

Stock code: 200771

Stock ID: Hangqilun B

Announcement No.2018-70

Hangzhou Steam Turbine Co., Ltd.

The Third Quarterly Report 2018(Text)

(Stock code: 200771)



October 2018

1 Important notes

The Board of Directors, the Supervisory Committee, the directors, the supervisors, and executives of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Quarterly Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Quarterly Report.

All of the directors presented the board meeting at which this Quarterly Report was examined.

Mr. Zheng Bin, The Company Leader, Mr.Zhao Jiamao, Chief financial officer and the Mr.Jin Can, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in the report.

II. Basic information about the company

I. Main financial data and indices

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

No

	As at the end of the reporting period	As at the end of last year		Changed (%) over end of prev. year
Gross assets (Yuan)	11,705,467,175.92	10,830,597,182.38		8.08%
Net assets attributable to the shareholders of the listed company (Yuan)	6,041,748,628.95	5,884,816,809.55		2.67%
	Reporting period	Increase/decrease over the same period of last year (%)	Between beginning of the year to the end of the report period	Changed (%) over end of prev. year
Operating income (RMB)	1,108,687,686.30	19.79%	3,392,818,668.43	31.04%
Net profit attributable to the shareholders of the listed company (RMB)	163,313,243.33	716.66%	291,823,837.34	356.02%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	144,020,340.79	1,384.86%	233,491,067.51	1,660.94%
Cash flow generated by business operation, net (RMB)	--	--	600,061,531.02	200.14%
Basic earning per share(RMB/Share)	0.217	703.70%	0.387	355.29%
Diluted gains per share(RMB/Share)(RMB/Share)	0.217	703.70%	0.387	355.29%

Weighted average income/asset ratio (%)	2.73%	2.41%	4.89%	3.88%
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Items and amount of non-current gains and losses

In RMB yuan

Non-recurring gain and loss items	Amount (Year-beginning to the end of the report period.)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-15,902.82	
Government subsidy recognized in current gain and loss(excluding those closely related to the Company's business and granted under the state's policies)	22,867,462.28	
Gain/loss from debt reorganization	6,613,000.00	
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment	38,271,017.01	
Net amount of non-operating income and expense except the aforesaid items	1,389,571.44	
Less: .Amount of influence of income tax	9,791,306.35	
Influence on minority shareholders' equity (after tax)	1,001,071.73	
Total	58,332,769.83	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

None of Non-recurring gain /loss items recognized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non –recurring gain/loss in the report period.

II. Total Shareholders and Shares Held by Top Ten Shareholders at the End of the Reporting Period
1. About Total Common Shareholders, Total Preference Shareholders with the Voting Power Recovered and the Shares Held by Top Ten Common Shareholders

In shares

Total number of common shareholders at the period-end	14,284	Total preference shareholders with the voting power recovered at the end of the reporting period(if any)	0			
Shares held by the top 10 shareholders						
Shareholder name	Properties of shareholder	Share proportion %	Quantity	Amount of tradable shares with Conditional held	Pledging or freezing	
					Status of the shares	Quantity
Hangzhou Steam Turbine Power Group Co., Ltd.	State-owned legal person	63.64%	479,824,800	479,824,800		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.63%	4,722,804	0		
Zhou Jie	Domestic Natural person	0.53%	3,960,000	0		
ISHARES CORE MSCI EMERGING MARKETS ETF	Foreign legal person	0.46%	3,493,674	0		
China Merchants Securities (HK)Co., Ltd.	State-owned legal person	0.46%	3,459,717	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.46%	3,454,046	0		
NORGES BANK	Foreign legal person	0.37%	2,771,277	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.35%	2,652,063	0		
Xia Zulin	Domestic Natural person	0.30%	2,280,000	0		
Wang Yihu	Domestic Natural person	0.19%	1,441,324	0		
To 10 holders of unconditional shares						
Shareholders' Names	Amount of shares without sales restriction		Share type			
			Share type	Quantity		

VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,722,804	Foreign shares placed in domestic exchange	4,722,804
Zhou Jie	3,960,000	Foreign shares placed in domestic exchange	3,960,000
ISHARES CORE MSCI EMERGING MARKETS ETF	3,493,674	Foreign shares placed in domestic exchange	3,493,674
China Merchants Securities (HK)Co., Ltd.	3,459,717	Foreign shares placed in domestic exchange	3,459,717
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,454,046	Foreign shares placed in domestic exchange	3,454,046
NORGES BANK	2,771,277	Foreign shares placed in domestic exchange	2,771,277
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	2,652,063	Foreign shares placed in domestic exchange	2,652,063
Xia Zulin	2,280,000	Foreign shares placed in domestic exchange	2,280,000
Wang Yihu	1,441,324	Foreign shares placed in domestic exchange	1,441,324
CREDIT SUISSE AG HONG KONG BRANCH	1,301,759	Foreign shares placed in domestic exchange	1,301,759
Explanation on associated relationship or concerted action of the above shareholders	(1)It is unknown to the Company if there is any relationship among the top 10 common share holders without restriction. (2) Other Shareholders. 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”.		
Note to the top 10 common stockholders involved in margin financing & securities lending (If any)	Not applicable		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period.

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy –back agreement dealing in reporting period.

2.Total number of preferred shareholders and shareholding of top 10 preferred shareholders by the end of the report period

Not applicable

III. Significant Events

I. Changes in the principal accounting statement items and financial indications and the causes

In RMB yuan

Balance sheet items	Ending balance	Opening balance	Proportion of the change	Causes of change
Advance payments	22,867,462.28	3,158,099.85	624.09%	Mainly due to the increase in prepayments for raw materials during the period.
Other receivable	54,032,024.96	5,860,337.77	822.00%	Mainly due to the increase in dividends receivable from Hangzhou Bank pledged shares in the current period.
Other current assets	22,867,462.28	3,158,099.85	624.09%	Mainly due to the increase in the purchase of Financial management products during the period.
Construction in process	54,032,024.96	5,860,337.77	822.00%	Mainly due to the increase in construction investment in new plant projects and research buildings in the current period.
Notes payable and account payable	22,867,462.28	3,158,099.85	624.09%	Mainly due to the payment of materials and the issuance of acceptance bills for the current period.
Taxes payable	54,032,024.96	5,860,337.77	822.00%	Mainly due to the increase in income tax at the end of the period.
Long-term payable	22,867,462.28	3,158,099.85	624.09%	Mainly received the second demolition compensation in the current period.
Income statement items	End of term	Same period of last term	Scale of change	Remarks on the change
Operation revenue	3,392,818,668.43	2,589,226,220.63	31.04%	Mainly due to the realization of the company's key projects in the current period, the sales revenue increased year-on-year.
Taxes and surcharges payable	33,984,172.83	20,922,948.45	62.43%	Mainly due to the year-on-year increase in VAT payable in the current period.
Financial expenses	-9,991,434.12	12,279,377.17	-181.37%	Mainly due to the increase in interest income and net exchange income during the period.
Non-operation expenses	3,264,511.69	-1,268,990.81	357.25%	Mainly due to the increase in contract compensation in the current period.
Other gains	22,867,462.28	3,158,099.85	624.09%	Mainly due to the state-owned value-added tax

				relief for military products in the current period.
Income tax expenses	54,032,024.96	5,860,337.77	822.00%	Mainly due to the increase in profits during the period, resulting in an increase in current income tax expenses.
Cash flow statement Items	Amount in the reporting period	Same period of the previous year	Proportion of the change	Causes of change
Cash flow generated by business operation, net	600,061,531.02	199,924,781.38	200.14%	Mainly due to the increase in cash received from sales of goods during the period and the decrease in cash paid for the purchase of raw materials.
Net cash flow generated by investment	-417,696,615.32	-60,830,933.81	-586.65%	Mainly due to the increase in cash paid for the construction and construction projects in the current period.
Net increasing of cash and cash equivalents	-66,417,360.93	-43,551,275.93	-52.50%	Mainly due to the increase in dividends distributed during the period.

II. Progress of Significant Events, their Influences and Analytical Notice on the Solutions

1. During the reporting period, the company promoted the construction of two major projects as planned, and fully prepared for the relocation work. As of the disclosure date, the company's steam turbine heavy-duty plant was put into operation and the painting workshop was first relocated to the heavy factory area; the company's scientific research building has been successfully completed and is expected to be delivered at the end of the year.

2. The company signed the "Compensation Agreement for the Relocation of Non-residential Houses on State-owned Land" with Hangzhou Xiacheng City Construction Investment Development Group Co., Ltd. Up to now, it has received a total of RMB 306,793,224.24 for relocation compensation. The complete report is available as Announcement 2018-57 with Securities Times, Shanghai Securities Daily, Hong Kong Commercial Daily and at www.cninfo.com.cn dated August 7, 2018.

Summary of important matters	Disclosure date	Temporary report disclosure of website query index
3、The company received and confirmed the Hangzhou Bank's 2017 dividend income.	July 7, 2018	Announcement on receipt of dividends from Hangzhou Bank. Disclosed by http://www.cninfo.com.cn . (2018-50)

III. Commitments finished in implementation by the Company, shareholders, actual controller, acquirer, directors, supervisors, senior executives or other related parties in the reporting period and commitments unfinished in implementation at the end of the reporting period

Non-existence

IV. Anticipation of Business Performance of 2018

Alert of loss or significant change in net profit from the beginning of year to the end of next report period or comparing with the same period of last year, and statement of causations.

Not applicable

V. Investment in securities

In RMB yuan

Security category	Security code	Stock Abbreviation	Initial investment cost	Mode of accounting measurement	Book value balance at the beginning of the reporting period	Changes in fair value of the this period	Cumulative fair value changes in equity	Purchase amount in the this period	Sale amount in the this period	Gain/loss of the reporting period	Book value balance at the end of the reporting period	Accounting Items	Sauce of the shares
Domestic and foreign stocks	600926	Hangzhou Bank	390,954,040.00	FVM	2,239,086,521.28	-96,069,048.81	1,474,843,560.28	0.00	0.00	0.00	2,126,064,110.92	Financial assets available for sale	Self funds
Total			390,954,040.00	--	2,239,086,521.28	-96,069,048.81	1,474,843,560.28	0.00	0.00	0.00	2,126,064,110.92	--	--
Disclosure Date of Announcement on Securities investment approved by the Board of Directors			Nil										
Disclosure Date of Announcement on Securities Investment Approved by the Shareholders Meeting (If any)			Nil										

VI. Entrusted financial management

Unit :Ten thousand yuan

Type	Source	Amount	Unexpired balance	Overdue amount
Bank financing product	Self fund	109,797	95,307	0
Brokerage financing product	Self fund	0	0	0
Trust financing product	Self fund	28,620	23,120	0
Other	Self fund	1,600.5	0	0
Total		140,017.5	118,427	0

Specific Circumstance of Trust Investment which is Large in single amount, low insecurity, poor in liquidity or unguaranteed in high risk

Not applicable

Situation with the appearance of principals which can not be recovered expectedly or other existing situations which may lead to impairment

Not applicable

VII. Investment in derivatives

Non-existence

VIII. Registration form of such Activities as Reception, Research, Communication, Interview in the Reporting Period

Reception time	Way of reception	Types of visitors	Basic index
July 13,2018	Onsite investigation	Organization	Details are the relevant information disclosure (http://www.cninfo.com.cn/)

IX. Outward Guarantee against the Regulations

Not applicable

X. Non-operational Occupancy of the Company's Capital by the Controlling Shareholder and its Related Parties

Non-existence

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

October 23, 2018