

Short Form of the Stock: Wuguo B

Stock Code: 200770

WUHAN BOILER CO., LTD.
SEMI-ANNUAL REPORT 2002

July 2002

Important: The Board of Directors of Wuhan Boiler Company Limited (hereinafter referred to as the Company) and all directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading. This report has been prepared in Chinese version and English version respectively. In the event of any discrepancy between the two versions, the Chinese version will prevail. The semi-annual financial report of the Company has not been audited.

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I. Company Profiles

1. Legal Name of the Company

In Chinese: 武汉锅炉股份有限公司

In English: WUHAN BOILER COMPANY LIMITED

Abbr.: WBC

2. Legal Representative: Chen Bohu

3. Secretary of the Board of Directors: Liu Chengxiang

Liaison Address: No. 586, Wuluo Road, Wuhan, Hubei

Liaison Tel: (86) 27-87655152

Liaison Fax: (86) 27-87655127

E-mail: wbgchw@public.wh.hb.cn

Authorized Representative in Charge of Securities Affairs: Xu Youlan

Liaison Tel: (86) 27-87657153

Liaison Fax: (86) 27-87655127

E-mail: wbgchw@public.wh.hb.cn

4. Registered Address and Office Address: No. 586, Wuluo Road, Wuhan, Hubei

Post Code: 430070

Internet Website: [HTTP://WWW.WBCL.COM.CN](http://WWW.WBCL.COM.CN)

E-mail: wbgchw@public.wh.hb.cn

5. Newspapers Chosen for Disclosing the Information of the Company:

Securities Times (Domestic), Ta Kung Pao (Overseas)

Internet Website Designated by CSRC for Publishing the Semi-Annual Report:

<http://www.cninfo.com.cn>

Place Where the Semi-Annual Report is Prepared and Placed: Securities Dept. of the Company

6. Stock Exchange Listed with: Shenzhen Stock Exchange

Short Form of the Stock: WuguoB

Stock Code: 200770

7. Other Information of the Company

Initial Registration Date: On Apr. 8, 1998, the Company was formally incorporated

Initial Registration Place: No. 586, Wuluo Road, Wuhan, Hubei

New Registration Date: on Nov. 16, 1998, the Company changed the registration with Hubei Provincial Bureau of Administration for Industry and Commerce as a Sino-foreign joint-stock limited company.

New Registration Place: No. 586, Wuluo Road, Wuhan, Hubei

Registration Number of Enterprise Juristic Person ' s Business License:

QGEZ Zi No. 002591

Registration Number of Taxation: 42010627175643

8. Major Financial Data and Indexes (Unit: RMB)

List 1

Indexes	Jan.- Jun. 2002	Jan.-Jun. 2001
Net profit*	11,954,084.92	12,697,284.69
Net profit after deducting non-recurring gains and losses*	12,405,742.51	13,383,595.38
Fully diluted earnings per share (RMB/share)	0.040	0.043
Net cash flows per share arising from operating activities (RMB/share)	0.070	0.576
Fully diluted return on equity (%)	2.32	2.51
Weighted average return on equity after deducting non-recurring gains and losses (%)	2.44	2.64

Notes *: A decrease of 5.85% in the Company ' s net profit as of the first half year 2002 over the same period of previous year, which was due to the enterprise ' s income tax at the rate of 33% paid by the Company from Jan. 1, 2002.

List 2

Indexes	Jun. 30, 2002	Dec. 31, 2001
Net assets per share	1.734	1.694
Net assets per share after adjustment	1.685	1.6677
Shareholders ' equity (excluding minority shareholders ' equity)	514,964,462.46	503,010,377.54

Notes *: Items of non-recurring gains and losses and the relevant amounts:

Net non-operating income/expenditure: RMB -674,115.80

9. Profit Statement after adjustment under International Accounting Standards (IAS) (un-audited):

List 3

Items	Amount (RMB ' 000)	
	June 30, 2002	June 30, 2001
Turnover	249,268	173,348
Profit before taxation	18,212	16,226
Taxation	6,188	2,187
Minority interests	69	30
Net profit	11,954	14,009
Earnings per share (RMB)	0.04	0.04

Notes: There were no difference in the net profit as of the report period and the net assets at end of the report period as audited according to China Accounting Standard and International Accounting Standard.

10. According to Regulations on the Information Disclosure of Companies Publicly Issuing Shares (No. 9) released by China Securities Regulatory Commission, return on equity and

earnings per share as of the report period as calculated based on fully diluted method and weighted average method are as follows:

List IV:

Profit in the report period	Return on equity (%)				Earnings per share (RMB)			
	Jan.-Jun. 2002		Jan.-Jun. 2001		Jan.-Jun. 2002		Jan.-Jun. 2001	
	Fully diluted	Weighted average	Fully diluted	Weighted average	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from main business lines	10.67	10.79	7.36	7.46	0.19	0.19	0.13	0.13
Operating profit	3.69	3.73	2.84	2.88	0.06	0.06	0.05	0.05
Net profit	2.32	2.35	2.51	2.54	0.04	0.04	0.04	0.04
Net profit after deducting non-recurring gains and losses	2.41	2.44	2.64	2.68	0.04	0.04	0.04	0.04

II. Changes in Share Capital and Particulars about Shareholders

(I) During the report period, the total shares and the structure of share capital of the Company remained unchanged.

(II) Particulars about shareholders

(1) Ended by the report period, the Company had 20833 shareholders in total, including 1 promoter shareholder, namely Wuhan Boiler Group Co., Ltd.; 20832 shareholders of domestically listed foreign shares.

(2) Particulars about shares held by the major shareholders

No.	Shareholders' name	Shares held at end of report period (share)	Increase / Decrease (+/-)	Proportion in the total shares (%)	Pledge or frozen	Type
1	WUHAN BOILER GROUP CO., LTD	172,000,000	0	57.91	101,400,600 shares were frozen	Domestic juristic person's share
2	MULTI-NATIONAL CO., LTD.	2,300,000	0	0.77		Shares in circulation
3	LI BINLI	940,531	+70,000	0.32		Shares in circulation
4	CHEN QIAN FEN	667,200	+7,800	0.22		Shares in circulation
5	WU FAT SANG	653,634	0	0.22		Shares in circulation
6	GUOMENG INVESTMENT CO., LTD.	644,000	-360,000	0.22		Shares in circulation
7	BEST RELIANCE INVESTMENTS LTD	522,800	-28,000	0.19		Shares in circulation
8	YANG XUE FANG	500,000	0	0.17		Shares in circulation
9	WANG YAN GUANG	450,000	0	0.15		Shares in circulation
10	TEWEI (INTERNATIONAL) INDUSTRIAL CO., LTD.	447,490	-22,200	0.15		Shares in circulation

Note: Huabao Entrust Investment Co., Ltd. applied to Shanghai Municipal Senior People's Court to freeze 155,400,600 shares of the Company held by Wuhan Boiler Group Co., Ltd., including 101,400,600 shares were still frozen and 540,000 shares were unfrozen.

(3) As for other nine shareholders, the Company is not aware of their relationship.

(4) About holding shareholder

1. There is no change in holding shareholder of the Company in the report period.

2. The Company has no shareholders holding over 10% shares of the Company except for the holding shareholder.

III. Particulars about Directors, Supervisors and Senior Executives

(I) The share held by directors, supervisors and senior executives remained unchanged during the report period.

(II) Particulars about change in directors, supervisors and senior executives in the report period

Mr. Chen Xingzhi resigned from the post of Secretary of the Board due to work demand in

Feb. 2002. The Company has engaged Director Mr. Liu Chengxiang as the Secretary of the Board. The relevant notice was published in Securities Times dated Feb. 25, 2002.

IV. Executive Statement

(I) Significant events for the Company

Pursuant to the relative stipulations of the Ministry of Finance, from the year 2002, the listed companies cannot enjoy the preferential policy to pay the income taxes at the rate of 33% firstly and to be returned the 18% income tax by the local Financial Department later. From Jan. 1, 2002, the Company pays the enterprise income tax at the rate of 33%.

(II) Operational results and financial highlights:

List 1:

Items	In the report period (RMB)	Same period of previous year (RMB)	Increase/ decrease (+/-) %
Income from main business lines	249,268,216.32	173,348,154.20	+43.80
Profit from main business lines	54,934,268.12	37,292,255.71	+47.31
Net profit	11,954,084.92	12,697,284.69	-5.85
Net increase of cash and cash equivalents	76,153,138.57	140,626,093.47	-45.85

1. An increase of 43.8% in income from main business lines over the same period of previous year was due to the favorable achievement of production and sale condition in the first half year 2002, as well as the extensive the increase in the sale volume over the same period of previous year.
2. An increase of 47.31% in profit from main business lines over the same period of previous year was due to the increase in income from main business lines.
3. A decrease of 5.85% in net profit over the same period of previous year was due to the enterprise ' s income tax at the rate of 33% paid by the Company from Jan. 1, 2002.
4. A decrease of 45.85% in net increase of cash and cash equivalents over same period of previous year was due to the increase in cash paid for purchasing of commodities and labor services.

List 2:

Items	Report period (RMB)	Amount at the period-begin (RMB)	Increase/ Decrease (+/-) %
Total assets	1,426,933,618.82	1,276,848,449.24	+11.75
Shareholder ' s equity	514,964,462.46	503,010,377.54	+2.38

1. An increase of 11.75% in total assets over the same period of previous year was due to the expansion of operating scale of the Company.
2. An increase of 2.38% in shareholders ' equity over the same period of previous year was due to the increase of retained profit of the Company.

(III) Operation status as of the report period

1. Business scope and the operation

The Company is mainly engaged in development, production and sale of power station boiler, special boiler, desulfurizing equipment as well as other pressure vessel and auxiliary equipments, etc. In the report period, the Company maintained a stable development, and realized an income from main business lines of RMB 249,268,216.32, an increase of 43.8% over the same period of previous year; and realized a profit from main business lines

of RMB 54,934,268.12, an increase of 47.31% over the same period of previous year; and realized a net profit of RMB 11,954,084.92, a decrease of 5.85% over the same period previous year.

2. Business segments:

Line	Income from main business lines	Cost of main business lines
Mechanical Production	RMB 249,268,216.32	RMB 193,004,246.99

3. Geographic segments:

Area	Product	Income from main business lines	Cost of main business lines
Northern area	Boiler	RMB 151,959,619.91	RMB 117,202,280.92
Southern area	Boiler	RMB 97,308,596.41	RMB 75,801,966.07

4. Changes in the structure of main business lines:

List 3:

Product	Percentage in income from main business lines (%)		Percentage in cost of main business lines (%)		Market Share (%)
	Amounts in report period	Amounts at period-beginning	Amounts in report period	Amounts at period-beginning	
Boiler	100	100	100	100	12.2

5. There are no significant business activities bearing great impact on the net profit of the report period.

(IV) Investments

1. In the report period, there is neither fund-raising nor use of raised proceeds of the previous period.

2. Significant investments with non-raised funds

In the report period, the Company invested self-owned fund of RMB 14 million to incorporate Wuhan Lanxiang Energy Environment Protection Science & Technology Co., Ltd. (" the Lanxiang Energy ") which completed the industrial & business as well as taxation registration on June 26, 2002, with a registered capital of RMB 20 million, with the legal person business license registration No. 4201001102912, and the registration address No. 586, Wuluo Road, Wuchang District, Wuhan. It is mainly engaged in technical research and design, technical consulting, technical services, and development of boilers, energy environment-protecting products, steel structure, steam energy products and auxiliary equipments, the investment of the Company takes over 70% of its registered capital.

Main business activities of the company: Because the company just completed the registration of industry & business and taxation on June 26, 2002, it had neither significant income nor expenditure in the report period.

(V) Comparison of actual operational results in the report period with relative business plan in 2001 Annual Report

2001 Annual Report had put forward the 2002 business plan to fully exploit and take advantage of internal resource of the Company, expend the scale of production and sales, improve the market shares and add income. Under the efforts of the whole staff, in the first half year the Company realized the income from main business lines of RMB 249,268,216.32, an increase of 43.8% over the same period of previous year, and the profit from main business lines also increased 47.31%. The Company presents an increase trend

in the aspect of production.

In the report period, the Company invested to incorporate Wuhan Lanxiang Energy Environment-protecting Science & Technology Co., Ltd. to lay a good basis for the Company to adjust the product structure, add the investment on new-typed environment-protecting energy-saving products and develop low energy-consuming, new energy equipment project without pollution. In May 2002, the Company passed the associated inspection for the Authority Certificate of boilers and pressure containers that was internationally accepted and bestowed by ASME.

(VI) Business plan for the second half year 2002

1. The company will continuously implement the measures for innovation at the year-begin, persist on the business idea “ strive to survive by high quality, to develop by environment-protecting products, and to take the exploitation of the energy market as our task ” , “ oriented by market and demand of customers ” and “ oriented by people, make continuous renovation ” . To make advantages of our stresses and avoid weakness, in one side, to expend the market shares of our traditionally advantageous products, such as boilers for 300MW power stations and medium-small boilers, in the other side, implement technical upgrade for the traditional advantageous products, to win by high technology and quality, at the same time, pay attention to the market development of environment-protecting and energy products.

2. The Company will continuously grasp the opportunity brought by the state strategy Great West Exploitation and Western Electrics sending to east, to further exploit the market in Yunnan, Guizhou and Shanxi etc. and pay great attention to brand management.

3. The Company will further strengthen the organization and coordination of production, make more thorough plan and strengthen cooperation, striving for the realization of the production and operation target of the whole year.

4. All the administration work will be carried out oriented by the financial administration, in accordance to law and expend financial channels. The Company will strengthen cost accounting and analysis, reduce the cost, further improve the operation efficiency, striving for the fulfillment of the business target of the whole year based on financial, material, plan and purchase administration.

V. Significant Events

(I) Administration

In strict compliance with Company Law, Securities Law and relative regulations of CSRC the Company continuously perfects the juristic person administrative structure, establishes modern juristic system, standardizes operation and strengthens information disclosure.

1. Information Disclosures and Transparency

In accordance to Rules for the Administration of Listed Companies issued by CSRC, taking into consideration the actual situation of the Company, the Company has made files namely Rules for Procedure of Shareholders ' General Meeting, Rules for Procedure of Board of Directors, Rules for Procedure of the Supervisory Committee and Independent Director System, which has been submitted to, examined and approved by the Shareholders ' General Meeting and put into operation formally.

2. About Independent Directors

At present, the Board of Directors has 9 directors, among which 3 are independent directors,

who had been engaged before June 2000.

3. Other Aspects

In the report period, the Company organized directors, supervisors and senior executives to seriously study and implement Notice of CSRC and State Economy & Trade Commission about Listed companies to Establish Modern Enterprises System Inspection, and established leader team and working group to carried out serious self-scrutinizing in all aspects for the establishment of modern enterprise system in accordance with Rules of Administration for Listed companies, and make self-scrutinizing report of the Company, which the Board submitted to Wuhan Securities Administration Office in compliance with requirements after careful examination and filled in the self-scrutinizing report of the Company in the website of CSRC seriously.

The Company has made actual progress in the administration. However, the administration of a company is a comprehensive, so the improvement in the optimization of administration structure, administration efficiency and quality need long-time exploitation and efforts. The Company will take the opportunity of establishing and perfecting modern enterprise system, take up the work of making Detailed Rules for Implementation of the Board of Directors Special Committee to further perfect the administration structure of the Company and improve the level of the Company for standardized operation based on the Rules of Administration of Listed companies.

(II) In the report period, the Company conducted neither Profit Distribution Plan made before the period nor capitalization of public reserve and new shares issuance.

(III) Significant lawsuits or arbitration

The Company has not been involved in any significant lawsuits or arbitrations in the report period

(IV) The Company has not any significant purchase, sale or disposal of assets in the report period.

(V) The Company has not committed any significant associated transactions in the report period.

(VI) The Company has not signed and implemented significant contract in the report period.

(VII) The shareholders with above 5% (including 5%) equity of the Company didn ' t have any significant commitments that may have influence on the operational results and financial status of the Company.

(VIII) The financial statements of this period had not been audited.

(IX) Index of other significant information

All the public notices of the Company were published on Securities Times and Hong Kong Ta Kung Pao.

1. Public Notice on Abnormal Fluctuation of Share published on Jan. 24,2002.

2. Public Notice of Resolutions of 4th Meeting of 2nd Board of Directors published on Feb. 25, 2002.

3. Public Notice of Resolutions of 5th Meeting of 2nd Board of Directors and Notice of Holding 2001 Shareholders ' General Meeting, Pubic Notice of Resolutions of 2nd Meeting of 2nd Supervisory Committee dated on April 10,2002.

4. Public Notice of Resolutions of 6th Meeting of 2nd Board of Directors and Public Notice

of Resolutions of 3rd Meeting of 2nd Supervisory Committee published April 26,2002.

5. Public Notice of Resolutions of Shareholders ' General Meeting published on May 18, 2002.

6. Public Notice of Implementing 2001 Dividend Distribution in July 2002, published on June 27,2002.

VI. Financial Report (un-audited)

VII. Documents for Reference

1. Semi-annual Report carried with the signature of the Chairman of the Board;
2. Accounting Statements carried with signatures and seals of legal representative, chief accountant and person in charge of the accounting institution;
3. Originals of all the files and public notices were disclosed in the newspapers and websites designated by CSRC in the report period;
4. Articles of Association of the Company;
5. Other relative information.

Chairman of the Board: Mr. Chen Bohu
Wuhan Boiler Co., Ltd.
 July 29, 2002

Balance Sheet (June 30, 2002)

KQ List 01

Company: Wuhan Boiler Company Limited

Unit: RMB

Assets	Amount at the beginning of the period		Amount at the end of the period			
	Parent Company	Consolidation	Notes	Parent Company	Notes	Consolidation
Current assets						
Monetary fund	181,217,391.92	192,780,939.55		257,370,530.49	(IV) 1	277,994,087.48
Short-term investments				-		-
Notes receivable	2,189,568.00	2,289,568.00			(IV) 2	641,260.00
Dividends receivable				-		-
Interests receivable				-		-
Accounts receivable	135,526,173.19	132,068,112.20	(V) 1 (1)	212,256,017.51	(IV) 3 (1)	213,910,698.25
Other receivables	27,564,054.44	29,594,862.79	(V) 1 (2)	21,214,168.44	(IV) 3 (2)	22,845,287.04
Accounts in advance	151,627,575.74	156,425,868.10		160,260,105.07	(IV) 4	159,271,668.93
Subsidy receivable				-		-
Inventories	493,653,974.45	513,552,485.85		493,957,302.34	(IV) 5	510,365,213.53
Expenses to be apportioned				-		-
Net losses on current assets in suspense				-		-
Other current assets				-		-
Long-term credit investments due within 1 year				-		-
Total current assets	991,778,737.74	1,026,711,836.49		1,145,058,123.85		1,185,028,215.23
Long-term investments						
Long-term equity investments	45,668,771.80	36,109,652.84	(V) 2	60,183,894.35	(IV) 6	36,003,090.34
Long-term credit investments				-		-
Total long-term investments	45,668,771.80	36,109,652.84		60,183,894.35		36,003,090.34
						-
Fixed assets						-
Fixed assets - original value	386,190,413.62	392,760,836.09		389,318,043.35	(IV) 7 (1)	395,918,792.82
Less: Accumulated	209,813,971.11	210,445,885.30		220,324,908.51	(IV) 7 (2)	221,069,890.85

depreciation						
Fixed assets - net value	176,376,442.51	182,314,950.79		168,993,134.84		174,848,901.97
Less: Provisions for devaluation of fixed assets	154,836.10	154,836.10		154,836.10	(IV) 7 (3)	154,836.10
Net fixed assets	176,221,606.41	182,160,114.69		168,838,298.74		174,694,065.87
Engineering materials						
Construction in progress	3,100,178.55	3,100,178.55		4,133,459.41	(IV) 8	4,133,459.41
Disposal of fixed assets				8,121.28		8,121.28
Net losses on fixed assets in suspense				-		-
Total fixed assets	179,321,784.96	185,260,293.24		172,979,879.43		178,835,646.56
Intangible and other assets						-
Intangible assets	24,779,166.67	24,779,166.67		23,154,166.69	(IV) 9	23,154,166.69
Long-term expenses to be apportioned	3,987,500.00	3,987,500.00		3,912,500.00	(IV) 10	3,912,500.00
Other long-term assets				-		-
Total intangible and other assets	28,766,666.67	28,766,666.67		27,066,666.69		27,066,666.69
Deferred taxes						-
Deferred taxes – debit item						-
Total of Assets	1,245,535,961.17	1,276,848,449.24		1,405,288,564.32		1,426,933,618.82

Legal representative: Chen Bohu

Chief accountant: Xiang Rongwei

Person in charge of accounting: Qin Shanlan

Balance Sheet (Con.) (June 30, 2002)

KQ List 01

Company: Wuhan Boiler Company Limited

Unit: RMB

Liabilities and Shareholders' Equity	Amount at the beginning of the period		Amount at the end of the period			
	Parent Company	Consolidation	Notes	Parent Company	Notes	Consolidation
Current liabilities						
Short-term loans	208,148,454.00	208,148,454.00		282,159,814.00	(IV) 11	282,159,814.00
Notes payable	131,868,299.97	131,868,299.97		160,357,597.10	(IV) 12	160,357,597.10
Accounts payable	235,145,304.60	241,414,312.40		221,735,109.82	(IV) 13	227,379,865.60
Accounts prepaid	85,539,879.44	107,011,403.57		133,814,267.22	(IV) 14	142,988,844.70
						-
Accrued payroll				-		-
Welfare funds payable	112,041.25	112,041.25		91,485.25		91,485.25
Dividend payable	7,425,000.00	7,677,983.18		7,425,000.00	(IV) 15	7,677,983.18
Taxes payable	40,384,474.69	40,530,307.66		46,764,145.21	(IV) 16	48,353,649.03
Other duties payables	5,082,108.46	5,204,267.90		5,960,126.31	(IV) 17	6,070,585.59
Other accounts payables	16,852,588.42	19,517,076.50		24,370,533.07	(IV) 18	23,903,686.64
Accrued expenses	7,206,908.21	7,206,908.21		3,709,552.09	(IV) 19	3,709,552.09
Long-term liabilities due within one year	4,081,333.34	4,081,333.34		2,141,333.34	(IV) 20	2,141,333.34
Other current liabilities						
Total current liabilities	741,846,392.38	772,772,387.98		888,528,963.41		904,834,396.52
Long-term liabilities:						
Long-term loans						-
Bonds payable				-		-
Long-term accounts payables				-		-
Housing revolving fund				-		-
Other long-term liabilities				-		-
Total long-term liabilities	-	-		-		-
Deferred taxes						
Deferred taxes – credit item	3,559.39	3,559.39		3,559.39	(IV) 21	3,559.39
Total liabilities	741,849,951.77	772,775,947.37		888,532,522.80		904,837,955.91
Minority interest		1,062,124.33				7,131,200.45
Shareholders' equity						
Share capital	297,000,000.00	297,000,000.00		297,000,000.00	(IV) 22	297,000,000.00

Capital public reserve	149,674,951.34	149,674,951.34		149,674,951.34	(IV) 23	149,674,951.34
Surplus public reserve	15,651,777.46	15,666,491.00		15,651,777.46	(IV) 24	15,666,491.00
Including: Statutory welfare funds	7,825,888.73	7,833,245.50		7,825,888.73		7,833,245.50
Retained profit	41,359,280.60	40,668,935.20		54,429,312.72	(IV) 25	52,623,020.12
Total shareholders' equity	503,686,009.40	503,010,377.54		516,756,041.52		514,964,462.46
Total liabilities and shareholders' equity	1,245,535,961.17	1,276,848,449.24		1,405,288,564.32		1,426,933,618.82

Legal representative: Chen Bohu Chief accountant: Xiang Rongwei Person in charge of accounting: Qin Shanlan

Statement of Profit and Profit Distribution (the first half year 2002)

KQ List 02

Company: Wuhan Boiler Company Limited

Unit: RMB

Items	Amount at the end of the period				Amount at the same of previous year	
	Notes	Parent Company	Notes	Consolidation	Parent Company	Consolidation
I. Income from main business lines	(V) 3	241,781,234.14	(IV) 26	249,268,216.32	167,244,849.10	173,348,154.20
Less: Cost of main business lines	(V) 3	186,467,652.42	(IV) 27	193,004,246.99	129,381,946.44	133,858,268.27
Taxes and extras of main business lines		1,319,574.78	(IV) 28	1,329,701.21	2,120,875.72	2,197,630.22
II. Profit from main business lines		53,994,006.94		54,934,268.12	35,742,026.94	37,292,255.71
Add: Profit from other business lines		-1,715.20	(IV) 29	419,894.22	194,445.03	531,106.54
Less: 1. Operating expenses		4,187,377.97		4,769,696.39	3,391,569.81	4,014,084.65
2. Administrative expenses		23,271,877.32		24,511,691.75	18,955,001.01	19,908,131.67
3. Financial expenses		7,115,649.18	(IV) 30	7,080,572.96	-492,727.93	-498,337.40
III. Operating profit		19,417,387.27		18,992,201.24	14,082,629.08	14,399,483.33
Add: Investment income	(V) 4	515,122.55	(IV) 31	-106,562.50	1,469,259.38	1,201,249.81
Subsidy income		-		-	-	-
Non-operating income				-	41.70	41.70
Less: Non-operating expenses		674,115.80	(IV) 32	674,115.80	667,244.85	686,310.69
IV. Total profit		19,258,394.02		18,211,522.94	14,884,685.31	14,914,464.15
Less: Income tax		6,188,361.90		6,188,361.90	2,187,400.62	2,187,400.62
Less: Minority shareholders' losses and gains				69,076.12		29,778.84
V. Net profit		13,070,032.12		11,954,084.92	12,697,284.69	12,697,284.69
Add: Retained profit at the beginning of the year		41,359,280.60		40,668,935.20	34,885,562.22	34,885,562.22
Transferred from surplus public reserve				-		
VI. Profit available for distribution		54,429,312.72		52,623,020.12	47,582,846.91	47,582,846.91
Less: Allotted statutory surplus public reserve				-		
Allotted statutory public welfare funds				-		
VII. Profit available for distribution to shareholders		54,429,312.72		52,623,020.12	47,582,846.91	47,582,846.91
Less: Payable, dividend of preference share				-		
Allotted arbitrary surplus public reserve				-		
Payable, dividend of ordinary share				-		
Dividend of ordinary share				-		
Transferred as share capital						
VIII. Retained profit		54,429,312.72		52,623,020.12	47,582,846.91	47,582,846.91

Legal representative: Chen Bohu Chief accountant: Xiang Rongwei Person in charge of accounting: Qin Shanlan

Cash Flows Statement (Jan. – Jun. 2002)

KQ List 03

Company: Wuhan Boiler Company Limited

Unit: In RMB

Items	Notes	Parent company	Consolidated
. Cash flows arising from operating activities			
Cash received from selling commodities and providing labor services		188,254,010.36	184,504,595.32
Rebated taxes			-
Other cash received in connection with the operating activities		63,395,142.08	63,395,142.08
Subtotal of cash inflows		251,649,152.44	247,899,737.40
Cash paid for commodities and labor services		174,299,852.31	179,623,966.26
Cash paid to / for staff and workers		15,861,275.46	16,071,761.88
Taxes paid		10,039,464.95	10,290,708.53
Other cash paid in connection with operating activities	(IV) 33	19,814,618.74	21,219,350.39
Subtotal of cash outflows		220,015,211.46	227,205,787.06
Net cash flows arising from operating activities		31,633,940.98	20,693,950.34
. Cash flows arising from investment activities			
Cash received from recovery of investment			
Cash received from dividends or profit distributed			
Cash received from proposal of fixed, intangible and other long-term assets		8,000.00	8,000.00
Other cash received in connection with investment activities			-
Subtotal of cash inflow		8,000.00	8,000.00
Cash paid for purchasing fixed, intangible and other long-term assets		3,148,448.50	3,148,448.50
Cash paid for equity investment		14,000,000.00	-
Other cash paid in connection with investment activities			-
Subtotal of cash outflows		17,148,448.50	17,148,448.50
Net cash flows arising from investment activities		-17,140,448.50	-3,148,448.50
. Cash flows arising from financing activities			
Cash received by absorbing equity investment			6,000,000.00
Include: Cash received by subsidiaries absorbing minority interests			6,000,000.00
Cash received from loans		248,054,000.00	248,054,000.00
Other cash received in connection with financing activities		1,466,636.37	1,466,636.37
Subtotal of cash inflows		249,520,636.37	255,520,636.37
Cash paid for settling debts		176,042,640.00	176,042,640.00
Cash paid for distributing dividends or profit		11,818,350.28	11,818,350.28
Other cash paid in connection with financing activities			-
Subtotal of cash outflows		187,860,990.28	187,860,990.28
Net cash flows arising from financing activities		61,659,646.09	67,659,646.09
. Influences on cash from fluctuation in exchange rate			
. Net increase of cash and cash equivalents		76,153,138.57	85,213,147.93

Legal Representative: Chen Bohu Chief Accountant: Xiang Rongwei Person in Charge of Accounting: Qin Shanlan

Notes to Cash Flows Statement (Jan. – Jun. 2002)

KQ List 03

Company: Wuhan Boiler Company Limited

Unit: In RMB

Items	Note	Parent company	Consolidated
1. Adjusting net profit into cash flows for operating activities			
Net profit		13,070,032.12	11,954,084.92
Add: provision for depreciation of assets		726,839.75	726,839.75
Depreciation of fixed assets		10,680,524.14	10,793,592.29

Amortization of intangible assets, organizational expenses and long-term expenses to be apportioned		1,624,999.98	1,624,999.98
Decrease of expenses to be amortized (-: increase)			-
Increase of expenses in advance (-: decrease)		-3,497,356.12	-3,497,356.12
Losses on proposal of fixed, intangible and other long-term assets (-: income)			-
Losses on injection of fixed assets			-
Financial expenses		7,115,649.18	7,080,572.96
Investment losses (-: income)		-515,122.55	106,562.50
Deferred taxes – credit (-: debit)			-
Decrease of inventories (-: increase)		-303,327.89	3,187,272.32
Decrease of receivables in operation (-: increase)		79,317,108.97	75,453,169.45
Increase of payables in operation (-: decrease)		-76,585,406.60	20,693,950.34
Others			408,333.44
Net cash flows arising from operating activities		31,633,940.98	20,693,950.34
2. Investment and financing activities involving no cash incomings / outgoings			-
Debts transferred into assets			-
Exchangeable debts with maturity time of 1 year			-
Renting fixed assets for financing purpose			-
3. Particulars about net increase of cash and cash equivalents			
Balance of monetary funds, end of the period		257,370,530.49	277,994,087.48
Less: balance of monetary funds, beginning of the period		181,217,391.92	192,780,939.55
Balance of cash equivalents, end of the period			-
Less: balance of cash equivalents, beginning of the period			-
Net increase of cash and cash equivalents		76,153,138.57	85,213,147.93

Legal Representative: Chen Bohu

Chief Accountant: Xiang Rongwei

Person in Charge of Accounting: Qin Shanlan