



## **Wuhan Boiler Company Limited**

### **2014 Interim Report**

**2014-075**

**(Updated)**

**September 2014**

## Section I Important Notes, Contents & Definition

The Board of Directors, the Board of Supervisors as well as all Board Directors, Supervisors and Senior Management of Wuhan Boiler Company Limited (hereinafter referred to as “the Company”) hereby warrant that this Interim Report is authentic, accurate and complete without any misstatement, misleading statement or material omission and will take individual and joint and several liabilities for that.

All Board Directors attended the Board Meeting for reviewing this Report.

The Company didn't plan not to distribute cash dividends, or grant bonus shares, or transfer capital reserves into share capital.

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

1. Because the audited net profits and closing net assets for three consecutive accounting years of 2011, 2012 and 2013 are negative, Shenzhen Stock Exchange has decided to suspend the listing of the Company's stock starting from May 16, 2014 according to Article 14.1.1 and 14.1.2 of the Stock Listing Rules of Shenzhen Stock Exchange.

2. The Second Extraordinary Shareholders' Meeting 2014 was held on May 23, 2014. The Debt-to-equity Conversion Plan was vetoed by the meeting. It is difficult for the Company to find other solutions to turn its net asset value from negative to positive by the end of 2014. Meantime, the Company has reminded the risks in the Debt-to-equity Conversion Plan as follows: if the Plan cannot be completed before the first half year of 2014, financial costs arising from the relevant debts would create a significant burden on the financial result of the Company in the year of 2014, and it will be fairly difficult for the Company to have a positive net profit, whether before or after deducting non-recurring profits/loss, and the Company's stock will also be facing the risk of delisting.

3. In order to satisfy the criteria for resuming the listing of the Company's stocks, pursuant to the Stocks Listing Rules of Shenzhen Stock Exchange (revised version 2012), the Company's financial data in the year of 2014 shall satisfy, at least both of the below criteria: (i) net asset value as of the end of fiscal period shall be positive; and (ii) net profit shall be positive before and after deducting non-recurring profit and loss.

In the report period, the net profit attributable to shareholders of the Company was 8,214,639.10, and the net assets attributable to shareholders of the Company were -1,355,276,203.03. If the Company fails to meet the requirements for listing resumption, the stock of the Company will be delisted. The Board of Directors hereby reminds investors of investment risks.

4. Currently, following the action plan formulated by the Board of Directors for listing resumption, the Company enhances internal management, strictly controls costs and focuses on production for overseas orders and tendering of domestic orders.

5. Securities Times, Ta Kung Pao and [www.cninfo.com.cn](http://www.cninfo.com.cn) are designated by the Company as information disclosure media. All information of the Company shall be subject to the disclosure of the Company on the said

media. During listing suspension, in strict compliance with the Company Law, the Securities Law and the Stock Listing Rules of Shenzhen Stock Exchange, the Company will fulfill its duty of information disclosure and disclose the actions taken for listing resumption and relevant progress on a monthly basis in time.

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## Definition

Term	Refers to	Definition
CSRC	Refers to	China Securities Regulatory Commission
Hubei CSRC	Refers to	Hubei Securities Regulatory Bureau under China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
The Company Law	Refers to	The Company Law of the People's Republic of China
The Securities Law	Refers to	The Securities Law of the People's Republic of China
The Stock Listing Rules	Refers to	The Stock Listing Rules of Shenzhen Stock Exchange (Revised in 2012)
The Articles of Association	Refers to	The Articles of Association of Wuhan Boiler Company Limited
Controlling shareholder	Refers to	Alstom (China) Investment Company Limited
WBG	Refers to	Wuhan Boiler Group Co., Ltd
Lanxiang Company	Refers to	Wuhan Lanxiang Energy & Environmental Protection Technologies Inc.
Alstom	Refers to	Alstom (a France-listed company)
Alstom Holdings	Refers to	Alstom Holdings
Company, the Company	Refers to	Wuhan Boiler Company Limited
The cninfo website	Refers to	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Report period	Refers to	Jan. 1, 2014- Jun. 30, 2014
Yuan, Thousand Yuan, Million Yuan, Billion Yuan	Refers to	RMB Yuan, RMB Thousand Yuan, RMB Million Yuan, RMB Billion Yuan

## Section II Company Profile

### I. Basic information of the Company

Stock abbreviation	*ST WuguoB	Stock code	200770
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	武汉锅炉股份有限公司		
Abbr. of the Chinese name of the Company (if any)	武锅股份		
English name of the Company (if any)	WUHAN BOILER COMPANY LIMITED		
Abbr. of the English name of the Company (if any)	WBC		
Legal Representative of the Company	Yeung Kwok Wei Richard		

### II. Contact information

	Board Secretary	Securities Affairs Representative
Name	Xu Youlan	Hou Li
Contact address	No. 1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei	No. 1, Liufangyuan Road, East Lake New Technology Development Zone, Wuhan, Hubei
Tel.	(027) 81993700	(027) 81994270
Fax	(027) 81993701	(027) 81993701
E-mail	youlan.xu@power.alstom.com	li.hou@power.alstom.com

### III. Other information

#### 1. Contact information of the Company

Did any change occur to the registered address, office address and the postal code, website address and email address of the Company during the report period?

☐ Applicable ☒ Inapplicable

The registered address, office address and the postal code, website address and email address of the Company did not change during the report period. The said information can be found in 2013 Annual Report.

#### 2. About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the report period?

☐ Applicable ☒ Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this Interim Report and the location where this Interim Report is placed did not change during the report period. The said information can be found in 2013 Annual Report.

### **3. Change of the registered information**

Did any change occur to the registered information during the report period?

☐ Applicable ☒ Inapplicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the report period. The said information can be found in the 2013 Annual Report.

## Section III Summary of Accounting Data and Financial Indexes

### I. Major accounting data and financial indexes

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

☐ Yes ☒ No

	Report period	Same period of last year	Year-on-year change
Operating revenues (RMB Yuan)	496,898,159.52	462,281,106.75	7.49%
Net profit attributable to shareholders of the Company (RMB Yuan)	8,214,639.10	-36,438,887.02	122.54%
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB Yuan)	7,868,973.11	-39,283,319.56	120.03%
Net cash flows from operating activities (RMB Yuan)	151,310,124.28	-249,198,005.65	160.72%
Basic EPS (RMB Yuan/share)	0.03	-0.12	125.00%
Diluted EPS (RMB Yuan/share)	0.03	-0.12	125.00%
	As at the end of the report period	As at the end of last year	Change
Total assets (RMB Yuan)	1,263,659,174.36	1,339,647,873.78	-5.67%
Net assets attributable to shareholders of the Company (RMB Yuan)	-1,355,276,203.03	-1,363,490,842.13	0.60%

### II. Differences between accounting data under domestic and overseas accounting standards

#### 1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

☒ Applicable ☐ Inapplicable

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Report period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	8,214,639.10	-36,438,887.02	-1,355,276,203.03	-1,363,490,842.13
Items and amounts adjusted according to international accounting standards				



## 2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

√Applicable □ Inapplicable

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Report period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	8,214,639.10	-36,438,887.02	-1,355,276,203.03	-1,363,490,842.13
Items and amounts adjusted according to overseas accounting standards				

## 3. Explain reasons for the differences between accounting data under domestic and overseas accounting standards

□ Applicable √ Inapplicable

## III. Items and amounts of non-recurring gains and losses

√Applicable □ Inapplicable

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	59,767.52	Gain/losses on asset disposal
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	288,888.00	DHDZ Finance Bureau's Industrial Rapid Growth contribution award in 2013 and deferred revenue related to new factory land use right
Other non-operating income and expenses other than the above	-2,989.53	Others
Total	345,665.99	--

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Public Listed Companies – Non-recurring Gains and Losses, or classifies any non-recurring gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

□ Applicable √ Inapplicable

The Company didn't classify any non-recurring gain/loss item mentioned in the Explanatory Announcement No. 1 on Information Disclosure for Public Listed Companies – Non-recurring Gains and Losses as a recurrent gain/loss item.

## Section IV Report of the Board of Directors

### I. Overview

Trends in the power industry in 2014 are to vigorously develop clean energy, proactively develop hydro power, develop wind power in an orderly way, speed up development of solar power, proactively push forward development of bio-mass energy and geothermal energy, safely and efficiently develop nuclear power, and properly launch key nuclear power projects. In order to accelerate development of clean energy, 2014 will see the approval of new hydro power of 20 million KW, new wind power of 18 million KW and new PV of 14 million KW, all of which will take up 60% of the total new capacity in a dispersed way. And feed-in tariffs for new energy will be reduced gradually. Feed-in tariffs for new energy such as solar power and wind power are expected to be at the same level with thermal power by 2020.

Alstom in France, the controller of the Company's controlling shareholder Alstom (China) Investment Co., Ltd., owns the world-advanced AGVTM rail transport technology and provides integrated power plant solutions covering a variety of energy sources, including coal, hydro, natural gas, nuclear and wind. With Alstom as a platform, the Company will continue looking for opportunities to move up to a new level of development. In the report period, the Management and all employees of the Company dedicated to the following five priorities set at the beginning of 2014:

1. The Company continued to strengthen its core competitiveness to provide high quality products cater for Global market including EN/ASME/IBR code with the strength of technology, brand and manufacturing capacity, and improve the manufacturing level.
2. The Company dedicated to expand its share in domestic market, capture export orders, improve its market position and increase the export ratio.
3. The Company continued to improve business operation management, focus on preparation of technologies and raw materials, continue with cost control, and strengthen project execution and quality control so as to complete orders with good quality and timely delivery.
4. The Company continued to provide more training to on-the-job employees, speeded up new technologies and new procedures adaption and improved labor productivity so as to satisfy various requirements of different quality standards form different orders.
5. The Company continued to improve its competitiveness in the markets, create favorable business models, and use its advanced technologies and strong manufacturing capacity to provide high quality products to customers.

The main business scope of the Company remained the same in the report period. It is mainly engaged in development, production and sales of station boilers, special boilers, desulfuration equipment, other pressure vessels and auxiliary equipment. Operating revenue achieved during the report period was RMB 496,898,159.52, increased by 7.49% over the same period of last year; operating profit was RMB 8,021,254.83, increased by 122.17% as compared to same period of last year; and net profit attributable to shareholders of the Company was RMB 8,214,639.10, increased by 122.54% over the same period of last year.

### II. Main business analysis

Year-on-year changes in major financial data:

Unit: RMB Yuan

	Report period	Same period of last year	YOY change	Main reasons for change
Operating revenues	496,898,159.52	462,281,106.75	7.49%	Mainly due to the increase of material inputting for Yanbu, Binzhou Beihai, Tanjung Bin projects and contract revenue increase accordingly
Operating costs	432,828,651.37	449,540,053.90	-3.72%	Mainly due to the processing of Yanbu, Binzhou Beihai, Tanjung Bin projects this period and the settle of Perawang project to release the cost.
Selling expenses	7,661,970.06	6,460,847.20	18.59%	Mainly due to tender department expense increase for more tender projects
Administrative expenses	13,225,649.54	13,059,491.70	1.27%	
Financial expenses	45,534,113.65	40,200,193.10	13.27%	Mainly due to loan interest increase this period
Income tax expenses	174,961.83	3,103,374.39	-94.36%	Mainly due to the decrease of reduction of the temporary deductible differences resulted from contract loss provision release
Net cash flows from operating activities	151,310,124.28	-249,198,005.65	160.72%	Mainly due to the return of the advance receipt resulted from the change of the supply scope of the project contract in the prior period
Net cash flows from investing activities	-2,919,453.86	-1,557,553.65	-87.44%	Mainly due to the increase of cash out paid for the construction of new plant.
Net cash flows from financing activities	-135,307,976.66	133,805,900.00	-201.12%	Mainly due to the increase in return of entrusted loans
Net increase in cash and cash equivalents	13,617,263.38	-114,387,590.26	111.90%	Mainly due to the changes of net cash flows from operating and financing activities

Major changes to the profit structure or sources of the Company during the report period:

☐ Applicable ☒ Inapplicable

There is no major change to the profit structure or sources of the Company during the report period.

Progress in the report period of the future development planning in the disclosed documents of the Company such as IPO prospectus, share offer prospectus, asset reorganization report, etc.:

☐ Applicable ☒ Inapplicable

Review the progress of the previously disclosed business plan in the report period:

In the first half of 2014, the Company actively explored the domestic market and signed Luo Yuan Contract. With the help of Alstom platform, the Company signed two overseas orders, Altamira and Opole. Meantime, the Company successfully closed Perawang project in Indonesia. In the report period, the Company provided more training to on-the-job employees, improved labor productivity, strictly controlled expenses and costs, strengthened project execution and quality control so as to complete orders with good quality and timely delivery.

### III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate	Increase/decrease of operating revenues over the same period of last year	Increase/decrease of operating costs over the same period of last year	Increase/decrease of gross profit rate over the same period of last year
Classified by industry:						
Manufacturing	494,874,319.77	432,556,617.39	12.59%	7.79%	-3.37%	10.10%
Total	494,874,319.77	432,556,617.39	12.59%	7.79%	-3.37%	10.10%
Classified by product:						
Boilers and auxiliary	494,874,319.77	432,556,617.39	12.59%	7.79%	-3.37%	10.10%
Total	494,874,319.77	432,556,617.39	12.59%	7.79%	-3.37%	10.10%
Classified by region:						
Domestic	120,942,552.42	136,461,886.76	-12.83%	12.83%	9.34%	3.61%
Overseas	373,931,767.35	296,094,730.63	20.82%	6.26%	-8.28%	12.56%
Total	494,874,319.77	432,556,617.39	12.59%	7.79%	-3.37%	10.10%

Note: The main reasons of margin rate increase in the report period are due to:

- (1) Revenue of main business in the report period is 494,874.32KRMB, increased 7.79% from the same period last year, mainly due to the increase of material inputting for Yanbu, Binzhou Beihai, Tanjung Bin projects and contract revenue increased accordingly;
- (2) Cost of main business in the report period is 432,556.62KRMB, decreased 3.37% from the same period last year, mainly due to the execution of Yanbu, Binzhou Beihai, Tanjung Bin projects this period and the settlement of Perawang project to release the cost.

### IV. Core competitiveness analysis

Core competitiveness represents the ability of a company to stay competitive in competition for a long time and is the key for the sustainable development of a company. Amid domestic and overseas markets and development opportunities, the Company is competitive in terms of brand, technology, marketing channel, etc.

#### 1. Supported by the brand and technology advantages of Alstom

As a leader in the global power industry, Alstom has a history over 100 years in R&D of the boiler technology and a history of 50 years in technology licenses and products export, with footprints in about 100 countries and regions around the world. Its advanced thermal power boiler technologies mainly include subcritical, supercritical and ultra-supercritical utility boiler technologies, as well as supercritical and subcritical circulating fluidized bed boiler technologies.

#### 2. Overall upgrade of the Company's core technologies

Officially acquired the Company in 2007, Alstom (China) Investment Co., Ltd. has 51% shares in the Company.

Up until now, the core part of Alstom's technology transfer to the Company has been completed and the Company has been provided the latest (ultra) supercritical boiler technology, materials, software and standards, as well as relevant personnel training. The Company is now able to produce utility boilers and their relevant products that are in line with ASME standard, EN standard and domestic GB standard.

### 3. Sharing the global marketing network of Alstom

Main utility boiler producers within Alstom are: Alstom Power System GmbH (in Germany), with the 1,000MW ultra-supercritical tower boiler technology; Alstom Power Systems SA. Etablissements Boilers (in France), with the large-sized circulating fluidized bed boiler technology; and Alstom Power Inc. (in the US), with the 600MW supercritical two pass boiler technology. The overall objective of Alstom towards the Company is to bring the Company into Alstom's global boiler market and improve its design, manufacture and management to globally advanced levels so that it can effectively provide products for the Chinese and overseas markets.

### 4. Expansion of the domestic market

At present, the Company has the strong core technology and the latest technological achievements of Alstom, as well as the world-leading production facilities and technologies, making it to be a competitor of Harbin Electric, Shanghai Electric and Dongfang Electric in the domestic utility boiler market.

### 5. Increase of export orders

The controlling shareholder of the Company and its related parties have provided all-rounded business support for the Company by helping it secure many main component subcontracting orders of overseas projects to expand the export market. Along with the overall upgrade of its technologies, the Company has gradually solidified its position in the domestic market.

## V. Investment analysis

### 1. Investments in equities of external parties

#### (1) Investments in external parties

☐ Applicable ☒ Inapplicable

The Company did not invest in any external party in the report period.

#### (2) Shareholdings in financial enterprises

☐ Applicable ☒ Inapplicable

The Company did not hold any equity in any financial enterprise in the report period.

#### (3) Securities investments

☐ Applicable ☒ Inapplicable

The Company did not invest in any securities in the report period.

## 2. Entrusted financial management, derivative investments and entrusted loans

### (1) Entrusted financial management

☐ Applicable ☒ Inapplicable

The Company did not make any wealth management entrustment in the report period.

### (2) Derivative investments

☒ Applicable ☐ Inapplicable

Unit: RMB Ten thousand

Operator	Relation	Related party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in report period
HSBC	Non-Relation	No	Forward FX contract	7,065.38	2013-8-27	2015-12-30	7,065.38		22,697.67	16.76%	44.69
SCB	Non-Relation	No	Forward FX contract	2,020.17	2014-3-27	2014-7-2	2,020.17		79.82	0.06%	-18.42
Total				9,085.55	--	--	9,085.55		22,777.49	16.82%	26.27
Capital source for derivative investment				Self-funded							
Any litigation involved				None							
Disclosure date of the board announcement approving the derivative investment (if any)				April 29, 2014							
Disclosure date of the Shareholders' Meeting announcement approving the derivative investment (if any)				NA							
Analysis on risks and control measures of derivative products held in the report period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)				<p>In order to satisfy needs arising from business development and avoid risk concerning exchange rates, the Company signed forward FX contracts with HSBC, SCB, BNP, etc. respectively.</p> <p>For exchange rate fluctuations risk, the company and banks do collaborative exchange rate trend forecasts, closely track changes in exchange rates, changes in market conditions to implement dynamic management; For liquidity risk, foreign exchange hedging operations carried out by the company are based on the Company's estimated foreign</p>							

	exchange payments and collection of trade, because the foreign exchange hedging operations match with the actual foreign exchange trade, so this can ensure sufficient fund for settlement at delivery time, there is less affected on the liquidation of the company's current assets; For operational risk, the Company developed a standardized operational processes and authorization management systems, equipped with full-time staff and strictly control their authority to conduct foreign exchange hedging operations; while strengthening business related personnel training and professional ethics , and improving quality of personnel, and the establishing anomalies timely reporting system to avoid the occurrence of operational risk at the maximum; For credit risk, the Company's counterparties of foreign exchange hedging are reputable business and the company has established long-term business relationship with large commercial banks and foreign banks, so, basically there is no performance risk; For legal risk, the Company conducted foreign exchange hedging operations legally in accordance with relevant laws and regulations and relevant transaction management practices, and signed a legal agreement with the counterparties for clear and accurate terms to avoid possible legal disputes at the maximum.
Changes of market prices or fair values in the report period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	The company recognized the gain and loss of fair values of the invested derivatives, the fair values gain of the invested derivatives this period was 0.26MRMB, the calculation of fair values was based on the contract values and forward rate quote of end of this accounting period provided by the related business partners which was accordance with the expiry date of each forward contracts.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the report period compared to the previous report period	No major change
Independent Directors' opinions on derivatives investment and risk control	Independent Directors expressed independent opinions on 2014 Hedging Derivative Investments Estimation as below: The foreign exchange trading for hedging purpose made by the Company in order to prevent exchange rate risk is based on reasonable estimation and current need for foreign exchange payment and collection. The business process is compliant with laws and regulations. There is almost no market risk, no performance risk and no impact on liquidity of the Company. The Company has established organization, business procedures, approval process and Internal Control Rules on Derivatives Investment for foreign exchange trading. We think the Company can improve foreign exchange risk management and prevent exchange rate risk through derivatives investment business.

### (3) Entrusted loans

☐Applicable ☒ Inapplicable

**3. Utilization of the raised funds****(1) General utilization of the raised funds**

☐ Applicable ☒ Inapplicable

**(2) Projects invested with raised funds as promised**

☐ Applicable ☒ Inapplicable

**(3) Change of projects invested with raised funds**

☐ Applicable ☒ Inapplicable

No change of raised-funds-invested projects in the report period.

**(4) Projects invested with raised funds**

☐ Applicable ☒ Inapplicable

**4. Analysis to main subsidiaries and shareholding companies**

☒ Applicable ☐ Inapplicable

Main subsidiaries and shareholding companies:

Unit: RMB Yuan

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Wuhan Lanxiang Environment Protection Technology Co., Ltd	Subsidiary	Boiler	R&D, design, consultation and technology services related to boilers, energy & environmental protection products, steel structures, thermal energy-related products and their auxiliary equipment; marketing of products developed; energy project (non-land construction projects) contracting and technical service (special-purpose projects subject to governmental approval).	20,000,000	16,518,059.48	15,172,995.29	0	-453,602.21	-453,602.21



**5. Significant projects of investments with non-raised funds**

☐ Applicable ☒ Inapplicable

No significant projects of investments with non-raised funds in the report period.

**VI. Business performance estimate for Jan.-Sept. 2014**

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

**VII. Explanation of the Board of Directors and the Board of Supervisors on the “Non-standard Auditing Report” issued by the CPA firm for the report period**

☐ Applicable ☒ Inapplicable

**VIII. Explanation of the Board of Directors about the “Non-standard Auditing Report” of last year**

☐ Applicable ☒ Inapplicable

**IX. Implementation of profit distribution during the report period**

During the report period, particulars about the execution of profit distribution plan, especially cash bonus plan, the execution of transferring capital reserve to share capital or any adjustment.

☐ Applicable ☒ Inapplicable

The profit distribution plan for 2013 is no cash dividends, no bonus shares and no transfer of capital reserve to share capital.

**X. Preplan for profit distribution and transferring capital reserve into share capital for the report period**

☐ Applicable ☒ Inapplicable

The Company didn't plan to distribute cash dividends, or grant bonus shares, or transfer capital reserves into share capital for the first half of 2014.

**XI. Particulars about researches, visits and interviews received in this report period**

☒ Applicable ☐ Inapplicable

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
May 15, 2014	Wuhan	By phone	Individual	1 shareholder with tradable shares	How to vote for the Debt-to-equity Conversion Plan? How was the operating

					performance of the Company in 2014?
Jun. 17, 2014	Wuhan	By phone	Individual	2 shareholders with tradable shares	Would the Company arrange a second voting of the Debt-to-equity Conversion Plan this year? Was there any other plan?

## Section V Significant Events

### I. Corporate governance

The Board of Directors of the Company continuously improved its corporate governance and standardized the Company's operation strictly according to the requirements of the Company Law, the Securities Law and other relevant laws and regulations. The Board of Directors thinks that the actual situation of corporate governance of the Company is in compliance with the requirements of Guiding Principle on Governing Listed Companies.

#### (1) About shareholders and Shareholders' Meeting:

The Company convenes and holds Shareholders' Meetings according to requirements of Opinions on Standardization of Shareholders' Meeting of Listed Companies and Rules of Procedure for the Shareholders' Meeting of Listed Companies, the Company treats all shareholders equally, especially minority shareholders are insured to be equally treated and they can fully exercise their lawful rights.

#### (2) About relationship between the controlling shareholder and the Company:

The controlling shareholder complies with laws while exercising their rights as investors through the Shareholders' Meeting and doesn't, directly and indirectly, intervene the Company's decision-making and operation through other channels. The human resources, assets, finance, organizations and operations of the Company are independent from the controlling shareholder. The Company and the controlling shareholder maintain different financial accounts, and independently undertake commercial liabilities and market risks. Related transactions between the Company and the controlling shareholder are reasonable and fair, and its decision-making procedures comply with related regulations. The controlling shareholder doesn't occupy any fund of the Company and the Company doesn't provide any guarantee to the controlling shareholder and its subsidiaries.

#### (3) About directors and the Board of Directors:

The Company elects and engages directors strictly in accordance with procedure on director election, the Company Law and Articles of Association of the Company, ensuring that the director election is public, just, fair and independent. The Company ensures that the number and structure of directors is in compliance with provisions stipulated in laws and regulations. The meetings of the Board of Directors are convened and held according to the Rules of Procedure for the Board of Directors. Members of the Board of Directors perform and fulfill their duties honestly, diligently and responsibly. The Board of Directors establishes special committees, each of which performs its own duty and improves the efficiency of the Board of Directors.

#### (4) About supervisors and the Board of Supervisors:

The Company elects and engages supervisors strictly in accordance with procedure on supervisor election, the Company Law and Articles of Association of the Company. The Company ensures that the number and structure of supervisors is in compliance with provisions stipulated in laws and regulations. The Board of Supervisors inspects and supervises the legitimacy of activities of the Company finance, directors, senior management and other managers, safeguards the benefits and interests of shareholders.

#### (5) About information disclosure and its transparency:

Secretary of the Board of Directors is responsible for information disclosure and investor relationship management, including reception of visits and consultations from investors. Securities Times and Hong Kong Ta Kung Pao are designated by the Company as the newspapers for disclosing relevant information. According to laws, regulations and requirements of the Management Rules on Information Disclosure of the Company, the Company discloses the information authentically, accurately, timely and completely to ensure all shareholders have equal opportunity to acquire information.

## II. Significant lawsuits or arbitrations

√Applicable □ Inapplicable

Basic situation of the litigation (arbitration)	Amount involved in the litigation (arbitration) (RMB 0'000)	Forming the estimated liabilities or not	Progress of the litigation (arbitration)	Trial result and influence of the litigation (arbitration)	Enforcement on the judgment of the litigation (arbitration)	Disclosure date	Disclosure index
In November 2001, Shenzhen Wangda Color Printing Packaging Co., LTD. signed a boiler supply contract with the Company (Contract No. 2001D011). In Sep. 2003, both parties signed a supplementary agreement that Jiangsu Wangda Paper Co., LTD. ("Jiangsu Wangda") would perform rights and obligations of the Contract. In Feb. 2004, after receiving the deposit of the Contract, the Company organized design, manufacturing and purchasing. In Nov. 2004, Jiangsu Wangda requested the Company to postpone delivery and stopped paying the rest payments, which caused the project suspension till now. In Apr. 2011, Jiangsu Wangda sent a letter to the Company, asking to cancel the Contract and return the deposit. However, some costs and expenses were incurred during design, manufacturing and purchasing of the Company. The Company agreed to terminate the Contract on the basis of no deposit return and sufficient compensation of losses. But Jiangsu Wangda didn't agree. Because no consensus was achieved on contract termination, Jiangsu Wangda sued the Company before Wuhan Intermediate Court.		No	Not closed	The effect of this case on profit in or after the report period is subject to the final judgment of this case.	No judgment yet.	May 6, 2014	The Progress Announcement of Wuhan Boiler Company Limited on Significant Lawsuit or Arbitration (No. 2014-048) was published on the Securities Times, Ta Kung Pao and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> dated May 6, 2014.
On Jun. 28, 2013, the Amendment of Articles of Association of Wuhan Boiler Company Limited (the "AOA Amendment") was reviewed and approved on 2012 Annual Shareholders' Meeting of the Company. Main revision is: Article 74 Shareholders shall issue separate and individual proxy for each shareholders' meeting, and shall not issue long-term proxy. A proxy shall not sub-authorize other person to attend the shareholders' meeting or to exercise the voting right. If a proxy, who is a shareholder of the Company, is entrusted by five or more than five shareholders, he shall collect the voting rights openly and complete		No	Closed	The case had no substantial effect on the profits in or after the report period.	A judgment has been made.	Jul. 15, 2014	1. The Progress Announcement of Wuhan Boiler Company Limited on Significant Lawsuit or Arbitration (No. 2014-066) was published on the

<p>relevant procedures according to the regulations related to voting rights collection of the Company. A proxy, who is not a shareholder of the Company, shall not be entrusted by five or more than five shareholders of the Company. However, the Collector stipulated in Article 88 shall be excluded. Article 88 The following organization or person is entitled to collect the voting rights from shareholders of the Company to vote at shareholders' meetings:(i) The Board of Directors;(ii) Independent directors;(iii) Shareholders individually or jointly holding more than 1% shares of the Company. The Collector shall engage lawyers or state notary authorities to provide legal opinions with respect to the qualification of the Collector, collection plan, the form of power of attorney, validity and effectiveness of performance of the voting rights collected and other related matters. The legal opinion or notarization shall be published together with the report and the power of attorney in respect of the voting right collection in the media designated by the Company to disclose information.</p> <p>Upon the requirement of Shenzhen Stock Exchange, AllBright Law Offices issued the Legal Opinion on the AOA Amendment. In their opinion, the AOA Amendment did not violate any compulsory provision of the existing laws and regulations, nor there was any legal basis to prove that the AOA Amendment imposed improper restrictions on the legal rights and interests of minority shareholders. The full text of the Legal Opinion was disclosed on <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on Jun. 8, 2013.</p> <p>Tradable share holder Mr. Tan Zhenbiao believed otherwise that the AOA Amendment restricted public shareholders from properly executing their civil rights, infringed their legal rights and interests and therefore should be considered as an illegal resolution. On that ground, he sued the Company before the Court of Wuhan East Lake New Technology Development Zone.</p> <p>In order to further enhance the shareholder voting system of the Company and protect the lawful interests of shareholders, Article 74 and 88 of the AOA have been amended according to the Opinions of the General Office of the State Council on Further</p>							<p>Securities Times, Ta Kung Pao and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> dated Jun. 24, 2014.</p> <p>2. The Progress Announcement of Wuhan Boiler Company Limited on Significant Lawsuit or Arbitration (No. 2014-071) was published on the Securities Times, Ta Kung Pao and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> dated Jul. 15, 2014.</p>
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Protecting Lawful Rights and Interests of Medium and Small Investors in Capital Market (Guobanfa [2013] No. 110). The AOA Amendment has been approved by the First Extraordinary Shareholders” Meeting. The amended AOA was disclosed on the Securities Times, Ta Kung Pao and http://www.cninfo.com.cn on May 22, 2014.  In July 2014, the Court of Wuhan East Lake New Technology Development Zone made the judgment that the claim of the Plaintiff Tan Zhenbiao was rejected after the trial.							
In September 2003, Dongfang Xiwang Baotou Xitu Aluminium Co., Ltd (“Baotou”) signed the Contract of 2×350MW Boilers with the Company. During executing the Contract, the Company fully implemented delivery obligations according to the Contract, but Baotou defaulted on the payment. The Company required Baotou to pay the overdue many times through various ways (including phone, fax and EMS), but Baotou claimed quality issues against the Company and refused to pay. It also refused to solve the pending problems through amicable negotiation with the Company. In May 2014, the Company sued Baotou before Inner Mongolia High Court, requesting judgment against Baotou for paying overdue and undertaking liquidated damages and bank interests. Relevant evidences were submitted to the Court.	No	Not closed	The effect of this case on profit in or after the report period is subject to the final judgment of this case.	This case has not been heard yet.	August 6, 2014	The Announcement of Wuhan Boiler Company Limited on Significant Lawsuit or Arbitration (No. 2014-073) was published on the Securities Times, Ta Kung Pao and http://www.cninfo.com.cn dated August 6, 2014.	
Due to a dispute arising from execution of the Contract of 2×200MW Pulverized Coal Boilers between the Company and Shanxi Zhenxing Group Co., Ltd. (“Zhenxing Group”), the Company sued Zhenxing Group before Shanxi High Court in Apr. 2010, requesting judgment against Zhenxing Group for paying overdue RMB47.97 million and undertaking liquidated damages and bank interest of RMB22.047 million in total. In Oct. 2011, upon quite a few trials, Shanxi High Court made a judgement that Zhenxing Group shall pay overdue RMB39.82 million and the corresponding interest to the Company. In the execution of the judgment, the Company found that the name change fact of Zhenxing Group was incorrectly	No	Closed	The effect of this case on profit in or after the report period is subject to the execution of the judgment.	The Company has applied to Shanxi High Court for enforcement. Shanxi High Court accepted the application and transferred the case to	Apr. 15, 2014	The Progress Announcement s of Wuhan Boiler Company Limited on Significant Lawsuit or Arbitration (Announcemen t No. 2013-005, No. 2013-020, No. 2013-048 and No.	

ascertained in the judgment of Shanxi High Court. Therefore, the Company applied to the Supreme Court for a retrial. In Apr. 2013, the Supreme Court made an order that Shanxi High Court to retry the case. During the retrial, execution of the original judgment shall be suspended. In Apr. 2014, judgment was delivered by Shanxi High Court: (1) cancel original judgment made by Shanxi High Court (2010 JMCZ No.8); (2) Terminate the contract between the Company and Zhenxing Group; (3) Zhenxing Group should pay total overdue 47.97MRMB and the interests within 15 days from the adjudicating date (Down payment 8.15MRMB for Unit 2 has been transferred to payment for Unit 1, so Zhenxing Group doesn't need to pay 8.15MRMB of 47.97MRMB.); (4) reject other claims of the Company.					Shanxi Yuncheng Intermediate Court for enforcement.	2014-028) were published on Securities Times, Ta Kung Pao and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> dated Feb. 1, Apr. 27, Oct. 16, 2013 and Apr. 15, 2014 respectively.
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### III. Media's queries

☐Applicable ☒ Inapplicable

There was no media's common query during the report period.

### IV. Bankruptcy reorganization

☐Applicable ☒ Inapplicable

No bankruptcy reorganization occurred to the Company in the report period.

### V. Asset transactions

#### 1. Acquisition of assets

☐Applicable ☒ Inapplicable

The Company did not acquire any asset in the report period.

#### 2. Sale of assets

☐Applicable ☒ Inapplicable

The Company did not sell any asset in the report period.

#### 3. Business combination

☐Applicable ☒ Inapplicable

No business combination occurred to the Company in the report period.

## VI. Implementation of equity incentive and its influence

☐Applicable ☒Inapplicable

The Company did not make or carry out any equity incentive plan in the report period.

## VII. Significant related party transactions

### 1. Related party transactions relevant to routine operation

☒Applicable ☐Inapplicable

Related party	Relationship	Type of the transaction	Contents of the transaction	Pricing principle	Transaction price	Transaction amount (RMB Ten thousand)	Proportion in the same kind of transactions (%)	Mode of settlement	Available market price for the same kind	Disclosure date	Disclosure index
ALSTOM Power Inc.	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Market price	—	28,973.81	58.55%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Alstom power Systems Gmbh	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Market price	—	3,232.59	6.53%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
ALSTOM Boiler France	A subsidiary of the ultimate actual controller	Sale of products	Sale of products	Market price	—	156.51	0.32%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
ALSTOM Technical Services (Shanghai) Co., Ltd.	A subsidiary of the ultimate actual controller	Sale of products	Sale of accessory	Market price	—	34.89	0.07%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>



ALSTOM (Switzerland) Ltd	A subsidiary of the second largest shareholder	Render of service	Render of service	Market price	—	17.12	9.24%	Settlement as per contract term	—		
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	A subsidiary of the ultimate actual controller	Render of service	Render of service	Market price	—	81.94	44.23%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
ALSTOM Technical Services (Shanghai) Co., Ltd.	A subsidiary of the ultimate actual controller	Purchase of raw material	Purchase of raw material	Market price	—	275.49	0.95%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
ALSTOM (Switzerland) Ltd	A subsidiary of the ultimate actual controller	Received service	IT service	Market price	—	77.82	2.50%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
ALSTOM (Switzerland) Ltd.	A subsidiary of the ultimate actual controller	Received service	Training expense	Market price	—	26.49	0.85%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
ALSTOM IS&T SAS	A subsidiary of the ultimate actual controller	Received service	IT service	Market price	—	241.78	7.76%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

ALSTOM (China) Investment Co., Ltd.	Controlling shareholder	Received service	IT service	Market price	—	171	5.49%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
ALSTOM (China) Investment Co., Ltd.	Controlling shareholder	Received service	Training expense	Market price	—	2.8	0.65%	Settlement as per contract term	—		
ALSTOM Boiler Deutschland GmbH	A subsidiary of the ultimate actual controller	Received service	Project service	Market price	—	43.77	1.41%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
ALSTOM (China) Investment Co., Ltd.	Controlling shareholder	Payment of interest	Interest	Fall 10% of PBOC benchmark rate	—	4,122.1	87.73%	Settlement as per contract term	—	April. 29, 2014	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Wuhan Boiler Group Engineering Technology Co., Ltd	A subsidiary of the second largest shareholder	Sale of products	Sale of products	Market price	—	218.79	0.44%	Settlement as per contract term	—		
Total				--	--	37,676.90	--	--	--	--	--
Details of large amount of sales returns				None.							
As for the estimation on the total amount of routine related party transactions to be occurred in the report period by relevant types, the actual performance in the report period (if any)				1、Purchase of raw material: The actual amount is less than the estimated amount 2、Sale of boiler products: The actual amount is less than the estimated amount							
Reason for significant difference between the transaction price and the market price (if applicable)				None.							

**2. Related party transactions arising from acquisition and sale of assets**

☐Applicable ☒ Inapplicable

The Company had no related party transaction arising from acquisition or sale of assets in the report period.

**3. Related party transactions arising from joint investments**

☐Applicable ☒ Inapplicable

The Company had no related party transaction arising from joint investment during the report period.

**4. Significant credits and liabilities with related parties**

☒Applicable ☐ Inapplicable

Was there any non-operating credit or liability with any related party?

☐ Yes ☒ No

The Company didn't have any non-operating credit or liability with any related party during the report period.

Related party	Relationship	Variety of credit or liability	Reason	Non-operating capital occupation or not	Opening balance (RMB Ten thousand)	Amount incurred in report period (RMB Ten thousand)	Closing balance (RMB Ten thousand)
Wuhan Boiler Group Engineering Technology Co., LTD	A subsidiary of the second largest shareholder	Receivables	Sale of product	No	485.5	379.41	864.91
ALSTOM Power Inc	A subsidiary of ultimate holding company	Receivables	Sale of product	No	11,515.78	-2,546.03	8,969.75
Alstom Boiler Deutschland GmbH	A subsidiary of ultimate holding company	Receivables	Sale of product	No	12.96	0.9	13.86
ALSTOM Technical Services (Shanghai) Co., LTD	A subsidiary of ultimate holding company	Receivables	Down payment of material	No	1,326	-1,326	0
ALSTOM Power Inc.	A subsidiary of ultimate holding company	Receivables	Down payment	No	0	122.56	122.56
Wuhan Boiler Group	second largest shareholder	Receivables	The relocation compensation	No	6,103.05	0	6,103.05

Wuhan Boiler Group Valve Co., LTD	A subsidiary of the second largest shareholder	Receivables	Sales of material	No	24.06	0	24.06
Wuhan Boiler Group Yuntong Co., LTD	A subsidiary of the second largest shareholder	Receivables	Labor service	No	1.02	0	1.02
ALSTOM Boiler France	A subsidiary of ultimate holding company	Receivables	Service	No	61.71	0	61.71
ALSTOM (Switzerland) Ltd	A subsidiary of ultimate holding company	Receivables	IT service	No	0	18.15	18.15
ALSTOM Boiler Deutschland GmbH	A subsidiary of ultimate holding company	Receivables	Sales of material	No	38.84	0.01	38.85
ALSTOM (Wuhan) Engineering & Technology Co., Ltd	A subsidiary of ultimate holding company	Receivables	Labor service	No	24.57	-20.95	3.62
ALSTOM (Beijing) Engineering & Technology Co., Ltd	A subsidiary of ultimate holding company	Receivables	Labor service	No	1.41	0	1.41
ALSTOM Power Inc.	A subsidiary of ultimate holding company	Receivables	Sales of material	No	3.62	0	3.62
ALSTOM s.r.o	A subsidiary of ultimate holding company	Payables	Purchase of material	No	1.13	0.09	1.22
ALSTOM (Switzerland) Ltd	A subsidiary of ultimate holding company	Payables	IT service	No	213.86	-124.05	89.81
ALSTOM Boiler Deutschland GmbH	A subsidiary of ultimate holding company	Payables	Down payment received of product	No	9,298.74	-3,174.45	6,124.29
ALSTOM Estonia AS	Second largest shareholder	Payables	Down payment received of product	No	258.39	0.17	258.56
ALSTOM IS&T SAS	A subsidiary of ultimate holding company	Payables	IT service	No	439.42	-280.42	159

ALSTOM Power Boiler GmbH	A subsidiary of ultimate holding company	Payables	Purchase of material	No	94.97	1.32	96.29
ALSTOM Power Energy	A subsidiary of ultimate holding company	Payables	Purchase of material	No	0.92	0.14	1.06
ALSTOM Power Inc	A subsidiary of ultimate holding company	Payables	Purchase of material	No	44.37	4.51	48.88
ALSTOM Holdings	A subsidiary of ultimate holding company	Payables	Receipt of service	No	2.1	-0.6	1.5
ALSTOM Power Inc	A subsidiary of ultimate holding company	Payables	Down payment received of product	No	59,330.69	-1,672.84	57,657.85
ALSTOM Boiler France	A subsidiary of ultimate holding company	Payables	Down payment received of product	No		648.49	648.49
ALSTOM Power Ltd	A subsidiary of ultimate holding company	Payables	Receipt of service	No	8.84	-0.04	8.8
ALSTOM (China) investment co., LTD	Controlling shareholder	Payables	IT service	No	311.77	-174.69	137.08
ALSTOM Technical Services (Shanghai) Co., LTD	A subsidiary of ultimate holding company	Payables	Purchase of material	No	3,196.65	-2,526.07	670.58
Wuhan Boiler Group Valve Co., LTD	A subsidiary of the second largest shareholder	Payables	Purchase of boiler accessory	No	32.14	0	32.14
Wuhan Boiler Group Engineering Technology Co., LTD	A subsidiary of the second largest shareholder	Payables	Purchase of boiler accessory	No	1,912.58	0	1,912.58
Wuhan Boiler Group	second largest shareholder	Payables	Receipt of service	No	97.41	0	97.41
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	A subsidiary of the second largest shareholder	Payables	Receipt of transport service	No	1.74	0	1.74

**5. Other significant related party transactions**

☐Applicable ☒ Inapplicable

The Company had no other significant related-party transaction during the report period.

**VIII. Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties**

☐ Applicable ☒ Inapplicable

The controlling shareholder or its related parties did not occupy the Company's funds for non-operating purposes during the report period.

**IX. Significant contracts and execution****1. Trusteeship, contract and lease****(1) Trusteeship**

☐Applicable ☒ Inapplicable

The Company did not make any entrustment in the report period.

**(2) Contract**

☐Applicable ☒ Inapplicable

The Company was not involved in any contracting in the report period.

**(3) Lease**

☐Applicable ☒ Inapplicable

The Company was not involved in any leasing in the report period.

**2. Guarantees provided by the Company**

☐Applicable ☒ Inapplicable

The Company did not provide any guarantee in the report period.

**(1) Guarantees provided in violation of regulations**

☐ Applicable ☒ Inapplicable

The Company did not provide any guarantee in violation of regulations for any external party in the report period.

**3. Other significant contracts**

☐Applicable ☒ Inapplicable

There was no other significant contract of the Company in the report period.

#### 4. Other significant transactions

☐ Applicable ☒ Inapplicable

The Company was not involved in any other significant transaction in the report period.

### X. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the report period or such commitments carried down into the report period

☒ Applicable ☐ Inapplicable

Commitment	Commitment maker	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	—	—	—	—	—
Commitment in the acquisition report or the report on equity changes	Alstom (China) Investment Co., Ltd	Avoid horizontal competition	April 14, 2006	Long-term effective	Strictly fulfill the commitment and no breaches
Commitments made in assets reorganization	—	—	—	—	—
Commitments made in IPO or refinancing	—	—	—	—	—
Other commitments made to minority shareholders	—	—	—	—	—
The commitment has been fulfilled in time or not	Yes				

### XI. Engagement and dismissal of CPA firm

Has the Interim Financial Report been audited or not?

☐ Yes ☒ No

### XII. Punishment and rectification

☐ Applicable ☒ Inapplicable

No punishment or rectification in the report period.

### XIII. Delisting risk due to violation of laws or regulations

☐ Applicable ☒ Inapplicable

No such risk in the report period.

## **XIV. Explanation on other significant events**

√ Applicable □ Inapplicable

1. Because the audited net profits and closing net assets for three consecutive accounting years of 2011, 2012 and 2013 are negative, Shenzhen Stock Exchange has decided to suspend the listing of the Company's stock starting from May 16, 2014 according to Article 14.1.1 and 14.1.2 of the Stock Listing Rules of Shenzhen Stock Exchange.

2. In order to satisfy the criteria for resuming the listing of the Company's stocks, pursuant to the Stocks Listing Rules of Shenzhen Stock Exchange (revised version 2012), the Company's financial data in the year of 2014 shall satisfy, at least both of the below criteria: (i) net asset value as of the end of fiscal period shall be positive; and (ii) net profit shall be positive before and after deducting non-recurring profit and loss.

3. In the report period, the net profit attributable to shareholders of the Company was 8,214,639.10, and the net assets attributable to shareholders of the Company were -1,355,276,203.03. If the Company fails to meet the requirements for listing resumption, the stock of the Company will be delisted. The Board of Directors hereby reminds investors of investment risks.

4. The Company continued to engage Ernst & Young (China) Advisory Limited, an independent third party, in 2014 to issue an analysis report on transfer pricing between the Company and its related parties in 2013. Since the sales with related parties are mainly overseas orders (99.97% of the total sales with related parties in 2013), Ernst & Young (China) believed that it was the best to adopt the transactional net margin method in checking the transactions between WBC and its related parties and to adopt the full cost markup percentage in evaluating the rational profit extent that WBC should have achieved from the sale to its related parties in 2013. The analysis report concluded that: "From the perspective of transfer pricing in China, we are of the opinion that WBC's sales to its related parties in 2013 did not violate the arm's length principle."

5. On April 9, 2014, the 4<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors approved the Debt-to-equity Conversion Plan of the Company. On April 11, 2014, the Resolutions of the 4<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors (No. 2014-022) and the Debt-to-equity Conversion Plan of the Company were published on Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn>.

The Second Extraordinary Shareholders' Meeting 2014 of the Company was held on May 23, 2014. The Debt-to-equity Conversion Plan was not approved by the meeting. It is difficult for the Company to find other solutions to turn its net asset value from negative to positive by the end of 2014. Meantime, the Company has reminded the risks in the Debt-to-equity Conversion Plan as follows: if the Plan cannot be completed before the first half year of 2014, financial costs arising from the relevant debts would create a significant burden on the financial result of the Company in the year of 2014, and it will be fairly difficult for the Company to have a positive net profit, whether before or after deducting non-recurring profits/loss, and the Company's stock will also be facing the risk of delisting. On May 24, 2014, the Resolutions of the Second Extraordinary Shareholders' Meeting 2014 (No. 2014-056) was published on Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn>.

6. On April 25, 2014, the 5<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors approved the Investment Plan of United Building 3. On April 29, 2014, the Resolutions of the 5<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors (No. 2014-036) and the Investment Announcement of the Company (No. 2014-047) were published on Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn>. Up till now, the Company is going through formalities for United Building 3 project.

## **XV. The confirmative opinion of all the Board Directors and Senior Management on recognition of 2014 Interim Report**

According to Article 68 of the Securities Law, all the Board Director and Senior Management of the Company hereby confirm that 2014 Interim Report of the Company is authentic, accurate and complete without any misstatement, misleading statement or material omission.



## **XVI. The opinion of the Board of Supervisors on 2014 Interim Report**

After review, the Board of Supervisors is of the opinion that the procedure for the Board of Directors to prepare and approve 2014 Interim Report is in accordance with laws, regulations and rules of China Securities Regulatory Commission. The contents of 2014 Interim Report, truly, accurately and completely, reflect real situation of the Company and there are no misstatements, misleading statements or material omissions.

## Section VI Changes in Shares and Particulars about Shareholders

### I. Particulars about the changes in shares

Unit: share

	Before the change		Increase/decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of public reserve fund	Others	Subtotal	Amount	Proportion (%)
I. Non tradable shares	172,000,000	57.91%						172,000,000	57.91%
1. Sponsors' shares	172,000,000	57.91%						172,000,000	57.91%
Shares held by domestic corporations	20,530,000	6.91%						20,530,000	6.91%
Shares held by foreign corporations	151,470,000	51.00%						151,470,000	51.00%
II. Tradable shares	125,000,000	42.09%						125,000,000	42.09%
2. Domestically listed foreign shares	125,000,000	42.09%						125,000,000	42.09%
III. Total shares	297,000,000	100.00%						297,000,000	100.00%

Reason for the change in shares

☐ Applicable ☒ Inapplicable

Approval of the change in shares

☐ Applicable ☒ Inapplicable

Transfer of the change in shares

☐ Applicable ☒ Inapplicable

Effects of the change in shares on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the last year and last period

☐ Applicable ☒ Inapplicable

Other contents that the Company considered necessary or were required by the securities regulatory authorities to disclose

☐ Applicable ☒ Inapplicable

Explanation on changes in total shares, shareholder structure, and the structure of assets and liabilities

☐ Applicable ☒ Inapplicable

## II. Total number of shareholders and their shareholdings

Unit: share

Total number of shareholders with common shares at the end of the report period	7,688			Total number of shareholders with preferred shares who had resumed their voting right at the end of the report period (if any)		0		
Shareholdings of shareholders holding more than 5% shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase / decrease during the report period	Number of non-tradable shares held	Number of tradable shares held	Pledged or frozen shares	
							Status of shares	Number of shares
ALSTOM (CHINA) INVESTMENT CO., LTD	Domestic non-state-owned corporation	51.00%	151,470,000	0	151,470,000	0		
WUHAN BOILER GROUP CO., LTD	State-owned corporation	6.91%	20,530,000	0	20,530,000	0		
WANG XIAO	Domestic natural person	0.90%	2,672,800	0	0	2,672,800		
CHEN PENG	Domestic natural person	0.79%	2,331,545	0	0	2,331,545		
HU ZHIHONG	Domestic natural person	0.47%	1,390,397	0	0	1,390,397		
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.46%	1,380,236	0	0	1,380,236		
CHEN CHUYUN	Domestic natural person	0.46%	1,372,450	0	0	1,372,450		
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	Foreign corporation	0.40%	1,195,114	0	0	1,195,114		
ZHUANG CHANGXIONG	Domestic natural person	0.35%	1,045,000	0	0	1,045,000		
SUN WEIWEI	Domestic natural person	0.33%	966,567	0	0	966,567		
Strategic investor or corporation becoming a top ten shareholder due to placing of new shares (if any)		Not applicable						

Explanation on affiliated relationship or persons acting in concert among the above-mentioned shareholders:	Alstom (China) Investment Co., Ltd. (the first principal shareholder of the Company) and Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) hold non-tradable shares 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 with tradable shares, 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 and 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 share.		
Shareholdings of top ten shareholders holding tradable shares			
Name of shareholder	Number of tradable shares held at the period-end	Type of shares	
		Type	Number
WANG XIAO	2,672,800	Domestically listed foreign shares	2,672,800
CHEN PENG	2,331,545	Domestically listed foreign shares	2,331,545
HU ZHIHONG	1,390,397	Domestically listed foreign shares	1,390,397
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	1,380,236	Domestically listed foreign shares	1,380,236
CHEN CHUYUN	1,372,450	Domestically listed foreign shares	1,372,450
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	1,195,114	Domestically listed foreign shares	1,195,114
ZHUANG CHANGXIONG	1,045,000	Domestically listed foreign shares	1,045,000
SUN WEIWEI	966,567	Domestically listed foreign shares	966,567
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	926,997	Domestically listed foreign shares	926,997
QIN HUI	909,286	Domestically listed foreign shares	909,286
Explanation on affiliated relationship or persons acting in concert among the top ten shareholders with tradable shares and between the top ten shareholders with tradable shares and the top ten shareholders	The top ten shareholders of the Company are public shareholders with tradable B shares. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders with tradable shares and 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 share.		
Explanation on the top 10 shareholders participating in the margin trading business (if any)	Not applicable		

Did any shareholder of the Company reach agreement of buy back trading in the report period?

☐ Yes ☒ No

No shareholder of the Company carried out any agreed buy-back in the report period.

### **III. Change in the controlling shareholder or the actual controller**

Change of the controlling shareholder in the report period

☐ Applicable ☒ Inapplicable

The controlling shareholder of the Company did not change in the report period.

Change of the actual controller in the report period

☐ Applicable ☒ Inapplicable

The actual controller of the Company did not change in the report period.

### **IV. Shareholding increase plan proposed or implemented by any shareholder or its act-in-concert party during the report period**

☐ Applicable ☒ Inapplicable

To the best knowledge of the Company, no shareholder or its act-in-concert party proposed or implemented any shareholding increase plan during the report period.

## **Section VII Preferred Shares**

### **I. Issuance and listing of preferred shares in the report period**

☐ Applicable ☒ Inapplicable

### **II. Number of shareholders held preferred shares and their shareholdings**

☐ Applicable ☒ Inapplicable

### **III. Buy-back or conversion of preferred shares**

#### **1. Buy-back of preferred shares**

☐ Applicable ☒ Inapplicable

#### **2. Conversion of preferred shares**

☐ Applicable ☒ Inapplicable

### **IV. Resumption and exercise of voting rights of preferred shares**

☐ Applicable ☒ Inapplicable

### **V. Accounting policies adopted for preferred shares and reasons**

☐ Applicable ☒ Inapplicable

## Section VIII Particulars about Directors, Supervisors and Senior Management

### I. Changes in shareholding of Directors, Supervisors and Senior Management

☐ Applicable ☒ Inapplicable

Shareholding of the Company's Directors, Supervisors and Senior Management remained unchanged during the report period. For details, please refer to 2013 Annual Report.

### II. Change of Directors, Supervisors and Senior Management

☒ Applicable ☐ Inapplicable

Name	Position	Type	Date	Reason
Shen Weixing	Independent Director	Resignation	May 21, 2014	Personal career arrangement
Xiong Gang	Director	Resignation	May 21, 2014	Personal career arrangement
Anders Maltesen	Director	Resignation	May 21, 2014	Personal career arrangement
Li Jianghong	Independent Director	Elected	May 21, 2014	Elected by the Shareholders' Meeting
Gao Yan	Director	Elected	May 21, 2014	Elected by the Shareholders' Meeting
Pascal Alexander Radue	Director	Elected	May 21, 2014	Elected by the Shareholders' Meeting

## Section IX Financial Report

### I. Auditor's Report

Whether the semi-report is audited?

☐ Yes ☒ No

The interim financial statements have not been audited.

### II. Financial statements

Monetary unit of Notes to financial statements: RMB Yuan

#### 1. Consolidated balance sheet

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	23,732,263.65	10,114,897.11
Deposit reservation for balance		
Outgoing call loans		
Trading financial assets		
Notes receivable	1,500,000.00	15,000,000.00
Accounts receivable	120,703,025.21	221,376,068.36
Prepayment	84,900,796.80	66,353,048.93
Insurance receivables		
Reinsurance receivables		
Provision of reinsurance contract reserve receivable		
Interest receivable		
Dividend receivable		
Other receivables	61,507,568.39	58,418,447.82
Financial assets purchased under agreement to resell		
Inventories	152,124,948.75	134,413,065.46
Non-current assets due within 1-year		



Other current assets		
Total current assets	444,468,602.80	505,675,527.68
Non-current assets:		
Loan and payment on other's behalf disbursed		
Available-for-sale financial assets		
Investment held to maturity		
Long-term receivables		
Long-term equity investment		
Investment property		
Fixed assets	689,823,354.40	705,316,090.85
Construction in progress	5,683,635.03	2,245,077.87
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	71,325,416.35	73,865,912.61
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	52,358,165.78	52,533,127.61
Other non-current assets		12,137.16
Total non-current assets	819,190,571.56	833,972,346.10
Total assets	1,263,659,174.36	1,339,647,873.78
Current liabilities:		
Short-term loans	1,550,000,000.00	1,629,200,000.00
Loans from central bank		
Deposits received and held for others		
Call loans received		
Held-for-trading financial liabilities		
Notes payable	66,546,750.00	
Accounts payable	272,575,994.15	193,795,670.01
Advance from customers	671,248,752.51	803,079,341.99
Financial assets sold under agreements to repurchase		

Fees and commissions payable		
Payroll payable	40,212,110.61	47,064,533.78
Taxes payable	-25,792,187.91	-30,001,780.39
Interest payable	3,156,100.00	12,276,456.15
dividend payable	562,000.00	562,000.00
Other payables	34,382,022.95	41,329,411.60
Amount due to reinsurance		
Insurance contract provision		
Entrusted trading of securities		
Amount payable under security underwriting		
Non-current liabilities due within 1-year		
Other current liabilities		
Total current liabilities:	2,612,891,542.31	2,697,305,633.14
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term payables		
Specific payables		
Provision for liabilities		
Deferred income tax liabilities		
Other non-current liabilities	5,285,185.30	5,051,752.88
Total non-current liabilities :	5,285,185.30	5,051,752.88
Total liabilities	2,618,176,727.61	2,702,357,386.02
Owners' equity (or shareholders' equity)		
Paid-in capital (or share capital)	297,000,000.00	297,000,000.00
Capital reserve	174,659,407.46	174,659,407.46
Less: Treasury Stock		
Specific reserve		
Surplus reserve	39,418,356.83	39,418,356.83
General risk provision		
Retained earnings	-1,866,353,967.32	-1,874,568,606.42
Foreign exchange difference		

Total owners' equity attributable to the Company	-1,355,276,203.03	-1,363,490,842.13
Minority interests	758,649.78	781,329.89
Total owners' (or shareholders') equity	-1,354,517,553.25	-1,362,709,512.24
Total liabilities & owners' (or shareholders') equity	1,263,659,174.36	1,339,647,873.78

Legal representative: YEUNG Kwok Wei Richard    CFO: CHIN Wee Hua    Accounting manager: LI Yihao

## 2. Balance sheet of the Company

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	22,117,579.26	8,554,186.69
Trading financial assets		
Notes receivable	1,500,000.00	15,000,000.00
Accounts receivable	120,703,025.21	220,742,468.36
Prepayment	84,900,796.80	66,353,048.93
Interest receivable		
Dividend receivable		
Other receivables	61,924,861.50	58,771,441.37
Inventories	152,124,948.75	134,413,065.46
Non-current assets due within 1-year		
Other current assets		
Total current assets	443,271,211.52	503,834,210.81
Non-current assets:		
Available-for-sale financial assets		
Investment held to maturity		
Long-term receivables		
Long-term equity investment	24,984,500.00	24,984,500.00
Investment property		
Fixed assets	689,980,331.39	705,473,067.84
Construction in progress	5,683,635.03	2,245,077.87
Engineering materials		

Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	71,325,416.35	73,865,912.61
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	52,358,165.78	52,533,127.61
Other non-current assets		12,137.16
Total non-current assets	844,332,048.55	859,113,823.09
Total assets	1,287,603,260.07	1,362,948,033.90
Current liabilities:		
Short-term loans	1,550,000,000.00	1,629,200,000.00
Trading financial liabilities		
Notes payable	66,546,750.00	
Accounts payable	273,011,994.15	194,231,670.01
Advance from customers	671,248,752.51	803,079,341.99
Payroll payable	40,042,514.63	46,894,937.80
Taxes payable	-25,792,187.91	-30,001,780.39
Interest payable	3,156,100.00	12,276,456.15
dividend payable		
Other payables	72,259,681.38	79,014,270.02
Non-current liabilities due within 1-year		
Other current liabilities		
Total current liabilities:	2,650,473,604.76	2,734,694,895.58
Non-current liabilities:		
Long-term loans		
Bonds payable		
Long-term payables		
Specific payables		
Provision for liabilities		
Deferred income tax liabilities		
Other non-current liabilities	5,285,185.30	5,051,752.88

Total non-current liabilities :	5,285,185.30	5,051,752.88
Total liabilities	2,655,758,790.06	2,739,746,648.46
Owners' equity (or shareholders' equity)		
Paid-in capital (or share capital)	297,000,000.00	297,000,000.00
Capital reserve	174,854,304.12	174,854,304.12
Less: Treasury Stock		
Specific reserve		
Surplus reserve	39,418,356.83	39,418,356.83
Preparation for ordinary risks		
Retained earnings	-1,879,428,190.94	-1,888,071,275.51
Foreign exchange difference		
Total owners' (or shareholders') equity	-1,368,155,529.99	-1,376,798,614.56
Total liabilities & owners' (or shareholders') equity	1,287,603,260.07	1,362,948,033.90

Legal representative: YEUNG Kwok Wei Richard    CFO: CHIN Wee Hua    Accounting manager: LI Yihao

### 3. Consolidated income statement

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Total sales	496,898,159.52	462,281,106.75
Including: Sales	496,898,159.52	462,281,106.75
Interest income		
Premium income		
Handling charges and commission income		
II. Total cost of sales	487,717,342.59	495,921,774.26
Including: Cost of sales	432,828,651.37	449,540,053.90
Interest expenses		
Service charge and commission income		
Cash surrender value		
Claim expenses-net		
Provision for insurance contract reserves-net		

Insurance policy dividend paid		
Reinsurance expense		
Business taxes and surcharges	6,820.58	
Distribution expenses	7,661,970.06	6,460,847.20
Administrative expenses	13,225,649.54	13,059,491.70
Financial costs	45,534,113.65	40,200,193.10
Impairment loss	-11,539,862.61	-13,338,811.64
Add: gain/(loss) from change in fair value (“-” means loss)	-1,159,562.10	-2,547,295.46
Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and joint ventures		
Foreign exchange difference (“-” means loss)		
III. Business profit (“-” means loss)	8,021,254.83	-36,187,962.97
Add: non-business income	350,210.10	2,913,166.75
Less: non-business expense	4,544.11	68,734.21
Including: loss from non-current asset disposal		67,734.21
IV. Total profit (“-” means loss)	8,366,920.82	-33,343,530.43
Less: income tax expense	174,961.83	3,103,374.39
V. Net profit (“-” means loss)	8,191,958.99	-36,446,904.82
Including: net profit achieved by the merged parties before business mergers		
Attributable to owners of the Company	8,214,639.10	-36,438,887.02
Minority interest income	-22,680.11	-8,017.80
VI. Earnings per share		
(I) Basic earnings per share	0.03	-0.12
(II) Diluted earnings per share	0.03	-0.12
VII. Other comprehensive income		
VIII. Total comprehensive income	8,191,958.99	-36,446,904.82
Attributable to owners of the Company	8,214,639.10	-36,438,887.02
Attributable to minority shareholders	-22,680.11	-8,017.80

Legal representative: YEUNG Kwok Wei Richard    CFO: CHIN Wee Hua    Accounting manager: LI Yihao

#### 4. Income statement of the Company

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Amount this period	Amount last period
I. Total sales	496,898,159.52	462,281,106.75
Less: cost of sales	432,828,651.37	449,540,053.90
Business taxes and surcharges	6,820.58	
Distribution expenses	7,661,970.06	6,460,847.20
Administrative expenses	13,159,097.36	13,052,776.89
Financial costs	45,536,863.38	40,202,887.55
Impairment loss	-11,927,185.74	-13,495,147.30
Add: gain/(loss) from change in fair value ("-" means loss)	-1,159,562.10	-2,547,295.46
Gain/(loss) from investment ("-" means loss)		
Including: income from investment on associates and joint ventures		
II. Business profit ("-" means loss)	8,472,380.41	-36,027,606.95
Add: non-business income	350,210.10	2,913,166.75
Less: non-business expense	4,544.11	68,734.21
Including: loss from non-current asset disposal		67,734.21
III. Total profit ("-" means loss)	8,818,046.40	-33,183,174.41
Less: income tax expense	174,961.83	3,103,374.39
IV. Net profit ("-" means loss)	8,643,084.57	-36,286,548.80
V. Earnings per share		
(I) Basic earnings per share	0.03	-0.12
(II) Diluted earnings per share	0.03	-0.12
VI. Other comprehensive income		
VII. Total comprehensive income	8,643,084.57	-36,286,548.80

Legal representative: YEUNG Kwok Wei Richard    CFO: CHIN Wee Hua    Accounting manager: LI Yihao

## 5. Consolidated cash flow statement

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Amount this period	Amount last period
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	402,383,146.61	81,525,868.41
Net increase of deposits received and held for others		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial institutions		
Cash received against original insurance contracts		
Cash received from reinsurance		
Net increase of client deposit and investment		
Net increase of disposal of held-for-trading financial assets		
Cash received as interest, fees and commissions		
Net increase of inter-bank fund received		
Net increase of cash received under repurchasing		
Tax returned	25,436,725.95	48,045,125.30
Other cash received from operating activities	172,429.67	1,280,000.00
Sub-total of cash inflow from operating activities	427,992,302.23	130,850,993.71
Cash paid for goods and services	162,673,836.25	259,358,216.56
Net increase of loans and advances		
Net increase of deposit in central bank, banks and other financial institutions		
Cash paid for original contract		



claim		
Cash paid for interest, fees and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	86,196,003.79	86,455,366.68
Cash paid for all types of taxes	5,803,875.00	5,807,751.97
Other cash paid relating to operating activities	22,008,462.91	28,427,664.15
Sub-total of cash outflows from operating activities	276,682,177.95	380,048,999.36
Net cash flows from operating activities	151,310,124.28	-249,198,005.65
2. Cash flows from investing activities		
Cash received from retraction of investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	55,663.20	519,600.00
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities	1,342,769.01	152,850.86
Sub-total of cash inflows of investing activities	1,398,432.21	672,450.86
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,156,939.97	1,795,500.78
Cash paid for acquisition of investments		
Net increase of pledge loans		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash paid relating to investing activities	1,160,946.10	434,503.73
Sub-total of cash outflows of investing activities	4,317,886.07	2,230,004.51

Net cash flow from investing activities	-2,919,453.86	-1,557,553.65
3. Cash flows from financing activities		
Cash received from investment		
Including: cash received from minority shareholders of subsidiaries		
Cash received from borrowings	735,800,000.00	739,000,000.00
Cash received from bonds issuing		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities	735,800,000.00	739,000,000.00
Cash paid for repayment of borrowings	815,000,000.00	563,600,000.00
Cash paid for dividends, profit distribution or interest	56,107,976.66	41,594,100.00
Including: dividends or profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities		
Sub-total of cash outflows of financing activities	871,107,976.66	605,194,100.00
Net cash flow from financing activities	-135,307,976.66	133,805,900.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	534,569.62	2,562,069.04
5. Net increase in cash and cash equivalents	13,617,263.38	-114,387,590.26
Add: cash and cash equivalents at the beginning of this period	8,283,224.28	131,071,052.35
6. Cash and cash equivalents at the end of this period	21,900,487.66	16,683,462.09

Legal representative: YEUNG Kwok Wei Richard    CFO: CHIN Wee Hua    Accounting manager: LI Yihao

## 6. Cash flows statement of the Company

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Amount this period	Amount last period
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1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	402,331,645.13	81,505,868.41
Tax returned	25,436,725.95	48,045,125.30
Other cash received from operating activities	172,429.67	1,280,000.00
Sub-total of cash inflow from operating activities	427,940,800.75	130,830,993.71
Cash paid for goods and services	162,673,836.25	259,358,216.56
Cash paid to and for employees	86,196,003.79	86,455,366.68
Cash paid for all types of taxes	5,803,875.00	5,807,751.97
Other cash paid relating to operating activities	22,007,971.67	28,427,664.15
Sub-total of cash outflows from operating activities	276,681,686.71	380,048,999.36
Net cash flows from operating activities	151,259,114.04	-249,218,005.65
2. Cash flows from investing activities		
Cash received from retraction of investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	55,663.20	519,600.00
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities	1,339,805.28	149,852.41
Sub-total of cash inflows of investing activities	1,395,468.48	669,452.41
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,156,939.97	1,795,500.78
Cash paid for acquisition of investments		
Net cash paid for acquisition of subsidiaries and other operating units		

Other cash paid relating to investing activities	1,160,946.10	434,199.73
Sub-total of cash outflows of investing activities	4,317,886.07	2,229,700.51
Net cash flow from investing activities	-2,922,417.59	-1,560,248.10
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings	735,800,000.00	739,000,000.00
Cash received from issuing bonds		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities	735,800,000.00	739,000,000.00
Cash paid for repayment of borrowings	815,000,000.00	563,600,000.00
Cash paid for dividends, profit distribution or interest	56,107,976.66	41,594,100.00
Other cash paid relating to financing activities		
Sub-total of cash outflows of financing activities	871,107,976.66	605,194,100.00
Net cash flow from financing activities	-135,307,976.66	133,805,900.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	534,569.62	2,562,069.04
5. Net increase in cash and cash equivalents	13,563,289.41	-114,410,284.71
Add: cash and cash equivalents at the beginning of this period	6,722,513.86	129,536,056.34
6. Cash and cash equivalents at the end of this period	20,285,803.27	15,125,771.63

Legal representative: YEUNG Kwok Wei Richard    CFO: CHIN Wee Hua    Accounting manager: LI Yihao

## 7. Consolidated statement of changes in owners' equity

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Amount in this period									
	Owners' equity attributable to the Company								Minority interests Less: Treasury stock Less: Treasury stock	Total owners' equity Paid-in capital (share capital) Paid-in capital (share capital)
	Paid-in capital (share capital)	Capital reserve	Less: Treasury stock	Paid-in capital (share capital)	Capital reserve	Less: Treasury stock	Paid-in capital (share capital)	Capital reserve		
I. Balance at the end of 2013	297,000,000.00	174,659,407.46			39,418,356.83		-1,874,568,606.42		781,329.89	-1,362,709,512.24
Plus: change in accounting policies										
Correction of errors in previous periods										
Others										
II. Balance at the beginning of this year	297,000,000.00	174,659,407.46			39,418,356.83		-1,874,568,606.42		781,329.89	-1,362,709,512.24
III. Increase/ decrease during this report period ("-"for loss)							8,214,639.10		-22,680.11	8,191,958.99
(I) Net profit							8,214,639.10		-22,680.11	8,191,958.99
(II) Other comprehensive incomes										
Subtotal of (I) and (II)							8,214,639.10		-22,680.11	8,191,958.99
(III) Contributions and decrease of capital by owners										
1. Contributions by owners										
2. Amount paid by stock and included in owners' equity										
3. Others										
(IV) Profit distribution										
1. Surplus reserve accrued										

Item	Amount last year									
	Owners' equity attributable to the Company								Minority interests	Total owners' equity
	Paid-in capital (share capital)	Capital reserve	Less: Treasury stock	Paid-in capital (share capital)	Capital reserve	Less: Treasury stock	Paid-in capital (share capital)	Capital reserve		
								Less: Treasury stock	Paid-in capital (share capital)	Paid-in

										capital (share capital)
I. Balance at the end of 2012	297,000,000.00	174,659,407.46			39,418,356.83		-1,754,297,302.26		1,710,551.22	-1,241,508,986.75
Plus: retrospective adjustment due to business combinations under the same control										
Plus: change in accounting policies										
Correction of errors in previous periods										
Others										
II. Balance at the beginning of this year	297,000,000.00	174,659,407.46			39,418,356.83		-1,754,297,302.26		1,710,551.22	-1,241,508,986.75
III. Increase/ decrease during this report period ("-"for loss)							-120,271,304.16		-929,221.33	-121,200,525.49
(I) Net profit							-120,271,304.16		-929,221.33	-121,200,525.49
(II) Other comprehensive incomes										
Subtotal of (I) and (II)							-120,271,304.16		-929,221.33	-121,200,525.49
(III) Contributions and decrease of capital by owners										
1. Contributions by owners										
2. Amount paid by stock and included in owners' equity										
3. Others										
(IV) Profit distribution										
1. Surplus reserve accrued										
2. General risk provision accrued										
3. Distribution to owners (or shareholders)										
4. Others										

(V) Transfer within owners' equity										
1. Capital reserve transferred to capital (or share capital)										
2. Surplus reserve transferred to capital (or share capital)										
3. Surplus reserve offsetting losses										
4. Others										
(VI) Specific reserve										
1. Withdrawn in this period										
2. Used in this period										
(VII) Others										
IV. Balance at the end of 2013	297,000,000.00	174,659,407.46			39,418,356.83		-1,874,568,606.42		781,329.89	-1,362,709,512.24

Legal representative: YEUNG Kwok Wei Richard    CFO: CHIN Wee Hua    Accounting manager: LI Yihao

## 8. Statement of changes in owners' equity of the Company

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Amount in this period							
	Owners' equity attributable to the Company	Minority interests Less: Treasury stock Less: Treasury stock	Total owners' equity Paid-in capital (share capital) Paid-in capital (share capital)	Owners' equity attributable to the Company	Minority interests Less: Treasury stock Less: Treasury stock	Total owners' equity Paid-in capital (share capital) Paid-in capital (share capital)	Owners' equity attributable to the Company	Minority interests Less: Treasury stock Less: Treasury stock
I. Balance at the end of 2013	297,000,000.00	174,854,304.12			39,418,356.83		-1,888,071,275.51	-1,376,798,614.56



Plus: change in accounting policies								
Correction of errors in previous periods								
Others								
II. Balance at the beginning of this year	297,000,000.00	174,854,304.12			39,418,356.83		-1,888,071,275.51	-1,376,798,614.56
III. Increase/ decrease during this report period ("-"for loss)							8,643,084.57	8,643,084.57
(I) Net profit							8,643,084.57	8,643,084.57
(II) Other comprehensive incomes								
Subtotal of (I) and (II)							8,643,084.57	8,643,084.57
(III) Contributions and decrease of capital by owners								
1. Contributions by owners								
2. Amount paid by stock and included in owners' equity								
3. Others								
(IV) Profit distribution								
1. Surplus reserve accrued								
2. General risk provision accrued								
3. Distribution to owners (or shareholders)								
4. Others								
(V) Transfer within owners' equity								
1. Capital reserve transferred to capital (or share capital)								
2. Surplus reserve transferred to capital (or share capital)								
3. Surplus reserve offsetting losses								
4. Others								
(VI) Specific reserve								

1. Withdrawn in this period								
2. Used in this period								
(VII) Others								
IV. Balance at the period-end	297,000,00 0.00	174,854,30 4.12			39,418,356 .83		-1,879,428, 190.94	-1,368,155, 529.99

Amount last period

Unit: RMB Yuan

Item	Amount last period							
	Owners' equity attributable to the Company		Owners' equity attributable to the Company		Owners' equity attributable to the Company		Owners' equity attributable to the Company	
I. Balance at the end of 2012	297,000,00 0.00	174,854,30 4.12			39,418,356 .83		-1,766,885, 811.92	-1,255,613, 150.97
Plus: change in accounting policies								
Correction of errors in previous periods								
Others								
II. Balance at the beginning of this year	297,000,00 0.00	174,854,30 4.12			39,418,356 .83		-1,766,885, 811.92	-1,255,613, 150.97
III. Increase/ decrease during this report period ("-" for loss)							-121,185,4 63.59	-121,185,4 63.59
(I) Net profit							-121,185,4 63.59	-121,185,4 63.59
(II) Other comprehensive incomes								
Subtotal of (I) and (II)							-121,185,4 63.59	-121,185,4 63.59
(III) Contributions and decrease of capital by owners								
1. Contributions by owners								
2. Amount paid by stock and included in owners' equity								
3. Others								
(IV) Profit distribution								
1. Surplus reserve accrued								

2. General risk provision accrued								
3. Distribution to owners (or shareholders)								
4. Others								
(V) Transfer within owners' equity								
1. Capital reserve transferred to capital (or share capital)								
2. Surplus reserve transferred to capital (or share capital)								
3. Surplus reserve offsetting losses								
4. Others								
(VI) Specific reserve								
1. Withdrawn in this period								
2. Used in this period								
(VII) Others								
IV. Balance at the end of 2013	297,000,000.00	174,854,304.12			39,418,356.83		-1,888,071,275.51	-1,376,798,614.56

Legal representative: YEUNG Kwok Wei Richard    CFO: CHIN Wee Hua    Accounting manager: LI Yihao

### III. Company profile

Wuhan Boiler Co., Ltd. (the 'Company') was established by Wuhan Boiler (Group) Co., Ltd. (the 'Group') with the exclusive operating assets of boiler manufacturing in September 1997 and listed in B share market in April 1998. When it was first established, the total number of issued shares outstanding of the Company was 297,000,000. The 'Group' held 172,000,000 shares accounting for 57.91% of total issued equity, and the public shareholders (Domestically listed share in foreign currency) held 125,000,000 shares accounting for 42.09% of total shareholding. The Company's B-shares listed in the Shenzhen Stock Exchange. The Company obtained the corporate business license documented as Qi Gu Er Zong Fu Zi No.002591 on November 16, 1998. The Group transferred its 51% shareholding of Wuhan Boiler Co., Ltd to Alstom (China) Investment Co., Ltd in 2007 with approval of State-owned Assets Supervision and Administration Commission of the State Council. The share transfer procedures were completed in August 2007. As at December 31, 2013, Alstom (China) Investment Co., Ltd., Wuhan Boiler (Group) Co., Ltd. and public shareholders held 151,470,000 shares, 20,530,000 shares and 125,000,000 shares respectively, accounting for 51%, 6.91% and 42.09% of total shareholding respectively.

The register capital of the Company is 297,000,000.00.

No.1 LiuFangYuan Road, Donghu New Technology Development District, Wuhan, Hubei.

Business scope of the Company is researching, designing, developing and manufacturing and selling of types I, II, III pressure vessels, power station boilers, special boilers, auxiliary boilers, and desulfurization equipment and so

on. The Company is a big boiler manufacturing enterprise and the main operating activities are in China. The major customer markets of the Company are various power plants and power stations. Certain products are auxiliary equipments and pressure vessels target refineries and chemical enterprises. The Company produces three categories products: power station boilers, special boilers and other products. Power station boils are used in power stations. Special boilers are designed and manufactured according to customers' profit and loss balance combustion technology or specific requirement of fuel, which is energy saving and environment friendly. The special boilers include alkali recovery boilers, circulating fluidized bed boilers, bagasse-fired boilers, the stand vertical-burning boilers, liquid slag-off boilers, and waste heat boilers and so on.

The parent company of the Company is Alstom (China) Investment Co., Ltd. The parent company of Alstom (China) Investment Co., Ltd. is Alstom Holdings.

## **IV. Main accounting policies and estimates as well as correction of previous accounting errors**

### **1. Basis for preparation of financial statements**

The consolidated financial statements of the Company and its subsidiaries are prepared based on assumption of the Company's continuing operations, according to transactions and events actually occurred, and based on the following preparation basis, important accounting policies and accounting estimates.

### **2. Statement of compliance with corporate accounting standards**

The financial report and statements are prepared with compliance to the requirement of the Enterprise Accounting Standard. They reflect the financial position as of 30.06.13, and business performance and cash flow situation in the first half of year 2013 of the Company frankly and completely.

### **3. Fiscal year**

The fiscal year of the Company is the solar calendar year, which is from January 1 to December 31.

### **4. Recording currency**

Recording currency is RMB.

### **5. Accounting method of business combination under the same control and not under the same control**

#### **(1) Business combination under the same control**

Business combination under the common control refers to that parties involved in the merger are subject to the ultimate control of the same party or same multi parties before & after the merger and such control is not temporary. Assets and liabilities acquired by merging parties in a business combination are measured at the book value of the combined parties at the merge date. Upon any difference between book value of net assets obtained by merging parties and book value the merging price they pay (or the aggregate nominal amount of issued shares), it should adjust the capital surplus (share premium), and if capital surplus (share premium) isn't sufficient to dilute, then adjust retained earnings. Merger date refers the date that the merging parties actually gain the control of the combined parties.

#### **(2) Business combination not under the same control**

Business combination not under the common control refers to that parties involved in the merger are not subject to the ultimate control of the same party or same multi parties before & after the merger.

Costs of the combination paid by the purchasers are the sum of assets paid to obtain the control of the combined parties, liabilities incurred or assumed, the fair value of equity securities issued at the purchase date, and various direct costs occurred in the business combination. The difference between the fair value of its assets paid and the

book value thereof is accrued to current profit or loss. Purchase date refers to the date that the purchasers actually gain the control of the purchased parties.

The purchasers allocate the costs of combination on the purchase date, and confirm the fair values of identifiable assets, liabilities and contingent liabilities of the purchased parties they obtain. The difference that costs of combination exceed the fair value of identifiable assets of the purchased parties obtained in the merger will be recognized as goodwill; the difference that costs of combination are less than the fair value of identifiable assets of the purchased parties obtained in the merger will be accrued in current profit or loss.

## **6. Preparation methods for consolidated financial statements**

### **(1) Preparation methods for consolidated financial statements**

The combined scope of consolidated financial statements includes the Company and its subsidiaries. Subsidiary's operating results and financial position are included in the consolidated financial statements from the controlled date until the end date.

As for subsidiary obtained by the Company through business combination under the common control, in the preparation of current consolidated financial statements, it will be deemed that the combined subsidiary is incorporated into the consolidation scope when the ultimate controlling party of the Company implements the control right, and the beginning balance of consolidated financial statements and comparative statements will be adjusted accordingly.

As for subsidiary obtained by the Company through business combination not under the common control, in the preparation of current consolidated financial statements, the financial statements of such subsidiary will be adjusted based on the fair value of the identifiable assets and liabilities determined at the purchase date, and since the purchase date, the consolidated subsidiary will be incorporated into the consolidation scope.

If the accounting period or accounting policy adopted by subsidiary and parent company are not consistent, a necessary adjustment shall be made to the financial statements of subsidiary in accordance with the accounting period or accounting policy of parent company when the consolidated financial statements are prepared. All major transactions, balances and unrealized profit or loss among enterprises within the consolidation scope will be offset in the preparation of consolidated financial statements.

Interests and income attributable to minority shareholders of subsidiary will be listed separately respectively under the Shareholders' Equity in the Consolidated Balance Sheet and under the Net Profit in the Consolidated Income Statement.

If the losses attributable to the minority shareholders exceed the share of minority shareholders enjoyed in the ownership interest of the subsidiary, in addition to the part that the minority shareholders have the obligation and the ability to take, the balance will offset against the shareholders' equity of parent company. If the subsidiary makes a profit subsequently, before making up the loss attributed to relevant minority shareholders beard by shareholders' equity of parent company, all the profits are attributable to shareholders' equity of parent company.

### **(2) As for the event about purchasing and then selling (or selling and then purchasing) equities of the same subsidiary, the Company shall disclose relevant accounting treatment methods**

Inapplicable

## **7. Recognition standards for cash and cash equivalents**

In preparing the cash flow statement, the cash equivalents of the Company include the investments with short period (it usually expires within three months from the purchase date), characteristics of high liquidity, easy conversion to certain amount of cash and little risk of value change.

## **8. Foreign currency business and translations of financial statements in foreign currencies**

**(1) Foreign currency business**

Foreign currency transactions are converted into RMB for recording purpose at the exchange rate on the first day of the period when the transaction occurs.

Adjustments are made to foreign currency accounts in accordance with the exchange rate prevailing on the balance sheet date. Value of non-currency item accrued at fair value by foreign currency is adjusted in accordance with the exchange rate prevailing on fair value confirm date. Conversion differences arising from those specific borrowings are to be capitalized as part of the cost of the construction in progress in the period before the fixed assets being acquired and constructed has not yet reached working condition for its intended use. Conversion differences arising from other accounts are charged to financial expenses.

**(2) Translations of financial statements in foreign currencies**

The Company translates the financial statements of its foreign operation in accordance with the following provisions: a) the asset and liability items in the balance sheets shall be translated at a spot exchange rate ruling at the balance sheet date. Among the owner's equity items, except the ones as 'retained earnings', others shall be translated at the spot exchange rate ruling at the time when they occurred; b) The income and expense items in the income statements shall be translated with approximate exchange rate of the spot rate on the transaction occurring date. The foreign exchange difference arisen from the translation of foreign currency financial statements shall be presented separately under the owner's equity in the balance sheet. The translation of comparative financial statements shall be subject to the aforesaid provisions.

**9. Financial instrument**

Based on the purposes of obtaining the financial assets and assuming the liabilities, the Company's management classifies the financial instruments into: the financial assets or financial liabilities that are calculated in the fair values and whose changes are accrued to current profit or loss, including trading financial assets or financial liabilities, and those directly designated to be calculated in the fair values and whose changes are accrued to current profit or loss; the held-to-maturity investments; loans and receivables; available-for-sale financial assets; and other financial liabilities, etc.

**(1) Category of financial instrument**

Financial instrument includes financial assets and financial liabilities.

**(2) Recognition basis and measurement method of financial instrument**

A. The financial assets (or financial liabilities) that are calculated in the fair values and whose changes are accrued to current profit or loss

The fair values (excluding cash dividends that have been declared but have not been distributed and bond interests that have exceeded the expiry dates but have not been drawn) are deemed as the initial confirmation amount on acquisition. Relevant transaction expenses are charged to profit or loss of the period.

The interests or cash dividends obtained during the holding period are recognized as investment income. Change of fair values is charged to profit or loss of the period at the year end.

Difference between the fair value and initial book value is recognized as investment income upon disposal. Adjustment is made to gain or loss from changes in fair values.

**B. Held-to-maturity investments**

The sum of fair values (excluding bond interests that have exceeded the expiry dates and have not been drawn) and relevant transaction expenses are deemed as the initial confirmation amount.

During the holding period, interest income is recognized as investment income based on the amortized cost and actual interest rate (if the difference between the actual interest rate and the nominal interest rate is tiny, calculation is based on the nominal interest rate). The actual interest rates are determined upon acquisition and

remain unchanged during the expected holding period or a shorter period applicable.

Difference between the amount received and book value of the investment is charged to investment income upon disposal.

If the Company sells or re-classifies a large amount of held to maturity investments prior to maturity (large amount refers to the total amount relative to such investments prior to the sale or re-classification), then the Company will re-classify the rest of such type of investment as financial assets available for sale, and the Company will not re-classify any financial assets as held to maturity in the current accounting period or following two full fiscal years, but the following is excepted: the sale date or re-classification date is near to the maturity or redemption date of such investment (such as three months before maturity), and the market interest rate changes have no significant effect on the fair value of the investment; all the initial principal of such investment is nearly recovered according to the periodic payments or early repayment under the contract, resell or re-classify the remaining; sale or re-classification is caused by independent matters the Company can't control, not expected to recur and difficult to predict reasonably.

#### C. Receivables and loans

Receivables primarily are the amount receivable formed from sales of goods or service provision of the Company and other claims, which initial recognition amount, will be confirmed according to the contract or agreement price receivable from the purchasers. For recovery or disposal of loans and receivables, the difference between the price obtained and the book value of loans and receivables is charged to current profit or loss.

Loans are mainly loans issued by financial companies. For loans issued by financial institutions according to the current market conditions, the initial recognition amount will be confirmed according to the principal of loans issued and related transaction expenses. Interest income recognized during the holding period of the loan will be calculated at the actual rate. Real interest rate will be determined upon obtaining loans, and will be unchanged within the expected duration of the loan or applicable shorter period. If the difference between real interest rate and the contract interest rate is small, then the income will be calculated at the contract interest rate.

#### D. Available-for-sale financial assets

The sum of fair values (excluding cash dividends that have been declared but have not been distributed and bond interests that have exceeded the expiry dates but have not been drawn) and relevant transaction expenses is deemed as the initial confirmation amount.

The interests and cash dividends generated during the holding period are accrued to investment income. At year end, available-for-sale financial assets are calculated in the fair values and the changes in fair values are accrued to the capital reserves (other capital reserves).

Difference between the amount received and the book value of the financial assets is recognized as investment gain or loss upon disposal. At the same time, the accumulated changes in fair value previously recognized in the owners' equity are transferred into investment gain or loss.

### **(3) Recognition basis and measurement method of financial assets transfer**

The Company should terminate recognizing these financial assets when the transform occurs and almost all risk and return of the financial assets ownership have been transferred to the transferee; The Company should not terminate recognizing this financial assets if almost all risk and return of the financial assets ownership have been remained. Essence is more important than form when judging whether the transform meets the requirements of the financial assets termination recognition conditions mentioned above. The Company divides the transform of financial assets into entire transfer and partial transfer.

A. If the transfer of an entire financial asset satisfies the conditions for stopping recognition; the difference between the amounts of the following two items shall be recorded in current profit or loss:

① The book value of the transferred financial asset;

② The sum of consideration received from the transfer, and the accumulative amount of the changes in the fair values originally recorded in the owners' equities (in the case that the financial asset involved in the transfer is an available-for-sale financial asset).

B. For partial transfers of financial assets that meet the recognition conditions of termination in recognition, the book value of the whole financial assets are spitted into the derecognized portion and the derecognized portion

according to their respective relative fair values (under this situation, the retained service assets are deemed as a part of the exterminated financial assets), and the difference between the following two items shall be recorded in the current profit or loss:

- ① Book value of the derecognized portion;
- ② The sum of the consideration of the derecognized portion and the accumulated changes in fair value previously recognized in the owners' equity related to the derecognized portion (in the case that the assets transferred are available-for-sale financial assets).

For transfers of financial assets that do not meet the conditions of termination in recognition, the financial assets remain recognition and the consideration received is recognized as financial liabilities.

#### **(4) Derecognized condition of financial liabilities**

If the existing obligations of financial liabilities have been discharged in whole or in part, then the Company will derecognize such financial liability or part thereof.

If all or part of the financial liabilities is derecognized, the difference between the book value of the derecognized financial liabilities and payment will be charged into current profit or loss.

#### **(5) Recognition method of the fair value of financial assets and liabilities**

If there is an active market for the financial instrument, the fair value is quoted prices in the active market.

If the market for a financial instrument is not active, the Company establishes fair value by using a valuation technique.

#### **(6) Withdrawal of impairment provision of financial assets (excluding accounts receivable)**

A. Impairment of available-for-sale financial assets:

If at the year end the fair values of the available-for-sale financial assets decline significantly, or the trend of the decline is expected to be non-temporary after consideration of all relevant factors, the assets are deemed impaired and impairment loss is recognized together with the amount transferred from the accumulated decreases in fair values previously recognized in the owners' equity.

B. Impairment of held-to-maturity financial assets and loans:

For held-to-maturity investments and loans, if there is objective evidence on the incidence of impairment, then the impairment loss will be calculated and recognized according to the difference between the book value and the present value of estimated future cash flows.

#### **(7) As for event about reclassifying the undue held-to-maturity investment into available-for-sale financial assets, the Company shall state the basis of changes in holding purpose or ability**

Inapplicable

### **10. Recognition criteria and withdrawal methods for bad debts provision of accounts receivable**

Receivables (including accounts receivable and other receivables etc) are recognized at contract or agreement price. Receivables which are irrecoverable due to i) debtor's bankruptcy or liquidation; ii) death of debtor which resulted in insolvency; iii) long overdue, shall be classified as bad debt loss after going through approval procedures. In case the Company transfers or mortgages or discounts receivables to financial institutes like bank, according to the terms in relevant agreements when debtors cannot pay back the amount due and if the Company has the obligation to pay back the financial institutes, this receivables should be treated as mortgage loan; if the Company has no obligation to pay back the financial institutes, this receivables should be treated as transference and recognize the loss and gain arising from the transference. When the receivables are recovered, the difference between the amount recovered and book value of receivables is charged in the current profit and loss.



**(1) Bad debt provision for individually significant accounts receivable**

Judgment basis or monetary standards of provision for bad debts of the individually significant accounts receivable	Top 5 of account receivables at year end
Method of individual provision for bad debts of the individually significant account receivable	The impairment test is carried on individually for each individually significant receivable. If there are substantive evidences indicated that a receivable has been impaired, it should make a provision for bad debts. If a receivable is found not to be individually impaired, it should be included in a group of similar credit risk characteristics receivables and make a collective assessment of impairment.

**(2) Accounts receivable for which bad debt provisions are made on the group basis**

Name of group	Withdrawal method of bad debt provision on the group basis	Recognition basis of group
Group 1	Aging analysis method	Besides the receivables which are individually impaired, the Company determines measurement of bad debt provision for groups of receivables on the basis of analyzing actual situation, and assessing the same or similar actual impairment rate of groups of receivables with similar credit risk characteristics, which divided by aging analysis in previous periods
Group 2	No bad debt provision	Receivables with confirmed letter credit or guarantee from the bank and provision for sales tax which is to be paid as stipulated in contract are not classified as provision for bad debts

In the groups, adopting aging analysis method to withdraw bad debt provision:

√ Applicable □ Inapplicable

Aging of receivables	Proportion of Accounts receivables (%)	Proportion of Other receivables (%)
Within 1 year (including 1 year)	3%	3%
1-2 years	3%	3%
2-3 years	6%	6%
3-4 years	20%	20%

4-5 years	20%	20%
Over 5 years	100%	100%

In the groups, adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Inapplicable

In the groups, adopting other methods to withdraw bad debt provision

☒ Applicable ☐ Inapplicable

Name of Group	Remark
Group 2: No bad debt provision	Receivables with confirmed letter credit or guarantee from the bank and provision for sales tax which is to be paid as stipulated in contract are not classified as provision for bad debts

### **(3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made individually**

Reason of individually withdrawing bad debt provision:	If there are substantive evidences shown there is a special impairment of insignificant receivables, then they need individually impairment tests.
Withdrawal method for bad debt provision:	Measurement of the percentage of bad debts provision is based on current situation.

## **11. Inventory**

### **(1) Classification**

Inventories include goods purchased raw materials, finished goods, work-in-progress, and goods for processing on consignment.

### **(2) Pricing method for outgoing inventories**

☐ First-in first-out method ☒ Weighted average method ☐ Specific identification method ☐ other

Raw materials and circulating materials are measured at actual cost method. The moving weighted average method shall be used when sending out these materials. Finished goods and work-in-progress are measured at actual cost which is allocated according to the job reference.

### **(3) Recognition basis of net realizable value of inventories and withdrawal method for impairment provision of inventories**

At the end of the year, after overall check of the inventory, draw or adjust provision for inventory devaluation according to the lower of the cost of inventory and net realizable values of inventory.

In normal operation process, net realizable values of commodities inventories for direct sales including finished goods, commodities and materials for sales are determined by the estimated selling prices minus the estimated selling expenses and relevant taxes and fees; In normal operation process, net realizable values of materials that need further processing are determined by the estimated selling prices of the finished goods minus estimated cost to completion, estimated selling expenses and relevant taxes. For the inventory held to implement sales contract or work contract, its net realizable value is calculated on the basis of contract price. For the balance of inventory beyond the amount of the sales contract, its net realizable value is calculated on the basis of general selling price.

Provision for inventory devaluation is provided for based on individual inventory item at end of the period. For inventory that has large quantity and low unit price, the provision for inventory devaluation is provided for based

on categories of the inventory. For inventory related to the products manufactured and sold in the same district, with same or similar use or purpose, and difficult to account for separately from other items, the provision for inventory devaluation is provided for on a consolidated basis.

When the factors that influence the decreased bookkeeping of inventory value have disappeared, switch back from the provision for inventory devaluation amount that previously appropriated and the amount that switched back is charged to profit or loss of current period.

#### **(4) Inventory system of inventories**

Method: Perpetual inventory system

#### **(5) Amortization method of low-value consumption goods and packages**

Low-value consumption goods

Amortization method: lump-sum amortization method

Packages

Amortization method: lump-sum amortization method

### **12. Long-term equity investment**

#### **(1) Recognition for initial cost**

A. Long-term equity investment caused by the enterprise merger

In case the long-term equity investment are made to obtain the equities of the enterprises under the common control and the Company pays the cash, transfers the non-cash assets or bears the liabilities as the consideration for the merger, the book value share on the merging date to obtain the owners' equities of the merging party will be deemed as the initial investment cost of long-term equity investment. The difference between the initial investment cost of long-term equity investment and paid cash, transferred non-cash assets and book values of liabilities will be supplemented by the capital reserve; in case the capital reserve is not enough, the remaining gains will be adjusted. In case the Company issues the equity securities as the merger consideration, the book value share on the merging date to obtain the owners' equities of the merging party will be deemed as the initial investment cost of long-term equity investment. If the book value amount of the issued shares is deemed as the capital, the difference between the initial investment cost of long-term equity investment and the book value amount of the issued shares will be supplemented by the capital reserve; in case the capital reserve is not enough, the remaining gains will be adjusted. All direct expenses related to the enterprise merger, including the auditing expense, evaluation expense, legal service expense, etc will be accrued to the current profit or loss.

In case the long-term equity investment are made to obtain the equities of the merging enterprises which are not under the common control, the consolidation cost determined according to 'Accounting Standard for Business Enterprises No. 20 – Business Combinations' on the purchase date will be deemed as the initial investment cost.

B. Other types of long-term equity investment

In case the long-term equity investment is made by cash payment, the actual payment amount will be deemed as the initial investment cost.

In case the long-term equity investment is made by issuing the equity securities, the fair values of issued equity securities will be deemed as the initial investment cost.

For the long-term equity investment made by the investors, the values agreed in the investment contracts or agreements (deducting the cash dividends or profits that have been declared but have not been dismissed) will be deemed as the initial investment cost, except that the contracts or agreements provide that the values are not fair.

In case the long-term equity investment is made by exchanging the non-currency assets, and this exchange has the commercial substance and the fair values of exchanged assets can be reliably calculated, the fair values of assets surrendered will be deemed as the initial investment cost, unless there is conclusive evidence that the fair values of assets received are more reliable; for exchange of non-currency assets that do not satisfy the above conditions, the sum of book value of assets surrendered and relevant taxes payable will be deemed as the initial investment cost.

In case the long-term equity investment is made by the mode of liability restructure, the fair values of the obtained equities will be deemed as the initial investment cost.

## **(2) Subsequent measurement and recognition of profits and losses**

When the Company is able to exercise significant influence or joint control, the difference of cost of initial investment in excess of the proportion of the fair value of the net identifiable assets in the invested companies is not adjusted against the initial cost of long-term equity investment. The difference of cost of initial investment in short of the proportion of the fair value of the net identifiable assets in the invested companies is charged into the current profit or loss statement. .

The Company's long-term equity investments in subsidiaries are accounted for by the cost method and adjusted according to the equity method when preparing consolidated financial statements. When the Company has neither joint control nor significant influence in the invested companies, there is no quotation available on the active market, and the fair value of the investment cannot be reliably measured, the long-term equity investment is accounted for under the cost method.

When the Company has joint control or significant influence over the invested companies, the long-term equity investment is accounted for under the equity method.

For profit or loss of internal transactions occurred among the Company and joint ventures, the proportion attributable to the Company will be calculated according to shareholdings and offset in the application of equity method.

Recognition of share of losses of the invested companies under the equity method is treated in the following steps: First, reduce the book value of the long-term equity investment. Second, when the book value is insufficient to cover the share of losses, investment losses are recognized up to a limit of book values of other long-term equity which form net investment in substance by reducing the book value of long term receivables, etc. Finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and charged into current investment loss according to the liabilities estimated.

If the invested company achieve profit in subsequent periods, the treatment is in the reversed steps described above after deduction of any unrecognized investment losses, i.e., reduce book value of estimated liabilities recognized, restore book values of other long-term equity which form net investment in substance, and in long-term equity investment, and recognize investment income at the same time.

Treatment of other equity changes except for net profit or loss in the invested companies: For other equity changes except for net profit or loss in the invested companies, if the proportion of investments remain unchanged, the Company calculates the proportion it shall enjoy or bear and adjust book value of long-term equity investment, and increase or decrease capital reserves – other capital reserves at the same time.

## **(3) The basis for determination of joint control or significant influence over investee enterprise**

If, in accordance with provisions in the contracts, the Company enjoys joint control over certain economic activities only when taking part in significant financial and operational decisions with investors in need of share of control who unanimously agree, the Company is deemed to enjoy joint control with other parties over the invested companies. If the Company is authorized to take part in decision making with regard to the financial and operational policies, but is unable to control or control jointly with other parties over the invested company, the Company is deemed to be able to exercise significant influence over the invested companies.

## **(4) Impairment test and method of provision for impairment loss**

A. In case the cost method is used to calculate the long-term equity investments which are not quoted in the active market or whose fair values cannot be reliably calculated, the depreciation loss will be determined based on the difference between the book values and current values determined by the discounting of future cash flow in line with the current market return rate of similar financial assets.

B. For other long-term equity investments, in case the calculation results of receivable amounts indicate that the receivable amount of this long-term equity investment is less than their book values, the difference will be confirmed as the asset depreciation losses.

Once the depreciation loss of long-term equity investment is confirmed, they will not be reversed.

### 13. Investment properties

1. Investment property is property held to earn rental or for capital appreciation or both. It includes a land use right that is leased out, a land use right held for transfer upon capital appreciation, and a building that is leased out.

2. The investment properties shall be initially measured in light of their cost when getting it and make a follow-up measurement to the investment real estate through the cost pattern on the date of the balance sheet. The test method of depreciation or impairment of the buildings is the same as fixed assets, the test method of depreciation or impairment of the land use rights is the same as intangible assets. The details of assess method and impairment provision for investment properties are in Notes4.17 —Impairment of non-current non-financial assets.

Where an investment property is disposed or no longer in use permanently and no economic benefits shall be obtained from the disposal, derecognized the investment property. The income from sale, transfer or disposal of the investment property is recorded in the profit or loss after deduction of its carrying amount and related tax.

### 14. Fixed assets

#### (1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes; they have useful lives over one fiscal year. And they shall be recognized only when both of the following conditions are satisfied:

A. It is probable that economic benefits associated with the assets will flow to the enterprise; and

B. The cost of the fixed assets can be measured reliably.

#### (2) Recognition basis and pricing method of fixed assets by finance lease

The Company identifies a lease of asset as finance lease when substantially all the risks and rewards incidental to legal ownership of the asset are transferred.

A fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease.

The depreciation method of fixed assets acquired under finance lease is consistent with that for depreciable assets owned by the Company. If the Company can reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during the useful life of the leased asset. If the Company cannot reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during shorter of the useful life of the leased asset and the lease term.

#### (3) Depreciation methods of fixed assets

Category of fixed assets	Useful life (Y)	Expected net salvage value	Annual depreciation
Houses and buildings	40	0%	2.50%
Machineries	7-20	0%	14.29%-5.00%
Electronic equipment and office equipment	3-18	0%	33.33%-5.56%
Vehicles	6	0%	16.67%

**(4) Testing method of impairment and withdrawal method of provision for impairment on fixed assets**

At balance sheet date, the Company judges if there is indication to the impairment. If the indications like continuing decrease in the fixed assets values, or obsolete technologies, damages, long-idle extra exist, net realizable value must be estimated. When net realizable value of the fixed asset is lower than its book value, reduce fixed asset's book value to its net realizable value. The reduced amount is recognized as fixed asset impairment and charged to current period of profit and loss, and fixed asset impairment must be provided accordingly. Once fixed asset impairment loss is recognized, it cannot be reversed in future accounting period.

**(5) Other explanations**

Subsequent expenditures of fixed asset shall be recognized as the cost of fixed assets if the expenditures can bring in economic benefit to the Company and the expenditures can be measured reliably. If the expenditures are to replace part of fixed asset, it should deduct the fixed asset's book value; otherwise it is charged to current period profit and loss.

**15. Construction in progress****(1) Categories of construction in process**

Construction in progress of the Company includes constructing property, building installation, equipment installation, prepaid expenses, as well as individual projects.

**(2) Standards and time of transferring construction in process into fixed asset**

For the construction in progress, all expenses occurring before they are ready for the use will be the book values as the fixed assets. In case the construction in progress has been ready for use but the final accounts for completion have not been handled, from the date when such projects has been ready for use, the Company will evaluate the values and determine the costs based on the project budgets, prices or actual costs of projects, etc and the depreciation amount will also be withdrawn; when the final accounts for completion are handled, the Company will adjust the originally evaluated values subject to the actual costs, but will not adjust the withdrawn depreciation amount.

**(3) Impairment test method and withdrawal method for impairment provision of construction in process**

At balance sheet date the Company exams all the construction in progress to judge if there is indication of impairment. If indications exist: i) long suspension of construction in progress and will not recommence in future 3 years; ii) project under construction has no advantages in technologies and capacity and the economic benefit brought to the Company is uncertain, the net realizable value should be estimated. If the net realizable value of construction in progress is lower than its book value, reduce its book value to net realizable value, the reduced amount is recognized as impairment loss and charged to current period profit and loss, and the construction in progress impairment is provided accordingly. Once impairment provision of construction in process is recognized, it should not be reversed in future accounting period.

**16. Borrowing costs****(1) Recognition principles for capitalization of borrowing costs**

In case the borrowing expenses occurring in the Company may directly be attributable to the construction and productions of assets complying with the capitalization conditions, they will be capitalized and accrued to the relevant capital costs; other borrowing expenses will be confirmed as the expenses based on the actual amount at the time of occurrence and accrued to the current profit or loss.

The assets complying with the capitalization conditions mean the assets such as fixed assets, investment real estates and inventory etc. that need a long time of construction and production activities before they are ready for use or for sales.

The borrowing expenses begin to be capitalized under the following circumstances:

A. The asset payment have been made which include the payment such as the paid cashes, transferred non-currency assets or borne liabilities with the interests to construct or produce the assets complying with the capitalization conditions;

B. The borrowing expenses have occurred;

C. The necessary construction or production activities to make the assets ready for use or sales have been launched.

In case during the construction or production period the assets complying with the capitalization conditions are abnormally suspended and the suspension period exceeds 3 months continuously, the capitalization of borrowing expenses will also be suspended.

The capitalization of borrowing expenses for the assets that have been constructed or produced and are ready for use or sales will be stopped.

When parts of the purchased assets or assets whose production satisfies the capitalization conditions are completed respectively and can be used individually, the capitalization of the borrowing expenses of these parts will be stopped.

## **(2) Capitalization period of borrowing costs**

The capitalization period means the period from the moment that the borrowing expenses start to be capitalized to the moment that the capitalization is stopped, which does not include the period that the capitalization of borrowing expenses is suspended.

## **(3) Period for suspending capitalization of borrowing costs**

Capitalization of borrowing costs should be suspended during periods in which the acquisition or construction is interrupted abnormally, and the interruption period is three months or longer. These borrowing costs should be recognized directly in profit or loss during the current period. However, capitalization of borrowing costs during the suspended periods should continue when the interruption is a necessary part of the process of bringing the asset to working condition for its intended use.

Capitalization of borrowing costs ceases when the qualifying asset being acquired or constructed is substantially ready for its intended use. Subsequent borrowing costs should be expensed off during the period in which they are incurred.

## **(4) Calculation method of capitalized amount of borrowing costs**

To the extent that funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowing.

To the extent that funds are borrowed generally and used for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the weighted average of excess of accumulated expenditures on qualifying asset over that on specific purpose borrowing. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of acquiring or constructing a qualifying asset.

Notes: If adopting actual interest rate to calculate interest costs, calculation process of actual interest rate shall be explained.

# **17. Intangible assets**

## **(1) Pricing method of intangible assets**

Intangible asset is measured initially at actual cost when it is acquired. Acquisition costs of intangible asset

include purchase cost, related taxes and attributable costs which are incurred to make the intangible asset reach intended useful condition. For those the price of intangible assets deferred paid exceed normal credit condition so substantively has financing character, the cost of intangible assets is confirmed on the basis of present value of purchasing price.

## **(2) Estimated useful life of intangible assets with limited useful life**

For intangible asset with finite useful life, the Company estimates useful life of intangible useful life upon acquisition and amortize it systematically among the useful life, the amortized amount is charged to current period profit and loss based on benefited item, and the specific amortized amount is cost after estimated residual value. The accumulated impairment provision should be deducted for intangible asset with impairment provision and residual value is zero, except that: i) third party commits to purchase the intangible asset; ii) estimated residual value of intangible asset can be obtained from the active market and the existence of the market at the end of useful life of the intangible asset is probable.

Item	Estimated useful life	Basis
Software	3 years	Based on the cycle of software update
Proprietary technology	6 years -15 years	Contract
Land use right	50 years	Law, useful life for industry land is 50 years

## **(3) Judgment basis of intangible assets with uncertain useful life**

For intangible asset with infinite useful life, the Company reviews the useful life and amortization method of intangible asset. The amortization period and amortization method are changed when useful life and amortization method are different from pervious estimation.

## **(4) Withdrawal of impairment provision of intangible assets**

Net realizable value is estimated when the indications of impairment exist:

A.The Company estimates net realizable value based on single intangible asset when there is indications of impairment for that single intangible asset;

B.The Company estimates net realizable value base on the asset group when it is difficult to estimate net realizable value of single intangible asset;

C. Net realizable value is the higher amount between the net amount of intangible asset fair value minus disposal expenses and estimated present value of future cash flow.

When net realizable value is lower than its book value, reduce the book value to net realizable value, the deducted amount is recognized as impairment loss and charged to current period profit and loss, impairment is provided accordingly.

## **(5) Criteria of separating the research phase and development phase of internal R&D project**

Inapplicable

## **(6) Calculation of the expenditures of internal R&D project**

Inapplicable

## **18. Amortization method of long-term deferred expenses**

A. Long-term deferred expenses refer to the expenses which ought to be allocated in current period and future periods.



B. Long-term deferred expenses are measured at initial costs, commencement costs are charged to current period profit and loss when incurred; installation expenses of operating leased fixed asset are allocated evenly during the leasing period or 5 years whichever is a lower, other long-term deferred expense are allocated evenly during the benefited period based on project. Those long-term deferred expenses which cannot generate economic benefit in future accounting period are charged to current period of profit and loss.

## **19. Estimated liabilities**

Estimated liabilities are recognized i) when the Company is involved in litigation or debt warrant, lost making contract or restructuring event; ii) it is possible to pay asset or render service in foreseeable future; iii) the amount can be measured reliably.

### **(1) Recognition criteria of estimated liabilities**

When businesses related to external security, pending litigation or arbitration, product quality assurance, retrenchment plan, contract of loss, reconstruction obligation, disposing obligation of fixed assets and other contingencies satisfy all the following conditions, the Company will recognize them as liabilities:

- A. The obligation is the present obligation of the Company;
- B. The performance of such obligation is likely to lead to an outflow of economic benefits;
- C. The amount of the obligation can be reliably measured.

### **(2) Measurement of estimated liabilities**

Estimated liabilities shall be initially measured according to the best estimated amount required to be paid when current obligations are fulfilled.

When determining the best estimated amount, it should take full consideration of the risks, uncertainties and time value of money related to contingencies.

Best estimated amount is handled under the following circumstances:

- A. If the amount required is in a continuous range, and the likelihood of various outcomes within the scope is same, then the estimated amount is determined according to the median of the range, which is the average amount of upper and lower caps.
- B. If the amount required isn't in a continuous range, or there isn't such a continuous range but the likelihood of various outcomes within the scope isn't same, such as the contingency involves a single item, then the best estimated amount is determined in accordance with the amount with most likelihood; if the contingency involves several items, then the best estimated amount is determined according to various possible outcomes and associated probabilities.

If expenses required to settle all or part of estimated debt are expected to be compensated by a third party, then the amount of compensation will be separately recognized as an asset upon basically being identified to be received, and the amount of compensation recognized will not exceed the book value of projected liabilities.

## **20. Revenue**

### **(1) Criteria for recognition time of revenue from selling goods**

1) Construction contract revenue a) When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of contract completion is recognized by reference to the ratio of the accumulative actual contract cost to totally estimated contract cost. The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied: 1) when the outcome of a construction contract can be estimated reliably, total contract revenue can be measured reliably; 2) It is probable that the economic benefits associated with the contract will flow to the entity; 3) Both the contract costs to complete the contract and the stage of contract completion at the balance sheet date can be measured reliably; and 4) The actual contract costs attributable to the contract can be

clearly identified and reliably measured.

b) When the outcome of a construction contract cannot be estimated reliably and contract costs are expected to be recoverable, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred. Contract costs that are not probable of being recovered are recognised as an expense immediately and no revenue is recognised.

c) If the accumulative estimated contract costs exceed the contract revenue, an estimated loss should be recognized in the current financial period.

## **(2) Recognition basis of revenue from transferring use rights of assets**

Revenue arising from the use by others of the Company's assets includes interest revenue and royalty revenue. The Company recognized revenue arising from the use by others of the Company's assets when (a) it is probable that the economic benefits associated with the transaction will flow to the Company and (b) the amount of the revenue can be measured reliably.

## **(3) Recognition basis of revenue from rendering of services**

① Revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The service revenue is recognised at the balance sheet date according to the percentage of completion of the services when (i) the total revenue and total cost can be reliably measured, (ii) the economic benefit pertaining to the service will flow to the Company; (iii) the percentage of completion can be determined reliably.

② When the outcome of the transaction involving the rendering of services cannot be estimated reliably at the balance sheet date, revenue is recognised according to the following:

A. When it is probable that the Company will recover the transaction costs incurred, revenue is recognised only to the extent of the expenses recognised that are recoverable, and the costs incurred are recognised as an expense.

B. When it is not probable that the costs incurred will be recovered, revenue is not recognised and the costs incurred are recognised as an expense.

## **(4) Recognition basis and method for the schedule of contracted project when recognizing the revenue from providing labour services and construction contract by percentage-of-completion method**

The Company adopts percentage-of-completion method which is calculated based on accumulated costs incurred divided by estimated total costs in order to determine the percentage-of-completion of contracted project. At balance sheet date The Company recognizes project revenue by contract price times percentage-of-completion then deducts the accumulated revenue recognized in previous accounting periods. And project costs are recognized by estimated project total costs time percentage-of-completion then deduct accumulated project costs recognized in previous accounting periods.

When project outcome cannot be estimated reliably at balance sheet date, it shall be handled:

A. When incurred project costs can be recovered, project revenue shall be recognized based on costs incurred and project costs are recognized accordingly;

B. When incurred project costs cannot be recovered, project revenue shall not be recognized and project costs shall be charged to current period profit and loss.

## **21. Government Grants**

### **(1) Types**

A government subsidy means the monetary or non-monetary assets obtained free by the Group from the government, but excluding the capital invested by the government as the owner of the enterprise. Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income.

### **(2) Accounting treatment method**

#### **(1) Recognition of government grants**

No government grants may be recognized unless the following conditions are met simultaneously:

- ① The company is able to meet the requirements for the government subsidies; and
- ② The company can receive the government subsidies.

(2) Measurement of government grants

- ① If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount; if a government subsidy is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.
- ② The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. If the relevant assets are sold, transferred, obsolete or destroyed before useful lives end, undistributed deferred income shall be recognized as the current profits and losses of disposal of assets.

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows:

A. Those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall be included in the current profits and losses during the period when the relevant expenses are recognized; or

B. Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

- ③ If it is necessary to refund any government subsidy which has been recognized, it shall be treated respectively in accordance with the circumstances as follows:

A. If there is the deferred income concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current profits and losses; and

B. If there is no deferred income concerned to the government subsidy, it shall be directly included in the current profits and losses.

## **22. Deferred income tax assets and liabilities**

### **(1) Recognition basis of deferred income tax assets**

① Where there are deductible temporary differences between the carrying amount of assets or liabilities in the balance sheet and their tax bases, a deferred tax asset shall be recognised for all those deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

② At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

③ The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

### **(2) Recognition basis of deferred income tax liabilities**

Deferred tax liability shall be recognized for all taxable temporary differences, which are differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

## **23. Operating lease and financial lease**

### **(1) Accounting treatments of operating lease**

Lessee in an operating lease shall treat the lease payment under an operating lease as a relevant asset cost or the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be

recognized as the current profit or loss; Contingent rents shall be charged as expenses in the periods in which they are incurred. .

Lessors in an operating lease shall present the assets subject to operating leases in the relevant items of their balance sheet according to the nature of the asset. Lease income from operating leases shall be recognized as the current profit or loss on a straight-line basis over the lease term; Initial direct costs incurred by lessors shall be recognized as the current profit or loss; Lessors shall apply the depreciation policy for the similar assets to depreciate the fixed assets in the operating lease; For other assets in the operating lease , lessors shall adopt a reasonable systematical method to amortize; Contingent rents shall be charged as expenses in the periods in which they are incurred.

## **(2) Accounting treatments of financial lease**

For the lessee, a fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The amount of minimum lease payments should be recorded in long-term account payable, the difference should be recorded as unrecognized financing charges; The initial direct costs identified as directly attributable to activities performed by the lessee during the negotiation and signing of the finance lease such as handling fees, legal fees, travel expenses, stamp tax shall be counted as lease asset value; the unrecognized financing charges shall be apportioned at each period during the lease term and adopt the effective interest rate method to calculate and confirm the current financing charge; Contingent rents shall be charged as expenses in the periods in which they are incurred.

When the lessee calculates the present value of the minimum lease payments, for that lessee who can obtain the interest rate implicit in the lease, the discount rate shall be the interest rate implicit in the lease; otherwise the discount rate shall adopt the interest rate specified in the lease agreement. If the lessee cannot get the interest rate implicit in the lease and there is no specified interest rate in the lease agreement, the discount rate shall adopt the current bank loan interest rate.

Lessees shall depreciate the leased assets with the depreciation policy which is consistent with the normal depreciation policy for similar assets. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the depreciation shall be allocated to the useful life of the asset. If there is no reasonably certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be depreciated over the shorter of the lease term and its useful life.

At the inception of financial lease, lessor of the financial lease shall record the sum of the minimum lease payments and initial direct costs as the financing lease accounts receivable, and also record the unguaranteed residual value; recognize the difference between the total minimum lease payments , initial direct costs ,unguaranteed residual value and the sum of the present value as the unrealized financing income; the unrealized financing income shall be distributed to each period over the lease term; adopt the actual interest rate to calculate the current financial income; Contingent rents shall be in the periods in which they are incurred.

## **(3) Accounting treatment for those sale and lease-back**

Inapplicable

## **24. Assets held for sales:**

### **(1) Recognition criteria of the assets held for sale**

The Non-Current Assets which meet the following conditions will be classified as assets held for sales by the company:

- ① The entity has made the resolution in disposing the non-current assets.
- ③ The entity has signed the irrevocable transfer agreement with the assignee.
- ④ The sale transaction is highly probable to be completed within one year.

### **(2) Accounting treatments of assets held for sales**

For the fixed assets held for sales, the entity shall adjust the predicted net residual value of this fixed asset to make the predicted net residual value of this fixed asset to reflect the amount of its fair value less costs to sell, but it

shall not exceed the original book value of fixed assets at the time when it meets the conditions of held for sales. The difference between the original book value and the adjusted predicted net residual value shall be treated as loss in assets and presented in profit or loss of current period. The fixed assets held for sales shall not count the depreciation but shall be measured at the lower of its carrying amount and the fair value less costs to sell.

The other non-current assets such as intangible assets which meet the conditions of held for sales shall be treated in accordance to the above principles.

## 25. Hedging accounting

The company uses fair value hedging for its hedging.

(1) For derivative instruments as the hedging instrument, the gain or loss resulted from the changes of fair value is included in the profit/loss of the current period; for non-derivative instruments as the hedging instrument, the gain or loss resulted from the change of book value due to foreign exchange rate is included in the profit/loss of the current period.

(2) The gain or loss resulted from the hedged risk of the hedged items is included in the profit/loss of the current period. The book value of the hedged items is adjusted at the same time.

(3) In a fair value hedging of a firm commitment of a purchased asset or assumed liability, the accumulated amount in the change of fair value (profit or loss being confirmed) caused by the hedging risk of this firm commitment should be used to adjust the initial confirmed amount of the purchased assets of assumed liability of the firm commitment.

(4) When the following conditions are satisfied, the company stop using the fair value hedging:

- A. Hedging instruments are expired, sold, contract are terminated or executed.
- B. The hedge no longer satisfies the conditions for hedging accounting.
- C. Cancellation of the designation of the hedging.

## 26. Changes in main accounting policies and estimates

Were the main accounting policies or estimates changed during the report period?

☐ Yes ☒ No

### (1) Changes of accounting policy

There are no changes in the accounting policies for the previous financial year.

### (2) Changes in accounting estimate

There are no changes in the accounting policies for the previous financial year.

## 27. Correction of previous accounting errors

Was any accounting error made in previous periods discovered in the report period?

☐ Yes ☒ No

### (1) Retrospective restatement method

Was any previous accounting error adopting retrospective restatement method discovered in the report period?

☐ Yes ☒ No

### (2) Prospective application method

Was any previous accounting error adopting prospective application method discovered in the report period?

☐ Yes ☒ No

## 28. Other main accounting policies and estimates as well as compilation method of financial statements

None.

## V. Taxation

### 1. Main taxes and tax rates

Category of taxes	Tax basis	Tax rate
VAT	Taxable revenue	6%, 17%
Business tax	Taxable revenue	5%
Urban maintenance and construction tax	Taxable VAT, taxable business tax	7%
Enterprise income tax	Taxable income	25%
Education surtax	Taxable VAT, taxable business tax	3%
Local education surtax	Taxable VAT, taxable business tax	2%
Watercourse and embankment tax	Taxable VAT, taxable business tax	2%

The income tax rates adopted by each subsidiary and branch factory

Subsidiary Wuhan Lanxiang Power Environmental Protection Technology Co., Ltd has ceased operating activities, there was no taxable profit during the report period.

### 2. Tax preference and approval

None

### 3. Other explanation

None

## VI. Business combination and consolidated financial statements

### 1. Subsidiaries

(1) Subsidiaries obtained by establishment and investment

Unit: RMB Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investments	The proportion of holding shares (%)	The proportion of voting rights (%)	Include in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that
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													loss of minority interests exceed equity obtained by minority shareholders
Wuhan Lan Xiang Power Environmental Protection Technology Company Limited	Limited liability Company	586 Wuluo Rd., Wuhan	Manufacturing	20,000,000	Boiler, energy environmental protection products, Steel structures, technology research of heat energy products and its accessory equipment, design, technical Consultancy, technical service, sales of developed products, energy	24,984,500.00		95%	95%	Yes	758,649.78	0.00	0.00

					project (non-co nstructi on project), Gas-stea m Combin ed Cycle Heat Recover y Boiler, Circulat ing fluidize d bed Boiler, Producti on and sale of the boiler's compon ents and the energy saving								
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Other Notes to subsidiaries obtained by establishment and investment: none.

**(2) Subsidiaries obtained by business combination under the same control**

None

**(3) Subsidiaries obtained by business combination not under the same control**

None

**2. Special purpose entities or operating entities with control right formed by entrusted operation or lease**

None

**3. Explanation on changes in consolidated scope**

☐ Applicable ☒ Inapplicable



**4. Subsidiaries that newly combined into consolidation scope in the report period**

None

**5. Business combination under same control during the report period**

None

**6. Business combination not under same control during the report period**

None

**7. Subsidiaries reduced by selling equities without control right during the report period**

None

**8. The counter purchases in the report period**

None

**9. Mergers in the report period**

None

**10. Exchange rates of major items in financial statements for foreign entities**

None

**VII. Notes on major items in consolidated financial statements of the Company****1. Monetary funds**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Bank deposit::	--	--	21,900,487.66	--	--	8,283,224.28
RMB	--	--	21,746,077.13	--	--	7,876,756.35
USD	4,932.13	6.1528	30,346.40	2,000.93	6.0969	12,199.47
EUR	14,778.65	8.3946	124,060.85	46,830.98	8.4189	394,265.34
JPY	54.00	0.0608	3.28	54.00	0.0578	3.12

Other monetary funds:	--	--	1,831,775.99	--	--	1,831,672.83
RMB	--	--	1,831,775.99	--	--	1,831,672.83
Total	--	--	23,732,263.65	--	--	10,114,897.11

Note: Closing balance of monetary funds increased by 134.63% compared to last year, mainly due to the increase of collection from customer in this report period.

## 2. Notes receivable

### (1) Category of Notes receivable:

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance	1,500,000.00	15,000,000.00
Total	1,500,000.00	15,000,000.00

Note: Closing balance of the note receivable decreased 90% compared to prior period, which is mainly due to the payment to suppliers by endorsing bank notes which were received from customers.

### (2) Notes receivable pledged at period-end

None

### (3) Notes transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement, and undue notes endorsed to other parties at the end of the period

#### Notes transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement

None

#### Undue notes endorsed to other parties by the Company

Unit: RMB Yuan

Issuing entity	Date of issuance	Expiring date	Amount	Remark
State Grid Energy Hebu Coal and Electric Power Co., Ltd	2014/01/23	2015/01/22	13,000,000.00	
Binzhou MOVEVER Dicastal Wheel Co., Ltd.	2014/05/12	2014/11/12	10,000,000.00	
Shandong Chuangfeng Metal Technology Co., Ltd.	2014/03/31	2014/09/29	8,000,000.00	
Shandong innovative metal Polytron Technologies Inc	2014/05/08	2014/11/08	9,500,000.00	

Tengda northwest Ferroalloy Co., Ltd.	2014/02/26	2014/08/26	3,000,000.00	
Total	--	--	43,500,000.00	--

**Notes of bank acceptance bill that already discounted or pledged**

None

**3. Accounts receivable****(1) Accounts receivable listed by categories**

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with significant single amount for which bad debt provision separately accrued	25,780,000.00	9.60%	25,780,000.00	100.00%	25,780,000.00	6.99%	25,146,400.00	97.54%
Accounts receivable for which bad debt provisions are made on the group basis								
Accounts receivable for which bad debt provisions are made on aging basis	219,746,920.64	81.82%	99,513,895.43	45.29%	313,941,226.09	85.13%	106,236,757.73	33.84%
Subtotal of the groups	219,746,920.64	81.82%	99,513,895.43	45.29%	313,941,226.09	85.13%	106,236,757.73	33.84%
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	23,042,460.00	8.58%	22,572,460.00	97.96%	29,042,460.00	7.88%	16,004,460.00	55.11%
Total	268,569,380.64	--	147,866,355.43	--	368,763,686.09	--	147,387,617.73	--

**Notes to category of accounts receivable:**

Note: the monetary standards of provision for bad debts of the individually significant receivables is top 5 account receivables at year end, which the impairment test is carried on individually. For significant receivables, If there are substantive evidences indicating that a receivable has been impaired, a provision for bad debts should be made; If a receivable is found not to be individually impaired, it should be included in a group of similar credit risk characteristics receivables and a collective assessment of impairment should be

made. Receivables which are not significant, but still need individually recognition of bad debt provision, if there are substantive evidences shown there is a special impairment of insignificant receivables, then they need individually impairment tests.

Note: Closing balance of the account receivable decreased 45.48% compared to prior period, mainly due to collection of accounts receivable which were booked in prior period.

Accounts receivable with significant single amount for which bad debt provision separately accrued

✓ Applicable □ Inapplicable

Unit: RMB Yuan

Item	Closing balance	Bad debt provision	Proportion	Notes
Dongfang Xiwang Baotou Xitu Aluminium Co., Ltd.	25,780,000.00	25,780,000.00	100.00%	The Company is required to bear part of the subsequent costs and thus the receivable amount is not expected to be fully recoverable.
Total	25,780,000.00	25,780,000.00	--	--

In the groups, accounts receivable adopting aging analysis method to accrue bad debt provision:

✓ Applicable □ Inapplicable

Unit: RMB Yuan

Aging of receivables	Closing balance			Opening balance		
	Balance		Bad debt provision	Balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)						
including:	--	--	--	--	--	--
Within 1 year (including 1 year)	116,751,385.90	53.13%	3,502,866.03	190,066,260.86	60.54%	5,701,987.83
Sub-total (Within 1 year)	116,751,385.90	53.13%	3,502,866.03	190,066,260.86	60.54%	5,701,987.83
1-2 years(including 2 year)	7,057,000.00	3.21%	211,710.00	9,038,000.00	2.88%	271,140.00
2-3 years(including 3 year)	30,195.98	0.01%	1,811.76	2,047,451.61	0.65%	122,847.10
3-4 years(including 4 year)	138,538.90	0.06%	27,707.78	242,676.22	0.08%	48,535.24

year)						
4-5 years(including 5 year)				15,568,237.30	4.96%	3,113,647.46
Above 5 years	95,769,799.86	43.58%	95,769,799.86	96,978,600.10	30.89%	96,978,600.10
Total	219,746,920.64	--	99,513,895.43	313,941,226.09	--	106,236,757.73

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Inapplicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision

☐ Applicable ☒ Inapplicable

Accounts receivable with insignificant single amount for which bad debt provision separately accrued

☒ Applicable ☐ Inapplicable

Unit: RMB Yuan

Item	Closing balance	Bad debt provision	Provision %	Reasons for provision
Datang Liaoyuan Power Plant	10,010,000.00	10,010,000.00	100.00%	Deduction for product quality issues
Guodian Lanzhou Thermal power Co., Ltd.	500,000.00	30,000.00	6.00%	The Company is required to bear part of the subsequent costs and thus the receivable amount is not expected to be fully recoverable.
Gansu Datang Xigu Thermal power Co., Ltd.	11,952,460.00	11,952,460.00	100.00%	The retention money is difficult to be received due to product quality issues.
Gansu Diantou Jinchang Generating Co., Ltd.	580,000.00	580,000.00	100%	The retention money is difficult to be fully received.
Total	23,042,460.00	22,572,460.00	--	--

## (2) Accounts receivable reversed or collected in the report period

Unit: RMB Yuan

Item	Reason for reversed or collected	Basis for bad debt provision	Bad debt provision before reversal or collection	Amount reversed or collected
Datang Liaoyuan Power Plant	The receivable amount has been recovered.	Deduction for product quality issues	200,000.00	1,000,000.00
Guodian Lanzhou Thermal power Co., Ltd.	The receivable amount has been recovered.	The Company is required to bear part of the subsequent costs and thus the receivable	240,000.00	4,000,000.00

		amount is not expected to be fully recoverable.		
Gansu Datang Xigu Thermoelectric Co., Ltd.	The receivable amount has been recovered.	The retention money is difficult to be received due to the quality issues.	1,000,000.00	1,000,000.00
Shuangyashan Thermal Power Co. Ltd.	The receivable amount has been recovered.	Over 5 years	175,000.00	175,000.00
Xinjiang Huadian Changji Thermal power Phase II Co., Ltd.	The receivable amount was recovered.	Over 5 years	200,000.00	200,000.00
Shanxi Lu'an Yuwu Thermal power Co., Ltd.	The receivable amount was recovered.	Over 5 years	590,000.00	590,000.00
Tianjin Dagu Chemical Industry Co., Ltd..	The receivable amount was recovered.	Over 5 years	193,800.24	193,800.24
Anshan Xinli Energy Co., Ltd.	The receivable amount was recovered.	Over 5 years	50,000.00	50,000.00
Total			2,648,800.24	--

The withdrawal of bad debt provision of accounts receivable with significant single amount or insignificant single

None

### (3) The write-off accounts receivable

☐ Applicable ☒ Inapplicable

### (4) Particulars about accounts receivable due to shareholders holding 5% (including 5%) voting rights of the Company

☐ Applicable ☒ Inapplicable

### (5) Top 5 customers of accounts receivables

Unit: RMB Yuan

Company	The relationship with the Company	Amount	Age	Proportion(%)
Alstom Power Inc.	Affiliated	89,697,481.84	89,667,285.86 within 1 year, 30,195.98 for 2-3 years	33.40%
Shanxi Zhengxin Group Co., Ltd.	Non-affiliated	39,820,000.00	Over 5 years	14.83%
Dongfang Xiwang Baotou Xitu Aluminium Co., Ltd.	Non-affiliated	24,820,000.00	Over 5 years	9.24%
Shandong Luneng Materials Group Co., Ltd.	Non-affiliated	23,290,000.00	Within 1 year	8.67%
Henan Zhongmai Yongan Power Co. Ltd.	Non-affiliated	14,325,000.00	Over 5 years	5.33%
Total		191,952,481.84		71.47%

**(6) The amounts due from related parties**

Unit: RMB Yuan

Company	The relationship with the Company	Amount	Proportion
Wuhan Boiler (Group) Engineering & Technology Co., Ltd.	A subsidiary of the second largest shareholder	8,649,095.32	3.22%
ALSTOM Boiler Deutschland GmbH	A subsidiary of the ultimate holding company	138,538.90	0.05%
ALSTOM Power Inc.	A subsidiary of the ultimate holding company	89,697,481.84	33.40%
Total		98,485,116.06	36.67%

**(7) Information of accounts receivable that terminated recognition**☐ Applicable ☒ Inapplicable**(8) If securitization is carried out on accounts receivable as the underlying assets, please list amount of assets and liabilities arising from further involvement**☐ Applicable ☒ Inapplicable**4. Other receivables****(1) Other accounts receivable disclosed by type:**

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Balance		Provision for doubtful debts		Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable that is individually significant for which provisions for bad debts separately accrued	26,673,222.30	21.75%	26,673,222.30	100.00%	26,673,222.30	23.73%	26,673,222.30	100.00%
Other accounts receivable that provisions for bad debts by group								
Group 1 (using aging analysis)	74,024,078.94	60.35%	31,757,748.35	42.90%	76,552,614.14	68.08%	24,698,506.61	32.26%
Group 1 (No bad debt)	19,241,237.80	15.69%			6,564,340.29	5.84%		

provision for account receivables)		%						
Subtotal of group	93,265,316.74	76.04 %	31,757,748.35	34.05 %	83,116,954.43	73.92 %	24,698,506.61	29.72 %
Other accounts receivable that is individually insignificant for which bad debts provision separately accrued	2,715,725.95	2.21%	2,715,725.95	100.00 %	2,636,308.95	2.34%	2,636,308.95	100.00 %
Total	122,654,264.99	--	61,146,696.60	--	112,426,485.68	--	54,008,037.86	--

Notes for categories of other accounts receivable:

Note: the monetary standards of provision for bad debts of the individually significant other receivables is top 5 account receivables at year end, which the impairment test is carried on individually. For significant receivables, If there are substantive evidences indicating that a receivable has been impaired, a provision for bad debts should be made; If a receivable is found not to be individually impaired, it should be included in a group of similar credit risk characteristics receivables and a collective assessment of impairment should be made. Receivables which are not significant, but still need individually recognition of bad debt provision, if there are substantive evidences shown there is a special impairment of insignificant receivables, then they need individually impairment tests.

Other closing accounts receivable that is individually significant and provisions for bad debts individually.

√ Applicable □ Inapplicable

Unit: RMB Yuan

Item	Closing balance	Bad debt provision	Proportion	Note
Shanxi Zhenxing Group	6,722,635.46	6,722,635.46	100.00 %	Projects are suspended and the amount is not expected to be recoverable
Shandong Luneng Material Group Co. Limited	19,950,586.84	19,950,586.84	100.00 %	Projects are suspended and the amount is not expected to be recoverable
Total	26,673,222.30	26,673,222.30	--	--

In the group, other accounts receivable that provision for bad debts by aging analysis:

√ Applicable □ Inapplicable

Unit: RMB Yuan

Aging of receivables	Closing balance			Opening balance		
	Balance		Bad debt provision			Balance
	Amount	Proportion		Amount	Proportion	



		(%)			(%)	
Within 1 year (including 1 year)						
Including:						
Within 1 year (including 1 year)	1,089,166.03	1.47%	32,674.98	4,051,432.93	5.29%	121,542.99
Sub-total (Within 1 year)	1,089,166.03	1.47%	32,674.98	4,051,432.93	5.29%	121,542.99
1-2 years(including 2 year)	490,287.61	0.66%	14,708.62	290,684.66	0.38%	8,720.54
2-3 years(including 3 year)	388,529.69	0.52%	23,311.77	154,400.94	0.20%	9,264.06
4-5 years(including 5 year)	50,461,303.27	68.17%	10,092,260.64	59,371,395.74	77.56%	11,874,279.15
Above 5 years	21,594,792.34	29.17%	21,594,792.34	12,684,699.87	16.57%	12,684,699.87
Total	74,024,078.94	--	31,757,748.35	76,552,614.14	--	24,698,506.61

In the group, other accounts receivable that provision for bad debts by balance percentage:

☐ Applicable ☒ Inapplicable

In the group, other accounts receivable that provision for bad debts by other methods:

☐ Applicable ☒ Inapplicable

Individually insignificant receivables requiring impairment test, and providing provision for doubtful debt: :

☒ Applicable ☐ Inapplicable

Unit: RMB Yuan

Item	Balance	Bad debt provision	Provision percentage	Reason
3RC Company Limited	336,604.05	336,604.05	100.00%	Bankruptcy
Pingtai Power Development Co.,LTD	424,514.70	424,514.70	100.00%	Project suspended
Henan Dengfeng Xiangyang Power Co.,Ltd	32,430.77	32,430.77	100.00%	Project suspended
Qindao Houhai Thermal Power Co.,Ltd	518,227.71	518,227.71	100.00%	Project suspended
Jiangsu Wangda Paper Co.,Ltd	723,504.31	723,504.31	100%	Project suspended
Qingtongxia Aluminium Co.,Ltd	5,736.41	5,736.41	100%	Project suspended
Henan Zhongmai Power Co.,Ltd	173,411.00	173,411.00	100.00%	Difficult to execute the court judge
Shanmenxia Huineng Thermal Power Co.,Ltd	143,897.00	143,897.00	100.00%	Difficult to execute the court judge
Shanxi Zhenxin Group Co.,Ltd	357,400.00	357,400.00	100.00%	Difficult to execute the court judge
Total	2,715,725.95	2,715,725.95	--	--

**(2) Information of other accounts receivable reversed or recovered in the report period**

Withdrawal of closing individually significant or insignificant but provisions for bad debts individually accounts receivable:

None

**(3) Information of other accounts receivable written off in the report period**

None

**(4) Other accounts receivable is due from shareholders with more than 5% (including 5%) of the voting shares of the Company**

Unit: RMB Yuan

Name of company	Closing balance		Opening balance	
	Amount	Provision for bad debt	Amount	Provision for doubtful debts
Wuhan Boiler (Group) Co., Ltd.	61,030,488.11	20,743,485.17	61,030,488.11	16,353,377.52
Total	61,030,488.11	20,743,485.17	61,030,488.11	16,353,377.52

**(5) Nature or details of other significant accounts receivable**

Unit: RMB Yuan

Name of company	Amount	Nature or details of the amount	Proportion of the total (%)
Wuhan Boiler Group Co., Ltd.	61,030,488.11	compensation for the relocation of the old factory	49.76%
Total	61,030,488.11	--	49.76%

Note: Account receivable of RMB 61,030,488.11 from the second largest shareholder, Wuhan Boiler (Group) Co., Ltd., is mainly the compensation for the relocation of the old factory.

**(6) Information of top five other accounts receivable**

Unit: RMB Yuan

Company	Relationship with the Company	Amount	Aging	Proportion of the total (%)
Wuhan Boiler (Group) Co., Ltd.	The company's second-largest shareholder	61,030,488.11	50,358,753.68 for 4-5 years; 10,671,734.43 for more than 5 years	49.76%
Shandong Luneng Material Group Co. Limited	Non-affiliated	19,950,586.84	Over 5 years	16.27%
Binzhou Beihai New Material Co., Ltd.	Non-affiliated	11,188,034.20	Within 1 year	9.12%
Donghu Development Zone Committee	Non-affiliated	10,774,265.00	Over 5 years	8.78%
Shanxi Zhengxin Group	Non-affiliated	6,722,635.47	Over 5 years	5.48%

Company	Relationship with the Company	Amount	Aging	Proportion of the total (%)
Co., Ltd				
Total		109,666,009.62		89.41%

**(7) Information of the amounts due from related parties**

Unit: RMB Yuan

Name of company	The relationship with the Company	Amount	Proportion of the total (%)
ALSTOM (Beijing) Engineering & Technology Co., Ltd.	A subsidiary of the ultimate holding company	14,074.73	0.01%
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	A subsidiary of the ultimate holding company	36,200.01	0.03%
ALSTOM Boiler Deutschland GmbH	A subsidiary of the ultimate holding company	388,529.69	0.32%
ALSTOM Power Inc.	A subsidiary of the ultimate holding company	36,157.65	0.03%
ALSTOM Boiler France	A subsidiary of the ultimate holding company	617,080.03	0.50%
ALSTOM (Switzerland) Ltd	A subsidiary of the ultimate holding company	181,509.31	0.15%
Wuhan Boiler (Group) Co., Ltd.	Second largest shareholder	61,030,488.11	49.76%
Wuhan Boiler (Group) Yuntong Co., Ltd.	Subsidiary of Second largest shareholder	10,171.01	0.01%
Wuhan Boiler (Group) Valve Co., Ltd.	Subsidiary of Second largest shareholder	240,571.49	0.20%
Total		62,554,782.03	51.01%

**(8) Information of other accounts receivable that terminated recognition**☐ Applicable ☒ Inapplicable**(9) If securitization is carried out on other accounts receivable as the underlying assets, please list amount of assets and liabilities arising from further involvement**☐ Applicable ☒ Inapplicable**(10) Government subsidy recognized according to the accounts receivable during the report period**☐ Applicable ☒ Inapplicable

## 5. Prepayment

### (1) List by aging analysis:

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	70,764,501.60	83.35%	27,601,803.69	41.60%
1-2 years(including 2 years)	773,760.86	0.91%	20,893,261.63	31.49%
2-3 years(including 3 years)	6,323,286.62	7.45%	8,236,834.17	12.41%
Over 3 years	7,039,247.72	8.29%	9,621,149.44	14.50%
Total	84,900,796.80	--	66,353,048.93	--

Note: Prepayment over 1 year is mainly due to the outsourcing service fee which is not settled yet.

### (2) Information of the top 5 prepayment

Unit: RMB Yuan

Name of company	Relationship with the Company	Amount	Aging	Reasons
Vallourec Deutschland GmbH.	Non-affiliated	46,383,023.99	2014-4-30	Project has not yet completed
Shandong Luneng Guangda Steel Structure Co., Ltd.	Non-affiliated	6,278,800.00	2014-4-9	Project has not yet completed
Shanghai Songwei Steel Structure Co., Ltd.	Non-affiliated	5,413,409.34	2014-5-16	Project has not yet completed
Changzhi Qinghua Steel Structure Co., Ltd.	Non-affiliated	4,277,499.98	2013-1-22	Project has not yet completed
Zhejiang JIULI Hi-tech Metals Co., Ltd.	Non-affiliated	3,392,191.89	2014-6-24	Project has not yet completed
Total		65,744,925.20		

Note: Prepayment above are for material purchasing.

### (3) Information about amount due from shareholders with more than 5% (including 5%) of the voting shares of the Company in prepayment

Unit: RMB Yuan

Name of entity	Closing balance	Opening balance
----------------	-----------------	-----------------

	Book balance	The amount of bad debt provision	Book balance	The amount of bad debt provision
ALSTOM Power Inc.	1,225,600.00			
ALSTOM Technical Services (Shanghai) Co., Ltd			13,260,000.00	
Total	1,225,600.00		13,260,000.00	

#### (4) Notes of prepayment

Note: Closing balance of prepayment increased 27.95% as compared to opening, which is mainly due to the increase of project material purchasing in this report period.

### 6. Inventory

#### (1) Category

Unit: RMB Yuan

Categories	Closing balance			Opening balance		
	Original value	Impairment of inventories	Book value	Original value	Impairment of inventories	Book value
Raw materials	125,533,989.90	30,487,786.60	95,046,203.30	105,746,499.12	54,992,196.80	50,754,302.32
Construction contract assets	72,227,056.69	15,148,311.24	57,078,745.45	114,012,396.06	30,353,632.92	83,658,763.14
Total	197,761,046.59	45,636,097.84	152,124,948.75	219,758,895.18	85,345,829.72	134,413,065.46

#### (2) Provision for falling price of inventories

Unit: RMB Yuan

Categories	Opening balance	Increase	Decrease		Closing balance
			Reversal	Written off	
Raw materials	54,992,196.80			24,504,410.20	30,487,786.60
Construction contract assets	30,353,632.92	12,854,299.50	28,059,621.18		15,148,311.24
Total	85,345,829.72	12,854,299.50	28,059,621.18	24,504,410.20	45,636,097.84

#### (3) Details of provision for falling price of inventories

Unit: RMB Yuan

Item	The bases of provision for impairment of inventories	Reasons for reversal	Proportion of reversal of provision for impairment of inventories to closing balance
1.Raw materials	According to the net realizable value		
2.Construction contract assets	Expected loss from contract loss		

Note1: The write-off of the raw materials is due to the disposal of previously impaired raw materials and transferring to project costs.

Note2: The construction contract assets reversal is due to release of contract loss provision as the project completion or close.

## 7. Fixed assets

### (1) Fixed assets details

Unit: RMB Yuan

Item	Opening book balance	Increase in the report period		Decrease in the report period	Closing book balance
1. Cost	950,164,237.91	2,090,550.15		725,824.44	951,528,963.62
Property and buildings	522,569,108.13				522,569,108.13
Machineries	389,074,666.38	1,464,672.42		469,653.01	390,069,685.79
Vehicles	1,143,874.64			108,810.00	1,035,064.64
Electronic equipments and office equipments	37,376,588.76	625,877.73		147,361.43	37,855,105.06
--	Opening book balance	Increase in the report period	Withdrawal in the report period	Decrease in the report period	Closing book balance in current period
2.Accumulated depreciation	242,680,516.73	17,583,286.60		668,789.34	259,595,013.99
Property and buildings	54,754,247.36	6,542,352.70			61,296,600.06
Machineries	157,346,881.78	9,383,106.95		412,617.91	166,317,370.82
Vehicles	834,559.87	49,741.07		108,810.00	775,490.94
Electronic equipments and office equipments	29,744,827.72	1,608,085.88		147,361.43	31,205,552.17
--	Opening book balance				Closing balance in current period
3.The net book value of fixed assets	707,483,721.18	--			691,933,949.63
Property and buildings	467,814,860.77	--			461,272,508.07

Item	Opening book balance	Increase in the report period	Decrease in the report period	Closing book balance
Machineries	231,727,784.60	--		223,752,314.97
Vehicles	309,314.77	--		259,573.70
Electronic equipments and office equipments	7,631,761.04	--		6,649,552.89
4. Impairment of fixed assets	2,167,630.33	--		2,110,595.23
Property and buildings	0.00	--		0.00
Machineries	2,048,338.23	--		1,991,303.13
Vehicles	61,574.28	--		61,574.28
Electronic equipments and office equipments	57,717.82	--		57,717.82
5. Carrying amount	705,316,090.85	--		689,823,354.40
Property and buildings	467,814,860.77	--		461,272,508.07
Machineries	229,679,446.37	--		221,761,011.84
Vehicles	247,740.49	--		197,999.42
Electronic equipments and office equipments	7,574,043.22	--		6,591,835.07

Note: Depreciation of fixed assets is RMB 17,583,286.60; RMB 1,114,535.63 was transferred into fixed assets from construction in progress.

## (2) Temporary idle fixed assets

☐ Applicable ☒ Inapplicable

## (3) Fixed assets leased in from financing lease

☐ Applicable ☒ Inapplicable

## (4) Fixed assets leased out from operation lease

☐ Applicable ☒ Inapplicable

## (5) Information of hold-for-sale fixed assets at period-end

☐ Applicable ☒ Inapplicable

**(6) Information of fixed assets failed to accomplish certification of property**

□ Applicable √ Inapplicable

**8. Construction in progress****(1) List of construction in progress**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book value	Impairment	Net book value	Book value	Impairment	Net book value
Equipment for New base of the Company	1,147,993.53		1,147,993.53	2,245,077.87		2,245,077.87
Joint workshop III	4,535,641.50		4,535,641.50			
<b>Total</b>	<b>5,683,635.03</b>		<b>5,683,635.03</b>	<b>2,245,077.87</b>		<b>2,245,077.87</b>

**(2) Significant changes in construction in progress**

Unit: RMB Yuan

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Project input percentage of budget	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding	Closing balance
Joint workshop III(Painting and packing workshop)	59,707,711.00	0.00	4,535,641.50	0.00		7.60%	7.60%	0.00	0.00		Self-possessed fund	4,535,641.50
<b>Total</b>	<b>59,707,711.00</b>	<b>0.00</b>	<b>4,535,641.50</b>	<b>0.00</b>		<b>--</b>	<b>--</b>	<b>0.00</b>	<b>0.00</b>	<b>--</b>	<b>--</b>	<b>4,535,641.50</b>

Note: The closing balance of the construction in progress increased by 153.16% as compared to the beginning of the period, which is mainly due to construction of new plant.



**(3) Impairment provision of construction in progress**

None

**(4) Details of procedures of significant construction in progress**

Item	Project process	Notes
Joint workshop III( Painting and packing workshop)	Under construction	

**(5) Notes of construction in progress****9. Intangible assets****(1) Information**

Unit: RMB Yuan

Category	Opening balance	Increase	Decrease	Closing balance
Cost	151,474,945.39	51,282.05	0.00	151,526,227.44
1.Land use right	41,599,836.72			41,599,836.72
2.Proprietary technology	93,251,576.87			93,251,576.87
3.Software	16,623,531.80	51,282.05		16,674,813.85
Accumulated amortization	77,609,032.78	2,591,778.31		80,200,811.09
1.Land use right	4,719,211.42	415,946.90		5,135,158.32
2.Proprietary technology	56,708,929.16	1,977,550.21		58,686,479.37
3.Software	16,180,892.20	198,281.20		16,379,173.40
Carrying amount of intangible assets	73,865,912.61	-2,540,496.26		71,325,416.35
1.Land	36,880,625.30	-415,946.90		36,464,678.40
2.Proprietary technology	36,542,647.71	-1,977,550.21		34,565,097.50
3.Software	442,639.60	-146,999.15		295,640.45
Impairment of intangible assets				
1.Land use right				

Category	Opening balance	Increase	Decrease	Closing balance
2. Proprietary technology				
3. Software				
Net book value of intangible assets	73,865,912.61	-2,540,496.26		71,325,416.35
1. Land use right	36,880,625.30	-415,946.90		36,464,678.40
2. Proprietary technology	36,542,647.71	-1,977,550.21		34,565,097.50
3. Software	442,639.60	-146,999.15		295,640.45

Amortization was of RMB 2,591,778.31 in the report period.

## (2) Development project spending

Not applicable.

## 10. Deferred tax assets and liabilities

### (1) Deferred tax assets and liabilities are not listed as the net value after offset

Deferred tax assets and liabilities that already recognized

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deferred tax assets:		
Impairment of assets	52,358,165.78	52,533,127.61
Total	52,358,165.78	52,533,127.61

List of unrecognized deferred income tax assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deductible temporary differences	84,463,276.85	115,006,013.88
Deductible losses	964,474,179.69	964,474,179.69
Total	1,048,937,456.54	1,079,480,193.57

Deductible losses of unrecognized deferred income tax assets will due next year

Unit: RMB Yuan

Year	Closing balance	Opening balance	Notes
2014	364,372,073.45	364,372,073.45	
2015	138,617,290.31	138,617,290.31	
2016	258,201,599.91	258,201,599.91	
2017	169,083,295.20	169,083,295.20	
2018	34,199,920.82	34,199,920.82	
2019	0.00		
Total	964,474,179.69	964,474,179.69	

List of taxable differences and deductible differences

Unit: RMB Yuan

Item	Temporary difference	
	Closing balance	Opening balance
1. Deductible temporary difference		
① Provision for bad debt	192,173,756.68	177,611,247.21
② Impairment of inventories	15,148,311.24	30,353,632.92
③ Impairment of fixed assets	2,110,595.23	2,167,630.33
Total	209,432,663.15	210,132,510.46

**(2)Deferred income tax assets and liabilities are listed as the net value after offset**

List of the mutual deduction of deferred income tax assets and deferred income tax liabilities

Unit: RMB Yuan

Item	Deferred income tax assets and liabilities at the end of the period	Deferred deductible or taxable temporary differences at the end of the period	Deferred income tax assets and liabilities at the opening of the period	Deferred deductible or taxable temporary differences at the opening of the period
Deferred tax assets	52,358,165.78		52,533,127.61	

**11. List of provision for assets impairment**

Unit: RMB Yuan

Item	Opening balance	Increase in this period	Decrease in this period		Closing balance
			Reversal	Written off	
1.Provision for bad debt	201,395,655.59	27,010,592.38	19,393,195.94		209,013,052.03
2. Impairment of inventories	85,345,829.72	12,854,299.50	28,059,621.18	24,504,410.20	45,636,097.84
3. Impairment of fixed assets	2,167,630.33			57,035.10	2,110,595.23
<b>Total</b>	<b>288,909,115.64</b>	<b>39,864,891.88</b>	<b>47,452,817.12</b>	<b>24,561,445.30</b>	<b>256,759,745.10</b>

Note 1: Write-off of inventories impairment is caused by the disposal of previously impaired raw material and material requisition for project.

Note 2: The write-off for impairment of fixed assets is caused by the disposal of the previously impaired fixed assets.

**12. Other non-current assets**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Hedging Instrument	0.00	12,137.16
<b>Total</b>		<b>12,137.16</b>

Note: The hedging instrument decreased by 100% in current period. It was mainly due to decrease of hedging loss for un-expired forward contracts in this period.

**13. Short-term loan****(1)Category of short-term loans**

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Credit Loan	200,000,000.00	200,000,000.00
Entrusted Loan	1,350,000,000.00	1,429,200,000.00
Total	1,550,000,000.00	1,629,200,000.00

Note: The entrusted loan is offered by the controlling shareholder ALSTOM (China) Investment Co., Ltd, and the maximum amount is 2.2billion RMB. The loan interest rate is 10% discount of the PBoC benchmark interest rate.

## (2)Short-term loans due but not repaid

None

## 14. Notes payable

Unit: RMB Yuan

Category	Closing amount	Opening amount
Bank Acceptance	66,546,750.00	0.00
Total	66,546,750.00	0.00

Note: The notes payable increased by 100.00% this year. It's mainly due to the increase of payment with bank notes in this period.

## 15. Accounts Payable

### (1)Information

Unit: RMB Yuan

Item	Closing balance	Opening balance
Within 1 year	197,739,261.74	100,795,912.76
1 to 2 years (including 2 years)	20,408,745.33	27,883,016.34
2 to 5 years (including 5 years)	45,680,152.00	55,633,589.47
Over 5 years	8,747,835.08	9,483,151.44
Total	272,575,994.15	193,795,670.01

Note: The closing balance of the account payable increased by 40.65% compared to the beginning of the period, it's mainly due to the increase of raw material purchasing for Yanbu and Tai'an projects in this period.

**(2)The accounts payable to shareholders with more than 5% (including 5%) of the voting shares of the Company or related parties.**

Unit: RMB Yuan

Company	Closing balance	Opening balance
ALSTOM (Switzerland) Ltd	20,215.17	795,968.75
Alstom Boiler Deutschland GmbH	962,850.89	949,656.90
ALSTOM Power Energy	10,614.19	9,247.07
ALSTOM Power Inc.	488,787.14	443,650.07
ALSTOM s.r.o	12,152.98	11,281.33
ALSTOM Technical Services (Shanghai)	6,705,750.00	31,966,529.92
Wuhan Boiler (Group) Yuntong Co., Ltd.	17,440.01	17,440.01
Wuhan Boiler (Group) Valve Co., Ltd.	321,360.26	321,360.26
Wuhan Boiler (Group) Engineering & Technology Co., Ltd.	19,125,755.73	19,125,755.73
Total	27,664,926.37	53,640,890.04

**(3)Notes of the large amount of accounts payable aging over one year**

Note: The accounts payable aging over 1 year were mainly the retrofit processing fees of sub-contracts, which will be settled after the expiration of warranty period of boiler products.

**16. Advance from customers****(1)Information**

Unit: RMB Yuan

Item	Closing amount	Opening amount
Sales accounts payable	671,248,752.51	803,079,341.99
Total	671,248,752.51	803,079,341.99

**(2)Advanced from customers from shareholders with more than 5% (including 5%) of the voting shares of the Company or related parties**

Unit: RMB Yuan

Name of company	Closing balance	Opening balance
ALSTOM Estonia AS	2,585,607.15	2,583,944.83
ALSTOM Power Inc.	576,578,527.57	593,306,874.69
ALSTOM Boiler Deutschland GmbH	61,242,881.45	92,987,393.31
ALSTOM Boiler France	6,484,866.61	
Total	646,891,882.78	688,878,212.83

### (3)Notes of significant advance from customers aging over 1 year

Note: Advanced from customers with aging over 1 year, were un-billed construction contract payment on projects under execution.

They will be off-set after related project billings are issued.

### 17. Payroll payable:

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1.Salary, bonus, allowance, subsidy	10,018,409.69	66,655,032.95	73,655,823.53	3,017,619.11
2. Social insurance		12,800,666.95	12,800,666.95	
including: 1)Medical insurance		3,190,256.75	3,190,256.75	
2)Retirement pension		8,246,361.46	8,246,361.46	
3)Unemployment insurance		794,006.36	794,006.36	
4)Injury insurance premium		290,978.23	290,978.23	
5)Pregnancy insurance		279,064.15	279,064.15	
3. Housing fund		3,307,525.40	3,307,525.40	
4.Other	37,046,124.09	2,743,257.86	2,594,890.45	37,194,491.50
including: 1)Labour union fee and employee education fee	884,163.86	1,600,752.88	1,267,058.04	1,217,858.70
2)Other	36,161,960.23	1,142,504.98	1,327,832.41	35,976,632.80
Total	47,064,533.78	85,506,483.16	92,358,906.33	40,212,110.61

The labor union fee and employee education fee is RMB 1,217,858.70, and the non-monetary benefits are RMB 000, as well as the compensation for terminating the labor contract is RMB 000.

Arrangement of the expected issue time and amount of payroll payment

Closing balance of salary, bonus, allowance, and subsidy was mainly accrued 2014 bonus which will be paid in June of next year.

**18. Taxes payable**

Unit: RMB Yuan

Item	Closing balance	Opening balance
VAT	-26,590,684.79	-33,308,981.85
Personal income tax	183,633.13	-1,500.31
Stamp taxes	223,751.74	5,492.25
Land use taxes	391,112.01	782,224.02
Property Taxes		2,520,985.50
Total	-25,792,187.91	-30,001,780.39

Notes of taxed payable, if the local tax authorities permitted each branch office and factory to mutual adjust the taxes payable, should state the taxes calculation process.

**19. Interest payable**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Interest payable on short-term borrowings	3,156,100.00	12,276,456.15
Total	3,156,100.00	12,276,456.15

Note: The closing balance of the interest payable decreased by 74.29% compared to the beginning of the period, which is mainly due to payment of interest which was booked in prior year.

**20. Dividends payable**

Unit: RMB Yuan

Name of company	Opening balance	Closing balance	Reason of fail to unsettle more than 1 year
Harbin Institute Of East Force Mechanical And Electrical Company	108,000.00	108,000.00	The Company is in liquidation
West Jiaotong University Xingyuan Power Corporation	166,000.00	166,000.00	The Company is in liquidation
Shanghai Power Equipment Research Institute	144,000.00	144,000.00	The Company is in liquidation
Wuhan City Environmental Protection Engineering Co., Ltd	144,000.00	144,000.00	The Company is in liquidation
Total	562,000.00	562,000.00	--

Note: Dividends payable is the unpaid dividend of the company's subsidiary Wuhan Lanxiang Energy Environmental Protection



Technology Co., Ltd.

**21. Other payable****(1) Information**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Within 1 year	13,385,659.49	22,151,259.85
1 to 2 years (including 2 years)	8,901,560.06	3,367,243.96
2 to 5 years (including 5 years)	12,094,803.40	15,810,907.79
Total	34,382,022.95	41,329,411.60

**(2) Other accounts payable from shareholders with more than 5% (including 5%) of the voting shares of the Company or related parties**

Unit: RMB Yuan

Name of entity	Closing balance	Opening balance
Wuhan Boiler Group Co., Ltd.	974,056.13	974,056.13
ALSTOM (Switzerland) Ltd	877,884.08	1,342,660.11
ALSTOM (China) Investment Co., Ltd.	1,370,818.29	3,117,745.60
ALSTOM IS&T SAS	1,590,088.94	4,394,244.13
ALSTOM Power Ltd	87,948.88	88,376.46
ALSTOM Holdings France	15,066.97	21,043.34
Total	4,915,863.29	9,938,125.77

**(3) Notes of the other large amount accounts payable aged more than 1 year.**

None

**(4) Details of the significant amount of other accounts payable**

Item	Amount	The nature or content
ALSTOM (China) Investment Co.,Ltd	1,370,818.29	GITO service fee
ALSTOM IS&T SAS	1,590,088.94	ITSAS service fee
Wuhan Boiler (Group) Co., Ltd.	974,056.13	Service fee
ALSTOM (Switzerland) Ltd	877,884.08	PMX fee
Total	4,812,847.44	

**22. Non-current liabilities**

Unit: RMB Yuan

Item	Closing book balance	Opening book balance
Deferred income	12,175,848.00	12,314,736.00
Hedged items	301,291.41	79,585.63
Unrecognized finance cost	-7,191,954.11	-7,342,568.75
Total	5,285,185.30	5,051,752.88

Note: The unrecognized financing cost is the discount fees of employee retirement benefits in accordance with the regulations stipulated in 'Employee Benefits' Accounting Standards.

Liabilities involving government subsidies

Unit: RMB Yuan

Item	Opening balance	Newly increase subsidy of report period	Amount recorded into non-operating income	Other changes	Closing balance	Related to assets/Related to income
Gains from land use right of corporate's new factory	12,314,736.00		138,888.00		12,175,848.00	Related to assets
Total	12,314,736.00		138,888.00		12,175,848.00	

**23. Share capital**

Unit: RMB Yuan

	Opening balance	Increase/Decrease (+/-)					Closing balance
		Issuing new shares	Bonus shares	Reserves transferred to shares	Others	Subtotal	
Total shares	297,000,000.00						297,000,000.00

**24. Capital surplus**

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	144,909,718.58			144,909,718.58
Other capital surplus	29,749,688.88			29,749,688.88

Total	174,659,407.46			174,659,407.46
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## 25. Surplus reserve

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Legal surplus	39,418,356.83			39,418,356.83
Total	39,418,356.83			39,418,356.83

## 26. Retained earnings

Unit: RMB Yuan

Item	Amount	Withdrawal or distributed proportion
Opening balance of retained earnings before adjustments	-1,874,568,606.42	--
Opening balance of retained earnings after adjustments	-1,874,568,606.42	--
Add: Net profit attributable to owners of the Company	8,214,639.10	--
Closing retained earnings	-1,866,353,967.32	--

List of adjustment of opening retained earnings:

- 1) RMB000 opening retained earnings was affected by retroactive adjustment conducted on Accounting Standards of Business Enterprises and its relevant new regulations.
- 2) RMB000 opening retained earnings was affected by changes on accounting policies.
- 3) RMB000 opening retained earnings was affected by correction of significant accounting errors.
- 4) RMB000 opening retained earnings was affected by changes in combination scope arising from same control.
- 5) RMB000 opening retained earnings was affected by a total of other adjustment.

Notes: as for IPO companies, chief on accumulated profits if it were enjoyed by new and original shareholders with resolutions of shareholders' general meeting before public offering. The Company shall chief on audited profits of dividends accounts payable that was shared by original shareholders.

## 27. Revenue and Cost of Sales

### (1) Revenue, Cost of Sales

Unit: RMB Yuan

Item	Report period	Same period of last year
Sales of main business	494,874,319.77	459,095,994.70
Other operating income	2,023,839.75	3,185,112.05

Cost of sales	432,828,651.37	449,540,053.90
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**(2) Main business (Classified by industry)**

Unit: RMB Yuan

Industry	Report period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Boiler Industry	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19
Total	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19

**(3) Main business (Classified by product)**

Unit: RMB Yuan

Product	Report period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Boiler and accessories sales	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19
Total	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19

**(4) Main business (Classified by area)**

Unit: RMB Yuan

Area	Report period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Domestic	120,942,552.42	136,461,886.76	107,191,166.56	124,808,687.05
Overseas	373,931,767.35	296,094,730.63	351,904,828.14	322,841,719.14
Total	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19

**(5) List of the top five customers**

Unit: RMB Yuan

Customers	Sales of main business	Proportion of total revenue (%)
Customers under same control of ALSTOM	323,978,084.50	65.20%
Binzhou Beihai New Materials Co., Ltd.	83,170,022.05	16.74%
PT INDAH KIAT PULP & PAPER, TBK	50,304,260.19	10.12%
Guodian Taian thermal power Co., Ltd	30,480,978.65	6.13%
China Nuclear Energy Industry Corp.	4,161,861.09	0.84%

Total	492,095,206.48	99.03%
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Notes:

**28. Revenue from the construction contracts**

Unit: RMB Yuan

	Contract item	Amount	Incurring cumulative costs	Recognized cumulative gross profit (Losses presented by "-")	Settled amount
Fixed price contract	ALSTOM Power Inc	1,834,523,770.27	940,084,188.42	143,446,893.77	-1,083,531,082.19
	Binzhou Beihai New Materials Co., Ltd.	478,632,478.63	381,251,344.12	63,492,813.64	-412,820,512.81
	Gansu Diantou Jinchang Generating Co., Ltd	258,974,358.97	226,431,351.31	19,468,209.03	-233,803,418.83
	Guodian Taian thermal power Co.,Ltd	238,120,000.00	102,460,139.48	-8,024,476.18	-70,739,181.76
	Alstom power Systems GmbH	387,794,073.77	484,724,153.26	-97,753,771.91	-386,872,458.38
	Others	957,094,805.59	251,382,687.91	-14,113,022.67	-232,856,799.52
	Subtotal	4,155,139,487.23	2,386,333,864.50	106,516,645.68	-2,420,623,453.49
Cost plus contract	Contract item	Amount	Incurring cumulative costs	Recognized cumulative gross profit (Losses presented by "-")	Settled amount

**29. Business tax and surcharges**

Unit: RMB Yuan

Item	Report period	Same period of last year	Calculation and payment standard
Urban maintenance and construction tax	3,672.62		
Education surtax	1,573.98		
Dyke fee	524.66		
Local education surtax	1,049.32		
Total	6,820.58		

**30. Selling expenses**

Unit: RMB Yuan

Item	Report period	Same period of last year
Wages and bonus	2,190,507.97	2,807,571.42
Social insurance	294,604.92	279,941.16
Travel expenses and entertainment expenses	568,057.69	990,795.60
Housing fund	78,482.00	74,754.00
Depreciation	164,468.68	219,852.58
Rental fee	90,302.42	92,769.85
Energy cost	49,758.65	62,720.21
Consult fees	68,982.25	244,900.00
IT related cost	151,267.38	206,461.99
Office expenses	70,481.70	125,147.22
Tendering and Other expenses	3,935,056.40	1,355,933.17
Total	7,661,970.06	6,460,847.20

**31. Administration expenses**

Unit: RMB Yuan

Item	Report period	Same period of last year
Wages and bonus	6,911,186.08	5,076,221.61
Social insurance	701,245.31	550,492.88
Housing property tax and land use right	603,378.15	2,794,834.86
Travel expenses and entertainment expenses	1,058,659.07	779,606.29
Housing fund	161,038.00	166,769.00
Other	3,790,142.93	3,691,567.06
Total	13,225,649.54	13,059,491.70

**32. Financial expenses**

Unit: RMB Yuan

Item	Report period	Same period of last year
Interest expenses	46,987,620.51	42,694,100.00
Less: Interest income	1,342,769.01	152,954.29

Exchange net losses	-1,422,298.59	-4,493,748.02
Bank charges	1,160,946.10	864,362.75
Amortization unrecognized financing charges	150,614.64	1,288,432.66
Total	45,534,113.65	40,200,193.10

### 33. Gains and losses from changes in fair value

Unit: RMB Yuan

Source	Report period	Same period of last year
Hedging gains and losses	-1,159,562.10	-2,547,295.46
Total	-1,159,562.10	-2,547,295.46

Notes: The 54.48% increase of gains and losses from changes in fair value is mainly due to the decrease of loss arising from the un-expired hedging instrument and hedged items.

### 34. Impairment losses

Unit: RMB Yuan

Item	Report period	Same period of last year
I. Bad debts losses	7,617,396.44	-13,338,811.64
II. Inventory falling price losses	-19,157,259.05	
Total	-11,539,862.61	-13,338,811.64

### 35. Non-operating gains

#### (1) Information

Unit: RMB Yuan

Item	Report period	Same period of last year	The amount included in the current non-recurring gains and losses
Total gains from disposal of non-current assets	59,767.52	401,164.36	59,767.52
Including: Gains from disposal of fixed assets	59,767.52	401,164.36	59,767.52
Government subsidies	288,888.00	538,888.00	288,888.00
Indemnity and fine incomes		1,957,808.82	
Other	1,554.58	15,305.57	1,554.58
Total	350,210.10	2,913,166.75	

Note: The non-operating gains decreased 87.98%. It's mainly due to the decrease of indemnity from vendors in the report period.

**(2) List of government subsidies recorded into current profits and losses**

Unit: RMB Yuan

Item	Report period	Same period of last year	Related to assets/Related to income	Whether belong to non-recurring profit and loss
City Finance Bureau's one business one policy incentives in 2012		400,000.00	Related to income	Yes
District Finance Bureau's Industrial Rapid Growth contribution award in 2013	150,000.00		Related to income	Yes
New factory revenue amortization of land use rights	138,888.00	138,888.00	Related to assets	Yes
Total	288,888.00	538,888.00		

**36. Non-operating expenses**

Unit: RMB Yuan

Item	Report period	Same period of last year	Amount record into non-recurring profit and loss
Loss on disposal of non-current assets		67,734.21	
Including: Loss on disposal of fixed assets		67,734.21	
Other	4,544.11	1,000.00	4,544.11
Total	4,544.11	68,734.21	4,544.11

Note: The non-operating expenses decreased by 93.39%. It's mainly due to the decrease of asset disposal in the report period.

**37. Income tax expense**

Unit: RMB Yuan

Item	Report period	Same period of last year
Adjustment of income tax	174,961.83	3,103,374.39
Total	174,961.83	3,103,374.39

Note: The income tax expense decreased by 94.36% as compared to prior period, it's mainly due to the decrease of reduction of the temporary deductible differences resulted from the release of contract loss provision.



### 38. Calculation procedure of basic earnings per share and diluted earnings per share

A. Basic earnings per share =  $P \div S = 8,214,639.10 \div 297,000,000.00 = 0.03$

$S = S_0 + S_1 + S_i \times M_i \div MO - S_j \times M_j \div MO - S_k$

In the equation above, P represents the net profit or profit after deducting extraordinary gain or loss attributable to ordinary shareholders. S represents the weighted average number of ordinary shares during the period.  $S_0$  represents the number of ordinary shares at the beginning of the period.  $S_1$  represents the number of additional ordinary shares issued on capital surplus transfer or share dividends appropriation;  $S_i$  represents the number of ordinary shares issued in exchange for cash or issued as a result of the conversion of a debt instrument to ordinary shares during the period.  $S_j$  represents reduced number of ordinary shares such as shares buy back.  $S_k$  represents the number of a reverse share split. MO represents the months during the period.  $M_i$  represents the months from the following month after issuing incremental shares to the end of the period.  $M_j$  represents the months from the following month after reducing shares to the end of the period.

B. Diluted Earnings Per Share =  $[P + (\text{Diluted potential common stock dividends-convert cost})] / (S_0 + S_1 + S_i \times M_i \div MO - S_j \times M_j \div MO - S_k + \text{The weighted average number of incremental ordinary shares on warrants, options, convertible debt and so on})$ .

In the equation above, P represents the net profit or profit after deducting extraordinary gain or loss attributable to ordinary shareholders. When calculating the diluted Earnings per Share, company considered in sequence from dilutive potential ordinary shares to get the lowest earnings per share.

For business combination under the same control during the reporting period and the combining party issuing new shares as consideration, when calculating the EPS at the end of reporting period, company should treat these shares as normal outstanding shares at the beginning of combining date (Weighting coefficient is 1). When calculating the EPS during the comparing period, company should treat these shares as normal outstanding shares at the beginning of comparing period. When calculating the EPS after deducting extraordinary gain or loss at the end of reporting period, company should treat these new shares as issued one month after the combining date. When calculating the EPS after deducting extraordinary gain or loss during the comparing period, company should ignore these new shares (Weighting coefficient is 0).

For business combination under the same control at the accounting period and the combining party issuing new shares as consideration, when calculating the EPS at the accounting period or the comparing period, company should use the basic EPS method to treat these new shares.

Unlisted company purchases listed company by issuing share to become a listed company indirectly, when calculating the EPR during the reporting period:

Weighted average number of ordinary shares during the period = (Weighted average number of shares from the beginning of reporting period to the end of the month which combination happened) + (Weighted average number of shares from the next month of the combination to the end of the reporting period)

Weighted average number of shares from the beginning of reporting period to the end of the month which combination happened = Weighted average number of shares of the acquirer (subsidiary in law)  $\times$  Share exchange rate in the acquisition agreement  $\times$  number of months from the beginning to the month which acquisition happens  $\div$  number of months during the period

Weighted average number of shares from the next month of the combination to the end of the reporting period = Weighted average number of shares of the acquiree (parent in law)  $\times$  number of months from the next month to the end of period  $\div$  number of months during the period

Unlisted company purchases listed company by issuing share to become a listed company indirectly, when calculating the EPR during the comparing period:

Weighted average number of ordinary shares during the period = Weighted average number of shares of the acquirer (subsidiary in law)  $\times$  Share exchange rate in the acquisition agreement.

**39. Notes of Cash Flow Statement****(1) Other cash received relevant to operating activities**

Unit: RMB Yuan

Item	Amount
District Finance Bureau's Industrial Rapid Growth contribution award in 2013	150,000.00
Refunded training fee	20,875.00
Refund of individual income tax charge fee	1,554.67
<b>Total</b>	<b>172,429.67</b>

**(2) Other cash paid relevant to operating activities**

Unit: RMB Yuan

Item	Amount
IT service fees	923,778.91
Information Disclosure fees of listed Companies	195,632.04
Office expenses	1,303,074.69
Security fees	685,680.00
Insurance expenses	25,388.94
Meal fees	521,615.00
Travel and other expenses	3,782,037.27
Car fares	17,400.00
Conference expenses	45,782.30
Detect costs	650,502.00
Gas fees	1,244,496.93
Training expenses	6,433.31
Fuel costs	375,000.00
Cleaning Charges	13,500.00
Audit fee	750,000.00
Water charges	326,924.99
Commuting costs	1,773,567.00
General repairs & maintenances	1,401,031.37
Property costs	815,750.00
Postage expenses	127,846.05

Transportation expenses	249,459.09
Consult fees	4,601,245.45
Rental expenses	1,356,589.86
Others	815,727.71
<b>Total</b>	<b>22,008,462.91</b>

**(3) Other cash received relevant to investment activities**

Unit: RMB Yuan

Item	Amount
Interests income	1,342,769.01
<b>Total</b>	<b>1,342,769.01</b>

**(4) Other cash paid relevant to investment activities**

Unit: RMB Yuan

Item	Amount
Bank charges	1,160,946.10
<b>Total</b>	<b>1,160,946.10</b>

**(5) Other cash received relevant to financing activities**

None

**(6) Other cash paid relevant to financing activities**

None

**40. Supplemental information for Cash Flow Statement****(1) Supplemental information for Cash Flow Statement**

Unit: RMB Yuan

Supplemental information	Report period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operations:	--	--
Net profit	8,191,958.99	-36,446,904.82
Add: Provision for assets impairments	-32,149,370.54	-18,314,348.11
Depreciation of fixed assets, oil-gas assets and productive biological assets	17,583,286.60	20,037,873.38

Amortization of intangible assets	2,591,778.31	3,294,227.40
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: negative)	-59,767.52	-333,430.15
Losses/gains from variation of fair value (gains: negative)	1,159,562.10	2,547,295.46
Financial cost (income: negative)	44,373,167.55	40,200,193.10
Decrease in deferred tax assets (increase: negative)	174,961.83	3,103,374.39
Decrease in inventory (increase: negative)	21,997,848.59	38,828,506.15
Decrease in accounts receivable from operating activities (increase: negative)	83,540,433.05	160,057,049.64
Increase in accounts payable from operating activities (decrease: negative)	3,906,265.32	-462,171,842.09
Net cash flows generated from operating activities	151,310,124.28	-249,198,005.65
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of Cash	21,900,487.66	16,683,462.09
Less: opening balance of cash	8,283,224.28	131,071,052.35
The net increase in cash and cash equivalents	13,617,263.38	-114,387,590.26

## (2) Relevant information of acquisition or disposal of subsidiaries and other operation entities in the report period

Unit: RMB Yuan

Supplemental information	Report period	Same period of last year
I. Relevant information on acquisition of subsidiaries and other operation entities:	--	--
II. Relevant information on disposal of subsidiaries and other operation entities	--	--

## (3) Composition of cash and cash equivalents

Unit: RMB Yuan

Item	Report period	Same period of last year
I. Cash	21,900,487.66	8,283,224.28
Bank deposit on demand	21,900,487.66	8,283,224.28
III. Closing balance of cash and cash equivalents	21,900,487.66	8,283,224.28

#### 41. Notes of statement of shareholders' equity

Notes of issues such as name of project that made adjustment in closing balance of 2013, amount that adjusted and retroactive adjustment generated from enterprises combination under the same control:

☐ Applicable ☒ Inapplicable

### VIII. Related Party Relationships and Transactions

#### 1. Information of the parent company of the Company

Parent company	Relationship	Business Type	Registration	Legal Representative	Nature of the business	Registered Capital	The parent company's shareholding (%)	The parent company's voting right (%)	The ultimate controlling party of the Company	Organization Code
ALSTOM (China) Investment Co., Ltd.	Controlling shareholder	Exclusively foreign-owned enterprise	5F of the Qiankun Building, No.6 of the Santunli 6 <sup>th</sup> Street, Zhaoyang District, Beijing	Dominique Pouliquen	Invest in accordance with laws in the areas which are allowed to have foreign investments etc.	USD 60,904,400	51%	51%	ALSTOM Holdings	71092378-2

#### 2. Information of subsidiaries of the Company

Full name	Type	Business type	Registered address	Legal representative	Nature of the business	Registered capital	Percentage of Shareholding (%)	Percentage of voting right (%)	Organization code
Wuhan Lanxiang Energy Environmental Technology Co., Ltd.	Controlling shareholder	Limited liability company (domestic)	No. 586 in Wuluo Road, Wuchang District	Yang Guowei	Boilers, energy and environmental protection products, steel, energy	20,000,000	95%	95%	73753132-4

					products and their auxiliary equipment technology research, design, technology consulting, technology services; development of product sales; energy engineering (non-civil) contracting and technical services.				
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### 3. Information of other related parts of the Company

Name	Relationship	Organization code
ALSTOM Power Inc.	Subsidiary of the Company's ultimate controller	
ALSTOM Boiler France	Subsidiary of the Company's ultimate controller	
ALSTOM Boiler Deutschland GmbH	Subsidiary of the Company's ultimate controller	
ALSTOM Power Boiler GmbH	Subsidiary of the Company's ultimate controller	
ALSTOM Power Energy	Subsidiary of the Company's ultimate controller	
ALSTOM Estonia AS	Subsidiary of the Company's ultimate controller	
ALSTOM IS&T SAS	Subsidiary of the Company's ultimate controller	
ALSTOM Power Ltd	Subsidiary of the Company's ultimate controller	

ALSTOM s.r.o	Subsidiary of the Company's ultimate controller	
ALSTOM Holdings	Company's ultimate controller	
ALSTOM Power Systems GmbH	Subsidiary of the Company's ultimate controller	
ALSTOM (Switzerland) Ltd	Subsidiary of the Company's ultimate controller	
ALSTOM (Wuhan) Engineering Technology Co., Ltd.	Subsidiary of the Company's ultimate controller	77459437-5
ALSTOM (Beijing) Engineering Technology Co., Ltd.	Subsidiary of the Company's ultimate controller	
ALSTOM Technical Services (Shanghai) Co., Ltd.	Subsidiary of the Company's ultimate controller	60742241-0
Wuhan Boiler Group Co., Ltd.	The second largest shareholder of the Company	17771651-4
Wuhan Boiler Group Valve Co., Ltd.	The second largest shareholder of subsidiaries	30024542-1
Wuhan Boiler Group Engineering Technology Co., Ltd.	The second largest shareholder of subsidiaries	87769907-3
Express Wuhan Boiler Group Co., Ltd.	The second largest shareholder of subsidiaries	30024726-7
ALSTOM (China) Investment Co., Ltd.	The largest shareholder of the Company	71092378-2

#### 4. Related party transactions

##### (1) Goods purchased and service received

Unit: RMB Yuan

Related parties	Details of transaction	Rule of price setting and decision procedures	Report period		Last period	
			Amount	Proportion (%)	Amount	Proportion (%)
ALSTOM Technical Services (Shanghai) Co., Ltd.	Purchasing raw materials	According to the trade fair market price	2,754,914.53	0.95%	32,600,000.00	12.56%
Wuhan Boiler Group Valve Co., Ltd.	Purchasing boiler accessories	According to the trade fair market price			149,832.26	0.06%

Alstom Power Energy	Purchasing raw materials	According to the trade fair market price			11,683.46	0.00%
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Sales and service provided

Unit: RMB Yuan

Related parties	Details of transaction	Rule of price setting and decision procedures	Report period		Last period	
			Amount	Proportion (%)	Amount	Proportion (%)
ALSTOM Estonia AS	Sales of products	According to the trade fair market price			6,476,140.55	1.41%
ALSTOM Boiler Deutschland GmbH	Sales of products	According to the trade fair market price			1,747,720.70	0.38%
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	Labor service	According to the trade fair market price	819,431.21	44.23%	613,248.06	69.84%
ALSTOM Technical Services (Shanghai) Co., Ltd.	Sales of spare parts	According to the trade fair market price	348,915.00	0.07%		
ALSTOM Power INC.	Sales of products	According to the trade fair market price	289,738,109.43	58.55%	343,145,161.33	74.74%
ALSTOM Boiler France	Sales of products	According to the trade fair market price	1,565,133.39	0.32%		
Alstom power Systems GmbH	Sales of products	According to the trade fair market price	32,325,926.69	6.53%		
ALSTOM (Switzerland) Ltd	Sales of service	According to the trade fair market price	171,235.20	9.24%		
Wuhan Boiler Group Engineering Technology Co., Ltd	Sales of products	According to the trade fair market price	2,187,944.16	0.44%		

**(2) Information of related party trusteeship/contract**

None



**(3) Information of related party lease**

None

**(4) Information of related party guarantee**

None

**(5) Related party call loan**

None

**(6) Information about assets transfer, debt reorganization of related parties**

None

**(7) Other related party transaction**

Unit: RMB Yuan

Related party	Item	Report period	Last period
ALSTOM (Switzerland) Ltd	Software support fees of PMX	778,170.74	964,140.00
ALSTOM (Switzerland) Ltd	Software Application Fees of PDM etc.	264,907.14	193,597.75
ALSTOM IS&T SAS	ITSAS fees	2,417,798.45	2,701,242.97
ALSTOM (China) Investment Co., Ltd.	ITSSC service fees	1,709,997.38	1,825,682.37
ALSTOM (China) Investment Co., Ltd.	Training fees	27,950.00	
ALSTOM Boiler Deutschland GmbH	Project service fees	437,659.50	
Beizhong ALSTOM (Beijing) electric equipment Co., Ltd.	Training fees		10,000.00
ALSTOM Boiler France	Training fees		44,516.58
ALSTOM (Wuhan) Engineering & Technology Co., Ltd.	Project Testing fees		100,000.00

Note: The controlling shareholder ALSTOM (China) Investment Co., Ltd entrusted China construction bank to grant loans to the company, with a total amount 1.35billion RMB. The loan interest rate is 10% discount of PBoC benchmark interest rate. The actual interest cost incurred in the first half of 2014 is 41,220,953.84 RMB.

**5. Amounts due from/to related parties**

Amount due from related parties

Unit: RMB Yuan

Name	Related party	Closing balance	Opening balance
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		Book value	Bad debt provision	Book value	Bad debt provision
Accounts receivable	Wuhan Boiler Group Engineering Technology Co., Ltd.	8,649,095.32	4,968,818.28	4,854,995.28	4,854,995.28
Accounts receivable	ALSTOM Power Inc	89,697,481.84	2,692,154.79	115,157,792.48	3,455,587.32
Accounts receivable	ALSTOM Boiler Deutschland GmbH	138,538.90	27,707.78	129,576.22	25,915.24
Other accounts receivable	Wuhan Boiler (Group) Co., Ltd.	61,030,488.11	20,743,485.17	61,030,488.11	16,353,377.52
Other accounts receivable	Wuhan Boiler Group Valve Co., Ltd.	240,571.49	166,668.63	240,571.49	48,114.30
Other accounts receivable	Wuhan Boiler (Group) Yuntong Co., Ltd.	10,171.01	2,034.20	10,171.01	2,034.20
Other accounts receivable	ALSTOM Boiler France	617,080.03	18,512.40	617,080.03	18,512.40
Other accounts receivable	ALSTOM (Switzerland) Ltd	181,509.31	5,445.28		
Other accounts receivable	ALSTOM Boiler Deutschland GmbH	388,529.69	23,311.78	388,420.68	16,284.65
Other accounts receivable	ALSTOM (Wuhan) Engineering Technology Co., Ltd	36,200.01	1,086.00	245,749.37	7,372.48
Other accounts receivable	ALSTOM (Beijing) Engineering & Technology Co., Ltd.	14,074.73	422.24	14,074.73	422.24
Other accounts receivable	ALSTOM Power Inc.	36,157.65	1,084.73	36,157.65	1,084.73
Prepayment	ALSTOM (Shanghai) Engineering Technology Co., Ltd.			13,260,000.00	
Prepayment	ALSTOM Power Inc.	1,225,600.00			

Amount due to related parties

Unit: RMB Yuan

Name	Related party	Closing balance	Opening balance
Accounts payable	Wuhan Boiler (Group) Yuntong Co., Ltd.	17,440.01	17,440.01
Accounts payable	Wuhan Boiler Group Valve Co., Ltd.	321,360.26	321,360.26
Accounts payable	Wuhan Boiler Group	19,125,755.73	19,125,755.73

	Engineering Technology Co., Ltd.		
Accounts payable	ALSTOM Technical Services (Shanghai) Co., Ltd.	6,705,750.00	31,966,529.92
Accounts payable	ALSTOM Boiler Deutschland GmbH	962,850.89	949,656.90
Accounts payable	ALSTOM Power Inc	488,787.14	443,650.07
Accounts payable	ALSTOM s.r.o	12,152.98	11,281.33
Accounts payable	ALSTOM (Switzerland) Ltd	20,215.17	795,968.75
Accounts payable	ALSTOM Power Energy	10,614.19	9,247.07
Advance from customers	ALSTOM Estonia AS	2,585,607.15	2,583,944.83
Advance from customers	ALSTOM Boiler Deutschland GmbH	61,242,881.45	92,987,393.31
Advance from customers	ALSTOM Power Inc.	576,578,527.57	593,306,874.69
Advance from customers	ALSTOM Boiler France	6,484,866.61	
Other accounts payable	Wuhan Boiler (Group) Co., Ltd.	974,056.13	974,056.13
Other accounts payable	ALSTOM (China) Investment Co., Ltd.	1,370,818.29	3,117,745.60
Other accounts payable	ALSTOM IS&T SAS	1,590,088.94	4,394,244.13
Other accounts payable	ALSTOM (Switzerland) Ltd	877,884.08	1,342,660.11
Other accounts payable	ALSTOM Power Ltd	87,948.88	88,376.46
Other accounts payable	ALSTOM Holdings	15,066.97	21,043.34

## IX. Contingency

### 1. Contingent liabilities and its fiscal effect arising from unsettled lawsuit or arbitration

(1) . In November 2001, Shenzhen Wangda Caiyin Packaging Co., Ltd. and the company signed a boiler supply contract which contract No. is 2001 Dianxiao 011. In September 2003, two parties reached a supplemental agreement which stipulated that Jiangsu Wangda Paper Co., Ltd. (referred to 'Jiangsu Wangda') shall perform the rights and obligations of contract. In February 2004, after the company received the advance deposit, the company organized the work of designing, production and expanding purchase. In November 2004, Jiangsu Wangda required the company to delay the delivery date and stopped paying the remaining payments, which result in the suspension of this project until now. In April 2011, Jiangsu Wangda sent a letter to the company, in which it required rescission of the contract and return of the advance payment. However, the company maintained, due to a large amount of

cost arising from organization of design, production and expanding purchase in this project, the company agreed to terminate the contract on the basis of no refund of advance deposit and compensation of the loss, whilst Jiangsu Wangda disagreed on the company's opinion. Due to the disagreement of rescission of the contract by both parties, Jiangsu Wangda took a legal action to the intermediate people's court of Wuhan. Until the reporting date, this case is still in the trial of the intermediate people's court of Wuhan.

The company will safeguard the legitimate rights and interests of the company through legal actions. The above matters will not be expected to have a significant impact to the company's financial position.

(2) . On June 28th 2013, 'amendments to constitution of Wuhan Boiler Co., Ltd' (referred to 'amendments to constitution ') was approved at annual general meeting of shareholders held in 2012. The main points of modified content include: Article 74, the Power of Attorney shall be issued respectively for each shareholder meeting , shall not be accredited for long-term; the proxy shall not delegate to others; if the proxy who is a shareholder accepts the authority of five or more than five shareholders, the proxy shall collect the voting rights based on the relevant requirements of proxy solicitation system of the company and go through the relevant procedures; the proxy who is not a shareholder cannot accept the authority of five or more than five shareholders except the solicitor. Article 80, the solicitor is the independent director of the Board of Directors of the company, or the shareholder who individually or jointly holds more than 1 per cent of the issued shares of the company; the solicitor shall hire a law firm or state notarial organ to review the qualification of the solicitor, solicitation scheme, authority letters of proxy solicitation, veracity of performing proxy solicitation, validity of performing proxy solicitation and so on, then issue a legal opinion. This legal opinion or notarial certificate should be disclosed in the specified media with the report of proxy solicitation and authority letters of proxy solicitation. According to the requirements of Shenzhen Stock Exchange, Shanghai Jintiancheng law firm issued the 'legal opinion' on these amendments. Shanghai Jintiancheng law firm maintained that these amendments did not violate the mandatory provisions of current laws and regulations, and it limited the legitimate rights and interests of minority shareholders without merit.

Zhenbiao Tan, the exchangeable-share holders of the company, believed that this amendments limited public shareholders to reasonably perform their civil rights and harmed the rights and interests of public shareholders. Thus, he maintained that the amendments was invalid and sued in the people's court of Wuhan Donghu New Technology Development Zone. The court of Wuhan Donghu New Technology Development Zone adjudicates the suit that rejected accuser requests in July 2014.

The company believes that the above matters will not have a significant impact to the company's financial position.

## **2. Contingent liabilities and its fiscal effect arising from guarantee offered to other companies**

None

**Other contingent liabilities and its fiscal effect:**

None

## **X. Commitments**

### **1. Significant commitments**

#### **(1) Capital commitments**

Up to 30 Jun 2014, the commitment related to purchases of long-term assets which the contract were signed but not reflected in the financial statements amounted to RMB4,442,054.47, USD157,085.00 and EUR15,071.50.

#### **(2) Other commitments**

Up to 30 Jun 2014, the unexpired bonds issued by the company amount to: performance bond RMB92,586,473.35, tender bond RMB3,200,000.00.

### **2. The situation of the performance of the commitment during the prior period**

1. In the first half of 2014 the company had paid RMB51,080.40 for the performance of the commitment for the construction of the long-term asset.
2. In the first half of 2013 the performance guarantee RMB6,170,860.00, the tender guarantee USD3,126,923.00 had been released after all the performance of the contract.

## **XI. Events after the Balance Sheet Date**

### **1. Notes of significant events after the Balance Sheet Date**

None

### **2. Notes of profit distribution after Balance Sheet Date**

None

### **3. Notes of other events after Balance Sheet Date**

None

## **XII. Notes of other significant events**

**1. Exchange of non-monetary assets**

None

**2. Debt reorganization**

None

**3. Enterprises combination**

None

**4. Lease**

None

**5. Closing financial instruments that externally published and able to convert into shares**

None

**6. Assets and liabilities measured by fair value**

Unit: RMB Yuan

Item	Opening amount	Income from fair value change in the report period	Accrued fair value change that recognized in equity	Withdrawn impairment in report period	Closing amount
Financial assets					
Derivative financial assets	12,137.16	-12,137.16			0.00
Total	12,137.16	-12,137.16			0.00
Financial Liability	79,585.63	-221,705.78			301,291.41

**7. Main content of the pension plans and significant changes**

None

**8. Other**

None

**XIII. Notes of financial statements of parent company**

# 1. Accounts receivable

## (1) Accounts receivable

Unit: RMB Yuan

Category	Closing balance				Open balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that is individually significant and provisions for bad debts individually	24,820,000.00	9.34%	24,820,000.00	100.00%	24,820,000.00	6.79%	24,820,000.00	100.00%
Accounts receivable that provisions for bad debt by group								
Accounts receivable that provisions for bad debt by aging	217,804,676.87	81.98%	97,571,651.66	44.80%	311,755,182.08	85.27%	104,050,713.72	33.38%
Subtotal of group	217,804,676.87	81.98%	97,571,651.66	44.80%	311,755,182.08	85.27%	104,050,713.72	33.38%
Accounts receivable that is individually insignificant but provisions for bad debts individually	23,042,460.00	8.67%	22,572,460.00	97.96%	29,042,460.00	7.94%	16,004,460.00	55.11%
Total	265,667,136.87	--	144,964,111.66	--	365,617,642.08	--	144,875,173.72	--

Notes:

Note: the monetary standards of provision for bad debts of the individually significant receivables is top 5 account receivables at year end, which the impairment test is carried on individually. For significant receivables, if there are substantive evidences indicating that a receivable has been impaired, a provision for bad debts should be made; if a receivable is found not to be individually impaired, it should be included in a group of similar credit risk characteristics receivables and a collective assessment of impairment should be made. Receivables which are not significant, but still need individually recognition of bad debt provision, if there are substantive evidences shown there is a special impairment of insignificant receivables, then they need individually impairment tests

Closing accounts receivable that is individually significant and provisions for bad debts individually:

✓ Applicable    □ Inapplicable

Unit: RMB Yuan

Accounts payable	Book value	Bad debt provision	Withdrawal proportion (%)	Reason
Dongfang Xiwang Baotou Xitu Aluminium Co., Ltd.	24,820,000.00	24,820,000.00	100%	Quality problems, difficult to recover money
Total	24,820,000.00	24,820,000.00	--	--

In the group, accounts receivable that provision for bad debts by aging analysis:

✓ Applicable ☐ Inapplicable

Unit: RMB Yuan

Aging	Closing amount			Opening amount		
	Book value		Bad debt provision	Book value		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year (Including 1 year)	116,751,385.90	53.60%	3,502,866.03	190,066,260.86	60.97%	5,701,987.83
Subtotal of within 1 year	116,751,385.90	53.60%	3,502,866.03	190,066,260.86	60.97%	5,701,987.83
1 to 2 years	7,057,000.00	3.24%	211,710.00	9,038,000.00	2.90%	271,140.00
2 to 3 years	30,195.98	0.01%	1,811.76	2,047,451.61	0.66%	122,847.10
3 to 4 years	138,538.90	0.06%	27,707.78	242,676.22	0.08%	48,535.24
4 to 5 years				15,568,237.30	4.99%	3,113,647.46
Over 5 years	93,827,556.09	43.08%	93,827,556.09	94,792,556.09	30.41%	94,792,556.09
Total	217,804,676.87	--	97,571,651.66	311,755,182.08	--	104,050,713.72

In the group, accounts receivable that provision for bad debts by balance percentage:

☐ Applicable ☒ Inapplicable

In the group, accounts receivable that provision for bad debts by other methods:

☐ Applicable ☒ Inapplicable

Closing accounts receivable that is individually insignificant but provisions for bad debts individually:

✓ Applicable ☐ Inapplicable

Unit: RMB Yuan

Accounts payable	Book value	Bad debt provision	Withdrawal proportion (%)	Reason
Datang Liaoyuan Power Plant	10,010,000.00	10,010,000.00	100.00%	Deduction for product quality issues
Guodian Lanzhou Thermal power Co., Ltd.	500,000.00	30,000.00	6.00%	The Company is required to bear part of the subsequent costs and thus the receivable amount is not expected to be fully recoverable.



Gansu Datang Xigu Thermal Power Company Limited	11,952,460.00	11,952,460.00	100.00%	The retention money is difficult to be received due to product quality issues.
Gansu Diantou Jinchang Electric Power Investment Co., Ltd.	580,000.00	580,000.00	100.00%	The retention money is difficult to be fully received.
Total	23,042,460.00	22,572,460.00	--	--

**(2) Information of accounts receivable reversed or recovered in the report period**

Unit: RMB Yuan

Details	Reason for reversal or recovery	Basis on recognition of provision for bad debts	Amount of reversed or recovered that previously recognized as provision for bad debts	Amount of reversed or recovered
Datang Liaoyuan Power Plant	The receivable amount has been recovered.	Deduction for product quality issues	200,000.00	1,000,000.00
Guodian Lanzhou Thermal power Co., Ltd.	The receivable amount has been recovered.	The Company is required to bear part of the subsequent costs and thus the receivable amount is not expected to be fully recoverable.	240,000.00	4,000,000.00
Gansu Datang West Solid Thermal Power Company Limited	The receivable amount has been recovered.	The retention money is difficult to be received due to product quality issues.	1,000,000.00	1,000,000.00
Shuangyashan Thermal power Co., Ltd.	The receivable amount was recovered.	Over 5 years	175,000.00	175,000.00
Xinjiang Huadian Changji Thermal power Phase II Co., Ltd.	The receivable amount was recovered.	Over 5 years	200,000.00	200,000.00
Shanxi Lu'an Yuwu Thermal power Co., Ltd.	The receivable amount was recovered.	Over 5 years	590,000.00	590,000.00
Total	--	--	2,405,000.00	--

Withdrawal of closing accounts receivable that is individually significant or insignificant but provisions for bad debts individually:

None

**(3) Information of accounts receivable that written off in the report period**

None

**(4) Information of shareholders with more than 5% (including 5%) of the voting shares of the Company in account receivable in report period**

□ Applicable √ Inapplicable

**(5) Nature or details of other significant accounts receivable**

□ Applicable √ Inapplicable

**(6) Information of top five**

Unit: RMB Yuan

Name of company	Relationship	Amount	Term	Proportion (%)
Alstom Power Inc.	Affiliated	89,697,481.84	89,667,285.86 within 1 year, 30,195.98 for 2-3 years	33.76%
Shanxi Zhengxin Group Co., Ltd.	Non-affiliated	39,820,000.00	Over 5 years	14.99%
Dongfang Xiwang Baotou Xitu Aluminium Co., Ltd.	Non-affiliated	24,820,000.00	Over 5 years	9.34%
Shandong Luneng Materials Group Co., Ltd.	Non-affiliated	23,290,000.00	Within 1 year	8.77%
Henan Zhongmai Yongan Power Co. Ltd.	Non-affiliated	14,325,000.00	Over 5 years	5.39%
Total	--	191,952,481.84	--	72.25%

**(7) Information of related parties accounts receivable**

Unit: RMB Yuan

Name of company	Relationship	Amount	Proportion (%)
Wuhan Boiler Group Engineering Technology Co., Ltd.	The second largest shareholder of subsidiaries	8,649,095.32	3.26%
ALSTOM Boiler Deutschland GmbH	Subsidiary of the Company's ultimate controller	138,538.90	0.05%
ALSTOM Power Inc.	Subsidiary of the Company's ultimate controller	89,697,481.84	33.76%
Total	--	98,485,116.06	37.07%

**(8) Information of accounts receivable that terminated recognition**

☐ Applicable ☒ Inapplicable

**(9) If securitization is carried out on accounts receivable as the underlying asset, please brief on the arrangement of relevant transactions.**

☐ Applicable ☒ Inapplicable

**2. Other accounts payable****(1) Other accounts payable**

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable that is individually significant and provisions for bad debts individually	26,673,222.30	21.67 %	26,673,222.30	100.00 %	26,673,222.30	23.65 %	26,673,222.30	100.00 %
Other accounts receivable that provisions for bad debts by group								
Other accounts receivable that provisions for bad debts by aging	74,462,045.97	60.49 %	31,778,422.27	42.68 %	76,923,804.99	68.19 %	24,716,703.91	32.13 %
Accounts receivables not withdrew for bad debts provision	19,241,237.80	15.63 %			6,564,340.29	5.82 %		
Subtotal of group	93,703,283.77	76.12 %	31,778,422.27	33.91 %	83,488,145.28	74.01 %	24,716,703.91	29.61 %
Other accounts receivable that is individually insignificant but provisions for bad debts individually	2,715,725.95	2.21 %	2,715,725.95	100.00 %	2,636,308.95	2.34 %	2,636,308.95	100.00 %
Total	123,092,232.02	--	61,167,370.52	--	112,797,676.53	--	54,026,235.16	--

Note:

Description for categories of other accounts receivable:

Note: the monetary standards of provision for bad debts of the individually significant other receivables is top 5 account receivables at year end, which the impairment test is carried on individually. For significant receivables, if there are substantive evidences indicating that a receivable has been impaired, a provision for bad debts should be made; if a receivable is found not to be individually impaired, it should be included in a group of similar credit risk characteristics receivables and a collective assessment of impairment should be made. Receivables which are not significant, but still need individually recognition of bad debt provision, if there are substantive evidences shown there is a special impairment of insignificant receivables, then they need individually impairment tests.

Other closing accounts receivable that is individually significant and provisions for bad debts individually.

√ Applicable □ Inapplicable

Unit: RMB Yuan

Other accounts payable	Book balance	Amount of bad debts provision	Withdrawal proportion (%)	Reason
Shanxi Zhenxing Group Co., Ltd.	6,722,635.46	6,722,635.46	100.00%	Suspension of the project, and is difficult to recover
Shandong Luneng Material Group Co., Ltd.	19,950,586.84	19,950,586.84	100.00%	Suspension of the project, and is difficult to recover
Total	26,673,222.30	26,673,222.30	--	--

In the group, other accounts receivable that provision for bad debts by aging analysis:

√ Applicable □ Inapplicable

Unit: RMB Yuan

Aging	Closing amount			Opening amount		
	Book balance		Bad debts provision	Book balance		Bad debts provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year (Including 1 year)	1,225,236.09	1.65%	36,757.08	4,127,441.62	5.37%	123,823.25
Subtotal of within 1 year	1,225,236.09	1.65%	36,757.08	4,127,441.62	5.37%	123,823.25
1 to 2 years	541,020.72	0.73%	16,230.61	350,480.96	0.46%	10,514.43
2 to 3 years	639,693.55	0.86%	38,381.60	389,786.80	0.51%	23,387.21
3 to 4 years	50,461,303.27	67.77%	10,092,260.63	59,371,395.74	77.18%	11,874,279.15
4 to 5 years	21,594,792.34	29.00%	21,594,792.34	12,684,699.87	16.49%	12,684,699.87

Total	74,462,045.97	--	31,778,422.27	76,923,804.99	--	24,716,703.91
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In the group, other accounts receivable that provision for bad debts by balance percentage:

☐ Applicable ☒ Inapplicable

In the group, other accounts receivable that provision for bad debts by other methods:

☐ Applicable ☒ Inapplicable

Other closing accounts receivable that is individually insignificant but provisions for bad debts individually:

☒ Applicable ☐ Inapplicable

Unit: RMB Yuan

Other accounts payable	Book balance	Amount of bad debts provision	Withdrawal proportion (%)	Reason
3RC Company Limited	336,604.05	336,604.05	100.00%	The other party has filed for bankruptcy
Yuanping Taiyue Power Development Co., Ltd.	424,514.70	424,514.70	100.00%	Suspension of the project, and is difficult to recover
Henan Dengfeng Electric Power Co., Ltd. Xiangyang	32,430.77	32,430.77	100.00%	Suspension of the project, and is difficult to recover
Qingdao Houhai Thermal-power	518,227.71	518,227.71	100.00%	Suspension of the project, and is difficult to recover
Jiangsu Wanda Paper Co., Ltd.	723,504.31	723,504.31	100.00%	Suspension of the project, and is difficult to recover
Qingtongxia Aluminum Co., Ltd.	5,736.41	5,736.41	100.00%	Suspension of the project, and is difficult to recover
Henan Zhongmai Electric Power Co., Ltd. Mai	173,411.00	173,411.00	100.00%	Litigation costs, and is difficult to enforce
Sanmenxia Huineng Thermal Power Company Limited	143,897.00	143,897.00	100.00%	Litigation costs, and is difficult to enforce
Shanxi Zhenxing Group Co., Ltd.	357,400.00	357,400.00	100.00%	Litigation costs, and is difficult to enforce
Total	2,715,725.95	2,715,725.95	--	--

**(2) Information of other accounts receivable of reversed or recovered in report period**

None.

**(3) Information of written off other accounts receivable**

None

**(4) Information of shareholders with more than 5% (including 5%) of the voting shares of the Company in other accounts receivable in report period**

Unit: RMB Yuan

Name of company	Closing amount		Opening amount	
	Book balance	Provision for bad debts balance	Book balance	Provision for bad debts balance
Wuhan Boiler Group Co., Ltd.	61,030,488.11	20,743,485.17	61,030,488.11	16,353,377.52
Total	61,030,488.11	20,743,485.17	61,030,488.11	16,353,377.52

**(5) Nature or details of significant other accounts receivable**

The second largest shareholder of the Company receivable-- Wuhan Boiler Group Co., Ltd. mainly is the old factory relocation compensation, with the amount of RMB 61,030,488.11.

**(6) Information of the top five**

Unit: RMB Yuan

Name of company	Relationship	Amount	Term	Proportion (%)
Wuhan Boiler Group Co., Ltd.	The second largest shareholder	61,030,488.11	50,358,753.68 for 4-5 years, 10,671,734.43 for over 5 years	49.58%
Shandong Luneng Material Group Co., Ltd.	Non-related party	19,950,586.84	Over 5 years	16.21%
Binzhou Beihai New Material Co., Ltd.	Non-related party	11,188,034.20	Within 1 year	9.09%
Donghu Development Zone Government	Non-related party	10,774,265.00	Over 5 years	8.75%
Shanxi Zhenxing Group Co., Ltd.	Non-related party	6,722,635.47	Over 5 years	5.46%
Total	--	109,666,009.62	--	89.09%

**(7) Information of other account receivable**

Unit: RMB Yuan

Name of company	Relationship	Amount	Proportion (%)
ALSTOM (Beijing) Engineering Technology Co., Ltd.	Subsidiary of the Company's ultimate controller	14,074.73	0.01%
ALSTOM (Wuhan) Engineering Technology Co., Ltd.	Subsidiary of the Company's ultimate controller	36,200.01	0.03%
ALSTOM Boiler Deutschland GmbH	Subsidiary of the Company's ultimate controller	388,529.69	0.32%
ALSTOM Power Inc.	Subsidiary of the Company's ultimate controller	36,157.65	0.03%
ALSTOM Boiler France	Subsidiary of the Company's ultimate controller	617,080.03	0.50%
ALSTOM (Switzerland) Ltd	Subsidiary of the Company's ultimate controller	181,509.31	0.15%
Wuhan Boiler Group Co., Ltd.	The second largest shareholder	61,030,488.11	49.58%
Wuhan Boiler Group Yuntong Co. Ltd.	The subsidiary of the second largest shareholder	10,171.01	0.01%
Wuhan Boiler Group Valve Co., Ltd.	The subsidiary of the second largest shareholder	240,571.49	0.20%
Wuhan Lan Xiang Energy Environmental Protection Technology Co., Ltd.	Subsidiary of the company	437,967.03	0.36%
Total	--	62,992,749.06	51.19%

**(8) Information of other accounts receivable that terminated recognition**
☐ Applicable ☒ Inapplicable
**(9) If securitization is carried out with underlying of other accounts receivable, please brief on arrangement of relevant transactions.**
☐ Applicable ☒ Inapplicable

### 3. Long-term equity investments

Unit: RMB Yuan

Company	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Shareholding Proportion	Voting right Proportion	Explanations on difference between shareholding proportion and voting right proportion	Provision for impairment loss	Withdrawal of provision for impairment loss in report period	Cash bonus in report period
Wuhan Lan Xiang Power Environmental Protection Technology Company Limited	Cost method	14,000,000.00	24,984,500.00		24,984,500.00	95%	95%				
Total	--	14,000,000.00	24,984,500.00		24,984,500.00	--	--	--			

### 4. Revenue and Cost of Sales

#### (1) Revenue, Cost of Sales

Unit: RMB Yuan

Item	The report period	Last period
Main business sales	494,874,319.77	459,095,994.70
Other operating income	2,023,839.75	3,185,112.05
Total	496,898,159.52	462,281,106.75
Cost of sales	432,828,651.37	449,540,053.90

#### (2) Main business (Classified by industry)

Unit: RMB Yuan

Industry	Report period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales



Boiler industry	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19
Total	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19

**(3) Main business (Classified by product)**

Unit: RMB Yuan

Product	Report period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Boiler and accessories sales	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19
Total	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19

**(4) Main business (Classified by area)**

Unit: RMB Yuan

Area	Report period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Domestic	120,942,552.42	136,461,886.76	107,191,166.56	124,808,687.05
Overseas	373,931,767.35	296,094,730.63	351,904,828.14	322,841,719.14
Total	494,874,319.77	432,556,617.39	459,095,994.70	447,650,406.19

**(5) The revenue of sales from the top five customers**

Unit: RMB Yuan

Customer	Main business revenue	Proportion of total business revenue (%)
Customers under same control of ALSTOM	323,978,084.50	65.20%
Binzhou Beihai New Materials Co., Ltd.	83,170,022.05	16.74%
PT INDAH KIAT PULP & PAPER, TBK	50,304,260.19	10.12%
Guodian Taian thermoelectric Co., Ltd	30,480,978.65	6.13%
China Nuclear Energy Industry Corp.	4,161,861.09	0.84%
Total	492,095,206.48	99.03%

**5. Supplemental information of Cash Flow Statement**

Unit: RMB Yuan

Supplemental information	Report period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operations:	--	--

Net profit	8,643,084.57	-36,286,548.80
Add: Provision for assets impairments	-32,536,693.68	-18,470,683.77
Depreciation of fixed assets, oil-gas assets and productive biological assets	17,583,286.60	20,037,873.38
Amortization of intangible assets	2,591,778.31	3,294,227.40
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: negative)	-59,767.52	-333,430.15
Losses/gains from variation of fair value (gains: negative)	1,159,562.10	2,547,295.46
Financial cost (income: negative)	44,376,345.28	40,202,887.55
Decrease in deferred tax assets (increase: negative)	174,961.83	3,103,374.39
Decrease in inventory (increase: negative)	21,997,848.59	38,828,506.15
Decrease in accounts receivable from operating activities (increase: negative)	83,229,642.63	159,930,334.83
Increase in accounts payable from operating activities (decrease: negative)	4,099,065.33	-462,071,842.09
Net cash flows generated from operating activities	151,259,114.04	-249,218,005.65
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of Cash	20,285,803.27	15,125,771.63
Less: opening balance of cash	6,722,513.86	129,536,056.34
The net increase in cash and cash equivalents	13,563,289.41	-114,410,284.71

#### 6. List of assets and liabilities recorded by the assessed value under counter purchase.

None

### XIV. Supplemental information

#### 1. Notes of non-recurrent profit and loss in report period

Unit: RMB Yuan

Item	Amount	Notes
Loss and gains on disposal of non-current assets (Including write-off part of the provision for asset impairment)	59,767.52	Gains and losses on disposal of scrapped fixed assets
Governmental subsidy included in the current profits and losses(is closely related with the business event, except for the governmental subsidy that according to the national unity standard quota or the quantitative regal assets)	288,888.00	District Finance Bureau's Industrial Rapid Growth contribution award in 2013 and the relevant deferred incomes of the land use right in the new

		factory zone of the Company
Income and expenses of the other operation except for the mentioned above	-2,989.53	Other
Total	345,665.99	--

Government grants recognized in the current period was recurrent profit and loss item, shall specify disclosure reason item by item.

☐Applicable ☒Inapplicable

## 2. Differences between accounting data under domestic and overseas accounting standards

### (1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Unit: RMB Yuan

	Net profits belongs to the shareholders of the listed companies		Net assets belongs to the shareholders of the listed companies	
	Current period amount	Last period amount	Closing balance	Opening balance
According to Chinese accounting standards	8,214,639.10	-36,438,887.02	-1,355,276,203.03	-1,363,490,842.13
Items and amounts adjusted in accordance with international accounting standards				

### (2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Unit: RMB Yuan

	Net profits belongs to the shareholders of the listed companies		Net assets belongs to the shareholders of the listed companies	
	Current period amount	Last period amount	Closing balance	Opening balance
According to Chinese accounting standards	8,214,639.10	-36,438,887.02	-1,355,276,203.03	-1,363,490,842.13
Items and amounts adjusted in accordance with foreign accounting standards				

### (3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards

☐Applicable ☒Inapplicable

## 3. Return on equity and earnings per share

Unit: RMB Yuan

Profit in the report period	The weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common stock shareholders	0.60%	0.03	0.03
Net profit attributable to shareholders of the Company's common stock after deducting non-recurring gains and losses	0.58%	0.03	0.03

#### 4. Particulars on the abnormal conditions of main items in the financial statements of the Company and relevant reasons

Balance sheet item	Closing balance	Opening balance	Change rate	Reason
Cash and cash equivalents	23,732,263.65	10,114,897.11	134.63%	Mainly due to increase on project cash collection this period
Notes receivable	1,500,000.00	15,000,000.00	-90.00%	Mainly due to the payment to suppliers by endorsing bank notes which were received from customers.
Accounts receivable	120,703,025.21	221,376,068.36	-45.48%	Mainly due to collection of accounts receivable which are booked in prior period
Construction in progress	5,683,635.03	2,245,077.87	153.16%	Mainly due to construction of new plant.
Other non-current assets	0.00	12,137.16	-100.00%	Mainly due to decrease of hedging loss for un-expired forward contracts in this period.
Notes payable	66,546,750.00	0.00	100.00%	Mainly due to increase of payment with bank notes in this period.
Accounts payable	272,575,994.15	193,795,670.01	40.65%	Mainly due to the increase of raw material purchasing for Yanbu and Tai'an projects in this period.
Interest payable	3,156,100.00	12,276,456.15	-74.29%	Mainly due to payment of interest which was booked in prior year.

P&L item	Closing balance	Opening balance	Change rate	Reason
Income tax expense	174,961.83	3,103,374.39	-94.36%	Mainly due to the decrease of reduction of the temporary deductible differences resulted from release of contract loss provision

Non-operating income	350,210.10	2,913,166.75	-87.98%	Mainly due to the reduce of indemnity from vendors in the report period
Non-operating expense	4,544.11	68,734.21	-93.39%	Mainly due to the reduce of asset disposal in the report period

Cash flow item	Closing balance	Opening balance	Change rate	Reason
Net cash flow generated from operating activities	151,310,124.28	-249,198,005.65	160.72%	Mainly due to the return of the advance receipt resulted from the change of the supply scope of the project contract in the prior period
Net cash flow generated from investment activities	-2,919,453.86	-1,557,553.65	-87.44%	Mainly due to the increase of cash out paid for the construction of new plant
Net cash flow generated from financing activities	-135,307,976.66	133,805,900.00	-201.12%	Mainly due to the increase in return of entrusted loans
Net increase in cash and cash equivalents	13,617,263.38	-114,387,590.26	111.90%	Mainly due to the changes of net cash flows from operating and financing activities

## **Section X. Documents Available For Reference**

- I. 2014 Interim Report with signature of Legal Representative;
- II. Financial statements with signatures and seals of Company Principal, Accounting Principal and Accounting Division's Principal.
- III. Originals of all documents and announcements of the Company disclosed in the report period on the website designated by CSRC.