



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

(Stock code : 658.HK)

2011 Annual Results Presentation

2 April 2012

Forward-Looking Statements

The presentation is prepared by China High Speed Transmission Equipment Co., Ltd (the “Company”) and is solely for the purpose of corporate communication and general reference only. The presentation is not intended as an offer to sell, or to solicit an offer to buy or to form any basis of investment decision for any class of securities of the Company in any jurisdiction. All such information should not be used or relied on without professional advice. The presentation is a brief summary in nature and do not purport to be a complete description of the Company, its business, its current or historical operating results or its future business prospects.

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 April 2, 2012. 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.

Agenda

- 1 2011 Annual Results Review and Analysis
- 2 Business Review
- 3 Industry Outlook and Development Strategies
- 4 Q & A



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2011 Annual Results Review and Analysis



Business Review



Industry Outlook and Development Strategies



Q & A

Financial Highlights

RMB MM	FY2011	FY2010	Change%
Sales Revenue	7,120.7	7,392.6	-3.7%
Gross Profit	1,818.8	2,212.6	-17.8%
Core EBITDA	1,661.5	2,054.9	-19.1
Core EBIT	1,106.7	1,685.5	-34.3
Net Profit Attributable to Equity Holders	556.9	1,383.6	-59.7
Adjusted Net Profit Attributable to Equity Holders (excl. extraordinary items*)	645.2	1,272.3	-49.3
Gross Profit Margin	25.5%	29.9%	-4.4pt
Core EBITDA Margin	23.3%	27.8%	-4.5pt
Core EBIT Margin	15.5%	22.8%	-7.3pt
Net Profit Margin	7.8%	18.8%	-11pt
Adjusted Net Profit Margin (excl. extraordinary items*)	9.1%	17.2%	-8.1pt
Earning per Share-Basic (RMB)	0.407	1.08	

*Inc: (1) Fair value change of convertible bonds on settlement
(2) Fair value change of equity swap on settlement

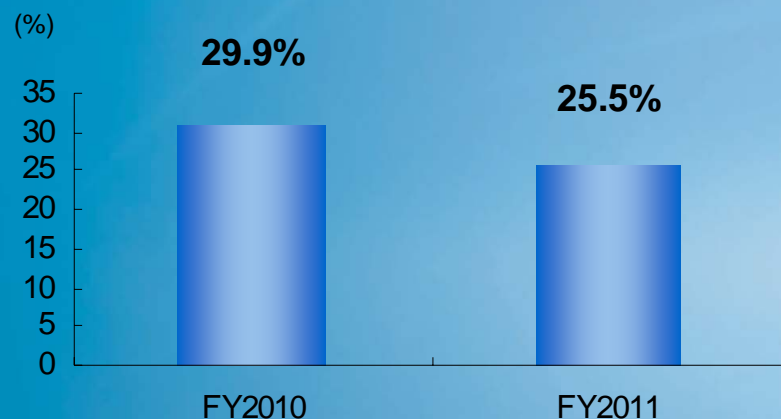
Analysis of Sales Revenue for Gear Transmission Equipment

Revenue Breakdown by Business Segment



Gross Profit Margin Analysis

Consolidated Gross Profit Margin



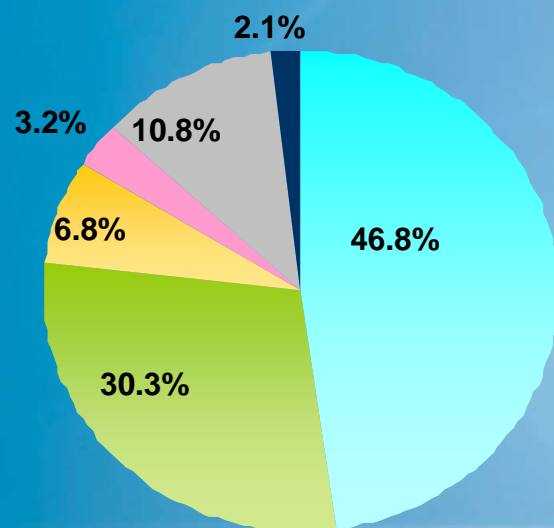
Products	FY2011	FY2010
Wind Gear	27.2%	29.6%
Marine gear	23.8%	23.6%
High speed locomotives and urban light rails	29.4%	28.6%
Numeric Control Series	17.9%	23.0%
High speed heavy duty gear	40.4%	65.4%
Gear for construction	32.6%	33.5%
General purpose gear	38.8%	42.7%
Gear for Bar-rolling, Wire-rolling and Plate-rolling	5.3%	25.8%
Others	17.2%	32.5%
Diesel Engine	17.3%	N/A

Cost Analysis

Cost of Goods Sold

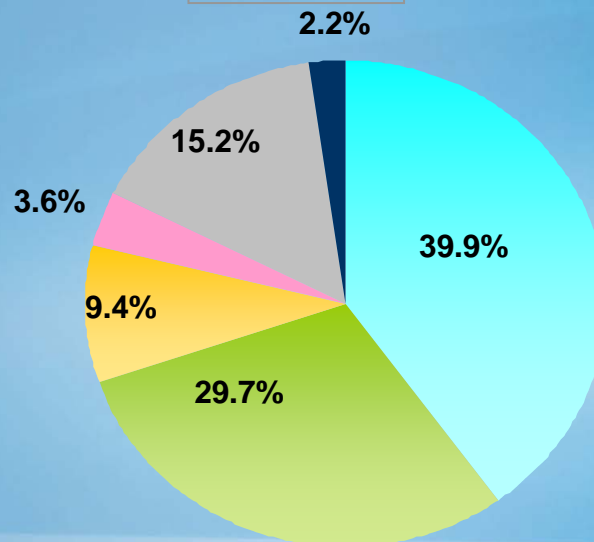
(RMB MM)

FY2010



Cost of Goods Sold 5,180.0

FY2011



Cost of Goods Sold 5,301.9

- Other raw materials ⁽¹⁾
- Subcontracting & processing
- Manufacturing fee
- Cast iron and forged steel
- Direct labor cost
- Power fee

Note : (1) Including bearing and steel plates

Balance Sheet Summary

RMB MM	FY2011	FY2010
Non-current Assets	8,148	6,789
Current Assets	10,253	8,142
Inventories	1,799	1,257
Account Receivables	2,648	1,954
Bill / Notes Receivable*	2,064	1,274
Cash and Deposits	3,428	3,038
Others	315	619
Total	18,401	14,931
Capital Reserves	7,622	7,514
Non Current Liabilities	2,781	2,191
Loans	2,627	2,043
Others	154	148
Current Liabilities	7,998	5,226
Account Payables	1,173	960
Notes Payable	569	750
Loans	4,991	1,209
Others	1,265	1,087
Finance Liabilities-Convertible Bonds	--	1,220

FY2011

⬆ Increased in Non current Asset mainly through the new business investment

⬆ Increased in inventory level was due to the postponement delivery to customer as year ended date

⬆ Bank loan amount increased for business development and re-financing of the redemption of the convertible bond in May 2011 as well as for securing the liquidity of the Company

⬆ Net Debt Gearing ratio increased.

⬆ Account receivable days and inventory days was improved with comparison to the 1H2011

⬆ Cash Level remained solid

⬆ Good relationship with both domestic and offshore bank. The unused banking facilities amounted to approx. RMB 5 billions



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Q & A

Wind Gear Transmission Equipment

Product Mix

	<u>Product</u>	FY2011	FY2010	FY2011	FY2010
		(Unit)		% of total revenue of wind power	
	3 MW Gearbox	67	3	1.7%	0.1%
	2MW Gearbox	536	519	11.6%	10.3%
	1.5MW Gearbox	4,895	5,390	74.7%	80.1%
	750KW, 850KW Gearbox	17	143	0.1%	1.1%
	Yaw Motor & Drive	14,949	11,646	9.3%	6.7%
	Pitch	11,888	8,953	2.6%	1.7%

Strong Client Portfolio for Wind Gear Transmission Equipment

Overseas Customers



Co. started :

2005 2006 2007 2007 2008 2009

Domestic Customers



Co. started :

2004 2005 2006 2006 2008 2010

SUZLON
POWERING A GREENER TOMORROW

2011

The Group maintains a strong client portfolio, with clients including major wind turbine manufacturers in the PRC, and renowned international wind turbine manufacturers. As the Group's increasingly globalized operation, SUZLON also become our overseas client in FY2011

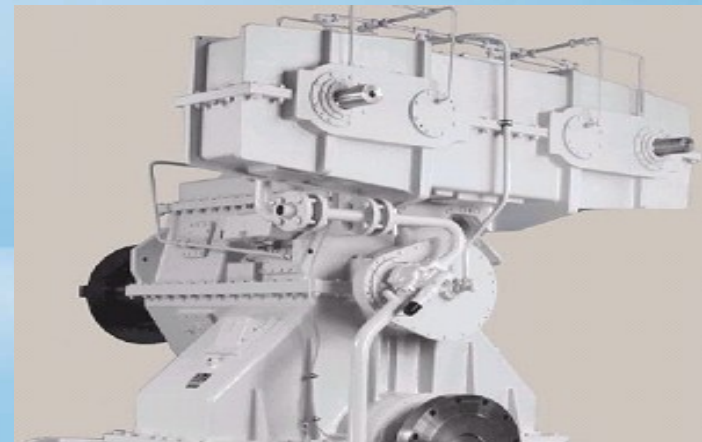
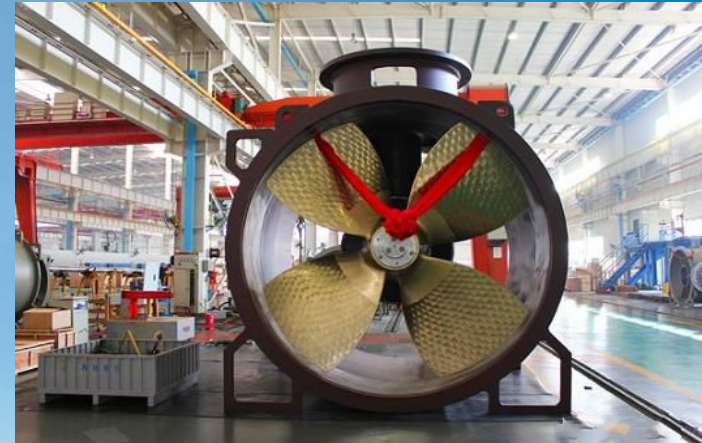
Breakthrough in Marine Transmission Equipment

Acquired Nantong Diesel Engine Co., Ltd. in 2011 to provide one-stop service for customers



Established its first sales company in Singapore to open a sales channel to Southeast Asia and other parts of the world

Participated in the 17th Kormarine 2011 which further strengthened the Company's marine cooperation and exchange of experience with international enterprises



High-speed Locomotive and Urban Light Rails Becomes the New Revenue Growth Point



Remarkable R&D Performance, Huge Market Potential

- ◆ Successfully applied to metros of Beijing, Shanghai, and Nanjing and Shenzhen
- ◆ High performance, compact structure, low noise pollution and easy maintenance, well-received and highly recognised by its peers, with domestic and overseas orders also increased significantly.
- ◆ Will further expand the domestic and overseas markets to make it a new motivator for the revenue growth



Traditional Gear Transmission Equipment Accelerating the Expansion in Overseas Market

Major Breakthrough in Traditional Gear Transmission Equipment Business



Metallurgy gear
transmission
equipment



Approved by Sweden, an European country famous of its machinery industry, and test run of our equipment by Swedish customer was successful



Construction
materials
gear transmission
equipment



Successfully sold its construction materials gear transmission equipment to customers in Turkey



Computer Numerical Controlled (“CNC”) and Heavy, High Precision Machine Tool Products



Explore the high-end market and provide advanced machine tools

- ◆ Take the opportunity to develop precise and efficient general and special machine tool products to explore the high-end market and provide advanced machine tools for the equipment manufacturing industry.
- ◆ Acquired a local manufacturer specializing in the research and development and production of CNC system and CNC machine tools in 2011.





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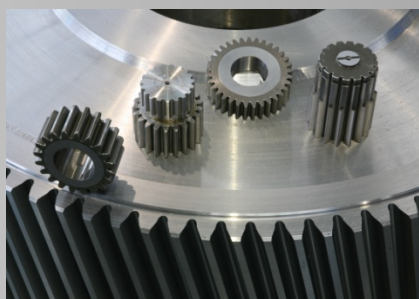
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Q & A

The Wind Industry Entered an Important Adjustment Stage in 2011



Wind Power Transmission Equipment Products

- Adopt prudent development strategies. The development targets of the wind power transmission equipment products are to expand its product scale and diversify its product mix. Capitalising on its advanced techniques of research and development, high quality products and excellent market insights
- Continuously expand its businesses and carry out products restructuring to consolidate its position in the industry and attract more customers
- Follow the mainstream development trend of high capacity wind power equipment and continue to provide 3MW wind power gear box to customers while speeding up the research progress of 5MW wind power gear box transmission equipment

Promising Domestic and Overseas High-speed Locomotives and Urban Light Rails Markets

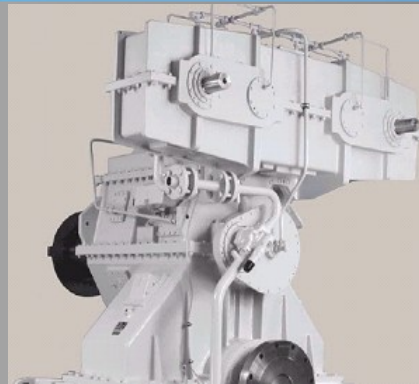
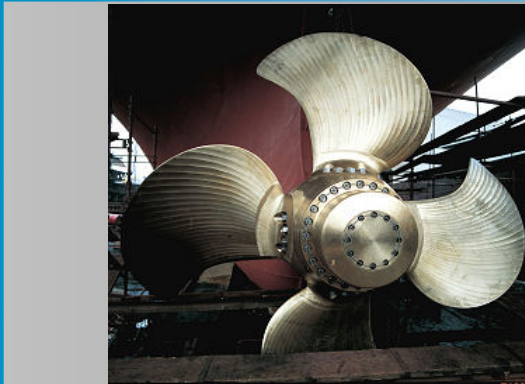
Further develop the domestic and overseas markets

Railway transmission equipment

Popularisation of high-speed railway in China has boosted the development of high-speed locomotives, metros and urban light rail transmission equipment markets and laid a solid foundation for its future rapid profit growth in the railway sector.



Huge Market Potential for Marine Gear Equipment



Marine propeller and transmission business

The Group is one of the top marine propeller system manufacturers in the PRC. In order to optimise its product mix, the Group provides one-stop service for our customers. We believe that the marine gear transmission equipment segment will have a very bright future in view of the recovery of the global economy.

Development Plan for Other Businesses

To expand its traditional gear transmission equipment business overseas. In 2011, the test run of the installed metallurgy equipment set by Swedish customer was successful, also the Group successfully sold its construction materials gear transmission equipment to customers in Turkey, representing a major step of the Group's development in the European market.

Will develop coal mechanical equipment business through joint ventures. In October 2011, the Group delivered invented self-developed boring machine sample to Beijing for exhibition and the product quality won a good reputation from customers.

High precision and heavy machine tools are also the Group's key development products in the future. The development of these high-tech products of high speed, high precision, multi-axis, high complexity and advanced intelligence will facilitate product technological upgrade and enhance the competitiveness of its self-developed products in domestic and overseas markets.

Will continue to conduct research on mechanical and electrical integration to expand market sales of its products. In order to enhance its added value, the Company will focus on the development of power transmission equipment such as electric control system and transducers for providing one-stop services to customers.

In 2011, the Group also established a joint venture for the production of sapphire substrate which is the upstream production process of LED. This process requires key technology and provides the highest added value in the industry chain.

We will adopt a prudent strategy while proactively improving existing products and developing new business to develop a diversified business model





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Thank you!

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