

Securities code: 420063

Securities abbreviation: Wuguo B5

Public Announcement No.: 2019-010

# **WUHAN BOILER COMPANY LIMITED**

## **2019 QUARTERLY ONE REPORT**

## **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 confirm 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 have attended the Board Meeting for reviewing this Report.

Stuart Adam Connor, Company Principal, FENG Zheng, Accounting Principal, and ZHANG Ke, Accounting Division’s Principal (Accounting Manager), hereby ensure that the Financial Statements enclosed in this Report are authentic, accurate and complete.

## Section II Company Profile

### I. Major accounting data and financial indexes

Does the Company adjust retrospectively or restate accounting data of previous years?

Yes  No

	Report period	Same period of last year	YoY change
Gross operating revenues (RMB Yuan)	227,530,574.29	199,112,498.59	14.27%
Net profit attributable to shareholders of the Company (RMB Yuan)	-18,041,223.09	-30,227,014.74	40.30%
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB Yuan)	-18,110,667.09	-30,472,784.84	40.57%
Net cash flow from operating activities (RMB Yuan)	-89,109,199.91	38,328,911.19	-332.49%
Basic EPS (RMB Yuan/share)	-0.06	-0.10	40.00%
Diluted EPS (RMB Yuan/share)	-0.06	-0.10	40.00%
The weighted average ROE	-1.50%	-2.33%	0.83%
	Mar. 31, 2019	Dec. 31, 2018	Increase/decrease (%)
Total assets (RMB Yuan)	1,104,930,895.72	1,236,668,941.72	-10.65%
Owners' equity attributable to shareholders of the Company (RMB Yuan)	-1,212,436,433.70	-1,194,395,210.61	-1.51%

Items and amounts of non-recurring gains and losses

Applicable  Not applicable

Unit: RMB Yuan

Item	Jan.-Mar. 2019	Explanation
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	69,444.00	Deferred incomes of the land use right in the new factory zone of the Company
Total	69,444.00	--

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  Not applicable

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 shareholders with preference shares with resumed voting rights as well as shareholdings of the top ten shareholders

Unit: share

Total number of shareholders with common shares at the period-end		5,299	Total number of shareholders with preference shares who had resumed their voting right at the end of the report period (if any)		--	
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held	Number of restricted 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		
CHEN CHUYUN	Domestic natural person	0.46%	1,367,450	0		
LI ZHIJIAN	Domestic natural person	0.43%	1,286,281	0		
HSBC BROKING SECURITIES (ASIA)	Foreign corporation	0.40%	1,185,114	0		

LIMITED-CLIENTS A/C						
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.40%	1,176,836	0		
ZHUANG CHANGXIONG	Domestic natural person	0.35%	1,045,000	0		
Shareholdings of the top ten shareholders with non-restricted shares						
Name of shareholder	Number of non-restricted shares held	Type of shares		Number		
		Type	Number			
WANG XIAO	2,672,800	Domestically listed shares	foreign	2,672,800		
CHEN PENG	2,331,545	Domestically listed shares	foreign	2,331,545		
HU ZHIHONG	1,390,397	Domestically listed shares	foreign	1,390,397		
CHEN CHUYUN	1,367,450	Domestically listed shares	foreign	1,367,450		
LI ZHIJIAN	1,286,281	Domestically listed shares	foreign	1,286,281		
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	1,185,114	Domestically listed shares	foreign	1,185,114		
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	1,176,836	Domestically listed shares	foreign	1,176,836		
ZHUANG CHANGXIONG	1,045,000	Domestically listed shares	foreign	1,045,000		
SUN WEIWEI	966,567	Domestically listed shares	foreign	966,567		
TANG JUAN	887,236	Domestically listed shares	foreign	887,236		

		shares	
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 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 with common shares participating in the margin trading business (if any) (see Note 4)	Not applicable		

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 preference shares and shareholdings of the top ten shareholders with preference shares**

Applicable  Not applicable

## 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 Not applicable

1. Cash and cash equivalent decreased by 70.92%, mainly due to bank acceptance notes mature this period;
2. Down payment increased by 38.04%, mainly due to increase on purchasing material for Hassyan, pingshan projects;
3. Tax payable decreased by 55.30%, mainly due to input VAT increase;
4. Tax and surcharges decreased by 31.22%, mainly due to additional tax for VAT decrease this period;
5. Assets impairment loss decreased by 110.53%, mainly due to reversed bad-debt provision more than the same period last year for the AR collection this period;
6. Changes in fair value gains decreased by 100.00%, mainly due to the decreased of hedging gains arising from exchange rate movement of hedging instrument;
7. Non-operating income decreased by 72.64%, mainly due to insurance compensation in the prior period but no same thing this period;
8. Net cash flows from operating activities decreased by 332.49%, mainly due to payment for projects material increase this period;
9. Net cash flow generated from investment activities decreased by 1558.23%, mainly due to the increase of cash out paid for fixed assets this period;
10. Net cash flow generated from financing activities increased by 77.22%, mainly due to the decrease of repayments of entrusted loans this period.

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

Applicable Not applicable

Progress of any share repurchase

Applicable Not applicable

Progress of any reduction of the repurchased shares through centralized bidding

Applicable Not applicable

### III. Commitments of the Company's actual controller, shareholders, related parties, acquirer, the Company or other commitment makers ongoing in the report period

Applicable Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Time of making	Period of commitment	Fulfillment

				commitment		
Commitment on share reform Commitment in the acquisition report or the report on equity changes	Alstom (China) Investment Co., Ltd	Disclosed commitment	Avoid horizontal competition	April 14, 2006	Long-term effective	Strictly fulfill the commitment and no breaches
	General Electric Company, GE Albany Global Holdings B.V.	Disclosed commitment	Ensure the independence of the Company	December 28, 2015	Long-term effective	Strictly fulfill the commitment and no breaches
	General Electric Company, GE Albany Global Holdings B.V.	Disclosed commitment	Avoid horizontal competition	December 28, 2015	Long-term effective	Strictly fulfill the commitment and no breaches
	General Electric Company, GE Albany Global Holdings B.V.	Disclosed commitment	Ensure new related party transactions will obtain appropriate approvals	December 28, 2015	Long-term effective	Strictly fulfill the commitment and no breaches
Commitments made in assets reorganization						
Commitments made in IPO or refinancing						
Equity incentive commitment						
Other commitments made to minority shareholders						
Executed on time	Yes					

#### IV. Forecast for the operating results of Jan.-Jun. 2019

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

## V. Securities investment

Applicable  Not applicable

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

## VI. Derivatives investment

Applicable Not applicable

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	Amount purchased in reporting period	Amount sold in reporting period	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	1,781.59	2014/10/28	2020/3/30	1,781.59	4,978.29	4,181.79		2,578.09	11.33%	-0.99
SCB	Non-Relation	No	Forward FX contract	6,484.98	2015/2/17	2019/3/29	6,484.98	5,612.15	3,546.59		8,550.54	37.58%	-10.04
Total				8,266.57	--	--	8,266.57	10,590.44	7,728.38		11,128.63	48.91%	-11.03
Capital source for derivatives investment				Self-funded									
Any litigation involved				NA									
Disclosure date of the board announcement approving the derivative investment (if any)				April 26, 2019									
Disclosure date of the Shareholders' Meeting announcement approving the				NA									

derivative investment (if any)	
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 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; and the Company has carried out sufficient assessment and effective control on possible risk concerning credit, operation and cash flows.</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>The company recognized the gain and loss of fair values of the invested derivatives, the fair values loss of the invested derivatives this period was 0RMB, the loss of investment was 0.11MRMB. 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>
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	<p>The foreign exchange trading for hedging purpose made by WBC 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 WBC. WBC has established organization, business procedures, approval process and Internal Control Rules on Derivatives Investment for foreign exchange trading, so as to improve foreign exchange</p>

	risk management and prevent exchange rate risk through derivatives investment business.
--	---

## VII. Researches, visits and interviews received in this report period

Applicable Not applicable

Date	Way of reception	Visitor type	Main inquiry information
Jan. 8, 2019	By phone	Individual	About the Company's re-listing progress
Feb. 28, 2019	By phone	Individual	About the Company's operating results
Mar. 6, 2019	By phone	Individual	Suggested that the Company should try to list on the Science and Technology Innovation Board and that senior management should increase their shareholdings in the Company, as well as asked about the latest tax-cut policy's impact on Company

## VIII. Illegal provision of guarantees for external parties

Applicable  Not applicable

No such cases in the report period.

## IX. Occupation of the Company's funds by its controlling shareholders or its related parties for non-operating purposes

Applicable  Not applicable

No such cases in the report period.