

Stock Abbr.: *ST Wuguo B

Stock Code: 200770

Announcement No.: 2012-025



WUHAN BOILER COMPANY LIMITED

SUMMARY OF 2012 INTERIM REPORT

I. Important Notes

The Board of Directors, the Board of Supervisors as well as directors, supervisors and senior management of Wuhan Boiler Company Limited (hereinafter referred to as "the Company") hereby confirm that there are no misstatements, misleading statements or material omissions in this Interim Report and will take individual and/or joint and several liabilities for the authenticity, accuracy and completeness of this Interim Report.

Statement: All directors have attended the board meeting for reviewing this Interim Report and have no disagreement about this Interim Report. The Interim Financial Report of the Company has not been audited by a CPA firm.

Mr. YEUNG Kwok Wei Richard, Company Principal, Mr. Chin Wee Hua, Accounting Principle, and Mr. Li Yihao, the Accounting Division's Principal (Accounting Manager), hereby ensure that the Financial Report enclosed in this Interim Report is true and complete.

II. Company Profile

(I) Basic information

| | |
|----------------------------|---|
| A-share abbreviation | |
| A-share code | |
| Stock exchange listed with | Shenzhen Stock Exchange |
| Board Secretary | Securities Affairs Representative |
| Name | Kevin QIN XU Youlan |
| Contact address | No.1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei |
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(II) Financial highlights

1. Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

☐ Yes ☒ No

| | As at the end of this report period | As at the end of last year | Increase/decrease (%) |
|--|-------------------------------------|------------------------------|-----------------------|
| Total assets (RMB Yuan) | 1,330,804,811.84 | 1,749,077,941.25 | -23.91% |
| Owners' equity attributable to shareholders of the Company (RMB Yuan) | -1,173,261,971.36 | -1,148,878,381.87 | -2.12% |
| Share capital (share) | 297,000,000 | 297,000,000 | 0.00% |
| Net assets per share attributable to shareholders of the Company (RMB Yuan/share) | -3.95 | -3.87 | -2.07% |
| Liability/asset ratio (%) | 188.03% | 165.55% | 22.48% |
| | This report period (Jan-Jun) | The same period of last year | Increase/decrease (%) |
| Gross revenue (RMB Yuan) | 376,577,702.30 | 248,332,552.00 | 51.64% |
| Operating profit (RMB Yuan) | 1,309,462.77 | -123,936,189.42 | 101.06% |
| Total profit (RMB Yuan) | 2,720,301.06 | -123,936,456.89 | 102.19% |
| Net profit attributable to shareholders of the Company (RMB Yuan) | -24,383,589.49 | -118,548,726.05 | 79.43% |
| Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB Yuan) | -25,794,427.78 | -118,606,459.18 | 78.25% |
| Basic EPS (RMB Yuan/share) | -0.08 | -0.40 | 80.00% |
| Diluted EPS (RMB Yuan/share) | -0.08 | -0.40 | 80.00% |
| Weighted average ROE (%) | | | |
| Weighted average ROE after deducting non-recurring gains and losses (%) | | | |
| Net cash flow from operating activities (RMB Yuan) | 27,329,130.34 | -132,879,861.93 | 120.57% |
| Net cash flow per share from operating activities (RMB Yuan/share) | 0.09 | -0.45 | 120.00% |

Notes to major accounting data and financial indexes before the end of this report period (please make an adjustment note if there's any retrospective adjustment)

Gross operating revenue increased 51.64% as compared to same period last year, mainly due to the increase in recognition from overseas projects during the period;

Net cash flow from operating activities increased 120.57% as compared to same period last year, mainly due to increase in the cash received from sales of goods;

Total assets decreased 23.91% as compared to closing balance of last year, mainly resulted from 97.95% of decrease in inventories. The 97.95% decrease in inventories mainly due to the production progress of projects under execution is slower than the progress billing which resulted in negative balance of construction contract assets.

2. Items of non-recurring gains and losses

☒ Applicable ☐ Inapplicable

| Items of non-recurring gains and losses | Amount from the year-begin to the period-end (RMB Yuan) | Note |
|---|---|------|
| Gains and losses on disposal of non-current assets | 7,286.49 | |
| Tax rebate, reduction or exemption due to un-audited approval or the lack of formal approval documents | | |
| Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards | 138,888.00 | |
| Capital occupation fees received from non-financial enterprises that are included in current gains and losses | | |
| Gains generated when the investment costs of the Company's acquiring subsidiaries, associates and joint ventures are less than the fair value of identifiable net assets in the investees attributable to the Company in the acquisition of the investments | | |
| Exchange gains and losses of non-monetary assets | | |
| Gains and losses through entrusting others to invest or manage assets | | |
| Various asset impairment provisions due to force majeure such as natural disasters | | |
| Gains and losses on debt restructuring | | |
| Enterprise reorganization expenses, such as expenses on employee settlement and integration | | |
| Gains and losses on the prices exceeding the fair value when prices of transactions obviously unfair | | |
| Net current gains and losses from the period-begin to the combination date of subsidiaries due to business merger under the same control | | |
| Gains and losses on contingency which are irrelevant to the normal operation of the Company | | |
| Gains and losses on fair value changes of transactional financial assets and liabilities, and investment gains on disposal of transactional financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal operation | | |
| Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs | | |
| Gains and losses on entrustment loans from external parties | | |
| Gains and losses on fair value changes of investing properties for which the fair value method is adopted for subsequent measurement | | |
| Current gain and loss effect due to a just-for-once adjustment to current gains and losses according to requirements of taxation and accounting laws and regulations | | |
| Custodian fee income from entrusted operations with the Company | | |
| Other non-operating incomes and expenses besides the items above | 1,853,384.46 | |
| Other gain and loss items that meet the definition of non-recurring gains and losses | | |
| Minority interests effects | -588,720.66 | |
| Income tax effects | | |
| Total | 1,410,838.29 | — |

3. Net profit and net asset differences between financial reports disclosed according to the international and Chinese accounting standards respectively

☐ Applicable ☒ Inapplicable

4. Net profit and net asset differences between financial reports disclosed according to the overseas and Chinese accounting standards respectively

☐ Applicable ☒ Inapplicable

III. Changes in Share Capital and Particulars about Shareholders

(I) Changes in share capital

☒ Applicable ☐ Inapplicable

| | Before the change | Increase/decrease (+, -) | After the change |
|---------------------------------------|-------------------|--------------------------|------------------|
| | Amount | Proportion (%) | Amount |
| 1. Non-tradable shares | 172,000,000 | 57.91% | 172,000,000 |
| 1. Sponsors' shares | 172,000,000 | 57.91% | 172,000,000 |
| Including shares held by the State | | | |
| Shares held by domestic corporations | 20,530,000 | 6.91% | 20,530,000 |
| Shares held by foreign corporations | 151,470,000 | 51% | 151,470,000 |
| Others | | | |
| 2. Raised corporate shares | | | |
| 3. Employee shares | | | |
| 4. Preference shares or others | | | |
| II. Tradable shares | 125,000,000 | 42.09% | 125,000,000 |
| 1. RMB ordinary shares | | | |
| 2. Domestically listed foreign shares | 125,000,000 | 42.09% | 125,000,000 |
| 3. Overseas listed foreign shares | | | |
| 4. Others | | | |
| III. Total shares | 297,000,000 | 100% | 297,000,000 |

(II) Shares held by the top ten shareholders and top ten shareholders holding tradable shares

Shares held by the top ten shareholders and the top ten shareholders holding tradable shares

| Total number of shareholders | | | | | | | 9,073 |
|---|--------------------------------|-----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------|------------------|
| Particulars about shares held by the top ten shareholders | | | | | | | |
| Name of shareholder (full name) | Nature of shareholder | Shareholding percentage (%) | Total shares held at the period-end | Number of non-tradable shares held | Pledged or frozen shares | Status of shares | Number of shares |
| ALSTOM (CHINA) INVESTMENT COMPANY LIMITED | Foreign shareholder | 51% | 151,470,000 | 151,470,000 | | | |
| WUHAN BOILER GROUP CO., LTD. | State-owned shareholder | 6.91% | 20,530,000 | 20,530,000 | | | |
| CHINA MERCHANTS SECURITIES (HK) CO., LTD. | Other | 0.48% | 1,411,694 | | 0 | | |
| CHEN CHUYUN | Other | 0.46% | 1,372,450 | | 0 | | |
| HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS AC | Other | 0.42% | 1,234,114 | | 0 | | |
| WU ZHENFA | Other | 0.36% | 1,138,028 | | 0 | | |
| ZHUANG CHANGXIONG | Other | 0.35% | 1,035,000 | | 0 | | |
| TANG JUAN | Other | 0.29% | 887,236 | | 0 | | |
| GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED | Other | 0.29% | 860,551 | | 0 | | |
| ZHUANG YAOHUA | Other | 0.28% | 821,150 | | 0 | | |
| Particulars about shares held by the top ten shareholders holding tradable shares | | | | | | | |
| Name of shareholder | Number of tradable shares held | | Type and number of shares | | | | |
| | | | Type | Number | | | |
| CHINA MERCHANTS SECURITIES (HK) CO., LTD. | | 1,411,694 | B-shares | 1,411,694 | | | |
| CHEN CHUYUN | | 1,372,450 | B-shares | 1,372,450 | | | |
| HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS AC | | 1,234,114 | B-shares | 1,234,114 | | | |
| WU ZHENFA | | 1,138,028 | B-shares | 1,138,028 | | | |
| ZHUANG CHANGXIONG | | 1,035,000 | B-shares | 1,035,000 | | | |
| TANG JUAN | | 887,236 | B-shares | 887,236 | | | |
| GUOTAI JUNAN SECURITIES (HONGKONG) LIMITED | | 860,551 | B-shares | 860,551 | | | |
| ZHUANG YAOHUA | | 821,150 | B-shares | 821,150 | | | |
| JI SHILU | | 808,552 | B-shares | 808,552 | | | |
| ZHOU YONGYI | | 759,850 | B-shares | 759,850 | | | |
| Among the top ten shareholders of the Company, no affiliated relationship exists between Alstom (China) Investment Co., Ltd. (the first principal shareholder of the Company), Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) and the other shareholders, and they are not persons acting in concert as defined in the Administrative Rules on Information Disclosure about Changing of Shareholding Status. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders with tradable shares or whether there are persons acting in concert among them. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders and the top ten shareholders with tradable shares. | | | | | | | |
| Explanation on affiliated relationship among the abovementioned shareholders or/and persons acting in concert | | | | | | | |

(III) Change of the controlling shareholder and actual controller

☐ Applicable ☒ Inapplicable

IV. Particulars about Directors, Supervisors and Senior Management

(I) Shareholding changes of directors, supervisors and senior management

| Name | Position | Shareholding at the report period-begin (share) | Shareholding increase during this report period (share) | Shareholding decrease during this report period (share) | Shareholding at the period-end (share) | Including restricted shares held (share) | Share options held at the period-end (share) | Reasons for change |
|------------------------|---------------------------|---|---|---|--|--|--|--------------------|
| YEUNG Kwok Wei Richard | Chairman | 0 | 0 | 0 | 0 | 0 | 0 | — |
| LIU JIU | Director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| Ian Andrew Johnson | Director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| Dominique Pouliquen | Director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| Say Chardon | Director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| XIONG Gang | Director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| XINAG Xingwei | Director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| SHEN Dongmei | Independent director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| Andre CHIENG | Independent director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| TANG Guoping | Independent director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| YANG Xingshang | Independent director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| Shi Ziling | Supervisor | 0 | 0 | 0 | 0 | 0 | 0 | — |
| SUN Tong | Supervisor | 0 | 0 | 0 | 0 | 0 | 0 | — |
| PEI Huihua | Supervisor | 0 | 0 | 0 | 0 | 0 | 0 | — |
| JAY CHEN | GM | 0 | 0 | 0 | 0 | 0 | 0 | — |
| CHIN Wee Hua | Vice GM, Finance Director | 0 | 0 | 0 | 0 | 0 | 0 | — |
| Kevin QIN | Vice GM, Board Secretary | 0 | 0 | 0 | 0 | 0 | 0 | — |

V. Report of the Board of Directors

(I) Main business classified by industries and products

| Unit: RMB Yuan | | | | | | |
|--|-------------------|----------------|-----------------------|--|---|--|
| Main business classified by industries | | | | | | |
| Industries | Operating revenue | Operating cost | Gross profit rate (%) | Increase/decrease of operating revenue compared with the same period last year (%) | Increase/decrease of operating cost compared with the same period last year (%) | Increase/decrease of gross profit rate compared with the same period last year (%) |
| Machinery manufacturing | 359,825,071.80 | 328,741,905.36 | 8.59% | 55.97% | 24.70% | 22.92% |
| Main business classified by products | | | | | | |
| Products | Operating revenue | Operating cost | Gross profit rate (%) | Increase/decrease of operating revenue compared with the same period last year (%) | Increase/decrease of operating cost compared with the same period last year (%) | Increase/decrease of gross profit rate compared with the same period last year (%) |
| Boilers | 359,825,071.80 | 328,741,905.36 | 8.59% | 55.97% | 24.70% | 22.92% |

Explanation to the reasons for any significant year-on-year change of the gross profit rate:

N/A

(II) Main business classified by regions

| Unit: RMB Yuan | | | |
|----------------|-------------------|---|--|
| Region | Operating revenue | Increase/decrease compared with the same period last year (%) | |
| Domestic | 90,248,828.49 | -47.81% | |
| Overseas | 269,376,243.31 | 367.21% | |

(III) Reasons for any significant change in main business and its structure

☐ Applicable ☒ Inapplicable

(IV) Reasons of significant changes in profitability of main business (gross profit rate) compared with that in the last year

☐ Applicable ☒ Inapplicable

(V) Analysis on reasons of significant changes in profit breakdown compared with the last year

☐ Applicable ☒ Inapplicable

(VI) Particulars about utilization of the raised funds

1. Utilization of the raised funds

☐ Applicable ☒ Inapplicable

2. Change of projects invested with raised funds

☐ Applicable ☒ Inapplicable

(VII) Revision of the Board of Directors' business plan for the second half of the year

☐ Applicable ☒ Inapplicable

(VIII) Business performance estimate for Jan.-Sep. 2012

Warnings of estimated possible losses or major changes of the accumulative net profit achieved during the period from the beginning of the year to the end of the next report period compared with the same period of last year, as well as the reasons

☐ Applicable ☒ Inapplicable

(IX) Explanation of the Board of Directors on "Non-standard Auditing Report" issued by the CPA firm for the report period

☐ Applicable ☒ Inapplicable

(X) Explanation of the Board of Directors on changes and solutions of the issues involved in the "Non-standard Auditing Report" issued by the CPA firm for last year

☐ Applicable ☒ Inapplicable

VI. Significant Events

(I) Purchase, sale and reorganization of assets

1. Purchase of assets

☐ Applicable ☒ Inapplicable

Particulars about purchase of assets

2. Sale of assets

☐ Applicable ☒ Inapplicable

Particulars about sale of assets

3. Progress of these events after the publication of the assets reorganization report or public notices on the purchases or sales of assets, as well as the influences of these events on the operation results and financial status of the Company in this report period

☐ Applicable ☒ Inapplicable

(II) Guarantee events

☐ Applicable ☒ Inapplicable

(III) Non-operating credits and liabilities with related parties

☐ Applicable ☒ Inapplicable

(IV) Significant litigations and arbitrations

☒ Applicable ☐ Inapplicable

1. The Announcement on Progress of Significant Litigations and Arbitrations of Wuhan Boiler Company Limited (Announcement No. 2012-007) was disclosed on March 29, 2012.

Main concerned parties:

Wuhan Boiler Company Limited (hereinafter referred to as "Wuhan Boiler")

Shandong Weiqiao Aluminum & Electricity Co., Ltd. (hereinafter referred to as "Weiqiao A&E")

Binzhou Gaoxin Aluminum & Electricity Co., Ltd. (formerly known as "Zouping Gaoxin Aluminum & Electricity Co., Ltd.") (hereinafter referred to as "Gaoxin A&E")

Case briefing:

In July 2010, Wuhan Boiler received three summons from Binzhou Intermediate Court. Based on the reason that Wuhan Boiler failed to execute the contracts, Weiqiao A&E and Gaoxin A&E requested the court to rule a contract breach of Wuhan Boiler, terminate the three boiler supply contracts and order Wuhan Boiler to return double deposits over RMB 70 million in total.

Since October 2010, based on the reasons that Weiqiao A&E and Gaoxin A&E defaulted on payments of the boiler supply contracts, Wuhan Boiler filed 5 lawsuits to Shandong Higher Court, requesting Weiqiao A&E and Gaoxin A&E to pay for the 5 boiler supply contracts of RMB 135 million in total and the corresponding liquidated damages and interest. Information about the aforesaid 8 cases is as follows:

| Trial court | Case No. | |
|---------------------|--------------------------------------|--------------------------------------|
| | (2010) Bin-Zhong-Shang-Chu-Zi No. 23 | (2010) Bin-Zhong-Shang-Chu-Zi No. 24 |
| Shandong High Court | (2010) Bin-Zhong-Shang-Chu-Zi No. 25 | (2010) Lu-Shang-Chu-Zi No. 8 |
| | (2010) Lu-Shang-Chu-Zi No. 13 | (2010) Lu-Shang-Chu-Zi No. 14 |
| | (2011) Lu-Shang-Chu-Zi No. 3 | (2011) Lu-Shang-Chu-Zi No. 12 |
| | | |
| | | |

The Company has disclosed the basic information about the 8 cases above on Securities Times and Ta Kung Pao since July 14, 2010, with Announcement No. being 2010-026, 2010-038, 2010-046, 2010-047, 2011-006, 2011-026, 2011-033 and 2011-038.

Ruling or arbitration result:

Upon open trials by the courts, the concerned parties finally reached a mediation agreement. The courts sent the Civil Mediation Statement to the concerned parties, with the main contents as follows:

◆ The three concerned parties have agreed to terminate the three boiler supply contracts signed respectively in May 2006, February 2007 and June 2007.

◆ The three concerned parties have agreed that Weiqiao A&E and Gaoxin A&E should pay RMB 105,003,000 to Wuhan Boiler, of which RMB 52,501,500 should be paid within 15 days after the mediation statement comes into effect and the remaining RMB52,501,500 should be paid monthly since April 2012 (RMB 5,833,500 per month).

◆ As part of the mediation, when signing the mediation statement, Shandong Weiqiao Pioneering Group Co., Ltd. (note: Weiqiao Pioneering Group and Weiqiao A&E have the same final actual controller) and Binzhou Beihai New Materials Co., Ltd. signed a new contract with Wuhan Boiler to purchase 4 sub-critical pulverized coal boilers from Wuhan Boiler. The three concerned parties have explicitly agreed that if Weiqiao Pioneering Group and Binzhou Beihai New Materials Co., Ltd. fail to execute the new contract, Weiqiao A&E and Gaoxin A&E shall pay RMB 40 million to Wuhan Boiler due to its loss caused by the 5 contracts involved in lawsuits; and if Wuhan Boiler fails to execute the new contract, it shall pay RMB 40 million to Weiqiao A&E and Gaoxin A&E due to their loss caused by the 5 contracts involved in lawsuits.

◆ Besides the aforesaid contract, the three concerned parties have also agreed to sign another supply contract of 4 boilers and they will discuss the specific contents of such contract within 6 months after the mediation statement comes into effect.

◆ It has been decided that the three concerned parties shall bear their own lawsuit expenses. Except for the aforesaid terms, Weiqiao A&E, Gaoxin A&E and Wuhan Boiler shall not claim liquidated damages, deposits or other losses against each other. No other disputes under the aforesaid 5 supply contracts involved in lawsuits.