

WUHAN BOILER COMPANY LIMITED

2011 QUARTERLY ONE REPORT

§1. Important Notes

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

1.2 All directors attended the board meeting in person for review and approval of this Report except for the director mentioned below.

Name	Position	Reason for not attending the meeting in person	Name of proxy

1.3 The 2011 Quarterly One Financial Report has not been audited by a CPA firm.

1.4 Mr. YEUNG Kwok Wei Richard, the Company’s Principal, Mr. Chin Wee Hua, Accounting Principal, and Mr. SEOW Ven Sern, the Accounting Division’s Principal (Accounting Manager), hereby ensure the Financial Report enclosed in this Report is true and complete.

§2. Company Profile

2.1 Main accounting data and financial indices

Unit: RMB Yuan

	Mar. 31, 2011	Dec. 31, 2010	Increase/decrease (%)
Total assets (Yuan)	1,784,213,785.42	1,786,542,557.71	-0.13%
Owner’s equity attributable to shareholders of the Company (Yuan)	-930,688,906.65	-885,425,672.84	-5.11%
Share capital (share)	297,000,000.00	297,000,000.00	0
Net assets per share attributable to shareholders of the Company (Yuan/share)	-3.13	-2.98	-5.03%
	Jan.-Mar. 2011	Jan.-Mar. 2010	Increase/decrease (%)
Gross revenue (Yuan)	122,768,334.94	38,697,666.74	217.25%
Net profit attributable to shareholders of the Company (Yuan)	-45,263,233.81	-64,687,026.43	30.03%
Net cash flow arising from operating activities (Yuan)	33,526,168.24	879,779,754.42	-96.19%

Net cash flow per share arising from operating activities (Yuan/share)	0.11	2.96	-96.28%
Basic earnings per share (Yuan/share)	-0.15	-0.22	31.82%
Diluted earnings per share (Yuan/share)	-0.15	-0.22	31.82%
Weighted average rate of return on net assets (%)			
Weighted average rate of on net assets after deducting non-recurring gains and losses (%)			

Items of non-recurring gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Items of non-recurring gains and losses	Amount	Notes (if applicable)
Gains and losses on disposal of non-current assets including reversal of the impairment loss	-111,821.43	
Government grant recognized in current year, except for those acquired in the ordinary course of business or granted continuously in certain standard quota according to relevant national laws and regulations	69,444.00	
Other non-operating income and expense other than abovementioned	26,632.99	
Total	-15,744.44	-

2.2 Total number of shareholders at the period-end, and shares held by the top ten shareholders with tradable shares

Unit: share

Total number of shareholders at this period-end	9,073	
Particulars about shares held by the top ten shareholders with tradable shares		
Name of shareholder (full name)	Number of tradable shares held at period-end	Type of share
CHINA MERCHANTS SECURITIES (HK) CO. LTD	1,411,694	Domestically listed foreign shares
CHEN CHU YUN	1,372,450	Domestically listed foreign shares
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	1,234,114	Domestically listed foreign shares
WU ZHEN FA	1,138,028	Domestically listed foreign shares
ZHUANG CHANG XIONG	1,035,000	Domestically listed foreign shares
TANG JUAN	887,236	Domestically listed foreign shares
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	860,551	Domestically listed foreign shares

ZHUANG YAO HUA	821,150	Domestically listed foreign shares
LI SHU HUI	808,552	Domestically listed foreign shares
ZHOU YONG YI	759,850	Domestically listed foreign shares

§3. Significant Events

3.1 Particulars about major changes of main accounting statement items and financial indicators, as well as reasons for the changes

Applicable Inapplicable

Notes receivable decreased 94.90% as compared to the beginning of the year mainly due to endorsement to settle vendors payments and discount to fund Company's daily operations;

Notes payable increased 34.81% as compared to the beginning of the year mainly due to new issuance during the report period to settle vendors payments;

Operating revenue increased 217.25% as compared to the same period last year mainly due to increase in overseas projects;

Cost of sales increased 104.12% as compared to the same period last year mainly due to actual costs incurred as projects under execution making progress;

Administration expense decreased 62.50% as compared to the same period last year mainly due to absence of last year's cost allocation from factory relocation;

Financial costs decreased 44.50% as compared to the same period last year mainly due to repayment of bank loan;

Impairment loss increased 167.61% as compared to the same period last year mainly due to increase in accounts receivable age group which gives rise to additional doubtful debts provision of RMB15,071,000.00;

Non-operating income decreased 91.97% as compared to the same period last year mainly due to decrease in fixed assets disposal;

Net cash flows from operating activities decreased 96.19% as compared to the same period last year mainly due to absence of last year's contract deposits received from overseas projects amounted RMB62,749,000.00 and EUR86,974,276.25;

Net cash flows from investing activities increased 91.80% as compared to the same period last year mainly due to decrease in fixed assets investment after completion of relocation;

Net cash flows from financing activities increased 96.63% as compared to the same period last year mainly due to absence of last year's bank loan repayment.

3.2 Progress and influence of significant events, as well as the analysis on solutions

3.2.1 About non-standard audit opinion

Applicable Inapplicable

3.2.2 The Company offers fund to the controlling shareholder or other related parties and provides external guarantees in violation of the prescribed procedures.

Applicable Inapplicable

3.2.3 Signing contracts and execution of significant contracts on routine operation

Applicable Inapplicable

3.2.4 Others

Applicable Inapplicable

The Company did not offer fund to the controlling shareholder or other related parties. Neither did it provide external guarantees in violation of the prescribed procedures.

3.3 Fulfillment of commitments made by the Company, shareholders and the actual controller

Commitments made by the Company, its directors, supervisors, senior management, shareholders holding more than 5% of the Company's shares, actual controller or any other relevant party in the report period, or such commitments carried down to the report period

Applicable Inapplicable

Commitment	Commitment maker	Contents of commitment	Execution
Commitments concerning the share reform	N/A	N/A	N/A
Commitments made in a purchase report or a report on changes of owners' equity	N/A	N/A	N/A
Commitments made in material asset reorganization	N/A	N/A	N/A
Commitments made when issuing	N/A	N/A	N/A
Other commitments (including supplementary ones)	The Company	<p>(1)Capital commitments Up to 31 March 2011, the commitment related to purchases of long-term assets which the contract were signed but not reflected in the financial statements amounted to RMB40,673,052.22, USD423,431.00, EUR133,071.00.</p> <p>(2)Other commitments Up to 31 March 2011, the performance bond, tender bond and warranty bond issued by the Company remain unexpired amounted to RMB109,568,360.00 and USD3,126,923.00. The performance bond issued in 2011 Jan to Mar is RMB 15,150,000.00.</p>	<p>(1)The performance of previous year's capital commitments: the amount of prior year's capital commitments fulfilled in 2011 Jan to Mar was RMB2,457,625.79, USD4,535.00.</p> <p>(2)The performance of previous year's other commitments: The amount of bond expired during 2011 Jan to Mar are: performance bond RMB13,500,000.00 and tender bond RMB1,600,000.00.</p>

3.4 Warnings of 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 according to prediction, as well as the reasons

Applicable Inapplicable

3.5 Other significant events

3.5.1 Particulars about securities investment

Applicable Inapplicable

3.5.2 Particulars about receiving researches, communication, interviews and other activities in this report period

Time	Place	Reception way	Visitor	Main discussion and materials provided by the Company
Jan. 4, 2011	Wuhan	By telephone	One shareholder with tradable shares	Did the Company make profit in 2010 with the government subsidies received?
Jan. 7, 2011	Wuhan	By telephone	One shareholder with tradable shares	Will the predicted business results for 2010 disclosed by the Company be changed in the future?
Jan. 12, 2011	Wuhan	Field research	Three shareholders with tradable shares	They visited the factory and inquired about the Company's current production, as well as the Company's business performance in 2011.
Jan. 18, 2011	Wuhan	By telephone	Two shareholders with tradable shares	How about current production and operation of the Company?
Jan. 25, 2011	Wuhan	By telephone	Two shareholders with tradable shares	How about progress of the lawsuits the Company involved in?
Jan. 26, 2011	Wuhan	By telephone	One shareholder with tradable shares	How about current production and operation of the Company? How about the order intake of the Company?
Feb. 9, 2011	Wuhan	By telephone	Two shareholders with tradable shares	How about current production and operation of the Company? When can the listing of the Company's stocks be restored?
Feb. 10, 2011	Wuhan	By telephone	One shareholder with tradable shares	When can the listing of the Company's stocks be restored? How about the order intake of the Company?
Feb. 22, 2011	Wuhan	By telephone	Two shareholders with tradable shares	What is the Company's performance in 2011? When can the listing of the Company's stocks be restored? How about the order intake of the Company?
Feb. 23, 2011	Wuhan	By telephone	One shareholder with tradable shares	Why does the Company's stock disappear from the stock market? Is it delisted?
Feb. 25, 2011	Wuhan	By telephone	One shareholder with tradable shares	When can the listing of the Company's stocks be restored?
Feb. 28, 2011	Wuhan	By telephone	Four shareholders with tradable shares	When can the listing of the Company's stocks be restored? How about current production and operation of the Company?

Mar. 2, 2011	Wuhan	By telephone	Two shareholders with tradable shares	How about current production and operation of the Company? What is the Company's performance in 2011?
Mar. 4, 2011	Wuhan	By telephone	One shareholder with tradable shares	When can the listing of the Company's stocks be restored?
Mar. 14, 2011	Wuhan	By telephone	Two shareholders with tradable shares	What is the Company's performance in 2011? How about the order intake of the Company? When can the listing of the Company's stocks be restored?
Mar. 16, 2011	Wuhan	By telephone	Two shareholders with tradable shares	When will the Company's 2010 Annual Report be disclosed? When can the listing of the Company's stocks be restored?
Mar. 21, 2011	Wuhan	By telephone	Two shareholders with tradable shares	When can the listing of the Company's stocks be restored? How about production and operation in 2011?

3.6 Derivatives investment

Applicable Inapplicable

3.6.1 Derivatives investment positions held by the end of the report period

Applicable Inapplicable

§4 Attachments

4.1 Balance Sheet

Prepared by Wuhan Boiler Company Limited

Mar. 31, 2011

Unit: RMB Yuan

Items	Balance as at Mar. 31, 2011		Balance as at Dec. 31, 2010	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	14,662,087.25	13,245,628.52	13,974,304.97	13,310,174.46
Settlement funds				
Outgoing call loans				
Trading financial assets				
Notes receivable	2,200,000.00	1,000,000.00	43,164,000.00	42,164,000.00
Accounts receivable	382,650,255.72	377,488,608.00	364,514,763.75	358,592,870.99
Prepayment	122,428,227.30	122,428,227.30	111,894,344.81	111,894,344.81
Insurance premium receivables				
Reinsurance accounts receivable				
Reinsurance contract reserves receivable				
Interest receivable				

Dividend receivable				
Other receivables	135,265,199.19	135,467,827.41	136,383,710.94	136,373,830.94
Financial assets purchased under agreement to resell				
Inventories	189,442,446.00	189,442,446.00	169,307,374.03	169,307,374.03
Non-current assets due within 1 year				
Other current assets				
Total current assets	846,648,215.46	839,072,737.23	839,238,498.50	831,642,595.23
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		39,234,287.13		39,234,287.13
Investment property				
Fixed assets	771,754,277.64	771,911,254.63	776,284,766.29	776,441,743.28
Construction in progress	47,932,689.54	47,932,689.54	50,952,741.50	50,952,741.50
Engineering materials				
Disposal of fixed assets				
Production biological assets				
Oil-gas assets				
Intangible assets	55,432,385.92	55,432,385.92	57,323,977.87	57,323,977.87
R&D expenses				
Goodwill				
Long-term deferred expenses				
Deferred tax assets	62,321,677.84	62,321,677.84	62,321,677.84	62,321,677.84
Other non-current assets	124,539.02	124,539.02	420,895.71	420,895.71
Total non-current assets	937,565,569.96	976,956,834.08	947,304,059.21	986,695,323.33
Total assets	1,784,213,785.42	1,816,029,571.31	1,786,542,557.71	1,818,337,918.56
Current liabilities:				
Short-term loans	1,138,000,000.00	1,138,000,000.00	1,152,000,000.00	1,152,000,000.00
Loans from central bank				

Deposits received and held for others				
Call loans received				
Held-for-trading financial liabilities				
Notes payable	25,215,453.66	25,215,453.66	18,704,256.28	18,704,256.28
Accounts payable	305,167,548.88	310,113,212.65	315,446,635.93	320,392,299.70
Advance from customers	1,121,036,831.52	1,121,036,831.52	1,059,336,631.48	1,059,336,631.48
Financial assets sold under agreements to repurchase				
Fees and commissions payable				
Payroll payable	72,843,913.01	72,643,273.47	70,602,009.08	70,401,369.54
Taxes payable	-93,426,464.77	-93,426,464.77	-88,432,481.81	-88,432,481.81
Interest payable	2,003,697.50	2,003,697.50	2,003,046.13	2,003,046.13
Dividend payable	562,000.00		562,000.00	
Other payables	87,024,243.75	121,156,770.53	85,685,084.50	119,817,611.28
Amount due to reinsurance				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liabilities due within 1 year				
Other current liabilities				
Total current liabilities:	2,658,427,223.55	2,696,742,774.56	2,615,907,181.59	2,654,222,732.60
Non-current liabilities:				
Long-term loans				
Bonds payable				
Long-term payables				
Specific payables				
Projected liabilities	50,370,579.42	50,370,579.42	50,387,210.32	50,387,210.32
Deferred taxes liabilities				
Other non-current liabilities	3,725,268.83	3,725,268.83	3,291,690.22	3,291,690.22
Total non-current liabilities	54,095,848.25	54,095,848.25	53,678,900.54	53,678,900.54
Total liabilities	2,712,523,071.80	2,750,838,622.81	2,669,586,082.13	2,707,901,633.14
Owner's equity (or shareholders' equity):				

Paid-in capital (or share capital)	297,000,000.00	297,000,000.00	297,000,000.00	297,000,000.00
Capital reserve	174,659,407.46	174,854,304.12	174,659,407.46	174,854,304.12
Less: treasury stock				
Specific reserves				
Surplus reserves	39,418,356.83	39,418,356.83	39,418,356.83	39,418,356.83
General risk provision				
Retained earnings	-1,441,766,670.94	-1,446,081,712.45	-1,396,503,437.13	-1,400,836,375.53
Foreign exchange difference				
Total owner's equity attributable to holding company	-930,688,906.65	-934,809,051.50	-885,425,672.84	-889,563,714.58
Minority interests	2,379,620.27		2,382,148.42	
Total owner's equity	-928,309,286.38	-934,809,051.50	-883,043,524.42	-889,563,714.58
Total liabilities & owner's equity	1,784,213,785.42	1,816,029,571.31	1,786,542,557.71	1,818,337,918.56

4.2 Income Statement

Prepared by Wuhan Boiler Company Limited

Jan.-Mar. 2011

Unit: RMB Yuan

Items	Jan.-Mar. 2011		Jan.-Mar. 2010	
	Consolidation	Parent company	Consolidation	Parent company
I. Total revenue	122,768,334.94	122,768,334.94	38,697,666.74	38,697,666.74
Including: revenue	122,768,334.94	122,768,334.94	38,697,666.74	38,697,666.74
Interest income				
Premium income				
Fee and commission income				
II. Total cost of sales	167,218,973.16	167,198,548.12	104,262,419.47	103,106,294.18
Including: cost of sales	135,726,823.17	135,726,823.17	66,492,388.86	66,492,388.86
Interest expenses				
Service charge and commission outcome				
Insurance discharge payment				
Claim expenses-net				
Provision for insurance contract reserves-net				
Insurance policy dividend paid				
Reinsurance expense				
Business taxes and surcharges	115,886.07	115,886.07	153,019.98	153,019.98

Distribution expenses	2,594,366.77	2,594,366.77	3,725,339.91	3,725,339.91
Administrative expenses	7,287,612.04	7,287,612.04	19,436,180.31	18,319,096.17
Financial costs	14,096,677.81	14,096,497.81	25,397,701.46	25,396,967.76
Impairment loss	7,397,607.30	7,377,362.26	-10,942,211.05	-10,980,518.50
Plus: gain/(loss) on change in fair value (“-” means loss)	-799,379.30	-799,379.30	-445,611.63	-445,611.63
Gain/(loss) on investment (“-” means loss)				
Including: income from investment on associate and jointly-run ventures				
Gain or loss on foreign exchange difference (“-” means loss)				
III. Operating profit (“-” means loss)	-45,250,017.52	-45,229,592.48	-66,010,364.36	-64,854,239.07
Plus: non-business income	98,134.29	98,134.29	1,221,398.96	1,183,449.40
Less: non-business expense	113,878.73	113,878.73	107,006.84	37,160.00
Including: loss from disposal of non-current assets				
IV. Total profit (“-” means loss)	-45,265,761.96	-45,245,336.92	-64,895,972.24	-63,707,949.67
Less: income tax expense				
V. Net profit (“-” means loss)	-45,265,761.96	-45,245,336.92	-64,895,972.24	-63,707,949.67
Attributable to equity holders of parent company	-45,263,233.81	-45,245,336.92	-64,687,026.43	-63,707,949.67
Minority interests	-2,528.15		-208,945.81	
VI. Earnings per share				
(I) Basic earnings per share	-0.15		-0.22	
(II) Diluted earnings per share	-0.15		-0.22	
VII. Other composite income				
VIII. Total composite income	-45,265,761.96	-45,245,336.92	-64,895,972.24	-63,707,949.67
Attributable to owners of parent company	-45,263,233.81	-45,245,336.92	-64,687,026.43	-63,707,949.67
Attributable to minority shareholders	-2,528.15		-208,945.81	0.00

Where there were business combinations under the same control in the report period, the combined parties achieved net profits of RMB 0 before the combinations.

4.3 Cash Flow Statement

Prepared by Wuhan Boiler Company Limited

Jan.-Mar. 2011

Unit: RMB Yuan

Items	Jan.-Mar. 2011		Jan.-Mar. 2010	
	Consolidation	Parent company	Consolidation	Parent company
1. Cash flows from operating activities				
Cash received from sales of goods or rendering of services	124,326,018.78	123,786,018.78	1,091,367,004.13	1,091,367,004.13
Net increase of deposits received and held for others				
Net increase of loans from central bank				
Net increase of call loans from other financial institutions				
Cash received against original insurance contract				
Net 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 call loans received				
Net increase of cash received under repurchasing				
Tax and fare refunds			6,589,585.92	6,589,585.92
Other cash received from operating activities	546,970.06	334,461.84	999,677.64	956,877.64
Sub-total of cash inflows from operating activities	124,872,988.84	124,120,480.62	1,098,956,267.69	1,098,913,467.69
Cash paid for goods and services	36,586,292.14	36,586,292.14	164,215,949.40	165,394,411.80
Net increase of loans and advances from customers				
Net increase of deposits 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	28,335,166.52	28,335,166.52	31,726,045.56	30,641,059.15
Cash paid for various taxes and fares	9,867,384.19	9,867,384.19	5,114,014.18	4,801,415.74
Other cash paid relating to operating activities	16,557,977.75	16,557,827.75	18,120,504.13	18,023,449.31
Sub-total of cash outflows from operating activities	91,346,820.60	91,346,670.60	219,176,513.27	218,860,336.00
Net cash flows from operating activities	33,526,168.24	32,773,810.02	879,779,754.42	880,053,131.69
2. Cash flows from investing activities				
Cash received from return of investment				
Cash received from investment income				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,660.00	5,660.00	1,873,243.00	1,663,243.00
Net cash received from disposal of subsidiaries and other operating units				
Other cash received relating to investing activities	907,303.32	907,303.32	10,176,830.22	10,176,709.42
Sub-total of cash inflows of investing activities	912,963.32	912,963.32	12,050,073.22	11,839,952.42
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	5,011,343.61	5,011,343.61	63,071,609.15	63,237,774.15
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	94,010.84	93,980.84	128,083.54	127,567.04
Sub-total of cash outflows of investing activities	5,105,354.45	5,105,324.45	63,199,692.69	63,365,341.19

Net cash flows from investing activities	-4,192,391.13	-4,192,361.13	-51,149,619.47	-51,525,388.77
3. Cash flows from financing activities				
Cash received from investment				
Including: cash received by subsidiaries from minority shareholders				
Cash received from borrowings	116,000,000.00	116,000,000.00	685,000,000.00	685,000,000.00
Cash received from bonds issuing				
Other cash received relating to financing activities				
Sub-total of cash inflows of financing activities	116,000,000.00	116,000,000.00	685,000,000.00	685,000,000.00
Cash paid for repayment of borrowings	130,000,000.00	130,000,000.00	1,500,000,000.00	1,500,000,000.00
Cash paid for dividends, profit distribution or interest	14,458,488.00	14,458,488.00	28,288,723.75	28,288,723.75
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	144,458,488.00	144,458,488.00	1,528,288,723.75	1,528,288,723.75
Net cash flows from financing activities	-28,458,488.00	-28,458,488.00	-843,288,723.75	-843,288,723.75
4. Effect of foreign exchange rate changes on cash and cash equivalents	-187,556.53	-187,556.53	-2,271,888.82	-2,271,888.82
5. Net increase in cash and cash equivalents	687,732.58	-64,595.64	-16,930,477.62	-17,032,869.65
Add: opening cash and cash equivalents	10,491,275.05	9,827,144.54	27,114,305.92	26,057,612.46
6. Closing cash and cash equivalents	11,179,007.63	9,762,548.90	10,183,828.30	9,024,742.81

4.4 Auditor's report

Audit opinion: Unaudited

Wuhan Boiler Company Limited
Chairman of the Board of Directors: YEUNG Kwok Wei Richard
April 27, 2011