



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)

2014 年度業績發佈會

ANNUAL RESULTS ANNOUNCEMENT

2015年3月30日



Forward-Looking Statements

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**2014 Annual Results Review
and Analysis**

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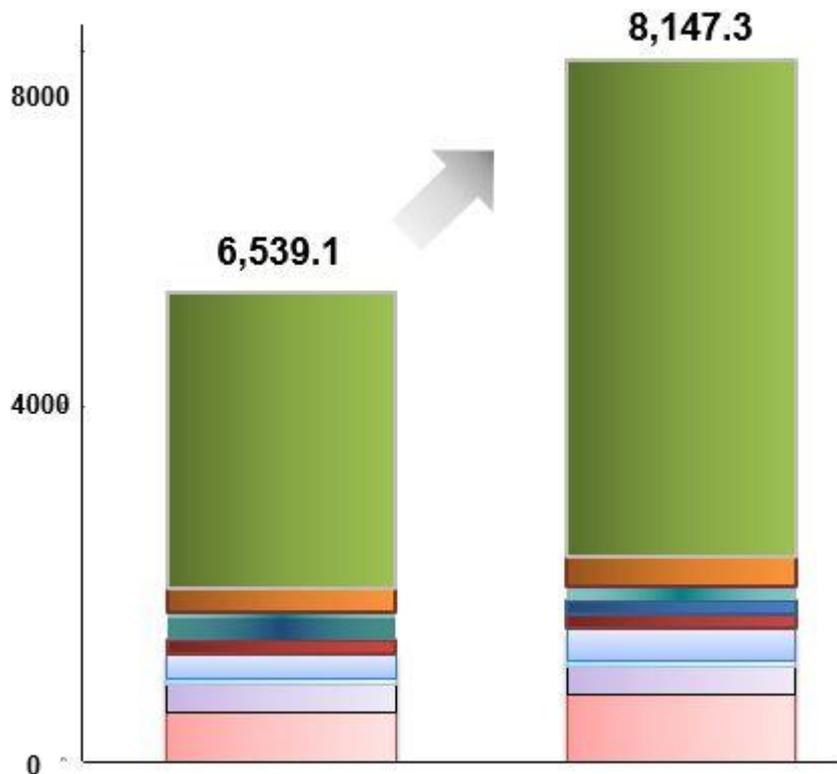
Financial Highlights

RMB MM	FY2014	FY2013	Change%
Sales Revenue	8,147.3	6,539.1	24.6%
Gross Profit	2,020.2	1,630.8	23.9%
EBITDA	1,791.7	1,300.6	37.8%
EBIT	1,048.2	652.6	60.6%
Net Profit (Loss) Attributable to Equity Holders	208.4	64.6	222.6%
Gross Profit Margin	24.8%	24.9%	-0.1ppt
EBITDA Margin	22.0%	19.9%	2.1ppt
EBIT Margin	12.9%	10.0%	2.9ppt
Net Profit Margin	2.6%	1.0%	1.6ppt
Earning per Share-Basic (RMB)	0.127	0.047	0.08

Analysis of Sales Revenue

Revenue Breakdown by Business Segment

RMB MM



FY2014 FY2013

(% of total revenue)

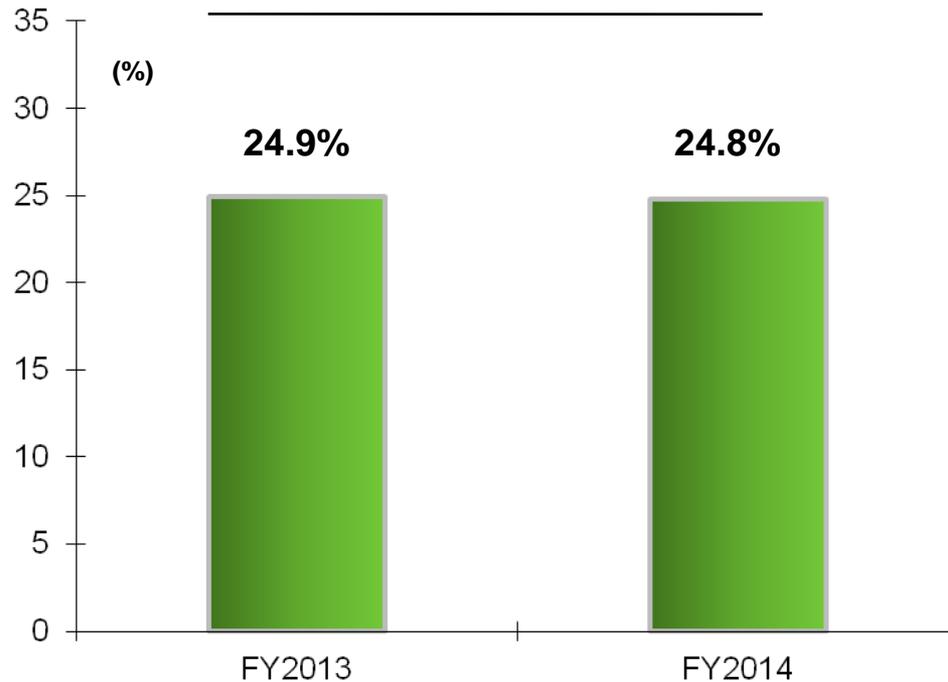
Wind Gear	71.2%	63.3%
Marine gear	4.3%	5.2%
High speed locomotives and urban light rails	1.9%	1.6%
CNC Products	2.8%	3.6%
Diesel Engine	1.9%	2.8%

Traditional Gear Transmission Equipment

High speed heavy duty gear	0.2%	0.2%
Gear for construction	4.0%	5.5%
General purpose gear	0.8%	1.0%
Gear for Bar-rolling, Wire-rolling and Plate-rolling	3.4%	7.0%
Others	9.5%	9.8%

Gross Profit Margin Analysis

Consolidated Gross Profit Margin



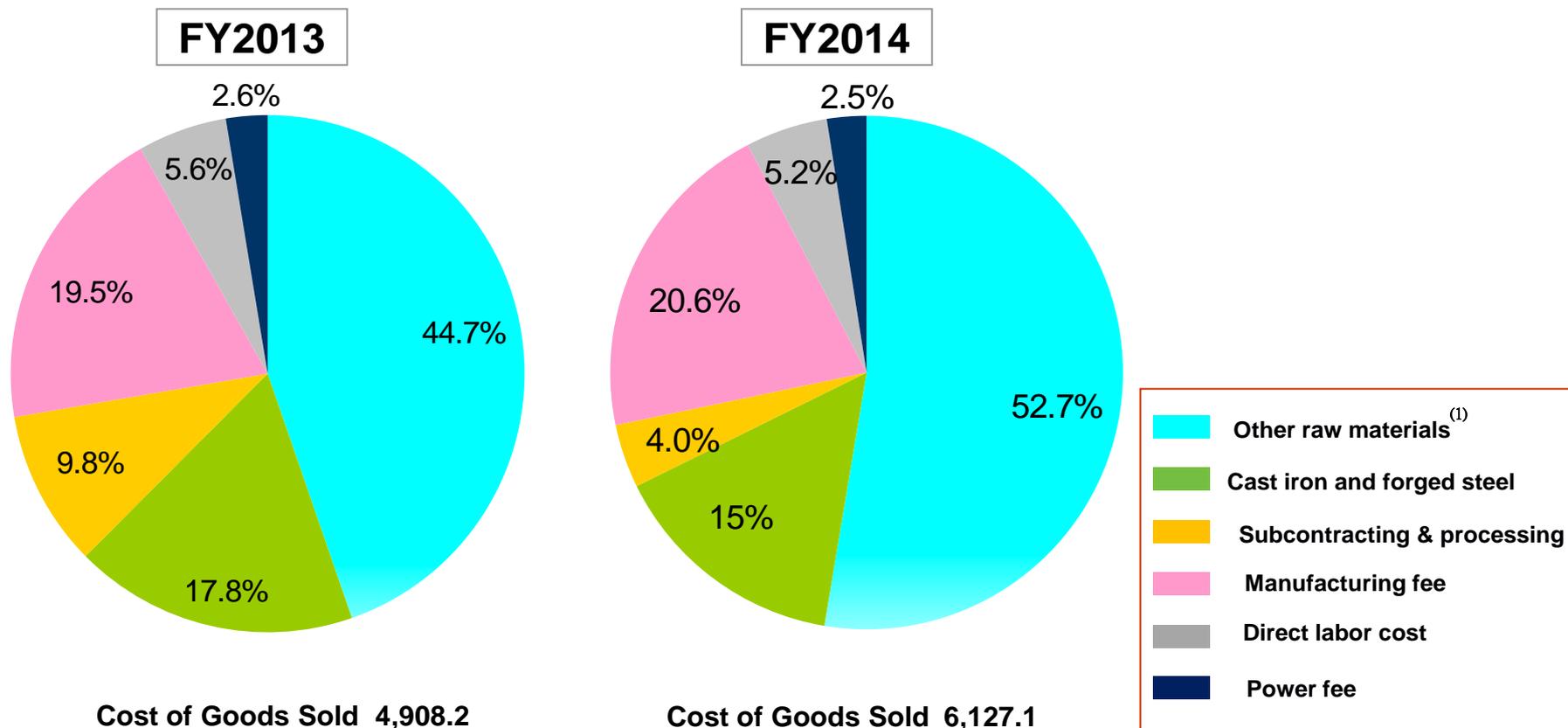
Products	FY2014	FY2013
Wind Gear	31.1%	29.4%
Marine gear	8.2%	10.7%
High speed locomotives and urban light rails	37.6%	33.2%
Numeric Control Series	20.9%	20.7%
Diesel Engine	5.3%	13.1%

Traditional Gear Transmission Equipment

High speed heavy duty gear	18.8%	20.4%
Gear for construction	9.5%	19.1%
General purpose gear	(18.4%)	9.3%
Gear for Bar-rolling, Wire-rolling and Plate-rolling	(5.7%)	8.6%
Others	8.5%	23.6%

Cost Analysis

Cost of Goods Sold (RMB MM)



Note : (1) Including bearing and steel plates

Balance Sheet Summary

FY2014

RMB MM	FY2014	FY2013
Non-current Assets	7,640	9,337
Current Assets	18,923	13,634
Inventories	2,275	2,390
Account Receivables	3,753	4,578
Bill Receivable	3,044	1,016
Cash and Deposits	5,504	4,950
Others	4,347	700
Total	26,563	22,971
Capital & Reserves	8,870	8,762
Non Current Liabilities	3,243	2,700
Loans	2,968	2,338
Others	275	362
Current Liabilities	14,450	11,509
Account Payables	1,601	1,635
Notes Payable	1,609	1,260
Loans	7,971	7,109
Others	3,269	1,505

•The Company continuously increases the percentage in long-term loans to total loans in order to improve the financial liquidity.

•The net asset per share is approx. RMB 5.4

•Gearing ratio is approx. 66.6%*

•Average turnover day of account receivable and inventory are 187 days and 145 days respectively, which is slightly improved when compared to the end of 2013.

•Cash and Deposits is approx. RMB 5.5 billion

•The unused banking facilities amounted to approx. RMB 4.6 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

<u>Product</u>	FY2014	FY2013	FY2014	FY2013
	(Unit)		(% of total revenue of wind power)	
5 MW Gearbox	1	N.A	0.1%	N.A
3 MW Gearbox	149	149	4.0%	4.2%
2MW Gearbox	2,127	991	35.0%	23.3%
1.5MW Gearbox	3,735	3,266	46.4%	58.5%
750KW Gearbox	116	5	0.5%	0.1%
Yaw Motor & Drive	22,401	16,289	10.6%	11.1%
Pitch	18,863	11,771	3.4%	2.8%

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 .

Breakthrough in Marine Transmission Equipment

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.
- In addition to the 46m-long anchors supplementing propulsion systems supplied to a Singaporean customer for use as tug boats which have contributed to the successful trial sailing and ship delivery, NGC-MARINE also received an order from a customer in Southeast Asia for propulsion systems for five triple-purpose operation ships and an order for propulsion systems for a total of 31 government law-enforcement ships, and entered into a strategic partnership framework agreement with Siemens Limited China.
- The Group has received invention patents granted by the State Intellectual Property Office for its products “Telescopic lateral thruster” and “A type of paralleling dual-PTO (power take-off) marine gearbox” .



Light Rails Becomes the New Revenue Growth Point

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

- The Group got orders of gearboxes for Qingdao Metro Line 3, orders of gearboxes for South Island Line in Hong Kong, Line CCL and NEL in Singapore.
- The Group secured again an order of metro gear box from Brail. The previous gear box orders pertaining to Brazil's two MTR lines were completed for delivery.
- The Group obtained an order of gear boxes for trains in suburbs of South Africa, which is the largest order in railway transportation business for the Group.
- 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)



Equipment Accelerating the Expansion in the Overseas Market

*Traditional Gear Transmission Equipment Business
still keeps leading position in China's market
and has entered the overseas market*

- The Group focused on the development of energy-saving and environmentally-friendly products. New products were also launched to facilitate the development strategies.
- The Group enhanced efforts in providing and selling to client spare parts of relevant products.
- The Group also refocus on the development of construction materials, gear transmission equipment and high speed heavy load gear transmission equipment.



Computer Numerical Controlled

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

Explore the high-end market and provide advanced machine tools

- The Group has manufactured its own CNC system and CNC machine tool products through acquisition and research and development.
- 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.
- Machine tool companies under the Group participated in the eighth CNC Machine Tool Show (CCMT2014) .
- The world's largest screw propeller Lathe-Mill NC Machine with seven-six axis, as developed by the Group in-house, was assembled on site in a user's company.





Development Strategies

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1. **Gear products**
2. **Marine products**
3. **Alternative products**
 - **Machine tool products**
 - **LED sapphire products**
 - **Mechanical and electrical products**

Prospects of 2015:

Opportunities : positive effects on macro economy from in-depth reform, the gradual improvement of wind power grid connection conditions and the continuous introduction of favorable policies by the state.

Company Developments: The Group will optimize other business segments and the layout of business globalization to build the Company as a listed equipment manufacturing company.

【1. Gear Products】

【Wind Gear Transmission Business】

The Group will proactively continue to maintain strict quality control on the products and meet various technical, commercial and service requirements of overseas wind turbine manufacturers to enhance the Group's competitiveness overseas, and thus enable the Company to record a new high in the profitability of its core business. Based on the mainstream development trend of large-scale wind turbine, the Group will continue to provide 2MW, 3MW and 5MW gearboxes to customers. In addition, the Group has successfully developed and sold 5MW or above wind turbine gearbox transmission equipment for offshore wind turbine development, which will bring greater business breakthroughs for the Group in the future. In order to accelerate the expansion of overseas markets, the Group recently established wholly-owned subsidiaries in Germany, Singapore and Canada with a view to achieving closer communication and discussion with existing and potential overseas customers.

【High-speed Locomotives, Metros and Urban Light Rails Business】

The use of high-speed locomotives, metros and urban light rails as environmentally-friendly transportation has become a major global trend. It is believed that the industry has promising potential. The popularization of high-speed railway in China has created strong development momentum for high-speed locomotives, metros and urban light rails and also has laid a solid foundation for the Group to fulfill its target of rapid profit growth in the railway sector in the future. Currently, the Group has supplied metro special transmission equipment in bulk to domestic and overseas metro companies.

【Traditional Gearbox Transmission Equipment Business】

By leveraging its research and development technologies, the Group focused on the development of energy-saving and environmentally-friendly products. New products were also launched to facilitate the development strategies. Furthermore, the Group enhanced efforts in providing and selling to client spare parts of relevant products, helping them improve efficiency of products without incurring any additional capital expenditures.

【2. Marine Products】

In respect of marine products, as one of the largest manufactures of ship propulsion system in the PRC and the only manufacturer of marine supplementary products in the PRC capable of providing global shipment and global warranty services, the Group has made improvement on structure and performance of its existing marine products, and has, in due time, developed certain products which meet the latest market demands, such as rudder propeller, sideways-acting propeller and platform lifting gear box, which has opened a new channel to expand the marine product market.

【3.Alternative Products】

【Machine Tool Products】 High precision and heavy machine tool is one of the Group's key products for development in the future. Such products are developing in the technology-intensive direction of high speed, high precision, high reliability, multi-axis linkage, composite and flexibility. By upgrading the technology of products, the Group has enhanced the competitiveness of products developed in domestic and overseas markets.

【LED sapphire products】 The Group continues to pay attention to sapphire substrate production. Sapphire substrate production is an upstream production process of the screen and light-emitting diode (LED) industry chain. The process incorporates key technologies and is also an aspect with the highest added value of the whole industry chain. Currently, the business is progressing satisfactorily.

【Mechanical and Electrical Products】 The Company is also actively expanding its mechanical & electrical Integration business by introducing electrical transmission equipment such as electrical control system and frequency converter into market while developing the wind farm business.

Development Strategies The Group will continue to strengthen and develop the gear products, maintain a cautious and pragmatic operating strategy to monitor the development prospect of electric control, heavy duty high precision machine tools and LED sapphire substrate, keep in step with the market condition to formulate the development strategies of such products, and promote the development of related business on the attitude responsible to shareholders.



Q & A

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Thank you !

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