



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 658)

2015 中期業績發佈會

Interim Results Announcement

31 August 2015



Forward-Looking Statements

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This presentation contains forward-looking statements which are subject to market risks and uncertainties. This forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Among other things, CHSTE's expectations with respect the wind gear box and other related businesses above contain forward-looking statement. Such statements involve certain risks and uncertainties that could differ materially from what we have discussed today to those in the forward-looking statements. Further information regarding these and other risks has been filed with the Hong Kong Stock Exchange. In addition, any projections about CHSTE's future performance represent management's estimates as of today September 1, 2014. China High Speed Transmission Equipment Co. Ltd does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under an applicable law.



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2015 Interim Results Review and Analysis

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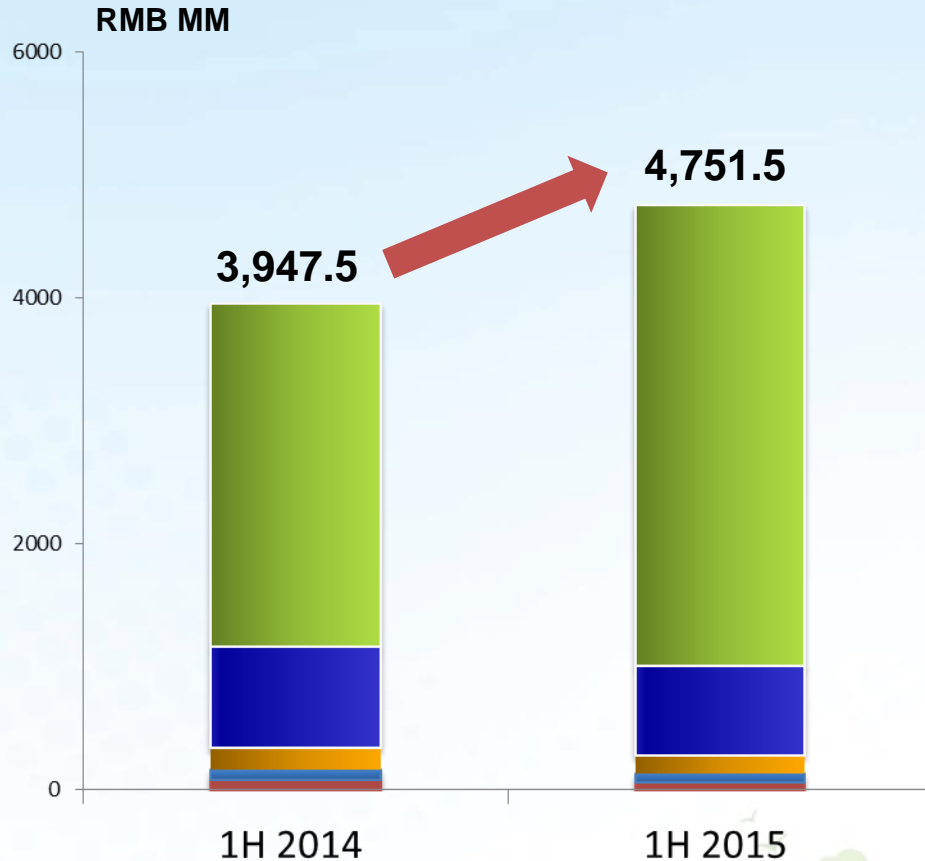


Financial Highlights

RMB MM	1H 2015	1H 2014	Change
Sales Revenue	4,751.5	3,947.5	20.4%
Gross Profit	1,408.4	1,010.4	39.4%
EBITDA	1,323.1	881.8	50.0%
EBIT	990.5	544.0	82.1%
Net Profit (Loss) Attributable to Equity Holders	524.2	175.5	198.7%
Gross Profit Margin	29.6%	25.6%	4.0 ppt
EBITDA Margin	27.8%	22.3%	5.5 ppt
EBIT Margin	20.9%	13.8%	7.1 ppt
Net Profit Margin	11.0%	4.4%	6.6 ppt
Earning per Share-Basic (RMB)	0.321	0.107	0.214

Analysis of Sales Revenue

Revenue Breakdown by Business Segment

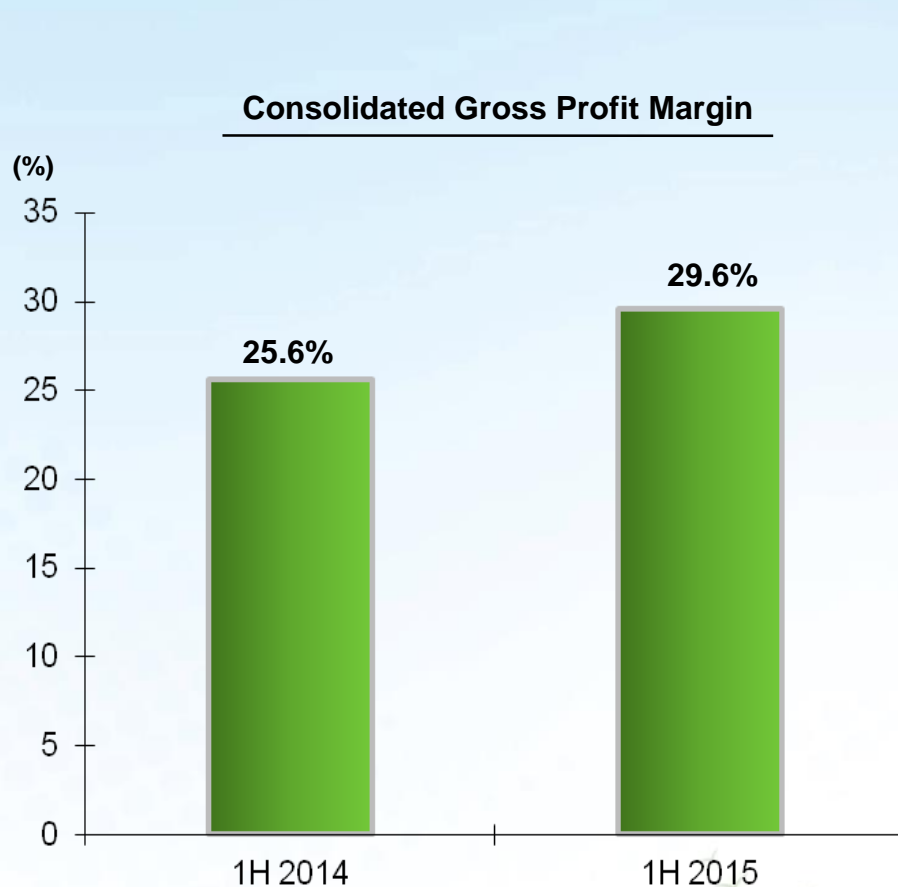


	1H 2015	1H 2014
	(% of total revenue)	
Wind Gear	78.8%	70.6%
Industrial Gear	15.3%	20.9%

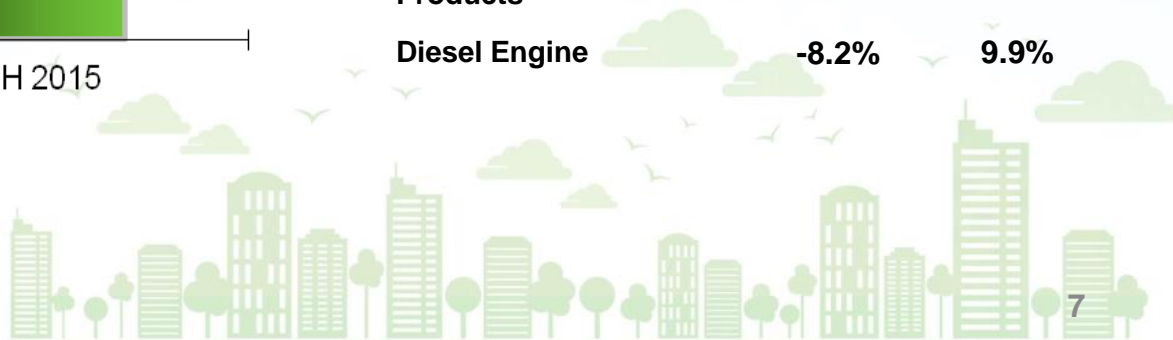
Gear for construction	2.9%	4.4%
Gear for Bar-rolling, Wire-rolling and Plate-rolling	2.9%	4.1%
General purpose gear	0.6%	0.8%
High speed locomotives and urban light rails	1.7%	1.8%
High speed heavy duty gear	0.1%	0.1%
Others	7.1%	9.7%

Marine gear	3.1%	4.4%
CNC machine tools Products	1.5%	2.1%
Diesel Engine	1.3%	2.0%

Gross Profit Margin Analysis



	1H 2015	1H 2014
Wind Gear	35.3%	30.1%
Industrial Gear	17.5%	17.2%
Gear for construction	16.7%	17.1%
Gear for Bar-rolling, Wire-rolling and Plate-rolling	1.0%	8.1%
General purpose gear	7.6%	8.5%
High speed locomotives and urban light rails	39.0%	36.5%
High speed heavy duty gear	23.6%	18.6%
Others	20.2%	18.1%
Marine gear	7.1%	4.1%
CNC machine tools Products	22.6%	19.5%
Diesel Engine	-8.2%	9.9%



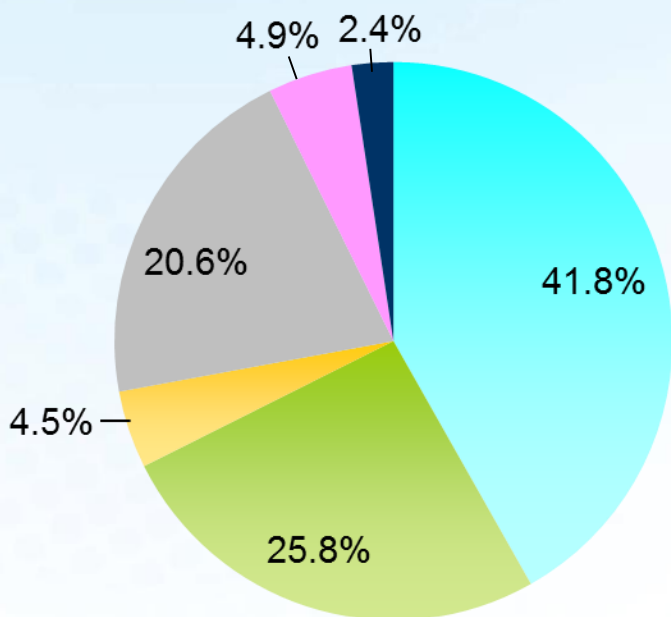
Cost Analysis

Cost of Goods Sold

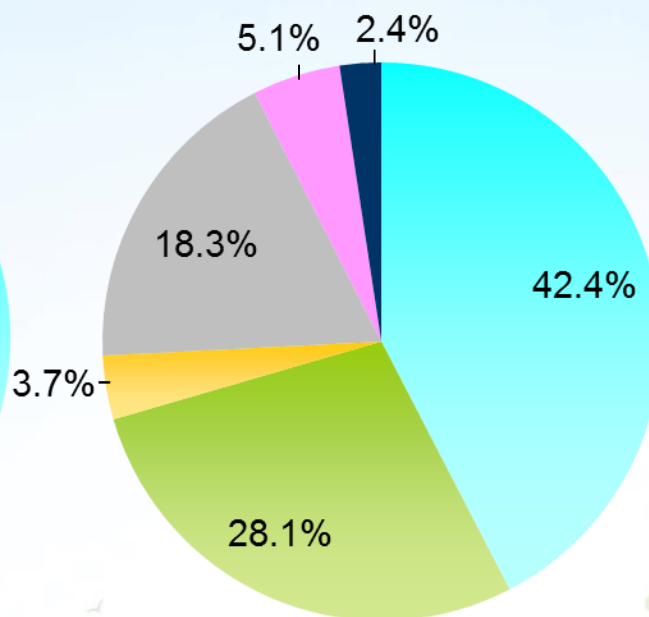
(RMB MM)

1H 2014

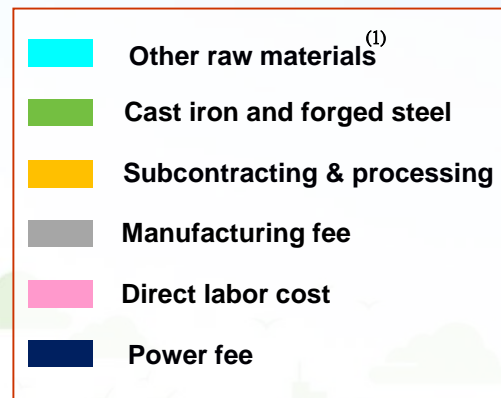
1H 2015



Cost of Goods Sold 2,937.1



Cost of Goods Sold 3,341.1



Note : (1) Including bearing and steel plates

Balance Sheet Summary

RMB MM	1H 2015	FY 2014
Non-current Assets	8,147	7,640
Current Assets	16,678	17,660
Inventories	2,101	2,275
Account Receivables	4,031	3,451
Bill Receivable	2,239	3,044
Cash and Deposits	5,563	5,504
Others	2,744	3,386
Total	24,825	25,300
Capital & Reserves	9,345	8,870
Non Current Liabilities	3,171	3,243
Loans	2,951	2,968
Others	220	275
Current Liabilities	12,309	13,187
Account Payables	1,637	1,601
Notes Payable	2,420	1,609
Loans	5,087	7,971
Others	3,165	2,006

1H 2015

- Repayment more than RMB 2 billion bank loans in the 1H2015.
- The net asset per share is approx. RMB 5.7.
- * Gearing ratio is approx. 62.4 %.
- Average turnover day of account receivable and inventory are decreased to 242 days and 123 days respectively.
- Cash and Deposits (including pledged and structured deposits) is approx. RMB 5.56 billion.
- The unused banking facilities amounted to approx. RMB 8 billion.
- Good relationship with both domestic and offshore banks.

* Gearing ratio: Total liabilities / Total assets

Business Review

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Wind Gear Transmission Equipment

Product Mix

Product	1H 2015	1H 2014	1H 2015	1H 2014
	(Unit)		(% of total revenue of wind power)	
5 MW Gearbox	N.A	N.A	N.A	N.A
3 MW Gearbox	60	82	1.9%	4.6%
2MW Gearbox	1,767	909	41.3%	31.1%
1.5MW Gearbox	2,144	1,861	43.2%	50.2%
750KW Gearbox	31	21	0.2%	0.2%
Yaw Motor & Drive	13,492	9,577	10.4%	10.1%
Pitch	10,731	9,280	3.0%	3.8%

Strong Client Portfolio for Wind Gear Transmission Equipment

Domestic Customers



Overseas Customers

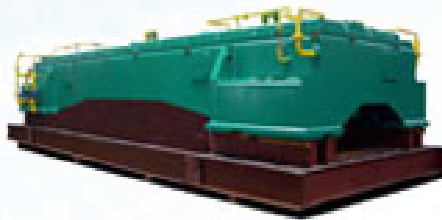


The Group maintains a strong client portfolio, with clients including major wind turbine manufacturers in the PRC, and renowned international wind turbine manufacturers .



Enhance market competitiveness through changes in production mode and sales strategies

- The Group focused on the development of energy-saving and environmentally-friendly products and Formulated strategies to facilitate sales growth by standardizing and modularizing its products
- Development focus: targeting sales to high-end market, high-end customers, productive businesses and producing high quality products to improve margins





Remarkable R&D Performance, Product Quality in Compliance with International Standards, Huge Market Potential, Brilliant Market Prospects

- During the period under review, the group continue to obtain orders in various cities domestically
- the group has secured a new customer from India, and also explored overseas market with different types of products
- The rail transportation products of the Group were awarded with IRIS Certificate.
- Locomotive tractive gears manufactured by Nanjing High Speed Gear Manufacturing Co., Ltd., successfully passed the certification of China Railway Test & Certification Centre (CRCC)



Seek diversified developments in products and actively expand the domestic and overseas markets

- The nine series of marine products have been applied in all equipments of overall ship propulsion system. The propulsion equipment manufactured by the Group, is also applied in fishery patrols in the domestic sea area and is well known in the overall marine supplementary business.
- During the period under review, the Group's propulsion system for maritime inspection vessels of 5,000 tones and its adjustable oar system for fishery patrols of 1,000 tones had successfully passed the sea trial.
- For the export side, the Group received export order for supplying propellers for ten ships during the period under review.



Computer Numerical Controlled

("CNC") And Heavy, High Precision Machine Tools Product

Provide advanced machine tools for equipment industry

- The Group possessed the proprietary intellectual property rights of its self-developed CNC system and machine tools and its products include vertical machining centre and five-axis CNC milling machine such as high speed CNC engraving and milling machine.
- During the period under review , the Group participated in the 14th China International Machine Tool Show (CCMT2015) on April 2015.
- In response to the show's theme of "New change to Future" and to keep up with the development of the world, the Group grandly launched its two new models, i.e. the flexible manufacturing system and the five-axis high-speed advanced fiber optic laser machine, on the show, and the new models have attracted a great deal of attention from users and peers not only on account of their outstanding appearances, but also on account of their unique design concept.



Development Strategies

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Development Strategies

1. **Gear products**
2. **Marine products**
3. **LED sapphire products**



【1. Gear Products】

【Wind Gear Transmission Equipment Business】

•Product quality will be given top priority by the Group. We'll strive to provide industry leading research and development technology and premium quality products to more domestic and overseas customers.

•By leveraging its strong research, design and development capabilities, the Group's research and development has achieved good results. The 1.5MW, 2MW and 3MW wind power gear transmission equipment has been provided to domestic and overseas customers in bulk. Furthermore, the Group has successfully developed 5MW and 6MW wind power gearbox transmission equipment for the development of offshore wind turbine with conditions for mass production, which is expected to bring greater breakthrough in the business of the Group in future.

•To accelerate expansion into overseas markets, the Group has set up wholly-owned subsidiaries in America, Germany, Singapore and Canada to support the sustainable development strategy of the Group in order to have closer communication and discussion with potential overseas customers and to provide further diversified services.

【Industrial Gear Transmission Equipment Business】

The Group adjusted the development strategy for traditional industrial gear transmission equipment, targeting sales to high-end market, high-end customers, productive businesses and producing high quality products to improve profit margins. By leveraging its research and development technologies, the Group focused on the development of energy-saving and environmentally-friendly products, and formulated strategies to facilitate sales growth by standardizing and modularizing its products.

【2. Marine Products】

- The Group will continue to increase its innovation capabilities by launching more high-end products, and strive to provide the best quality marine propulsion system, platform gear box and marine transmission equipment for special purposes for more domestic and overseas customers.
- The Group will continue to promote the diversity of its marine transmission equipment products in order to leverage the momentum of market recovery to lay a solid foundation for its future development.



【3. LED Sapphire Products】

- The Group's sapphire substrate production technology and its production capacity maintain a leading position within the industry, and the technology is currently widely used in the lighting industry.
- For applications in electronic products, the Group's product samples have been delivered to domestic and overseas famous mobile phone and tablet manufacturers for testing, so far positive responses have been received from manufacturers of electronic products on their satisfaction on our product.



Q & A

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Thank you !

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