



2016

中期業績發佈會

Interim Results Announcement

August 22, 2016



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

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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2016 Interim Results Review and Analysis

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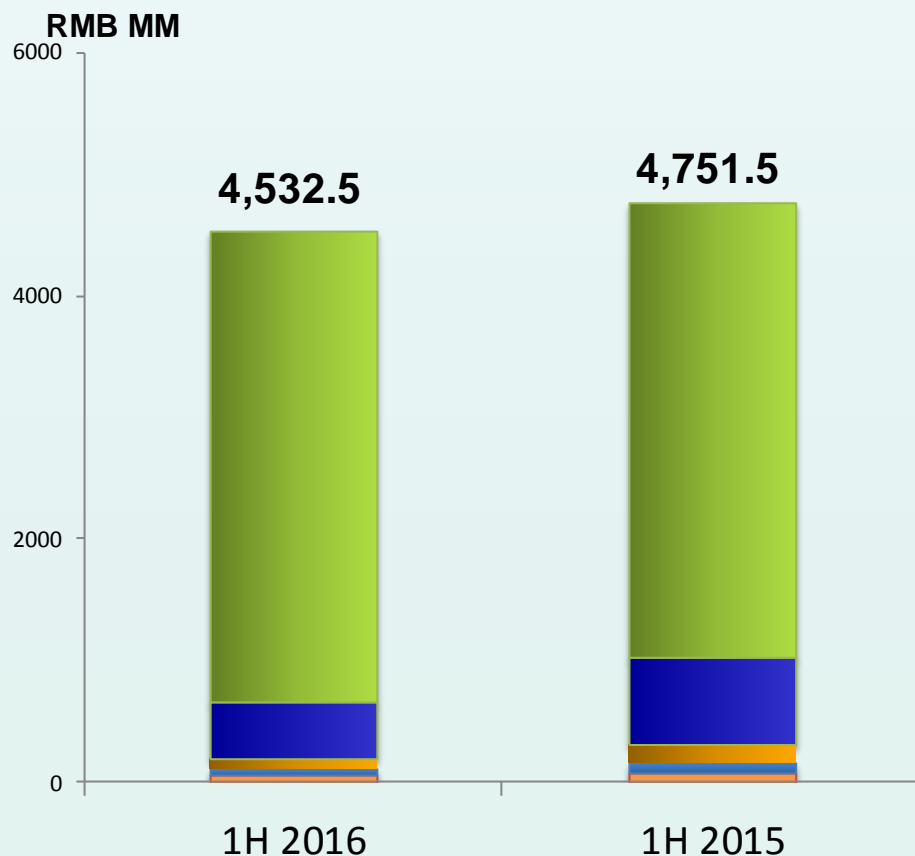
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Financial Highlights

RMB MM	1H 2016	1H 2015	Change
Sales Revenue	4,532.5	4,751.5	-4.6%
Gross Profit	1,530.8	1,408.9	8.7%
EBITDA	1,318.0	1,323.1	-0.4%
EBIT	1,016.2	990.5	2.6%
Net Profit Attributable to Equity Holders	575.8	524.2	9.8%
Gross Profit Margin	33.8%	29.6%	4.2ppt
EBITDA Margin	29.1%	27.8%	1.3ppt
EBIT Margin	22.4%	20.9%	1.5ppt
Net Profit Margin	12.7%	11.0%	1.7ppt
Earning per Share-Basic (RMB)	0.352	0.321	9.7%

Analysis of Sales Revenue

Revenue Breakdown by Business Segment

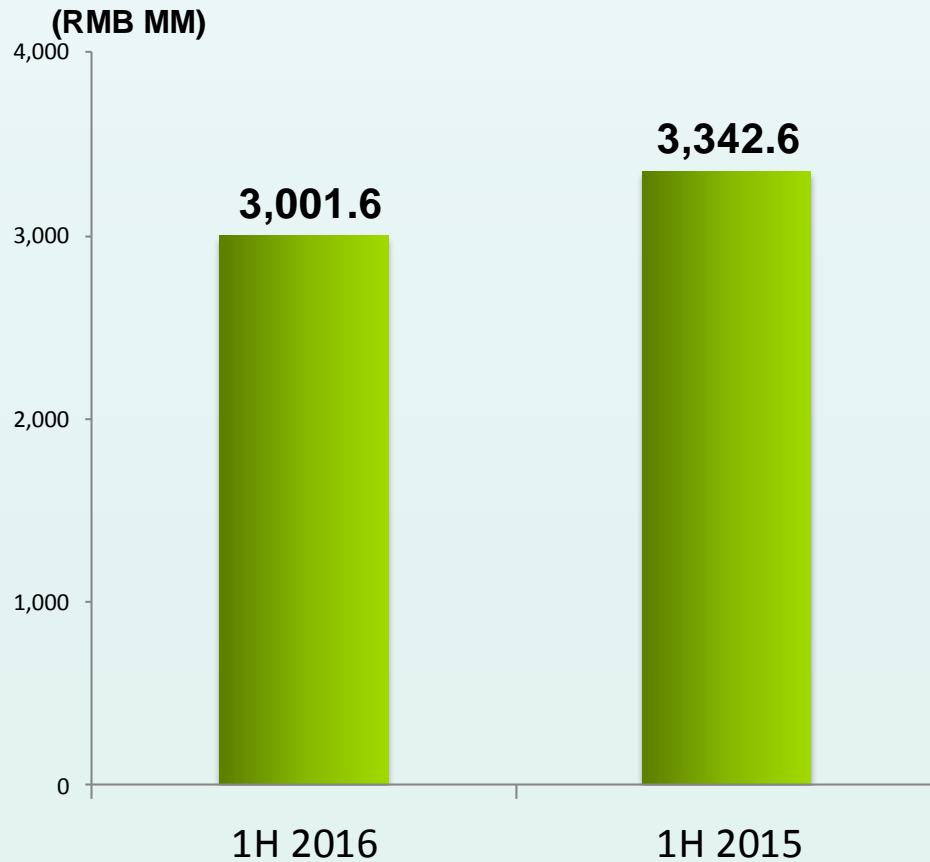


	1H 2016 (% of total revenue)	1H 2015 (% of total revenue)
Wind Gear Transmission Equipment	85.2%	78.8%
Industrial Gear Transmission Equipment	10.4%	15.3%
Marine gear Transmission Equipment	1.8%	3.1%
CNC Machine Tools Products	1.1%	1.5%
Diesel Engine Products	1.5%	1.3%



Cost Analysis

Cost of Goods Sold



■ Cost of Goods Sold Including :
Bearing, Steel plates, Cast iron,
Forged steel, Subcontracting &
processing fee, Manufacturing fee,
labor cost and Power fee etc.



Balance Sheet Summary

RMB MM	1H 2016	FY 2015
Non-current Assets	7,812	7,981
Current Assets	19,503	17,311
Inventories	2,186	2,075
Account Receivables	4,153	3,689
Bill Receivable	2,544	3,248
Cash and Deposits	8,338	6,281
Others	2,282	2,018
Total	27,315	25,292
Capital & Reserves	10,206	9,975
Non Current Liabilities	1,839	2,102
Loans	1,699	1,948
Others	140	154
Current Liabilities	15,270	13,215
Account Payables	1,955	1,630
Notes Payable	3,629	3,143
Loans	7,450	5,618
Others	2,236	2,824

1H 2016

- The net asset per share is approx. RMB 6.2.
- * Gearing ratio is approx. 62.2 %.
- Average turnover day of account receivable and inventory are 271 days and 128 days respectively.
- Cash and Deposits (including pledged and structured deposits) is approx. RMB 83.4 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>	1H 2016	1H 2015	1H 2016	1H 2015
	(Unit)		(% of total revenue of wind power)	
3 MW Gearbox	420	60	12.8%	1.9%
2MW Gearbox	2,469	1,767	62.6%	41.3%
1.5MW Gearbox	844	2,144	16%	43.2%
750KW Gearbox	25	31	0.2%	0.2%
Yaw Motor & Drive	9,942	13,492	6.4%	10.4%
Pitch	8,106	10,731	2.0%	3.0%



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 .

Industrial Gear Transmission Equipment

【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
- Provide and sell parts and components of relevant products to its customers
- During the period under review, in respect of transmission equipment for high-speed rails, metro lines, urban train and tram segments, the Group received orders of metro gear boxes continuously from metro lines of various cities in China and secured more orders of metro gear boxes from metro lines in Sydney.
- The Group has obtained International Railway Industry Standard (IRIS) certificate for its rail transportation products, which has laid a solid foundation for the Group's rail transportation products to expand into high-end international railway markets.
- Successfully developed two types of gear boxes for train segments, and received the initial orders and three types of gear boxes for 160km/h urban train, one of which has been awarded domestic bulk orders.



Marine Gear Transmission Equipment

【Actively expand domestic and foreign markets】

- The nine series of marine products have been applied in all equipment 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 participated in the Asia Pacific Maritime on 16 March 2016, which was held in Marina Bay Sands Convention and Exhibition Center, Singapore and lasted for 3 days. NGC-MARINE and NGC MARINE PROPULSION SOUTH EAST ASIA PTE. LTD joined the exhibition together with a local partner, AME2 PTE LTD. NGC-MARINE demonstrated various propulsion and transmission products with proprietary intellectual property rights to exhibitor and customers from over 60 countries and districts, attracting significant amount of visitors to consult and negotiate.



Computer Numerical Controlled Product

- Machine tool is the core equipment of the equipment manufacturing industry.
- The Group intends to take the opportunity to develop heavy, precise and efficient machine tool products to establish a presence in the heavy and high-end market and provide advanced machine tools for the equipment manufacturing industry.
- During the Period Under Review, China's economy had no obvious improvement, and the equipment industry still oversupplied, thus, the machine tool products business of the Group was also exposed to challenges.





Development Strategies

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Development Strategies

Focus on Gear Transmission Equipment



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Development Strategies

【 Wind Gear Transmission Equipment 】

In the PRC wind power market, the Group possesses the most advanced technologies with a market share of approximately 60% in the double-fed wind turbine market. Our customers include leading wind turbine equipment manufacturers both at home and abroad. In addition, we have expanded to American market with GE Renewable Energy as our largest overseas customer. In the future, the Group will further expand to Vietnam, India, South Korea, France and other international markets in Asia and Europe through our own technology platform and services. The Group will also focus on strengthening technology research and development, product quality control and market position, aiming to be well prepared for our wind power segment to expand to global market and striving for the percentage of the sale revenue in domestic and oversea market to be 50% respectively in the coming few years.

【 Industrial Gear Transmission Equipment 】

Industrial gear market is closely linked with the PRC economy development. The company will seize opportunities arise in the critical moment of the PRC economic recovery, follow the pace of national development and promote the development of standardized products industry by improving production processes, strengthening scientific and technological research and development and enhancing customer communication. We aimed to compete with overseas product suppliers in the next five years.

Q & A

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Thank you !

Investor Relations contacts :

Website : www.chste.com

Email : ir@chste.com

Tel : (86) 25 5247 2000

Fax : (86) 25 5247 2000



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