**") in May 2024, ensuring digital delivery up to high standards. SIBUR's and Huayi's MTO projects were planned and executed in accordance with the international capital facilities information handover specification (CFIHOS) standard and domestic standard of digital delivery for oil refining and petrochemical project GB51296 respectively, proving that the Company's digital delivery has reached top domestic level, and advanced level internationally.

In order to achieve international transformation, Wison Engineering prioritised the construction of an integrated working and control platform for project management by means of systems and electronic archiving tools. During the Reporting Period, its investment in hardware and software grew by 25% over the previous year. With ECOSYS as the core project management system for progress, cost, contract and change management, the Company connected the information flow of multiple systems, including design, material control, man-hours, office automotion (OA) and accounting. It aimed to enhance project execution competency and project management capabilities by continuously refining project applications.

During the Period under Review, the Company integrated the budget, cost and payment features of the ECOSYS in SIBUR's project, and granted the budget for electronic archiving, control and analysis of the cash flow, contract payment and costs to ensure precise cost measurement and reliable data traceability. The documentation control collaboration management system enabled document feedback feature in the SIBUR's project, and document feedback and deliverable management features in Farabi's project. The digital construction and installation management system has been promoted and applied in many projects both domestically and in overseas to enhance the forecasting, supervision and control of construction process. The construction inspection and test plan (ITP) has been enabled via cloud so that the construction planning is aligned with quality planning, and construction acceptance inspection is synchronised with data filing.

The procurement and delivery of project items on schedule as per demand with quality assurance and high cost effectiveness are essential for a project to be constructed in line with set goals. During the Period under Review, we launched the phase I application of the Wison Engineering material supply chain management system (“**WEMS**”) developed based on the understanding of the needs of international companies and project owners. Currently, the system offers integrated management of procurement planning, requisition, procurement, delivery reminder, manufacturing supervision, logistics, warehousing and suppliers. The system enabled information flow, fund flow and partial workflows. During the Period under Review, the development of phase I features was completed as scheduled, and had applied in, among others, the Dongming Phase II project, Shanghai Waigaoqiao No. 3 Power Generation Co., Ltd.’s project and Huayi’s MTO project as of March 2024.

Continue Expanding Design Team and Implementing International Transformation of Organizational Capabilities and Talent Structure

In 2023, Wison Engineering adhered to the talent strategy of cultivating design talents as the priority and international and localised talents as the core. It proactively promoted the transformation of talent structure according to the rapid changes in the external market environment, expanded the international project execution team, and scientifically planned the overseas marketing team. The Company’s technical and design team has exceeded 1,000 members. At the same time, we have introduced more professionals with experience in international projects, as well as foreign senior technical and managerial personnel in the countries and regions where the international projects are taking place to further improve localisation and leverage the advantages of the Company’s flexible platform and mechanism. As at 31 December 2023, the Group had a total of 1,608 employees.

OUTLOOK

Looking ahead to 2024, despite increasingly complex international environment and challenges, the global economy is expected to maintain a steady recovery as a whole. However, the growth is likely to be affected by monetary policy adjustments in various countries, geopolitical risks, and continued tightness in the supply chain. As China’s economy will continue to rebound and domestic demand will go up due to the effects of real estate policies and local debt replacement, the petrochemical industry will be further developed.

With continuous refining overcapacity, the business layout of the petrochemical industry will be constantly optimised in China. Refineries are actively exploring new production and operation models to extend their industrial chains and enhance their competitiveness. New refining and chemical integration projects are being planned and completed. Traditional oil refineries are also working on transformation and upgrading, bringing up their scale and level of "refining and chemical integration", and vigorously promoting "less refining and more chemical capacity". The newly added global refining capacities are pivoting eastward at faster pace, especially towards the Asia-Pacific region, which will continue to lead to growth of petrochemical capacity. Investment in oil refining and petrochemical projects keeps growing in Southeast Asia, indicating robust momentum in the region's petrochemical industry. Meanwhile, countries in the Middle East are expanding downstream investment and increasing petrochemical production capacity. Among them, well-known companies, such as Saudi Aramco, are establishing more cooperation with local governments and refineries in China to invest in chemical production capacity and promote the further development of the petrochemical industry.

In 2024, Wison Engineering is committed to transforming and preparing itself for the trends and challenges of the global energy market and technologies. Based on the strategic adjustment of the Company's development coupled with opportunities of the emerging global new energy market, the Company aims to develop relevant core competitiveness, and achieve its systematic and comprehensive pivoting towards international market and new energy sector. The Company intends to transform itself from a traditional energy and chemical engineering company into a leading provider for international clean energy services so as to further enhance its brand and international influence.

By building a value cooperation ecosystem, Wison Engineering will develop new technologies and competitive products, explore new business models, and transform its businesses and make breakthroughs in the global market, customers and emerging market segments in the future. At the same time, the Company will devote itself to its core businesses and projects, and prioritise products, standardisation, digital transformation and modular development. It will enhance various technological strengths, essential competence, as well as management and coordination capabilities.

Lead by Innovation. The Company strives to build an innovation system that puts innovation in technology and project management first. The Company will continue to strengthen the research and development of independent technology, deepen cooperation on the R&D of new technology, make investment in R&D resources, talent recruitment and training, step up the management of R&D process, and improve R&D efficiency. Meanwhile, it will consolidate cooperation with world renowned patent agents regarding its competitive products, new energy, new materials, etc. to achieve win-win results. Further, it will maximise its bonding and connecting role in the commercialisation of new technologies as an engineering company, boost its core competitiveness, and strive to become a world-leading technology-based engineering company.

Focus on Principal Operations. Based on its foothold in the field of energy and chemical engineering, the Company will make full use of the advantages of existing competitive products to reinforce its presence in the market. It will optimise products, technologies and services, and improve its market share in the traditional competitive products, such as ethylene and downstream products, MTO, PDH, PTA, coal gasification, butadiene, synthetic ammonia, and industrial furnace. In the meantime, it will develop new competitive products, quicken the pace to make presence in the field of new energy and new materials, and promote the implementation of projects, laying the foundation for future sustainable development.

The Company will be committed to enhancing comprehensive competitiveness and strengthening its competence of design-focused EPC project management. It will improve design to reduce project costs and create value for customers. The Company will establish a globally unified procurement platform to enhance the process, reduce the costs and improve the efficiency of procurement. With a well-established resource management system for subcontractors in place, we carry out professional subcontracting of construction projects, improve on-site construction management competence, foster start-up and service capacity, and establish an efficient and robust project management system, so as to keep the safety, quality, progress and costs of the whole process under control.

Establish Global Presence. While consolidating its domestic market, the Company proactively develops overseas markets so as to ensure coordinated development of domestic and overseas markets. In addition to developing new customers, the Company will further strengthen cooperation with existing customers. The Company will leverage its experience and edge in implementing international projects. It will increase efforts to expand overseas markets, deepen presence in the Middle East and North America, and accelerate the pace to explore emerging markets including Russia, Central Asia and Southeast Asia, aiming to create new performance growth points for the Company.

As there will be both opportunities and challenges in the petrochemical market in future, Wison Engineering will continue to pay close attention to the market situation and, and make necessary adjustments to its strategies and operations in a timely manner in light of market demand and its own development to enhance its efficiency and profitability, attain sustainable development, and fully complete its internationalisation so as to reward its shareholders for their long-term support.

FINANCIAL REVIEW

Revenue and Gross Profit

The comprehensive revenue of the Group decreased by 17.5% from RMB4,658.8 million for the year ended 31 December 2022 to RMB3,842.7 million for the Year.

The gross profit of the Group amounted to RMB227.2 million for the Year, as compared to the gross loss of approximately RMB208.3 million for the year ended 31 December 2022.

The gross profit margins of the Group for the year ended 31 December 2023 and 2022 were 5.9% and -4.5%, respectively.

Details of comprehensive revenue and gross profit breakdown by business segments are set out below:

	Segment revenue		**Segment gross profit**		**Segment gross profit margin**	
	2023	2022	**2023**	2022	**2023**	2022
	(RMB'million)	*(RMB'million)*	***(RMB'million)***	*(RMB'million)*	***(%)***	*(%)*
EPC	**3,528.5**	4,463.6	**119.5**	-256.3	**3.4%**	-5.7%
Engineering, consulting and technical services	**314.2**	195.2	**107.7**	48.0	**34.3%**	24.6%
	3,842.7	4,658.8	**227.2**	-208.3	**5.9%**	-4.5%

The revenue of EPC of the Group decreased by 20.9% from RMB4,463.6 million for the year ended 31 December 2022 to RMB3,528.5 million for the Year. The EPC segment recorded a positive gross profit margin of 3.4%, as compared to negative gross profit margin of 5.7% recorded in 2022. The decrease in revenue of EPC for the Year was mainly because the existing EPC projects acquired in prior years have already entered into middle to late construction phase, resulting in the decrease in revenue contribution. On the other hand, the EPC projects newly acquired in 2022 and 2023 were still in early to middle construction phase. Among them, certain projects involve heavy equipment manufacturing and are expected to be delivered gradually between 2024 to 2025. Those projects' contributions to the Year's revenue are therefore limited. The gross profit and gross profit margin increased during the Year was mainly because in 2022, the Group's performance was still affected by the COVID-19 pandemic and the corresponding control measures and restrictions, which resulted in the postponement and delay in some projects, causing additional labor costs and project costs. The impact of the above-mentioned factors has been reduced in the Year, and gross profit margin gradually returned to normal level.

The revenue of engineering, consulting and technical services of the Group increased by 61.0% from RMB195.2 million for the year ended 31 December 2022 to RMB314.2 million for the Year. The gross profit margin of engineering, consulting and technical services of the Group increased from 24.6% for the year ended 31 December 2022 to 34.3% for the Year. The increase in revenue and gross profit of engineering, consulting and technical services was mainly because of higher contract amount with higher gross profit margin during the Year.

Details of comprehensive revenue breakdown by industries in which our clients operate are set out below:

	2023	2022	Change	Change
	(RMB'million)	*(RMB'million)*	*(RMB'million)*	*(%)*
Petrochemicals	**3,014.6**	2,756.3	258.3	9.4%
Coal-to-chemicals	**615.8**	1,005.3	-389.5	-38.7%
Oil refineries	**5.9**	63.7	-57.8	-90.7%
Public infrastructure	**3.7**	51.0	-47.3	-92.7%
Other products and services	**202.7**	782.5	-579.8	-74.1%
	3,842.7	4,658.8	-816.1	-17.5%

The revenue of petrochemical business segment increased by 9.4%. This was mainly due to the fact that petrochemical projects located in the Middle East and South East Asia were well in progress, driving the increase in revenue in this segment.

The revenue of coal-to-chemicals business segment decreased by 38.7%. This was mainly due to the fact that a coal-to-chemicals project located in Shandong, China was postponed at the request of the project owner during the Year, resulting in decrease in revenue contribution.

The revenue of oil refineries business segment decreased by 90.7%. This was mainly because the Group's oil refinery projects located in the Middle East have entered into the completion phase and revenue contribution decreased accordingly.

The revenue of public infrastructure business segment decreased by 92.7%. The decrease in revenue during the Year was mainly due to the slowdown of progress of the Group's domestic sewage treatment project.

The revenue of other products and services business segment decreased by 74.1%. This is because the Group's new materials project located in Xinjiang is approaching to the end of construction stage, resulting in decrease in revenue contribution.

Details of comprehensive revenue breakdown by geographic locations of our projects are set out below:

	Year ended 31 December			
	2023		2022	
	Revenue *(RMB'million)*	**Percentage of total revenue** *(%)*	Revenue *(RMB'million)*	Percentage of total revenue *(%)*
Mainland China	**2,336.8**	**60.8%**	4,042.5	86.8%
Middle East	**838.7**	**21.8%**	381.5	8.2%
Southeast Asia	**499.7**	**13.0%**	45.7	1.0%
Europe	**160.3**	**4.2%**	54.7	1.2%
America	**5.6**	**0.1%**	120.5	2.6%
Others	**1.6**	**0.1%**	13.9	0.2%
	3,842.7	**100.0%**	4,658.8	100.0%

The revenue from overseas projects of the Group accounted for approximately 39.2% and 13.2% of the total revenue for the year ended 31 December 2023 and 2022, respectively. The increase in percentage weighting of revenue from overseas projects for the Year was mainly because the Group's EPC projects located in the Middle East and Southeast Asia entered into principal construction phase.

Other Income and Gains

Other income and gains decreased by 17.3% from RMB243.9 million for the year ended 31 December 2022 to RMB201.8 million for the Year. For details, please refer to note 4 to the consolidated financial statements of the Group.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 49.1% from RMB55.4 million for the year ended 31 December 2022 to RMB28.2 million for the Year, which was mainly because the Group focused its sales and marketing resources on those projects with higher competitive advantages during the Year.

Administrative Expenses

Administrative expenses increased by 19.8% from RMB258.7 million for the year ended 31 December 2022 to RMB309.8 million for the Year, which is mainly due to increase in expenditure of management personnel and head office building maintenance during the Year.

Other Expenses

Details of other expenses breakdown are set out below:

	2023	2022
	RMB million	*RMB million*
Research and development costs	**128.8**	149.0
Expenses in relation to operating lease income	**26.8**	28.6
Consultancy expenses	**0.7**	–
Provision for damages and related interest to customers and suppliers	**12.1**	–
Bad debt reversal	**–0.1**	–
Provision for asset impairment	**–**	72.3
Others	**2.2**	1.7
	170.5	251.6

Other expenses decreased by 32.2% from RMB251.6 million for the year ended 31 December 2022 to RMB170.5 million for the Year. This was mainly due to the provision for impairment loss of relevant assets of certain EPC projects during the year ended 31 December 2022.

Finance Costs

Finance costs increased by 4.2% from RMB91.2 million for the year ended 31 December 2022 to RMB95.0 million for the Year. For details, please refer to note 5 to the consolidated financial statements of the Group.

Income Tax

The Group's income tax credit for the Year amounted to RMB4.0 million, while the Group income tax expense amounted to RMB21.9 million during the year ended 31 December 2022. This was mainly due to the decrease in the Group's deferred tax assets and the resulting increase in deferred tax expenses during the corresponding period of last year.

Loss for the Year

Based on the reasons above, as well as the significant decrease in impairment losses on financial and contract assets, the loss for the year decreased significantly by 83.4% from RMB1,197.4 million for the year ended 31 December 2022 to RMB198.4 million for the Year. The Group's net profit margin for the year ended 31 December 2023 and 2022 was -5.2% and -25.7%, respectively.

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 30-90 days or the respective contracts' retention period. The Group's total trade and bills receivables decreased by approximately 7.0% from RMB611.0 million as at 31 December 2022 to RMB568.1 million as at 31 December 2023.

Financial Resources, Liquidity and Capital Structure

As at 31 December 2023, the Group's cash and bank balances amounted to RMB901.8 million, representing approximately 16.5% of the Group's current assets (31 December 2022: RMB383.6 million, representing approximately 7.8% of the Group's current assets).

The major items of Consolidated Statement of Cash Flows of the Group are set out below:

	For the year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Net cash flows from operating activities	**651.5**	-594.9
Net cash flows from investing activities	**-10.5**	39.8
Net cash flows from financing activities	**-164.0**	-2.8

As at 31 December 2023 and 2022, the Group's pledged and unpledged cash and bank balances included the following amounts:

	As at 31 December	
	2023	2022
	RMB million	*RMB million*
Hong Kong Dollar	**2.5**	5.7
US Dollar	**368.7**	272.2
Renminbi	**1,103.9**	602.2
Saudi Riyal	**33.2**	82.6
Euro	**113.3**	3.9
Qatar Riyal	**0.9**	0.3
UAE Dirham	**0.6**	0.8
South African Rand	**0.5**	1.7
Japanese Yen	**43.2**	–
Russian Ruble	**14.7**	0.8

The Asset-Liability Ratio of the Group, which was derived by dividing average total liabilities by average total assets, is set out below.

	31 December 2019	31 December 2020	31 December 2021	31 December 2022	**31 December 2023**
Asset-Liability Ratio	69.0%	61.6%	60.8%	67.2%	**72.7%**

Interest-bearing bank and other borrowings of the Group as at 31 December 2023 and 31 December 2022 were set out in the table follow. The short-term bank and other borrowings of the Group accounted for 48.5% of the total bank and other borrowings as at 31 December 2023 (31 December 2022: 100%).

	As at 31 December	
	2023	2022
	RMB million	*RMB million*
Current		
Bank loans repayable within one year		
— secured	**305.2**	258.6
— unsecured	**67.2**	249.9
Current portion of long-term bank loans — secured	**59.4**	679.1
Other loans repayable within one year — unsecured	**97.3**	–
	529.1	1,187.6
Non-Current		
Bank loans repayable after one year		
— secured	**561.0**	–

Bank and other borrowings were denominated in Renminbi, US Dollar and Singapore Dollar at 31 December 2023, while bank borrowings were denominated in Renminbi at 31 December 2022. As at 31 December 2023, bank and other borrowings amounting to RMB397.3 million (31 December 2022: RMB1,087.5 million) bore interest at fixed rates.

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

Year ended 31 December 2023	3.45% to 8.65%
Year ended 31 December 2022	3.70% to 5.88%

The maturity profile of interest-bearing bank and other borrowings as at 31 December 2023 and 31 December 2022, based on contractual undiscounted payments, is as follows:

	On demand	**Less than 3 months**	**3 to 12 months**	**Over 1 year**	**Total**
			RMB million		
31 December 2023					
Interest-bearing bank and other borrowings	**–**	**71.4**	**502.4**	**698.7**	**1,272.5**
31 December 2022					
Interest-bearing bank and other borrowings	989.4	2.1	181.7	–	1,173.2

The Group meets its working capital and other capital requirements principally with cash generated from its operations and borrowings.

Material Acquisitions and Disposals

During the Year, the Group had no material acquisitions and disposals.

Capital Expenditure

The capital expenditure of the Group amounted to RMB22.7 million for the Year (2022: RMB13.9 million).

Foreign Exchange Risk Control

The business transactions of the Group are mainly settled in Renminbi and US dollars. The Group is exposed to currency risks in relation to the bank balances denominated in currency other than the functional currencies of the relevant entities. The Group has formulated and strictly adheres to a currency hedging policy against the foreign currency risk.

Contingent Liabilities

(1) During 2023, a sub-contractor of Wison Engineering Ltd. ("**Wison Engineering China**" a wholly-owned subsidiary of the Company) filed a claim to the People's Court of Taixing City, Jiangsu Province in Chinese Mainland against Wison Engineering China for an additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB23,223,000.

(2) During 2023, a sub-contractor of Wison Engineering China filed a claim to the People's Court of Pengzhou City, Sichuan Province in Chinese Mainland against Wison Engineering China for an additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB14,540,000. As at 31 December 2023, a bank account of Wison Engineering China of RMB14,540,000 was frozen by the People's Court of Pengzhou City, Sichuan Province for property preservation.

(3) During 2023, a sub-contractor of Wison Engineering China filed a claim to the People's Court of Pudong District, Shanghai City in Chinese Mainland against Wison Engineering China for an additional payment of construction costs and the interest arising from the overdue payment of construction costs of approximately RMB4,330,000.

(4) During 2023, a sub-contractor of Wison Engineering China filed a claim to the People's Court of Dongming District, Heze City, Shandong Province in Chinese Mainland against Wison Engineering China for an additional payment of construction costs and liquidation damages of approximately RMB8,312,000.

(5) During 2023, a sub-contractor of Wison Engineering China filed a claim to the People's Court of Pengzhou city, Sichuan Province in Chinese Mainland against Wison Engineering China for an additional payment of construction costs and liquidation damages of approximately RMB35,155,000.

As of the date of this Annual Results Announcement, for the cases (1), case (2) and case (3), Wison Engineering China, Jiangsu Wison and their respective subcontractors have completed the first pre-trial evidence exchange in court and cross-examination. The trials of case (4) and case (5) are yet to be scheduled.

For the case (5) which is without merits, the possibility for the Group being subject to additional payment claims is expected to be remote on the basis of the available evidence and legal advice obtained, the Directors are of the opinion that no additional provision is required. For the other four cases, the Directors are of the opinion that additional provision has been made.

Pledge of Assets

As at 31 December 2023, certain buildings of RMB3,475.7 million, future years right of receiving rental income from certain properties, as well as trade and bills receivables for certain projects were pledged as securities for bank facilities of the Group.

Human Resources

As at 31 December 2023, the Group had 1,608 employees (31 December 2022: 1,370 employees). The Group reviews the salaries and benefits of the employees according to market practice and the performance of the employees on a regular basis. Also, the Group contributes to various social insurance schemes in the PRC and the Mandatory Provident Fund Scheme in Hong Kong for qualified employees and provides medical insurance, work injury insurance, maternity insurance and unemployment insurance pursuant to applicable laws and regulations in the PRC and Hong Kong, as well as additional business accident and medical insurance. During the Year, the total staff cost of the Group (including salaries, bonuses, insurance and share option schemes) amounted to RMB702.6 million (during the year ended 31 December 2022: RMB645.7 million). The Group adopted the 2022 Share Option Scheme on 20 December 2022 as encouragement and reward for the contributions of employees to the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023
(Expressed in RMB)

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	**3,842,719**	4,658,780
Cost of sales		**(3,615,517)**	(4,867,080)
GROSS PROFIT/(LOSS)		**227,202**	(208,300)
Other income and gains	4	**201,828**	243,859
Selling and distribution expenses		**(28,162)**	(55,393)
Administrative expenses		**(309,838)**	(258,721)
Impairment losses on financial and contract assets		**(32,543)**	(556,772)
Other expenses		**(170,508)**	(251,635)
Finance costs	5	**(95,021)**	(91,242)
Share of profits and losses of associates		**4,673**	2,738
LOSS BEFORE TAX	6	**(202,369)**	(1,175,466)
Income tax credit/(expense)	7	**3,991**	(21,920)
LOSS FOR THE YEAR		**(198,378)**	(1,197,386)
Attributable to:			
Owners of the parent		**(196,122)**	(1,185,486)
Non-controlling interests		**(2,256)**	(11,900)
		(198,378)	(1,197,386)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		**RMB(4.81) cents**	RMB(29.10) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Expressed in RMB)

	2023 *RMB'000*	2022 *RMB'000*
LOSS FOR THE YEAR	**(198,378)**	(1,197,386)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,036)**	3,254
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(3,036)**	3,254
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**45,998**	19,472
Income tax effect	**170**	(2,803)
	46,168	16,669
Gains on properties and land revaluation	**82,277**	92,330
Income tax effect	**(12,342)**	(13,850)
	69,935	78,480
Share of other comprehensive income of an associate	**(41,507)**	29,277
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**74,596**	124,426
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**71,560**	127,680
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(126,818)**	(1,069,706)
Attributable to:		
Owners of the parent	**(124,562)**	(1,057,806)
Non-controlling interests	**(2,256)**	(11,900)
	(126,818)	(1,069,706)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023
(Expressed in RMB)

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,493,414**	1,452,129
Other non-current assets		**142,077**	141,817
Right-of-use assets		**2,046,676**	2,113,636
Goodwill		**15,752**	15,752
Intangible assets		**26,021**	22,380
Long-term prepayments		**5,251**	–
Investments in associates		**220,619**	258,972
Equity investments designated at fair value through other comprehensive income		**33,130**	32,803
Total non-current assets		**3,982,940**	4,037,489
CURRENT ASSETS			
Equity investments designated at fair value through other comprehensive income		**237,946**	213,072
Inventories		**52,237**	126,347
Trade receivables	*10*	**473,716**	529,681
Bills receivable		**94,421**	81,331
Contract assets		**1,599,781**	2,157,779
Prepayments and other receivables		**1,250,463**	737,584
Due from fellow subsidiaries		**80,489**	89,321
Pledged bank balances and time deposits	*11*	**785,890**	587,349
Cash and bank balances	*11*	**901,834**	383,592
Total current assets		**5,476,777**	4,906,056
CURRENT LIABILITIES			
Trade and bills payables	*12*	**2,183,155**	2,269,185
Other payables and accruals		**2,307,695**	1,158,964
Interest-bearing bank and other borrowings		**529,109**	1,187,632
Lease liabilities		**12,135**	8,413
Due to fellow subsidiaries		**340**	151
Due to an associate		**630**	630
Tax payable		**155,196**	172,846
Total current liabilities		**5,188,260**	4,797,821
NET CURRENT ASSETS		**288,517**	108,235
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,271,457**	4,145,724

	Notes	**2023** *RMB'000*	2022 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**15,031**	23,511
Interest-bearing bank and other borrowings		**561,000**	–
Long-term payables		**574,350**	876,292
Deferred tax liabilities		**398,556**	398,019
Government grants		**3,855**	3,986
Other non-current liabilities		**269,882**	268,315
Total non-current liabilities		**1,822,674**	1,570,123
NET ASSETS		**2,448,783**	2,575,601
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**330,578**	330,578
Share premium		**869,201**	869,201
Other reserves		**1,263,712**	1,388,274
		2,463,491	2,588,053
Non-controlling interests		**(14,708)**	(12,452)
Total equity		**2,448,783**	2,575,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for equity investments, buildings and leasehold land which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	*Insurance Contracts*
Annual to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

The nature and the impact of new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The group has not applied the initial recognition exception and recognized deferred tax assets and deferred tax liabilities respectively for all transactions fallen within the scope of the amendment in prior years, the amendments had no impact on the Group's financial statements.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

3 OPERATING SEGMENT INFORMATION

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

— Engineering, procurement and construction ("**EPC**"); and
— Engineering, consulting and technical services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment result which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, non-lease-related finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude property, plant and equipment, right-of-use assets, goodwill, intangible assets, investments in associates, deferred tax assets, long-term prepayments, amounts due from fellow subsidiaries, prepayments and other receivables, equity investments designated at fair value through other comprehensive income, pledged bank balances and time deposits and cash and bank balances as these assets are managed on a group basis.

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

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Operating segments

Year ended 31 December 2023	EPC	Engineering, consulting and technical services	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue *(note 4)*			
Sales to external customers	**3,528,535**	**314,184**	**3,842,719**
Intersegment sales	**20,493**	**4,939**	**25,432**
Total segment revenue	**3,549,028**	**319,123**	**3,868,151**
Reconciliation:			
Elimination of intersegment sales			**(25,432)**
Revenue			**3,842,719**
Segment results	**55,849**	**114,084**	**169,933**
Reconciliation:			
Unallocated income			**182,773**
Unallocated expenses			**(514,408)**
Unallocated finance costs (other than interest on lease liabilities)			**(45,340)**
Share of profits and losses of associates			**4,673**
Loss before tax			**(202,369)**
Segment assets	**3,329,899**	**244,398**	**3,574,297**
Reconciliation:			
Elimination of intersegment receivables			**(15,700)**
Corporate and other unallocated assets			**5,901,120**
Total assets			**9,459,717**
Segment liabilities	**4,728,082**	**241,957**	**4,970,039**
Reconciliation:			
Elimination of intersegment payables			**(15,180)**
Corporate and other unallocated liabilities			**2,056,075**
Total liabilities			**7,010,934**
Other segment information			
Impairment losses (recognized)/reversed in the statement of profit or loss, net	**(115,852)**	**6,369**	**(109,483)**

Year ended 31 December 2022	EPC	Engineering, consulting and technical services	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue *(note 4)*			
Sales to external customers	4,463,620	195,160	4,658,780
Intersegment sales	27,645	11	27,656
Total segment revenue	4,491,265	195,171	4,686,436
Reconciliation:			
Elimination of intersegment sales			(27,656)
Revenue			4,658,780
Segment results	(834,754)	22,226	(812,528)
Reconciliation:			
Unallocated income			207,888
Unallocated expenses			(512,473)
Unallocated finance costs (other than interest on lease liabilities)			(61,091)
Share of profits and losses of associates			2,738
Loss before tax			(1,175,466)
Segment assets	3,547,672	111,803	3,659,475
Reconciliation:			
Elimination of intersegment receivables			(39,153)
Corporate and other unallocated assets			5,323,223
Total assets			8,943,545
Segment liabilities	4,024,291	72,030	4,096,321
Reconciliation:			
Elimination of intersegment payables			(38,839)
Corporate and other unallocated liabilities			2,310,462
Total liabilities			6,367,944
Other segment information			
Impairment losses recognized in the statement of profit or loss, net	(585,179)	(25,564)	(610,743)

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**2,336,763**	4,042,462
Middle East	**838,681**	381,498
Europe	**160,342**	55,214
America	**5,624**	120,518
Other regions	**501,309**	59,088
Total revenue	**3,842,719**	4,658,780

The revenue information above is based on the locations of the customers.

(b) As over 90% of the Group's non-current assets are located in Chinese Mainland, no further geographical information of the Group's non-current assets is presented.

Information about major customers

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

	2023	2022
Customer A (EPC segment)	**20.1%**	NA
Customer B (EPC segment)	**13.0%**	NA
Customer C (EPC segment)	**12.2%**	11.1%

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**3,842,719**	4,658,780

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	**EPC**	**Engineering, consulting and technical services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Types of services			
Construction services	**3,528,535**	**–**	**3,528,535**
Design, feasibility research, consulting and technical services	**–**	**314,184**	**314,184**
Total revenue from contracts with customers	**3,528,535**	**314,184**	**3,842,719**
Geographical markets			
Chinese Mainland	**2,042,442**	**294,321**	**2,336,763**
Middle East	**836,442**	**2,239**	**838,681**
Europe	**149,158**	**11,184**	**160,342**
America	**840**	**4,784**	**5,624**
Others	**499,653**	**1,656**	**501,309**
Total revenue from contracts with customers	**3,528,535**	**314,184**	**3,842,719**
Timing of revenue recognition			
Services transferred over time	**3,528,535**	**314,184**	**3,842,719**

For the year ended 31 December 2022

Segments	EPC *RMB'000*	Engineering, consulting and technical services *RMB'000*	Total *RMB'000*
Types of services			
Construction services	4,463,620	–	4,463,620
Design, feasibility research, consulting and technical services	–	195,160	195,160
Total revenue from contracts with customers	4,463,620	195,160	4,658,780
Geographical markets			
Chinese Mainland	3,909,938	132,524	4,042,462
Middle East	381,498	–	381,498
America	120,518	–	120,518
Europe	5,928	49,286	55,214
Others	45,738	13,350	59,088
Total revenue from contracts with customers	4,463,620	195,160	4,658,780
Timing of revenue recognition			
Services transferred over time	4,463,620	195,160	4,658,780

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2023

Segments	**EPC** ***RMB'000***	**Engineering, consulting and technical services** ***RMB'000***	**Total** ***RMB'000***
Revenue from contracts with customers			
External customers	**3,528,535**	**314,184**	**3,842,719**
Intersegment sales	**20,493**	**4,939**	**25,432**
Subtotal	**3,549,028**	**319,123**	**3,868,151**
Intersegment adjustments and eliminations	**(20,493)**	**(4,939)**	**(25,432)**
Total revenue from contracts with customers	**3,528,535**	**314,184**	**3,842,719**

For the year ended 31 December 2022

Segments	EPC	Engineering, consulting and technical services	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
External customers	4,463,620	195,160	4,658,780
Intersegment sales	27,645	11	27,656
Subtotal	4,491,265	195,171	4,686,436
Intersegment adjustments and eliminations	(27,645)	(11)	(27,656)
Total revenue from contracts with customers	4,463,620	195,160	4,658,780

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction services	**574,778**	312,490
Design, feasibility research, consulting and technical services	**16,121**	13,604
Total	**590,899**	326,094

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is separated in stages upon reaching certain pre-agreed milestones set forth in the agreement which is generally due within 30 to 90 days from the date of billing and payment. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Provision of design, feasibility research, consulting and technical services

The performance obligation is satisfied over time as services are rendered and payment is generally separated in stages upon reaching certain pre-agreed milestones set forth in the agreement and short-term advances are normally required before rendering the services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**4,586,422**	4,053,682
After one year	**18,669,372**	22,670,321
Total	**23,255,794**	26,724,003

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants*	**6,272**	3,771
Bank interest income	**17,143**	10,617
Dividend income from an equity investment at fair value through other comprehensive income	**13,170**	13,168
Rental income	**143,905**	135,964
Others	**–**	4,762
Total other income	**180,490**	168,282
Gains		
Gain on modifications of financial liabilities that do not result in derecognition	**19,055**	35,971
Gain on disposal of items of property, plant and equipment	**2,283**	30
Gain on disposal of an investment property	**–**	27,776
Gain on foreign exchange differences, net	**–**	11,067
Gain on disposal of a financial assets at fair value through profit or loss	**–**	733
Total gains	**21,338**	75,577
Total other income and gains	**201,828**	243,859

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other loans	**53,330**	61,033
Interest on lease liabilities	**1,069**	695
Interest on discounted bills and letters of credit	**117**	58
Subtotal	**54,516**	61,786
Other finance costs:		
Handling fee for guarantee for letters of guarantee	**8,107**	–
Increase in discounted amounts of financial liabilities arising from the passage of time	**32,398**	29,456
Total	**95,021**	91,242

6. LOSS BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of services provided*		**3,615,517**	4,867,080
Depreciation of property, plant and equipment and investment property		**51,606**	48,226
Depreciation of right-of-use assets		**75,964**	77,003
Research and development costs		**128,761**	148,970
Amortisation of intangible assets		**7,246**	6,406
Amortisation of other current assets**		**–**	10,334
Government grants		**(6,272)**	(3,771)
Impairment/(reversal of impairment) of financial and contract assets, net:			
(Reversal of impairment)/impairment of trade receivables, net	*10*	**(21,285)**	308,595
Impairment of contract assets, net		**57,104**	247,104
(Reversal of impairment)/impairment of other receivables, net		**(3,276)**	1,073
Provision for impairment of inventories		**73,664**	24,610
Impairment of other current assets, net**		**–**	30,434
Lease payments not included in the measurement of lease liabilities		**6,999**	9,178
Gain on derecognition of a financial asset at fair value through profit or loss		**–**	(733)
Gain on modifications of financial liabilities that do not result in derecognition		**(19,055)**	(35,971)
Increase in discounted amounts of financial liabilities arising from the passage of time		**32,398**	29,456
Auditor's remuneration		**5,977**	6,228
Employee benefit expense (including directors' and chief executive's remuneration)			
Wages and salaries (including social welfare)		**647,689**	593,572
Retirement benefit scheme contributions		**54,957**	53,846
Equity-settled share option expenses		**–**	(1,732)
		702,646	645,686
Foreign exchange differences, net		**9,124**	(11,067)

* Amounts of RMB480,982,000 and RMB399,731,000 of employee benefit expenses were included in cost of services provided during the years ended 31 December 2023 and 2022, respectively.

** Other current assets are certain costs to fulfill a contract and amortised on the straight-line basis during the project cycle. Amortisation expenses and impairment losses amounted to RMB10,334,000 and RMB30,434,000, respectively, were recognised in profit or loss for the year ended 31 December 2022.

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

	2023	2022
	RMB'000	*RMB'000*
Current — Chinese Mainland		
Overprovision in prior years	**–**	(70)
Current — Elsewhere		
Charge for the year	**7,572**	535
Under provision in prior years	**72**	2,828
Deferred	**(11,635)**	18,627
Total tax (credit)/charge for the year	**(3,991)**	21,920

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, Indonesia, South Africa, Russia, Mexico, United Arab Emirates and Singapore as the Group did not have any assessable income arising in Hong Kong, Indonesia, South Africa, Russia, Mexico, United Arab Emirates and Singapore during the years ended 31 December 2023 and 2022.

Wison Engineering Limited was qualified as a "High and New Technology Enterprise" and was entitled to a preferential corporate income tax ("**CIT**") rate of 15% from 2020 to 2023.

Jiangsu Wison is subject to corporate income tax at a rate of 25%.

Wison USA, LLC is subject to federal income tax at a rate of 21% and state income tax at a rate of 0.75%.

Income taxes arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions in which the Group operates.

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

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(202,369)**	(1,175,466)
Tax at the statutory tax rates	**(52,813)**	(283,794)
Lower tax rate enacted by local authority	**11,071**	89,678
Effect of withholding tax at 5% on the overseas profits of the Group's PRC subsidiary	**5,376**	175
Adjustments in respect of current tax of previous periods	**72**	2,758
Income not subject to tax	**(2,575)**	–
Expenses not deductible for tax	**3,424**	(428)
Additional tax deduction	**(18,698)**	(17,313)
Tax losses utilised from previous periods	**(1,771)**	–
Tax losses not recognised	**65,406**	92,925
Unrecognised deductible temporary differences	**(13,483)**	137,919
Tax (credit)/charge at the Group's effective rate	**(3,991)**	21,920

The share of tax attributable to associates amounting to RMB1,575,000 (2022: RMB1,362,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

8. DIVIDENDS

No final dividends were paid, declared or proposed for the year ended 31 December 2023 and 2022.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,073,767,800 (2022: 4,073,767,800) in issue during the year.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the share options in issue during those years had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	**(196,122)**	(1,185,486)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**4,073,767,800**	4,073,767,800

10. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**1,070,771**	1,203,684
Impairment	**(597,055)**	(674,003)
Net carrying amount	**473,716**	529,681

The Group's trading terms with its customers are mainly on credit. Trade receivables are non-interest-bearing and on credit terms of a period of 30 to 90 days or the respective retention periods in the contracts. The Group seeks to maintain strict control over its outstanding receivables and minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**19,018**	37,149
2 to 12 months	**201,460**	153,182
Over 1 year	**253,238**	339,350
Total	**473,716**	529,681

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**674,003**	365,408
(Reversal of impairment)/impairment losses, net *(note 6)*	**(21,285)**	308,595
Amount written off as uncollectible	**(55,663)**	–
At end of year	**597,055**	674,003

The decrease (2022: increase) in the loss allowance was due to the following significant changes in the gross carrying amount:

(a) Decrease in the loss allowance of RMB138,755,000 (2022: RMB15,493,000) as a result of a net decrease (2022: decrease) in the gross carrying amount after the settlement of trade receivables and origination of new trade receivables.

(b) Increase in the loss allowance of RMB117,470,000 (2022: RMB324,088,000) as a result of an increase in trade receivables which were past due.

(c) Decrease in the loss allowance of RMB55,663,000 (2022: Nil) as a result of the write-off of certain trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by industry type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Ageing				
	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**5.9%**	**15.7%**	**38.5%**	**99.0%**	**55.8%**
Gross carrying amount *(RMB'000)*	**234,343**	**180,347**	**156,327**	**499,754**	**1,070,771**
Expected credit losses *(RMB'000)*	**13,865**	**28,372**	**60,199**	**494,619**	**597,055**

As at 31 December 2022

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.4%	16.2%	53.5%	100.0%	56.0%
Gross carrying amount *(RMB'000)*	201,124	204,542	361,283	436,735	1,203,684
Expected credit losses *(RMB'000)*	10,793	33,130	193,345	436,735	674,003

The amounts due from related companies included in the trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
Related companies		
Wison (Taizhou) New Material Technology Co., Ltd.	**283,035**	347,271
Taixing Bohui Environmental Technology Development Co., Ltd.	**62,567**	120,567
Taixing Tianma Chemical Engineering Co., Ltd.	**20,143**	76,832
Wison Offshore Marine Shanghai	**8,076**	7,815
Wison (China) Investment	**50**	50
Total	**373,871**	552,535

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2023	2022
	RMB'000	*RMB'000*
Cash and bank balances	**1,181,582**	663,242
Time deposits with original maturity of less than three months (including three months)	**38,960**	791
Time deposits with original maturity of more than three months	**467,182**	306,908
Subtotal	**1,687,724**	970,941
Less: Pledged bank balances and time deposits	**785,890**	587,349
Unpledged cash and cash equivalents	**901,834**	383,592
Less: Non-pledged time deposits with original maturity of more than three months	**26,206**	–
Frozen and unpledged bank balances	**27,356**	35,620
Unpledged and unfrozen cash and cash equivalents	**848,272**	347,972

At 31 December 2023, bank balances and time deposits of RMB590,827,000 (2022: RMB455,568,000) were placed as guarantee deposits for performance of certain construction contracts and for the tendering process.

At 31 December 2023, bank balances and time deposits of RMB50,753,000 (2022: RMB13,880,000) were pledged to the banks as security to obtain letters of credit facilities for the purchase of imported equipment.

At 31 December 2023, bank balances and time deposits of RMB79,441,000 (2022: RMB110,561,000) were pledged as security for bill facilities granted by the banks.

At 31 December 2023, bank balances of RMB1,000 (2022: RMB1,000) were pledged to a bank as security for forward foreign exchange contracts.

At 31 December 2023, bank balances of RMB64,763,000 (2022: RMB7,339,000) were pledged to a bank as security to obtain a bank facility.

At 31 December 2023, bank balances of RMB105,000 (2022: Nil) were pledged for salary payments to workers according to relevant government regulation.

At 31 December 2023, certain bank accounts of the Group of RMB27,356,000 (2022: RMB35,620,000) were frozen by certain courts for preservation.

At 31 December 2023, the cash and bank balances of the Group denominated in RMB amounted to RMB1,103,087,000 (2022: RMB602,159,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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.

12. TRADE AND BILLS PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**1,205,187**	1,262,239
1 to 2 years	**759,787**	1,554,769
2 to 3 years	**606,258**	235,999
Over 3 years	**155,182**	90,276
Subtotal	**2,726,414**	3,143,283
Less: Long term payables	**543,259**	874,098
Total	**2,183,155**	2,269,185

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days other than those suppliers granting an extended credit period for more than one year.

13. SHARE CAPITAL AND RESERVES

Shares

	2023	2022
	RMB'000	*RMB'000*
Number of ordinary shares		
Authorised:		
Ordinary shares of HK$0.1 each	**20,000,000,000**	20,000,000,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each	**4,073,767,800**	4,073,767,800

	2023	2022
	RMB'000	*RMB'000*
Authorised:		
Ordinary shares of HK$0.1 each	**1,622,757**	1,622,757
Issued and fully paid:		
Ordinary shares of HK$0.1 each	**330,578**	330,578

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of its shareholders (the "**Shareholders**"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company applied all the principles and complied with all the code provisions of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the Year.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct for regulating Directors' securities transactions.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code throughout the Year to the date of this announcement. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of the subsidiaries during the Year.

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises all the three independent non-executive Directors, namely Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group, the annual results and the consolidated financial statements for the year ended 31 December 2023. The Audit Committee considered that the annual results are in compliance with all applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Messrs. Ernst & Young on this preliminary announcement.

FINAL DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2023 (2022: nil).

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting (the "**2024 AGM**") will be held on Friday, 7 June 2024. A notice convening the 2024 AGM will be made available (and despatched, where applicable) to the Shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both dates inclusive, during which period no transfer of shares of the Company will be registered.

To ensure that Shareholders are entitled to attend and vote at the 2024 AGM, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 June 2024.

EVENTS AFTER THE REPORTING PERIOD

No significant event of the Group has taken place since the end of the Year and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float of at least 21.87%, being the minimum public float as agreed by The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**").

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement is required to be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.wison-engineering.com), respectively. The annual report of the Company for the Year will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

PROPOSED AMENDMENTS TO THE SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Board proposes to amend the existing articles of association of the Company (the "**Second Amended and Restated Articles of Association**") to (i) bring the Second Amended and Restated Articles of Association in line with the latest requirements under the Listing Rules, including the amendments to Rule 2.07A of the Listing Rules which took effect from 31 December 2023; and (ii) incorporate certain corresponding and housekeeping amendments to clarify, update and/or modify certain provisions of the Second Amended and Restated Articles of Association in accordance with, or to better align with, the Listing Rules and the applicable laws (collectively, the "**Proposed Amendments**").

The Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at the 2024 AGM, and will become effective upon the approval by the Shareholders at the 2024 AGM. Prior to the passing of such special resolution, the Second Amended and Restated Articles of Association shall remain valid.

A circular of 2024 AGM containing, among other matters, details of the Proposed Amendments, together with a notice of the 2024 AGM and the related proxy form, will be made available (and despatched, where applicable) to the Shareholders in due course.

By Order of the Board
Wison Engineering Services Co. Ltd.
Zhou Hongliang
Executive Director and Chief Executive Officer

Hong Kong, 27 March 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Zhou Hongliang, Mr. Zheng Shifeng and Mr. Zhou Yu; the non-executive Director and Chairman of the Company is Mr. Liu Hongjun; and the independent non-executive Directors of the Company are Mr. Lawrence Lee, Mr. Tang Shisheng and Mr. Feng Guohua.