Stock Code: 200771   Stock ID: Hangqilun B   Announcement No. 2016-87

Hangzhou Steam Turbine Co., Ltd. 2016 Performance Forecast

The members of the Board and the Company acknowledge being responsible for the truthfulness, accuracy, and completeness of the announcement. Not any false record, misleading statement or significant omission carried in this announcement.

I. Forecast of business performance of the current term

1. Period of the forecast: Jan 1st – Dec 31st 2016

2. Direction: Turn losses into profit

Items	Current term	Same period last year
Net profit attributable to the shareholders of the listed company	Profit：RMB 25 million –RMB 40 million	Loss: RMB 162.81 million
Basic earnings per share	Profit：About RMB0.03 –RMB 0.05	Loss：About RMB 0.22

II. Audition on the business performance prediction

This forecast of performance is not audited.

III. Causation of change in business performance

The Company expects to turn losses into profit in the year 2016 compared with last year, mainly due to the Company's further expansion of production and sales in the year under the precondition of actively exploring the market. The sales revenue is expected to increase by 20% over the same period of last year. The Bank strengthened the management responsibility assessment, the risk control and the risk management of accounts receivable and inventory. The accounts receivable with long account age had improved. The operating status and benefits of the Company improved significantly compared with the previous year.

IV. Related remark

The above forecast is a primary calculating of the Company’s accounting department. For actual data please catch up with the annual report 2016 which will be released later. Shanghai

Securities Daily, Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn are the official presses of the Company for information disclosure.

The Board of Directors of Hangzhou Steam Turbine Co., Ltd.

December 27, 2016