



中國高速傳動設備集團有限公司
China High Speed Transmission Equipment Group Co., Ltd.



2010 Annual Results Presentation

28 March 2011

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Financial Highlights

**Sales revenue increased significantly by 30.9%
to approx. RMB 7,392.6 million**

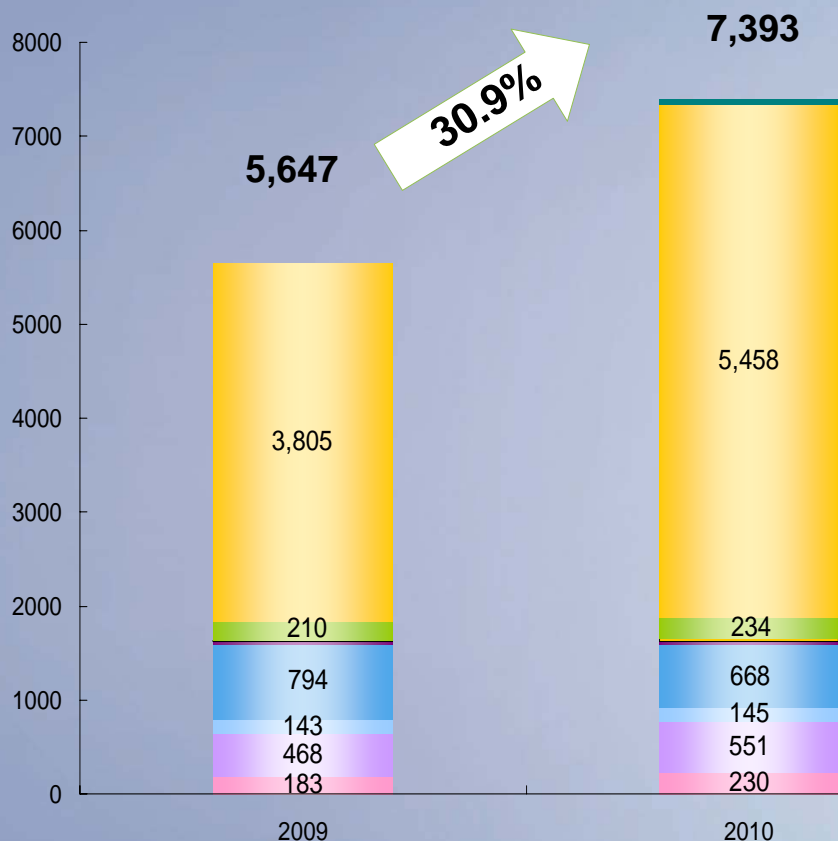
RMB MM	2010	2009	%Change
Sales Revenue	7,392.6	5,647.0	30.9%
Gross Profit	2,298.8	1,861.2	23.5%
Core EBITDA	2,054.9	1,621.8	26.7%
Core EBIT	1,685.5	1,405.7	19.9%
Net Profit Attributable to Equity Holders	1,383.6	966.4	43.2%
Adjusted Net Profit Attributable to Equity Holders (excl. extraordinary items*)	1,272.3	1,106.2	15.0%
Gross Profit Margin	31.1%	33.0%	
Core EBITDA Margin	27.8%	28.7%	
Core EBIT Margin	22.8%	24.9%	
Net Profit Margin	18.8%	17.1%	
Adjusted Net Profit Margin (excl. extraordinary items*)	17.2%	19.6%	
Earning per Share-Basic (RMB)	1.08	0.78	38.5%

*Inc. (1) Fair value change of financial derivatives (equity swap)
(2) Fair value change of convertible bond

Continuous Growth in Sales Revenue for Gear Transmission Equipment

Revenue Breakdown by Business Segment

RMB MM

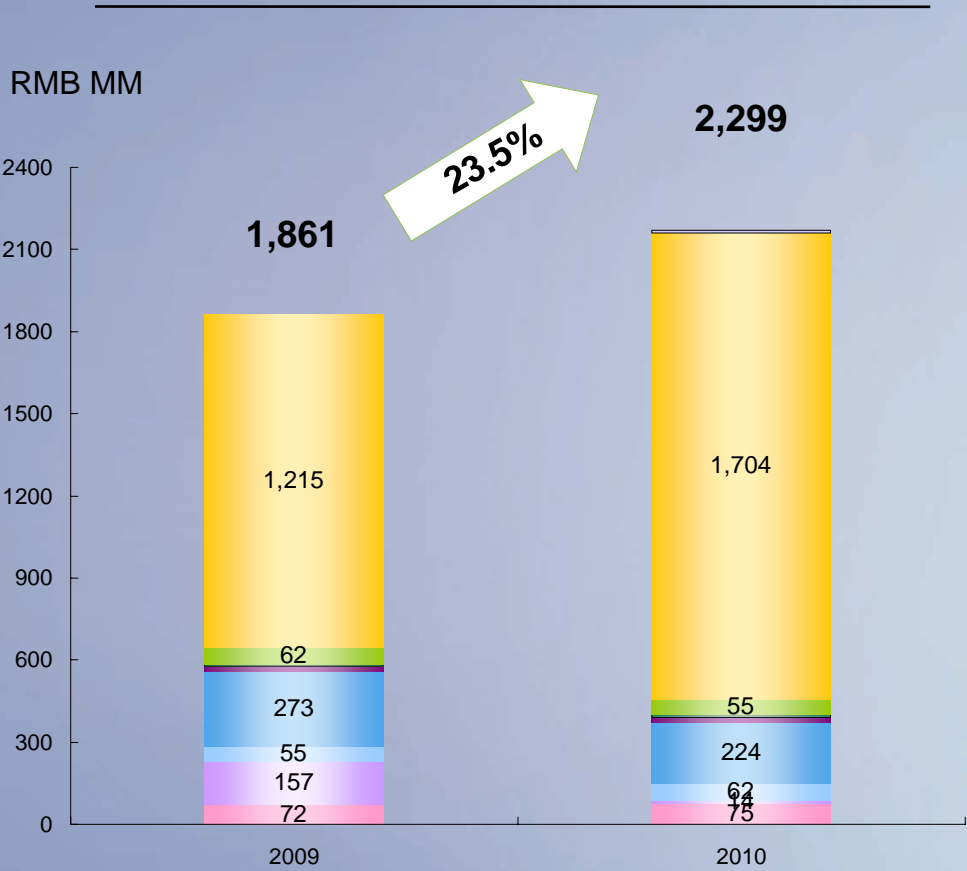


	2010 (% of total revenue)	2009 (% of total revenue)	% of revenue change
Wind Gear	73.8%	67.4%	▲ 43.4%
Marine Gear	3.2%	3.7%	▲ 11.8%
High-speed locomotives and urban light rails	0.5%	0.3%	▲ 154.3%
Numeric Control Series	0.6%	N.A.	N.A.
Traditional Gear Transmission Equipment			
High speed heavy duty gear	0.3%	0.5%	▼ -14.6%
Gear for construction	9.1%	14.1%	▼ -15.8%
General purpose gear	2.0%	2.5%	▲ 1.0%
Gear for Bar-Rolling, Wire-Rolling and Plate Rolling	7.4%	8.3%	▲ 17.8%
Others	3.1%	3.3%	▲ 24.9%

Consolidated Gross Profit Increased

Gross Profit of Wind Gear Transmission Equipment surged 40.2%

Gross Profit Breakdown by Business Segment

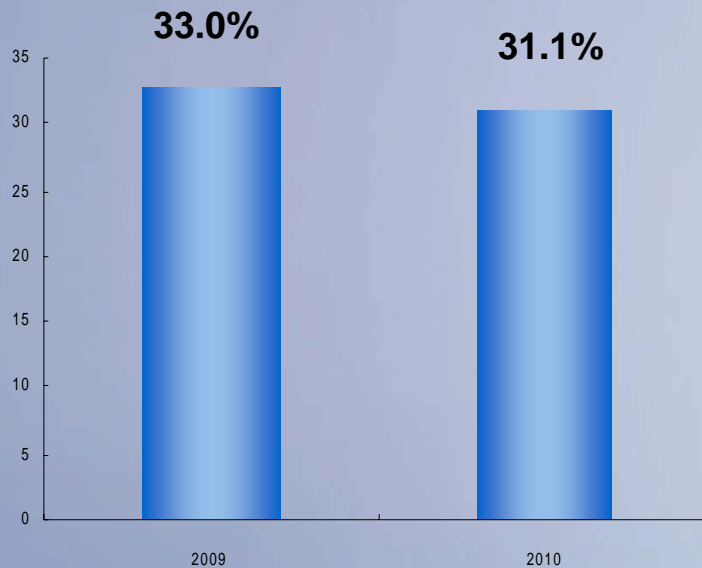


	2010 (% of total gross profit)	2009 (% of total gross profit)
Wind Gear	74.1%	65.3%
Marine Gear	2.4%	3.3%
High-speed locomotives and urban light rails	0.5%	0.3%
Numeric Control Series	0.5%	N.A.
Traditional Gear Transmission Equipment		
High speed heavy duty gear	0.7%	1.1%
Gear for construction	9.7%	14.7%
General purpose gear	2.7%	2.9%
Gear for Bar-Rolling, Wire-Rolling and Plate Rolling	6.2%	8.4%
Others	3.2%	3.9%

Gross Profit Margin Analysis

Consolidated Gross Profit Margin

(%)

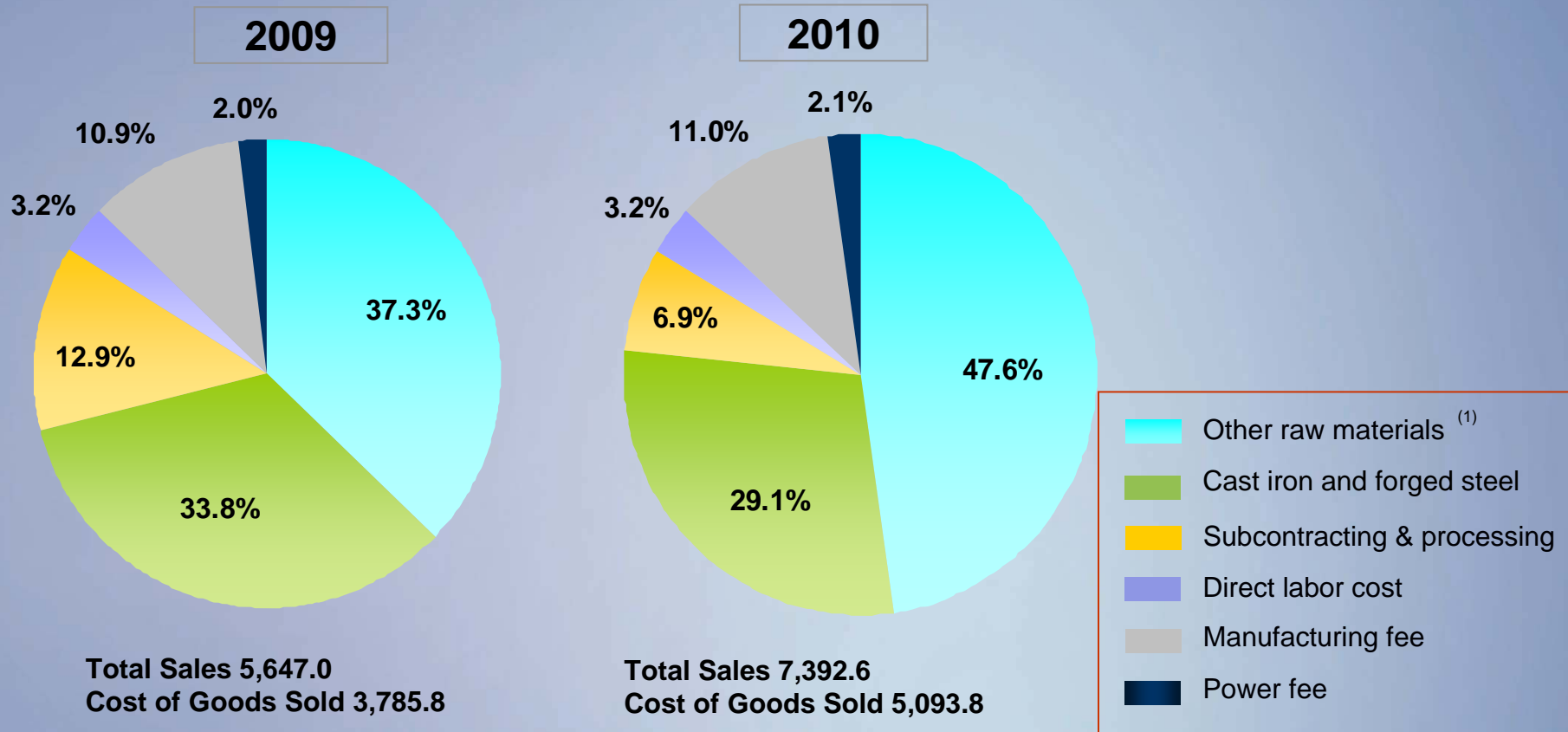


Product	2010	2009
Wind Gear	31.2%	31.9%
Marine gear	23.6%	29.7%
High speed locomotives and urban light rails	28.6%	38.9%
Numeric Control Series	23.0%	N.A
High speed heavy duty gear	65.4%	72.8%
Gear for construction	33.5%	34.4%
General purpose gear	42.7%	38.2%
Gear for Bar-rolling, Wire-rolling and Plate-rolling	25.8%	33.5%
Others	32.5%	39.4%

Cost Analysis

Breakdown of the Cost of Goods Sold

(RMB MM)



Note :

(1) Including bearing and steel plates

Balance Sheet Summary

2010AR

RMB MM	2010	2009
Fixed Assets	6,789	5,198
Current Assets	8,142	5,037
Inventories	1,257	1,313
Account Receivables	1,954	1,517
Notes Receivable	1,274	425
Cash and Deposits	3,038	1,074
Others	619	708
Total	14,931	10,235
Equity	7,514	4,450
Non Current Liabilities	2,191	2,497
Loans	2,043	1,012
Others	148	1,485
Current Liabilities	5,226	3,288
Account Payables	960	506
Notes Payable	750	301
Loans	1,209	1,556
Others	1,087	925
Convertible Bonds	1,220	N.A.

↕ Fixed assets increased mainly through investment in wind power capacity enhancement

↕ Working capital improvement

↕ Trade receivables increased mainly due to significant increase in sales revenue of wind power product

↕ Receivable days increased due to receive more bank acceptance drafts from customers

↕ Cash level remained solid ; Low net debt gearing ratio

↕ 130,000,000 shares placement in September 2010 strengthen our balance sheet structure for further business development.

↕ Unused banking facilities amounted to approx. RMB 8 billion



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Diversification of Product-mix in Each Business Segment

Wind Transmission Equipment

Batch order received and delivered for 3MW large-sale wind gear, a research agreement for 5MW large-scale wind gear box has been signed with domestic customers.

High Speed Locomotive & Light Rail Equipment

Seize market opportunities, strengthen research and development, expands the business and increase the sale contribution to profit with the support of the government policy.

Marine transmission equipment

The first domestic high speed shaft CP propeller has passed the sea trial; the 3000 HP tunnel thruster has successfully passed the acceptance check, which fills the technology gap of the domestic industry.

Traditional Equipment

Stabilize the revenue and actively exploring overseas market. Batches of metallurgic equipment has been delivered to India and approved by customers.

CNC & Machine Tools

Strengthen the key technology for high-end CNC machine tool systems through acquisitions and the Group's technology platform

Mechanical Transmission Equipment

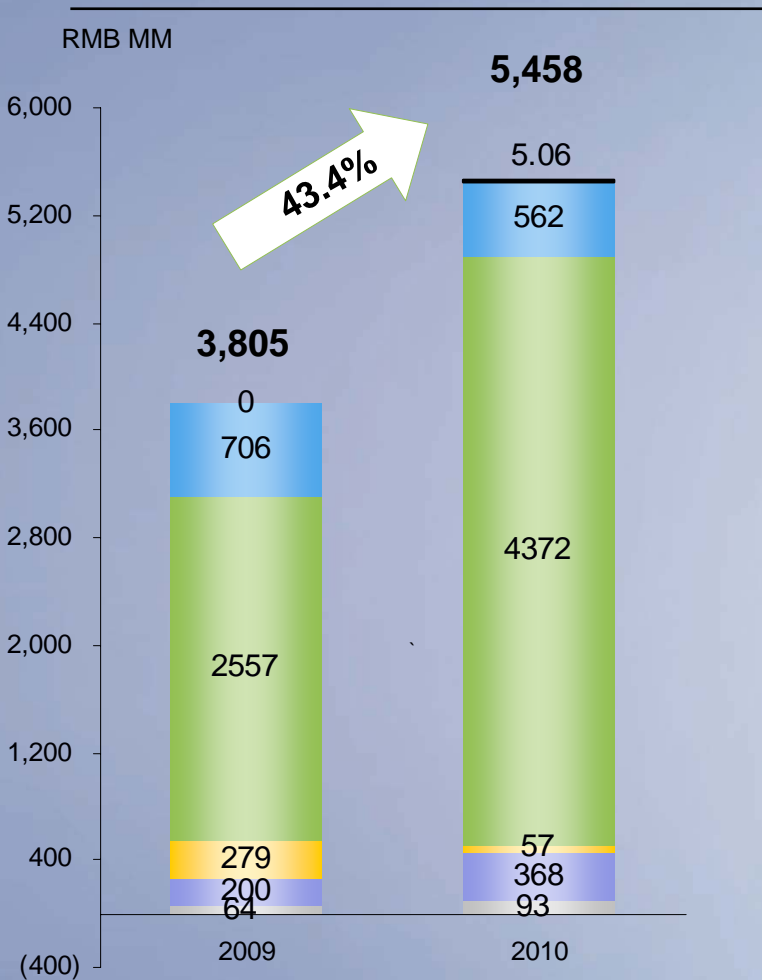
Develop the coal and agricultural machinery business through acquisitions and joint venture approach. Shift the production from producing a single component to a whole set of mechanical transmission equipment

In-house R&D

Continuous R&D enhancement, a total of 119 patents have already been obtained, 29 of them were obtained in the year 2010

Continuous Growth in Order of Wind Gear Transmission Equipment

Revenue Breakdown by Products



	2010 Unit	2009	2010 % of total revenue of wind power	2009 % of total revenue of wind power	% of revenue change
3 MW Gearbox	3	N.A.	0.1%	N.A.	N.A.
2MW Gearbox	519	587	10.3%	18.6%	(20.3%)
1.0, 1.3, 1.5MW Gearbox	5,390	3,171	80.1%	67.1%	71.0%
750KW, 850KW Gearbox	143	664	1.1%	7.3%	(79.4%)
Yaw Motor & Drive	11,646	7,822	6.7%	5.3%	83.9%
Pitch	8,953	5,820	1.7%	1.7%	46.0%

Strong Client Portfolio for Wind Gear Transmission Equipment

Overseas Customers



Domestic Customers



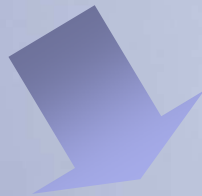
High-speed Locomotive and Urban Light Rails becomes the Group's New Revenue Growth Point

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- The Group's transmission equipment passed the product quality certification in April 2008 and launched for sale in 2009.
- Equipment has been installed in the high-speed trains in Beijing, Shanghai, Nanjing and Shenzhen for field tests.
- The agreement was signed with Alstom France for the joint development of the 570km/h high-speed trains gearbox.

- High-speed locomotive is the priority of the strategic development to a new industry in China's 12th five year plant.
- Urbanization will speed up the demand for city rail facilities.
- Core parts are made in China.
- Increased in exports, boosts gross profit margin.



A leading domestic manufacture for high-speed trains locomotive and urban light rails transmission equipment



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The Gear Box Makes Up the Core Part of Wind Turbines

Gearbox is the critical component in manufacturing wind turbines

Spare Parts



Gearbox



Wind Turbine



Wind Farm



- In 2010, the newly installed capacity connected to grid has reached 13.99 million kilowatts, newly installed capacity reached 16 million kilowatt and the total installed capacity was 41.82million kilowatts, overtook the US and became the nation with the largest installed capacity of wind power.
- In 2011, the 12th five year plan of China renewable energy development will fully implemented. The GWEC expected the wind power capacity will reach 200 to 250 million kilowatts in 2020.
- The 12th five year plan mentioned that the government will spend 3,000 billion on the optimization of electric network, in order to relieve the existing technical problem.
- Wind power gearbox as a core component in the supply chain will have a consistent demand.

Global Favorable Policies Accelerates Wind Power Development



- According to the plan of China National Energy Administration, for the next 10 years from 2011-2020, by opening the market to attract domestic and foreign investment, the direct investment to the domestic new energy industries is expected to increase to RMB 5 trillion in total.
- China's State Council meeting decided that by 2020, carbon emission per trillion US dollars of GDP will be reduced by 40%-45%, based on that of in 2005.
- During the 12th five year plan period, China will strive to increase the proportion of non-fossil energy to 11.4% of the total energy consumption, and increase to 15% by 2020. Therefore, China will vigorously develop clean energy, in which the wind power will be one of the focusing area.



- Washington government plans to reduce greenhouse gases from 2005 by 17% in Copenhagen conference.
- The US Federal Government may raise the proportion of renewable energy to 10% by 2012 and to 25% by 2025.
- United States Department of Energy targets to achieve the proportion of electricity from wind power of 20% in 2030.



- The EU requires that member nations increase their renewable energy usage as a percentage of total energy usage to 33% by 2020.



- Renewable power generation capacity is expected to reach 15% of total capacity by 2020.
- Planned to install an additional 14GW of renewable power generation capacity.

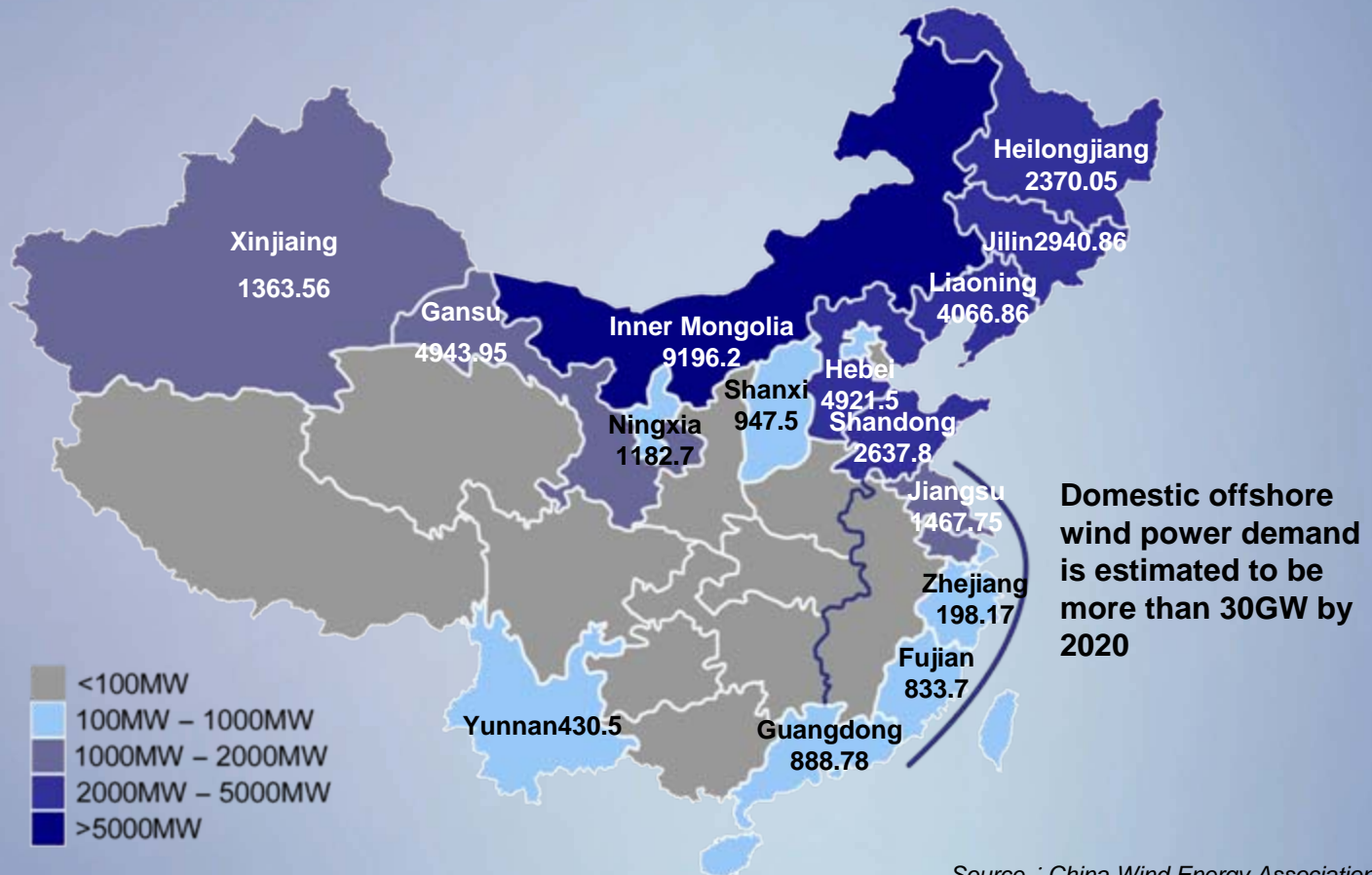


- Planned to increase renewable power installed capacity to 20% of the total install capacity in 2020.

Offshore Wind Power Development Drives the Demand for Multi Megawatt Gearbox

Offshore wind power will increase domestic installed wind power gearbox capacity to 30GW between 2010 and 2020

China's accumulated installed capacity (as of end 2010)





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Future Prospects of the Company

- ✦ It is expected that PRC government will launch policies to encourage new energy industries which will greatly support the growth of the wind gear business
- ✦ Batch order is received for 3MW wind gearbox equipment, and the 5MW wind gearbox is under development.
- ✦ Proposed large-scale and diversified product development strategies to promote Group's adaptability to the changing of new global energy industry.
- ✦ The Group is planning to expand its wind power transmission equipment to 12GW in 2011
- ✦ Entering the first year of China's 12th five year plan, the Group's high speed locomotive & light rail equipment business will become the highlight for future growth
- ✦ Plans to expand the coal and agricultural machinery businesses through merger & acquisition, shift the business from producing single component to complete machine.
- ✦ After established a subsidiary in California in 2008, the Group plans to set up a wind gearbox repairment and maintenance factory in Texas, in order to expand into more overseas markets in the future.
- ✦ A total of 119 patents have been obtained until 2010, continuous development will be exercised to strengthen the research technology, product quality and the intra industry competitiveness.
- ✦ Despite a continuous development of the wind gearbox business in the future, the Group will also open up new earning growth businesses in order to strengthen its competitiveness.



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Production Base – Wind Gear Transmission Equipment

Plant size : 258 acreage

(about 172,000sq. m)

Annual production : approx. 4,000MW

Main product :

↙ Wind power gearbox

Plant Exterior:



Spare parts processing



Heat treatment



Measuring



Assembling



Finished products

Production Base – Wind Gear Transmission Equipment



Three Dimension
Measurement



Test Bench



Plant exterior

Plant size : 400 acreage
(about 266,000 sq. m)

Annual production : approx. 6,000MW

Main product :

◆ Wind power gearbox



Hobbing Machine



Finished wind power gearbox

Production Base – Traditional Gear Transmission Equipment

Plant size : 163 acreage
(about 110,000 sq. m)

Main products :

- ◆ Gear transmission equipment for Construction
- ◆ Gearbox transmission equipment for bar rolling, wire-rolling and plate-rolling mills of metallurgy industry
- ◆ Gear transmission equipment for plate-rolling



Plant exterior

Size : 103 acreage
(approx. 69,000 sq. m)

Main products :

- ◆ General Purpose Gearbox
- ◆ Standard Gearbox



Plant exterior

Hobbing Machine



Heat Treatment

Production Base – Marine Gear Transmission Equipment

Plant size :

100 acreage

(about 67,000 sq. m)

Main product:

Marine Transmission
system

Including :

- ✦ Pitch Propeller
- ✦ Marine Gearbox
- ✦ Tunnel Thruster
- ✦ Hydraulic Coupling
- ✦ Full Circle Swinging



Factory Exterior



Fixed Pitch Propeller and Gearbox



Tunnel Thruster



Controllable Pitch Propeller and Gearbox





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Thank you!

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