

Stock Code: 200771 Stock ID: Hangqilun B Announcement No. 2016-63

**Hangzhou Steam Turbine Co., Ltd.****Summary of the Semi-annual Report 2016****Important notes**

The summary is abstract from full-text of summary of the semi-annual report, for more details information, investors should found in the full-text of summary of the semi-annual report that published on website of Shenzhen Stock Exchange and other website appointed by CSRC.

**I. Company Profile**

Stock ID	Hangqilun B	Stock code	200771
Stock exchange for listing	Shenzhen Stock Exchange		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Yu Changquan	Wang Caihua	
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**II. Financial data and change of shareholders.**

## (1) Financial data

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?

No

	Reporting period	Same period of last year	YoY+/- (%)
Operating income (RMB)	1,367,423,771.88	1,054,996,326.24	29.61%
Net profit attributable to the shareholders of the listed company (RMB)	-31,252,238.19	-10,282,333.32	-203.94%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-43,478,314.33	-22,164,040.35	-96.17%
Cash flow generated by business operation, net (RMB)	214,699,052.95	101,821,573.29	110.86%
Basic earning per share(RMB/Share)	-0.04	-0.01	-300.00%
Diluted gains per share(RMB/Share)(RMB/Share)	-0.04	-0.01	-300.00%

Weighted average ROE(%)	-0.74%	-0.23%	-0.51%
	As at the end of the reporting period	As at the end of last year	YoY+/- ( % )
Gross assets (RMB)	8,117,183,672.84	7,683,777,005.63	5.64%
Net assets attributable to shareholders of the listed company (RMB)	4,188,280,702.81	4,219,337,312.80	-0.74%

## (2) Statement of shares held by top 10 shareholders

In shares

Total Number of common shareholders at the end of the reporting period	16,158					
Shareholdings of the top 10 common shareholders						
Name of the shareholder	Properties of shareholder	Share proportion %	Total shares	Conditional shares	Frozen or pledged	
					Status of shares	Amount
Hangzhou Steam Turbine Power Group Co., Ltd.	State-owned legal person	63.64%	479,824,800	479,824,800		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas legal person	0.65%	4,909,489	0		
NORGES BANK	Overseas legal person	0.57%	4,303,675	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.44%	3,308,246	0		
Shanwan Hongyuan Securities (HK) Co.,Ltd.	Overseas legal person	0.39%	2,924,322	0		
China Merchants Securities (HK)Co., Ltd.	State-owned legal person	0.33%	2,468,865	0		
AUSTRALIANSUPER PTY LTD	Overseas legal person	0.28%	2,108,321	0		
Xia Zulin	Domestic Natural person	0.28%	2,100,000	0		
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	Overseas legal person	0.27%	2,046,860	0		
CREDIT SUISSE (HONG KONG) LIMITED	Overseas legal person	0.27%	2,033,703	0		

<p>Explanation on associated relationship among the aforesaid shareholders</p>	<p>(1) Hangzhou Steam Turbine Power Group Co., Ltd. is the holder of state-shares of the Company, all other shareholders' are holders of domestic listed foreign shares (B shares)                  (2) There is no relationship between Hangzhou Steam Turbine Power Group Co., Ltd. and other shareholders;                  (3) Hangzhou Steam Turbine Group Co., Ltd. is not an "action-in-concert" party with any of other shareholders as described by the "Administration Rules of Informational Disclosure about Change of Shareholding Statues of PLCs".</p>
<p>Notes to the shareholders involved in financing securities (if any)</p>	<p>Not applicable</p>

(3) The top 10 preference share holders

Not applicable

(4) Changing of controlling shareholder and practical controller of the Company.

No change of holding shareholder in the report period.

### III. Discussion and analysis by the management

2016 is the first year of the company's "the 13<sup>th</sup> Five-Year Strategic Plan", and also a key year for the company for adapt to the new normal, boost transformation and upgrading and strive to turn losses into gains. During the report period, with its focus on promoting the execution of the 13<sup>th</sup> Five-Year Strategic Plan, the company made more efforts to expand the market, continued to carry out management innovation, constantly put more investment in R&D, actively planned the market transformation and industry transformation, strictly controlled the operation risk, attached importance to brand culture construction and actively fostered its competitive edge in high-end equipment and service.

(1) With a development-first idea, boost the execution of the 13<sup>th</sup> Five-Year Strategic Plan. During the report period, the board of directors in the company reviewed and passed the 13<sup>th</sup> Five-Year Strategic Plan, and defined the company's transformation direction, business layout and capability construction in the upcoming 5 years. To ensure the strategic orientation of the company's business activities, the company further strengthened the strategy implementation and management, combined the medium and long-term planning target closely with short-term business plan and focused on the operability and measurability for executing key strategic measures.

(2) Adjust the organization to ensure the guarantee by the management organization. During the report period, the company adjusted and reorganized the management organization, set up an operation management department and capital & material management department, reinforced the management of external investment, cooperation and capital operation, intensified internal strategy management, risk control and budget management, and constructed a high-efficient functional management mode that adapts to the extension of industry chain in the

company.

(3) Plan the market transformation and make a new breakthrough in gas turbine field. During the report period, subject to the influence of the national industry regulatory policies, the feed pump contract decreased sharply and the drive market continued to be sluggish. Comparatively speaking, the thermoelectricity market was still robust and the nuclear power market has lived up to expectation. The company further deepened its cooperation with Simens in gas turbine market. To be specific, in May, 2016, the company and Simens united and won the bidding for the GCL's distributed energy project. On July 5, on the China Gas Distributed Generation Forum, the company signed a memorandum of understanding for strategic cooperation with GCL and joined hands to enter the distributed energy market and strengthened the development and application of natural gas-fuelled distributed energy. At the same time, the company won a long-term contract in natural gas turbine field for the first time.

(4) Insist on technological innovation and improve its core competitiveness. During the report period, the company continued to make more scientific breakthroughs by improving the technical performance of products from various aspects, including structure, core part, basic design, manufacturing process, material, technology, etc. On the other hand, targeted at the customers' demand, the company made a study of turbine packaging technology demonstration application project and promoted the development of intelligent, integrated product technologies. In May, 2016, Zhejiang Equipment Manufacturing Industry & Gas Turbine Machinery Technology Alliance, which was built by the company in conjunction with Zhejiang University and other R&D institutes, was formally set up, which served as the new platform for university-industry-research cooperation of turbine technology. Under the development tendency of "Made in China 2025", the company accelerated the application of information technology, advanced the construction of intelligent and digitized workshops, and set up many scientific research subjects, such as discrete intelligent manufacturing mode research and digitized workshop construction, PLM system research and execution phase II project and MES phase I project. The key technology development and application project for 1000MW boiler feed pump turbine, a project developed the company, passed the sci-tech achievement evaluation hosted by China Machinery Industry Federation. The industrial steam turbine for the ancillary feed water pump of 1 Million KW pressurized water reactor, a key project in Hangzhou city, successfully passed the acceptance inspection. During the report period, the company acquired 2 authorized invention patents and 3 utility model patents.

(5) Manage and control operational risk and improve its management constantly. Faced with the severe market environment, the company set up its business principle of "Risk Control First, Profit Second and Scale Third". The company held risk management committee meetings on a regular basis, paid close attention to three risk factors, such as accounts receivable, inventory and articles being processed, managed and controlled the major operational risk through multiple channels and aspects, improved the asset turnover ratio and controlled the non-performing asset. Besides, the company constantly advanced quality projects and lean manufacturing, strengthened budget management and process control and deepened excellent performance management mode.

Moreover, it constantly improved the supply chain management, gradually increased the bid-invitation-based purchasing and strove to revitalize overstocked products.

(6) Innovate the platform and strengthen the corporate brand culture propaganda. The company further enhanced its corporate culture construction and brand construction and improved its corporate image. Besides, it further gave play to the edges of many channels, such as network, wechat, situation briefing and broadcast, and put its emphasis on the thematic propaganda, such as a series of propaganda for model worker in the company; it also organized and carried out the appraisal of "Excellent Turbine Worker", further carried forward its enterprise spirit in the company, propagandized the outstanding workers, and guided workers to work hard to realize their own values and shape a correct cognition of public opinion and values.

#### IV. Issues involve with financial reports

(1) Statement on changes of accounting policies, accounting estimations, and accounting basis comparing with the last fiscal year

No Particulars about the changes in aspect of accounting policy estimates or calculation method in period.

(2) Statement on correcting of material accounting error and retrospective adjustment

No retrospective correction of material accounting error in the report period.

(3) Statement on change of consolidation range comparing with the previous fiscal year

No change of consolidation range in the report period.

(4) Statement of the Board and the Supervisory Committee on the Non-standard Auditors' Report issued by the CPA.

Not applicable

Hangzhou Steam Turbine Co., Ltd.  
Chairman of the Board: Zheng Bin  
August 13, 2016