

WUHAN BOILER COMPANY LIMITED

2014 QUARTERLY THREE REPORT

2014-085

October 2014

Section I Important Notes

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 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.

Mr. Yeung Kwok Wei Richard, the 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 Statements enclosed in this Report are authentic, 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 (revised version 2012). The announcement of listing suspension decision was disclosed on Securities Times and Ta Kung Pao on May 14, 2014 with No. 2014-049.

2. The Board of Directors has taken positive actions to improve operation, and has explored all possibilities to prevent delisting risk. Three Shareholders’ Meetings were convened to approve the Debt-to-equity Conversion Plan on November 23, 2012, December 17, 2012 and May 23, 2014 respectively. However, the Plan was not approved by the Shareholders’ Meeting for 3 times.

3. The Company disclosed 2014 Interim Report on August 29, 2014. In the first half year of 2014, net profit attributable to shareholders of the Company was RMB 8,214,639.10, net profit attributable to shareholders of the Company after deducting non-recurring gains and losses was RMB 7,868,973.11 and net asset attributable to shareholders of the Company was RMB -1,355,276,203.03.

4. From the year beginning to the end of the report period, net profit attributable to shareholders of the Company was RMB -79,948,213.21, net profit attributable to shareholders of the Company after deducting non-recurring gains and losses was -81,180,499.79 and net asset attributable to shareholders of the Company was RMB -1,443,439,055.34.

5. 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. If the Company fails to meet the requirements for listing resumption, the stock of the Company will be delisted according to Article 14.3.1 of the Stock Listing Rules of Shenzhen Stock Exchange (revised version 2012). The Board of Directors hereby reminds investors of investment risks.

Section II Major Financial Data & Change of Shareholders

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

	Sep. 30, 2014	Dec. 31, 2013	Increase/decrease (%)	
Total assets (RMB Yuan)	1,187,541,068.40	1,339,647,873.78	-11.35%	
Owners' equity attributable to shareholders of the Company (RMB Yuan)	-1,443,439,055.34	-1,363,490,842.13	-5.86%	
	Jul. – Sep. 2014	Increase/decrease (%) as compared to same period last year	Jan. – Sep. 2014	Increase/decrease (%) as compared to same period last year
Gross operating revenues (RMB Yuan)	184,927,280.14	0.64%	681,825,439.66	5.54%
Net profit attributable to shareholders of the Company (RMB Yuan)	-88,162,852.31	-237.86%	-79,948,213.21	-27.85%
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB Yuan)	-89,049,472.90	-239.50%	-81,180,499.79	-23.92%
Net cash flow from operating activities (RMB Yuan)	--	--	423,450,466.89	2237.87%
Basic EPS (RMB Yuan/share)	-0.30	-237.86%	-0.27	-27.85%
Diluted EPS (RMB Yuan/share)	-0.30	-237.86%	-0.27	-27.85%
The weighted average ROE	-6.37%	-4.34%	-5.79%	-0.64%

Items and amounts of non-recurring gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	Jan.-Sep. 2014	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	126,944.11	Gain/loss on disposal of fixed assets
Government grants recognized in the current period, except	1,108,332.00	DHDZ Finance Bureau's Industrial

for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards		Rapid Growth contribution award; municipality finance bureau's foreign trade award; Talents Plan Capital 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	1,232,286.58	--

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

In the report period, the Company didn't classify any non-recurring gain/loss item defined or 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.

II. Total number of shareholders at the period-end and shareholdings of the top ten shareholders

1. Total number of shareholders with common shares and shareholdings of the top ten shareholders with common shares at the period-end

Unit: share

Total number of shareholders with common shares at the period-end					7,688	
Shareholdings of the top ten shareholders with common shares						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of the shares held	Number of the non-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	151,470,000		
WUHAN BOILER GROUP CO., LTD	State-owned corporation	6.91%	20,530,000	20,530,000		
WANG XIAO	Domestic natural person	0.90%	2,672,800	0		
CHEN PENG	Domestic natural person	0.79%	2,331,545	0		
HU ZHIHONG	Domestic natural person	0.47%	1,390,397	0		

CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.46%	1,380,236	0		
CHEN CHUYUN	Domestic natural person	0.46%	1,372,450	0		
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	Foreign corporation	0.40%	1,195,114	0		
ZHUANG CHANGXIONG	Domestic natural person	0.35%	1,045,000	0		
SUN WEIWEI	Domestic natural person	0.33%	966,567	0		
Shareholdings of the top ten shareholders with tradable shares						
Name of shareholder	Number of tradable shares held	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 above-mentioned 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 ten shareholders with tradable shares participating in the margin trading business (if any)	Inapplicable					

Whether the top 10 shareholders with common shares and the top 10 shareholders with tradable common shares of the Company reach agreement of buy-back trading in the report period?

Yes No

No top 10 shareholders with common shares and top 10 shareholders with tradable common shares of the

Company carried out any agreed buy-back trading in the report period.

2. Total number of shareholders with preferred shares and shareholdings of the top ten shareholders with preferred shares at the period-end

Applicable Inapplicable

Section III Significant Events

I. Major changes of main accounting statement items and financial indicators in the report period, as well as reasons for the changes

√Applicable □Inapplicable

1. Cash and cash equivalent increased by 788.28%, mainly due to increase on down-payment collection from Opole, Karabiga projects this period;
2. Notes receivable increased by 48.30%, mainly due to increase of bank notes collection this period;
3. Account receivables decreased by 84.40%, mainly due to collection of accounts receivables which were booked in prior period;
4. Inventories decreased by 40.74%, it's mainly due to increase on progress billing of construction contract, and the inventories on construction contracts decreased accordingly;
5. Construction in progress increased by 155.31%, mainly due to construction of new workshop;
6. Deferred income tax assets increased by 43.85%, mainly due to the increase of the temporary deductible differences resulted from contract loss provision and bad debt provision;
7. Other non-current assets decreased by 100%, mainly due to decrease of hedging loss for un-expired forward contracts in this period;
8. Notes payable increased by 100%, mainly due to increase of payment with bank notes this period;
9. Accounts payable increased by 47.06%, mainly due to the increase of raw material purchasing for Yanbu and Tai'an project this period;
10. Tax payable increased by 64.67%, mainly due to refunding of export tax rebate;
11. Interest payable decreased by 82.44%, mainly due to payment of interest which was booked in prior year;
12. Business tax and surcharges increased by 100%, mainly due to no taxable service took place in prior period;
13. Assets impairment loss increased by 518.39%, mainly due to the increase of bad-debt provision and project loss provision this period;
14. Changes in fair value of net income increased by 58.15%, mainly due to decrease of the loss of the hedging instruments and hedged items;
15. Non-operating income decreased by 59.56%, mainly due to the reduce of indemnity from vendors in the report period;
16. Non-operating cost decreased by 94.24%, mainly due to the reduce of asset disposal in the report period;
17. Income tax expense decreased by 687.75%, mainly due to the increase of the temporary deductible differences resulted from contract loss provision and bad debt provision;
18. Net cash flow generated from operating activities increased by 2237.87%, mainly due to increase of down-payment collection on Opole, Karabiga projects this period;
19. Net cash flow generated from investment activities increased by 67.79%, mainly due to the decrease of cash out paid for fixed assets this period;
20. Net cash flow generated from financing activities decreased by 420.65%, mainly due to the increase in repayment of entrusted loans this period;
21. The influence of the changes of rate on cash increased by 83.41%, mainly due to the influences of the FX rate changes this period.

II. Progress and influence of significant events, as well as the analysis and explanation on solutions

Applicable Inapplicable

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6. Up till now, the Board of Directors estimate that it is very difficult for the Company to make profit in 2014 based on current financial situation and normal daily operation. The Board of Directors will make forecast of 2014 annual result and disclose it as early as possible, so as to remind investors of investment risks.
7. 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."
8. On April 25, 2014, the 5th Meeting of the 6th Board of Directors approved the Investment Plan of United Building 3. On April 29, 2014, the Resolutions of the 5th Meeting of the 6th 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.

9. On August 29, 2014, WBC received a written notice from majority shareholder Alstom (China) Investment Co., Ltd. (“ACL”) that Alstom (a French listed company and WBC’s actual controller) recently announced that its Board of Directors has unanimously decided to issue a positive recommendation of the offer from GE to acquire the Thermal Power, Renewable Power and Grid Sectors and to enter into Energy alliances. Should this offer be approved and completed, Alstom would focus on its fully owned Transport activities and on its Energy alliances with GE. According to the latest information, the 51% WBC shares owned by ACL belong to assets of the Alstom Thermal Power. Alstom expects the deal to be closed in the first half of calendar year 2015. Alstom and GE will continue to operate as separate companies until the transaction is finalized. If the transaction can be approved by Alstom shareholders and necessary anti-trust and other regulatory authorities, and can be completed within the first half year of 2015, the actual controller of the Company may be changed. However, there is still uncertainty: if the transaction cannot be approved by Alstom shareholders and necessary anti-trust and other regulatory authorities, the actual controller of the Company will not be changed. Until now, no substantial progress regarding this issue.

10. 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 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. 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 <http://www.cninfo.com.cn> on Jun. 8, 2013. Minority shareholder 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. 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 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.

11. In Sep. 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. Until now, the Court has conducted conciliation and the case has not been heard yet.

12. In Nov. 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 RMB 4.61 million 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 of RMB 4.61 million. 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, requesting to terminate the Contract and the Company to return RMB 4.61 million and undertake interests since May 25, 2011. On Jun. 25, 2014, the Company was informed during the hearing that Jiangsu Wangda has been in the bankruptcy process, decided by Changzhou Xinbei District Court on Nov. 29, 2013, and an administrator was designated by the Court. The administrator requested to terminate the Contract according to the Enterprise Bankruptcy Law. After the trial, Wuhan Intermediate Court made the judgement as following: (1) the Contract is confirmed terminated; (2) the Company shall return the deposit RMB 4.61 million to Jiangsu Wangda within 10 days since the rulings coming into effect; (3) reject other claims of Jiangsu Wangda. Either party can submit the appeal petition to the Court to file an appeal within 15 days after receipt of the judgment. This judgment is the result of first instance. The Company will file an appeal in time and make information disclosure according to litigation progress.

Overview of the significant event	Date of disclosure	Index to the relevant announcement disclosed on the website
Offer from GE to acquire the Thermal Power, Renewable Power and Grid Sectors of Alstom	Sep. 1, 2014	http://www.cninfo.com.cn (No. 2014-076)
Litigation raised by minority shareholder Tan Zhenbiao against the Company to invalidate the AOA Amendment	Jul. 15, 2014	http://www.cninfo.com.cn (No. 2014-071)
Litigation raised by the Company against Baotou for contract disputes	Aug. 6, 2014	http://www.cninfo.com.cn (No. 2014-073)
Litigation raised by Jiangsu Wangda against the Company for contract disputes	Oct. 21, 2014	http://www.cninfo.com.cn (No. 2014-082)

III. Commitments made by the Company or shareholders holding over 5% shares of the Company 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				

IV. Forecast for 2014 annual operating results

Warnings of possible loss or considerable year-on-year change of the accumulated net profit made during the period from the beginning of the year to the end of the next report period according to forecast, as well as explanations on the reasons

Applicable Not applicable

Operation results warning: Loss

	Amount from beginning of the year to the end of next report period			The amount of the same period last year	changes		
		--				--	
Forecast accumulated net profit (in Ten thousand RMB)	-14,000.00	--	-7,000.00	-12,027.13		--	
Basic EPS (RMB Yuan/share)	-0.47	--	-0.24	-0.40		--	
	Amount as of the end of next report period			The amount of the same period last year	changes		
		--				--	
Owners' equity attributable to shareholders of the Company (in Ten thousand RMB)	-150,349.00	--	-143,349.00	-136,349.08		--	
Reasons of the forecast	Loss of the annual operating result forecast is mainly due to less domestic order intake than expectation, financial expenses from shareholder entrusted loan, and bad-debt provision and project loss provision.						

V. Securities investment

Applicable Inapplicable

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

Shareholdings in other listed companies

Applicable Inapplicable

The Company did not hold any shares in other listed companies in the report period.

VI. Derivatives investment

Applicable Inapplicable

Unit: RMB Ten thousand

Operator	Relation	Related party transaction or not	Type of derivatives 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	3,098.2	2013-08-27	2015-12-30	3,098.2		21,995.95	15.24%	-8.25
SCB	Non-Relation	No	Forward FX contract	2,997.54	2014-03-27	2014-12-26	2,997.54		8,056.42	5.58%	26.94
Total				6,095.74	--	--	6,095.74	0	30,052.37	20.82%	18.69
Capital source for derivatives 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, 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 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</p>							

	<p>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.</p>
<p>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.</p>	<p>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 0.19MRMB, 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.</p>
<p>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</p>	<p>No major change</p>
<p>Independent Directors' opinions on derivatives investment and risk control</p>	<p>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.</p>

VII. 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
Jul. 16, 2014	Wuhan	By phone	Individual	Shareholder with tradable shares	Would the Company organize another debt-to-equity voting? Would the stock trading be resumed successfully?

Sep. 23, 2014	Wuhan	By phone	Individual	Shareholder with tradable shares	The Company made profit in the first half of the year. Would the operating results for the whole year turn out good? Would the stock trading be resumed successfully?
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VIII. Impact on company consolidation financial statement from new or revised accounting standards

Applicable Inapplicable

IX. The confirmative opinion of all the Board Directors and Senior Management on recognition of 2014 Quarterly Three Report

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

X. The opinion of the Board of Supervisors on 2014 Quarterly Three Report

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

Section IV. Financial Statements

I. Financial statements

1. Consolidated balance sheet

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	89,848,819.35	10,114,897.11
Deposit reservation for balance		
Outgoing call loans		
Financial assets measured at fair value and of which the changes are recorded into the current gains and losses		
Notes receivable	22,245,380.00	15,000,000.00
Accounts receivable	34,541,537.41	221,376,068.36
Prepayment	68,451,597.05	66,353,048.93
Insurance receivables		
Reinsurance receivables		
Provision of reinsurance contract reserve receivable		
Interest receivable		
Dividend receivable		
Other receivables	59,936,523.01	58,418,447.82
Financial assets purchased under agreement to resell		
Inventories	79,655,967.75	134,413,065.46
Assets held for sale		
Non-current assets due within 1-year		
Other current assets		
Total current assets	354,679,824.57	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	681,526,740.08	705,316,090.85
Construction in progress	5,731,869.18	2,245,077.87
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	70,035,063.83	73,865,912.61
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	75,567,570.74	52,533,127.61
Other non-current assets		12,137.16
Total non-current assets	832,861,243.83	833,972,346.10
Total assets	1,187,541,068.40	1,339,647,873.78
Current liabilities:		
Short-term loans	1,370,000,000.00	1,629,200,000.00
Loans from central bank		
Deposits received and held for others		
Call loans received		
Financial liabilities measured at fair value and of which the changes are recorded into the current gains and losses		
Notes payable	64,900,000.00	
Accounts payable	284,999,816.14	193,795,670.01
Advance from customers	835,228,720.46	803,079,341.99
Financial assets sold under agreements to repurchase		

Fees and commissions payable		
Payroll payable	42,689,201.63	47,064,533.78
Taxes payable	-10,600,718.11	-30,001,780.39
Interest payable	2,156,100.00	12,276,456.15
Dividend payable	562,000.00	562,000.00
Other payables	35,891,415.11	41,329,411.60
Amount due to reinsurance		
Insurance contract provision		
Entrusted trading of securities		
Amount payable under security underwriting		
Liabilities held for sale		
Non-current liabilities due within 1-year		
Other current liabilities		
Total current liabilities:	2,625,826,535.23	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	4,931,509.05	5,051,752.88
Total non-current liabilities :	4,931,509.05	5,051,752.88
Total liabilities	2,630,758,044.28	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	-1,954,516,819.63	-1,874,568,606.42

Total owners' equity attributable to the Company	-1,443,439,055.34	-1,363,490,842.13
Minority interests	222,079.46	781,329.89
Total owners' (or shareholders') equity	-1,443,216,975.88	-1,362,709,512.24
Total liabilities & owners' (or shareholders') equity	1,187,541,068.40	1,339,647,873.78

Legal representative: YEUNG Kwok Wei Richard Person-in-charge of the accounting work: CHIN Wee Hua

Chief of the accounting division: 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	88,157,686.14	8,554,186.69
Financial assets measured at fair value and of which the changes are recorded into the current gains and losses		
Notes receivable	22,245,380.00	15,000,000.00
Accounts receivable	34,541,537.41	220,742,468.36
Prepayment	68,451,597.05	66,353,048.93
Interest receivable		
Dividend receivable		
Other receivables	60,410,062.60	58,771,441.37
Inventories	79,655,967.75	134,413,065.46
Assets held for sale		
Non-current assets due within 1-year		
Other current assets		
Total current assets	353,462,230.95	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	681,683,717.07	705,473,067.84
Construction in progress	5,731,869.18	2,245,077.87
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	70,035,063.83	73,865,912.61
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	75,567,570.74	52,533,127.61
Other non-current assets		12,137.16
Total non-current assets	858,002,720.82	859,113,823.09
Total assets	1,211,464,951.77	1,362,948,033.90
Current liabilities:		
Short-term loans	1,370,000,000.00	1,629,200,000.00
Financial liabilities measured at fair value and of which the changes are recorded into the current gains and losses		
Notes payable	64,900,000.00	
Accounts payable	285,435,816.14	194,231,670.01
Advance from customers	835,228,720.46	803,079,341.99
Payroll payable	42,519,605.65	46,894,937.80
Taxes payable	-10,600,718.11	-30,001,780.39
Interest payable	2,156,100.00	12,276,456.15
dividend payable		
Other payables	73,769,073.53	79,014,270.02
Liabilities held for sale		
Non-current liabilities due within 1-year		
Other current liabilities		
Total current liabilities:	2,663,408,597.67	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	4,931,509.05	5,051,752.88
Total non-current liabilities :	4,931,509.05	5,051,752.88
Total liabilities	2,668,340,106.72	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	-1,968,147,815.90	-1,888,071,275.51
Total owners' (or shareholders') equity	-1,456,875,154.95	-1,376,798,614.56
Total liabilities & owners' (or shareholders') equity	1,211,464,951.77	1,362,948,033.90

Legal representative: YEUNG Kwok Wei Richard Person-in-charge of the accounting work: CHIN Wee Hua

Chief of the accounting division: LI Yihao

3. Consolidated income statement for the report period

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Jul.-Sept. 2014	Jul.-Sept. 2013
I. Total sales	184,927,280.14	183,758,384.36
Including: Sales	184,927,280.14	183,758,384.36
Interest income		
Earned Premium		
Commissions and fees		

income		
II. Total cost of sales	298,006,960.95	209,619,512.78
Including: Cost of sales	174,253,719.87	175,851,418.41
Interest expense		
Commissions and fees		
Cash surrender value		
Claim expenses-net		
Provision for insurance contract reserves-net		
Insurance policy dividend paid		
Reinsurance expense		
Business taxes and surcharges		
Distribution expenses	4,704,653.52	3,661,096.90
Administrative expenses	7,307,431.61	7,908,532.97
Financial costs	24,662,171.49	26,914,163.56
Impairment loss	87,078,984.46	-4,715,699.06
Add: gain/(loss) from change in fair value (“-” means loss)	284,232.63	455,805.09
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)	-112,795,448.18	-25,405,323.33
Add: non-business income	886,620.59	145,022.03
Less: non-business expense		10,175.34
Including: loss from non-current asset disposal		
IV. Total profit (“-” means loss)	-111,908,827.59	-25,270,476.64
Less: income tax expense	-23,209,404.96	815,726.56
V. Net profit (“-” means loss)	-88,699,422.63	-26,086,203.20
Including: net profit achieved by the merged parties before business mergers		
Attributable to owners of the	-88,162,852.31	-26,094,844.19

Company		
Minority shareholders' income	-536,570.32	8,640.99
VI. Earnings per share	--	--
(I) Basic earnings per share	-0.30	-0.09
(II) Diluted earnings per share	-0.30	-0.09
VII. Other comprehensive income		
Including: Other comprehensive income items that cannot be reclassified as gains or losses in the subsequent accounting periods		
Other comprehensive income items that will be reclassified as gains or losses in the subsequent accounting periods as relevant requirements are met		
VIII. Total comprehensive income	-88,699,422.63	-26,086,203.20
Attributable to owners of the Company	-88,162,852.31	-26,094,844.19
Attributable to minority shareholders	-536,570.32	8,640.99

Legal representative: YEUNG Kwok Wei Richard Person-in-charge of the accounting work: CHIN Wee Hua

Chief of the accounting division: LI Yihao

4. Income statement of the Company for the report period

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Jul.-Sept. 2014	Jul.-Sept. 2013
I. Total sales	184,927,280.14	183,758,384.36
Less: Cost of sales	174,253,719.87	175,851,418.41
Business taxes and surcharges		
Distribution expenses	4,704,653.52	3,661,096.90
Administrative expenses	7,251,185.12	7,878,944.85
Financial costs	24,663,761.36	26,915,666.14
Impairment loss	87,153,843.41	-4,509,699.06
Add: gain/(loss) from change in fair	284,232.63	455,805.09

value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	-112,815,650.51	-25,583,237.79
Add: non-business income	886,620.59	145,022.03
Less: non-business expense		5,081.00
Including: loss from non-current asset disposal		
III. Total profit (“-” means loss)	-111,929,029.92	-25,443,296.76
Less: income tax expense	-23,209,404.96	815,726.56
IV. Net profit (“-” means loss)	-88,719,624.96	-26,259,023.32
V. Earnings per share	--	--
(I) Basic earnings per share	-0.30	-0.09
(II) Diluted earnings per share	-0.30	-0.09
VI. Other comprehensive income		
Including: Other comprehensive income items that cannot be reclassified as gains or losses in the subsequent accounting periods		
Other comprehensive income items that will be reclassified as gains or losses in the subsequent accounting periods as relevant requirements are met		
VII. Total comprehensive income	-88,719,624.96	-26,259,023.32

Legal representative: YEUNG Kwok Wei Richard Person-in-charge of the accounting work: CHIN Wee Hua

Chief of the accounting division: LI Yihao

5. Consolidated income statement for Jan.-Sept. 2014

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Jan.-Sept. 2014	Jan.-Sept. 2013
I. Total sales	681,825,439.66	646,039,491.11

Including: Sales	681,825,439.66	646,039,491.11
Interest income		
Earned Premium		
Commissions and fees income		
II. Total cost of sales	785,724,303.54	705,541,287.04
Including: Cost of sales	607,082,371.24	625,391,472.31
Interest expense		
Commissions and fees		
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	12,366,623.58	10,121,944.10
Administrative expenses	20,533,081.15	20,968,024.67
Financial costs	70,196,285.14	67,114,356.66
Impairment loss	75,539,121.85	-18,054,510.70
Add: gain/(loss) from change in fair value (“-” means loss)	-875,329.47	-2,091,490.37
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)	-104,774,193.35	-61,593,286.30
Add: non-business income	1,236,830.69	3,058,188.78
Less: non-business expense	4,544.11	78,909.55
Including: loss from non-current asset disposal		67,734.21
IV. Total profit (“-” means loss)	-103,541,906.77	-58,614,007.07
Less: income tax expense	-23,034,443.13	3,919,100.95

V. Net profit (“-” means loss)	-80,507,463.64	-62,533,108.02
Including: net profit achieved by the merged parties before business mergers		
Attributable to owners of the Company	-79,948,213.21	-62,533,731.21
Minority shareholders’ income	-559,250.43	623.19
VI. Earnings per share	--	--
(I) Basic earnings per share	-0.27	-0.21
(II) Diluted earnings per share	-0.27	-0.21
VII. Other comprehensive income		
Including: Other comprehensive income items that cannot be reclassified as gains or losses in the subsequent accounting periods		
Other comprehensive income items that will be reclassified as gains or losses in the subsequent accounting periods as relevant requirements are met		
VIII. Total comprehensive income	-80,507,463.64	-62,533,108.02
Attributable to owners of the Company	-79,948,213.21	-62,533,731.21
Attributable to minority shareholders	-559,250.43	623.19

Legal representative: YEUNG Kwok Wei Richard Person-in-charge of the accounting work: CHIN Wee Hua

Chief of the accounting division: LI Yihao

6. Income statement of the Company for Jan.-Sept. 2014

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Jan.-Sept. 2014	Jan.-Sept. 2013
I. Total sales	681,825,439.66	646,039,491.11
Less: Cost of sales	607,082,371.24	625,391,472.31
Business taxes and surcharges	6,820.58	
Distribution expenses	12,366,623.58	10,121,944.10
Administrative expenses	20,410,282.48	20,931,721.74

Financial costs	70,200,624.74	67,118,553.69
Impairment loss	75,226,657.67	-18,004,846.36
Add: gain/(loss) from change in fair value (“-” means loss)	-875,329.47	-2,091,490.37
Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	-104,343,270.10	-61,610,844.74
Add: non-business income	1,236,830.69	3,058,188.78
Less: non-business expense	4,544.11	73,815.21
Including: loss from non-current asset disposal		67,734.21
III. Total profit (“-” means loss)	-103,110,983.52	-58,626,471.17
Less: income tax expense	-23,034,443.13	3,919,100.95
IV. Net profit (“-” means loss)	-80,076,540.39	-62,545,572.12
V. Earnings per share	--	--
(I) Basic earnings per share	-0.27	-0.21
(II) Diluted earnings per share	-0.27	-0.21
VI. Other comprehensive income		
Including: Other comprehensive income items that cannot be reclassified as gains or losses in the subsequent accounting periods		
Other comprehensive income items that will be reclassified as gains or losses in the subsequent accounting periods as relevant requirements are met		
VII. Total comprehensive income	-80,076,540.39	-62,545,572.12

Legal representative: YEUNG Kwok Wei Richard Person-in-charge of the accounting work: CHIN Wee Hua

Chief of the accounting division: LI Yihao

7. Consolidated cash flow statement for Jan.-Sept. 2014

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Jan.-Sept. 2014	Jan.-Sept. 2013
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	828,025,249.47	450,824,601.80
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	26,186,725.95	83,030,580.43
Other cash received from operating activities	2,380,073.90	2,080,000.00
Sub-total of cash inflow from operating activities	856,592,049.32	535,935,182.23
Cash paid for goods and services	254,614,312.86	372,087,519.59
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	130,195,276.80	126,584,746.39
Cash paid for all types of taxes	9,525,944.55	6,245,378.10
Other cash paid relating to operating activities	38,806,048.22	50,824,661.14
Sub-total of cash outflows from operating activities	433,141,582.43	555,742,305.22
Net cash flows from operating activities	423,450,466.89	-19,807,122.99
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	251,437.31	564,650.00
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities	1,417,606.10	192,335.43
Sub-total of cash inflows of investing activities	1,669,043.41	756,985.43
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	5,385,015.97	16,855,476.65
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	1,615,047.74	451,467.95
Sub-total of cash outflows of investing activities	7,000,063.71	17,306,944.60
Net cash flow from investing activities	-5,331,020.30	-16,549,959.17
3. Cash flows from financing activities		
Cash received from investment		
Including: cash received from minority shareholders of subsidiaries		

Cash received from borrowings	1,044,800,000.00	862,000,000.00
Cash received from bonds issuing		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities	1,044,800,000.00	862,000,000.00
Cash paid for repayment of borrowings	1,304,000,000.00	862,600,000.00
Cash paid for dividends, profit distribution or interest	78,906,216.93	64,339,050.00
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	1,382,906,216.93	926,939,050.00
Net cash flow from financing activities	-338,106,216.93	-64,939,050.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	-279,515.67	-1,684,965.68
5. Net increase in cash and cash equivalents	79,733,713.99	-102,981,097.84
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	88,016,938.27	28,089,954.51

Legal representative: YEUNG Kwok Wei Richard Person-in-charge of the accounting work: CHIN Wee Hua

Chief of the accounting division: LI Yihao

8. Cash flow statement of the Company for Jan.-Sept. 2014

Prepared by Wuhan Boiler Company Limited

Unit: RMB Yuan

Item	Jan.-Sept. 2014	Jan.-Sept. 2013
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	827,898,889.04	450,804,601.80
Tax returned	26,186,725.95	83,030,580.43
Other cash received from operating	2,380,073.90	2,080,000.00

activities		
Sub-total of cash inflow from operating activities	856,465,688.89	535,915,182.23
Cash paid for goods and services	254,614,312.86	372,087,519.59
Cash paid to and for employees	130,195,276.80	126,584,746.39
Cash paid for all types of taxes	9,525,944.55	6,245,378.10
Other cash paid relating to operating activities	38,805,556.98	50,824,661.14
Sub-total of cash outflows from operating activities	433,141,091.19	555,742,305.22
Net cash flows from operating activities	423,324,597.70	-19,827,122.99
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	251,437.31	564,650.00
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities	1,413,022.50	187,804.40
Sub-total of cash inflows of investing activities	1,664,459.81	752,454.40
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	5,385,015.97	16,855,476.65
Cash paid for acquisition of investments		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash paid relating to investing activities	1,615,017.74	451,133.95
Sub-total of cash outflows of investing activities	7,000,033.71	17,306,610.60
Net cash flow from investing activities	-5,335,573.90	-16,554,156.20
3. Cash flows from financing activities		

Cash received from investment		
Cash received from borrowings	1,044,800,000.00	862,000,000.00
Cash received from issuing bonds		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities	1,044,800,000.00	862,000,000.00
Cash paid for repayment of borrowings	1,304,000,000.00	862,600,000.00
Cash paid for dividends, profit distribution or interest	78,906,216.93	64,339,050.00
Other cash paid relating to financing activities		
Sub-total of cash outflows of financing activities	1,382,906,216.93	926,939,050.00
Net cash flow from financing activities	-338,106,216.93	-64,939,050.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	-279,515.67	-1,684,965.68
5. Net increase in cash and cash equivalents	79,603,291.20	-103,005,294.87
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	86,325,805.06	26,530,761.47

Legal representative: YEUNG Kwok Wei Richard

Person-in-charge of the accounting work: CHIN Wee Hua

Chief of the accounting division: LI Yihao

II. Audit report

Is this report audited?

Yes No

This report is not audited.