



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

2007 Annual Results Presentation

21 April 2008



Disclaimer

The presentation is prepared by China High Speed Transmission Equipment Group 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 is provided without any warranty or representation of any kind, either expressed or implied. The Company specifically disclaims all responsibilities in respect of any use or reliance of any information, whether financial or otherwise, contained in this presentation.



Agenda

1 2007 Results Review and Analysis

2 2007 Operational Review

3 Industry Outlook

4 Future Prospect

5 Q & A



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

2007 Results Review and Analysis



Financial Highlights



Remarkable Growth in Net Profit Attributable to Equity Holders

For the year ended 31 December

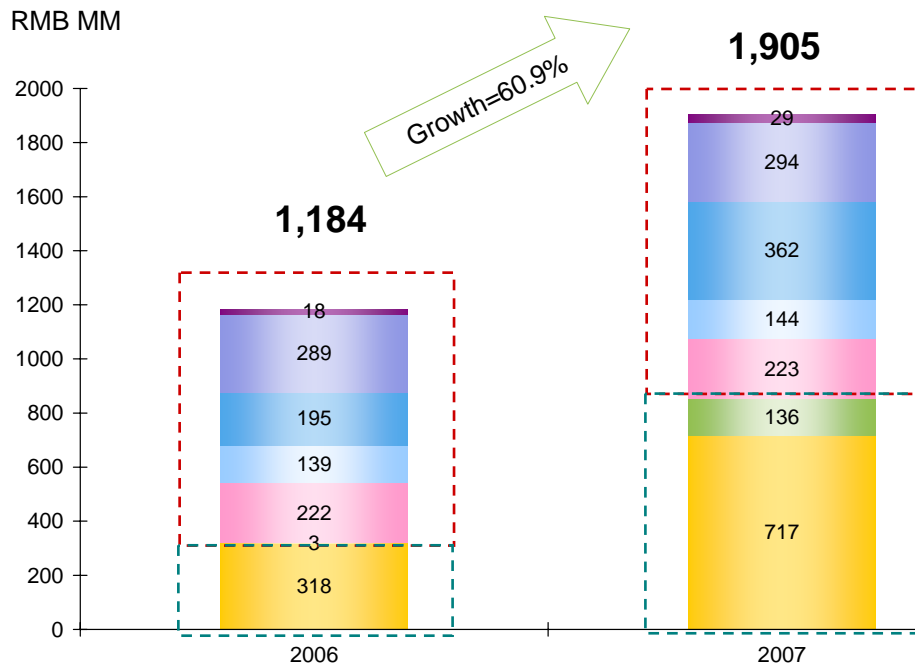
RMB MM	2006	2007	% change
Turnover	1,184.3	1,904.8	▲ 60.9
Gross Profit	340.8	553.1	▲ 62.3
Core EBITDA	216.0	355.7	▲ 64.7
Core EBIT	155.4	262.4	▲ 68.9
Net Profit Attributable to Equity Holders	85.6	306.7	▲ 258.1
Adjusted Net Profit Attributable to Equity Holders (excl. one-off items)	105.8	266.0	▲ 151.4
Gross Profit Margin	28.8%	29.0%	▲ 0.2
EBITDA Margin	18.2%	18.7%	▲ 0.5
EBIT Margin	13.1%	13.8%	▲ 0.7
Net Profit Margin	7.2%	16.1%	▲ 8.9
Adjusted Net Profit Margin (excl. one-off)	8.9%	14.0%	▲ 5.1
Earning per Share - Basic (RMB)	0.14	0.29	▲ 107.1



Revenue Analysis

As a leading supplier of gear transmission equipment, the Company's total revenue substantially increased by 60.9% from 2006-07

Revenue Breakdown by Business Segment



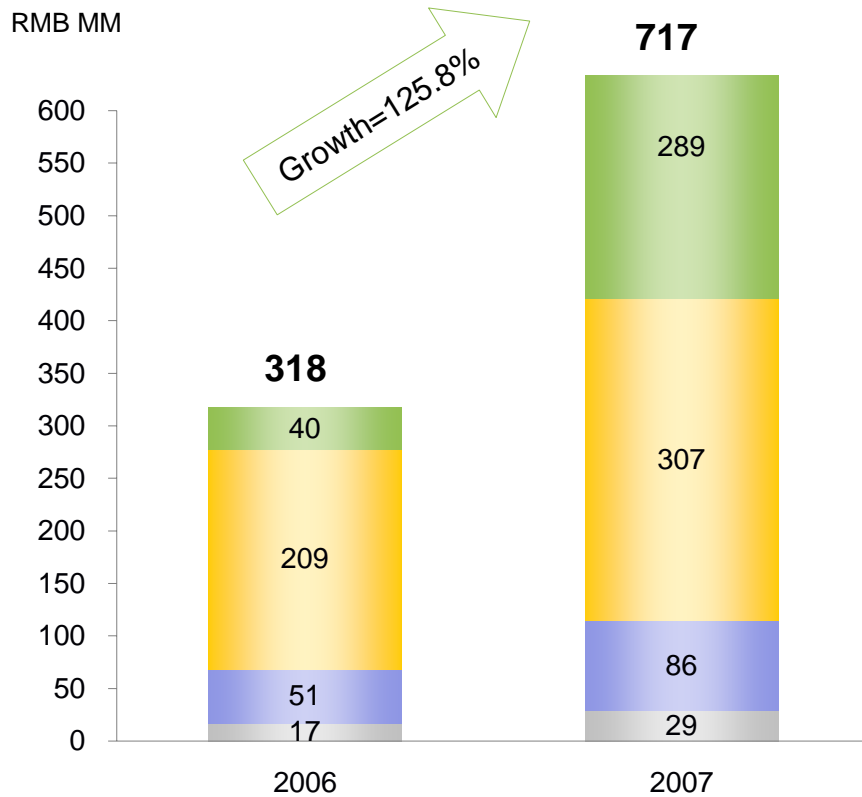
	2006	2007	change in revenue (%)
Traditional Gear Transmission Equipment (% to total revenue)			
High-Speed Gear	1.5	1.5	62.8
Gear for Rolling	24.4	15.4	1.5
Gear for Construction	16.5	19	85.3
General Purpose Gear	11.8	7.6	3.5
Others	18.7	11.7	0.6
Wind and Marine Gear Transmission Equipment			
Marine Gear	0.3	7.1	4181.9
Wind Gear	26.8	37.7	125.8



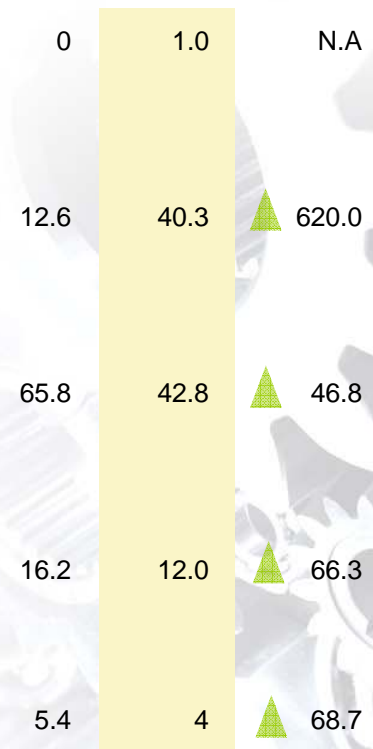
Wind Revenue Analysis

Revenue Breakdown by Products

RMB MM



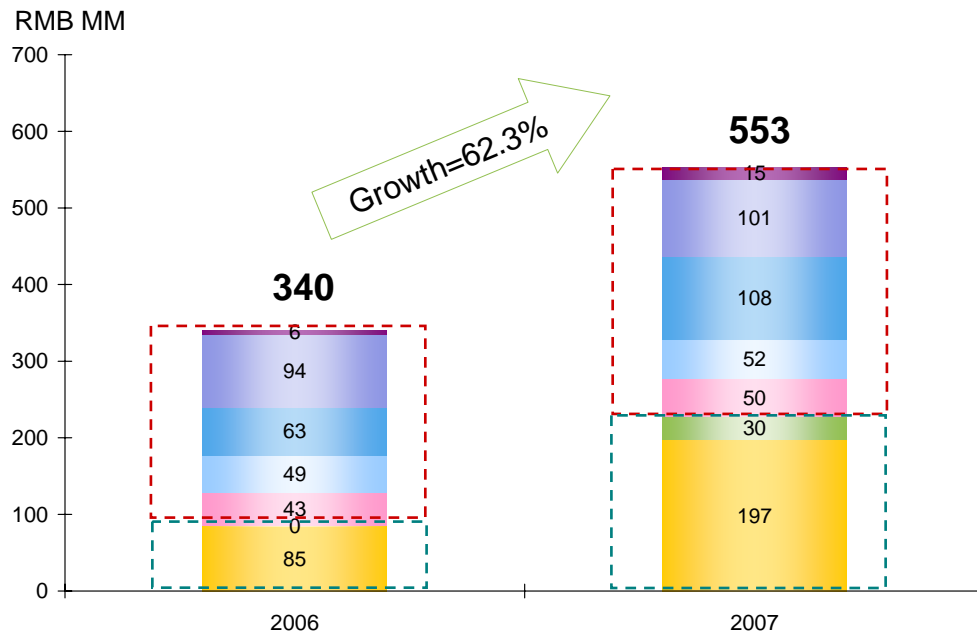
2006 **2007** change of revenue (%)
(% to total revenue)





Gross Profit Analysis

Gross Profit Breakdown by Business Segment

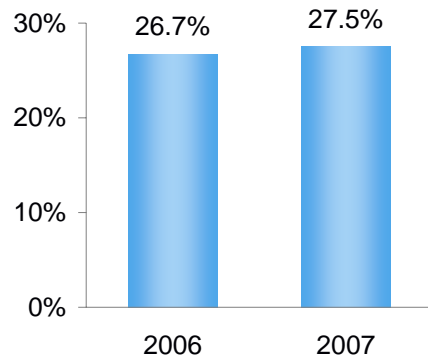


	2006 (% to total GP)	2007	change of GP (%)
Traditional Gear Equipment			
High-Speed Gear	1.8	2.8	▲ 142.6
Gear for Rolling	27.7	18.2	▲ 7.0
Gear for Construction	18.4	19.5	▲ 72.4
General Purpose Gear	14.3	9.4	▲ 5.4
Others	12.7	9.0	▲ 15.3
Wind and Marine Gear Equipment			
Marine Gear	0.1	5.4	▲ 9,676.8
Wind Gear	24.9	35.7	▲ 132.2

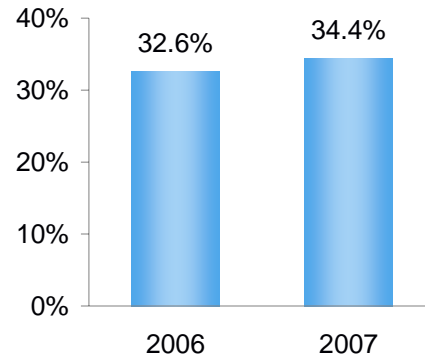


Gross Margin Analysis

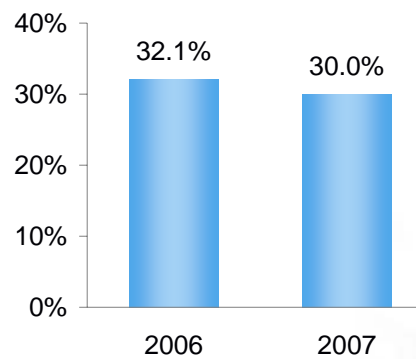
Wind Gear



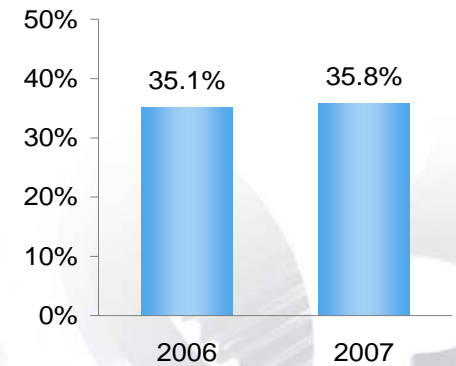
Gear for Rolling



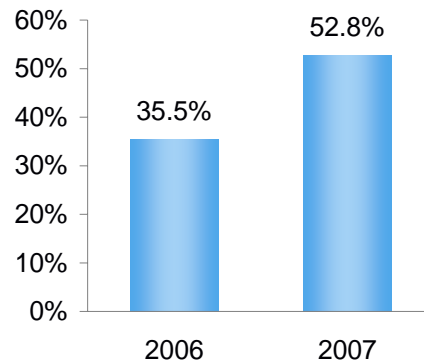
Gear for Construction



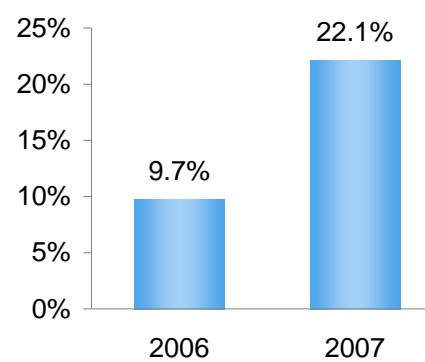
General Purpose Gear



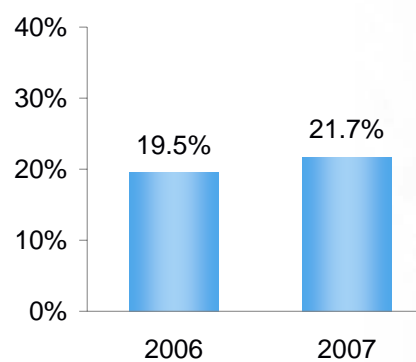
High-Speed Gear



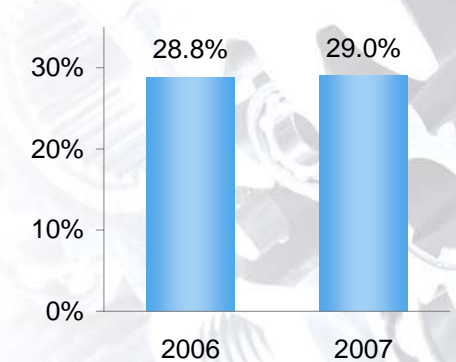
Marine Gear



Others



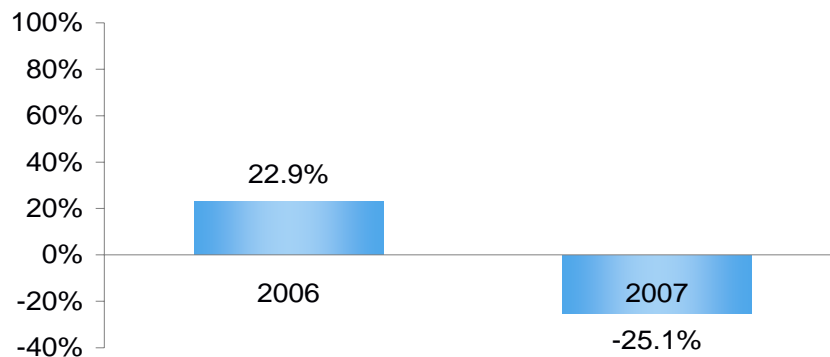
Total



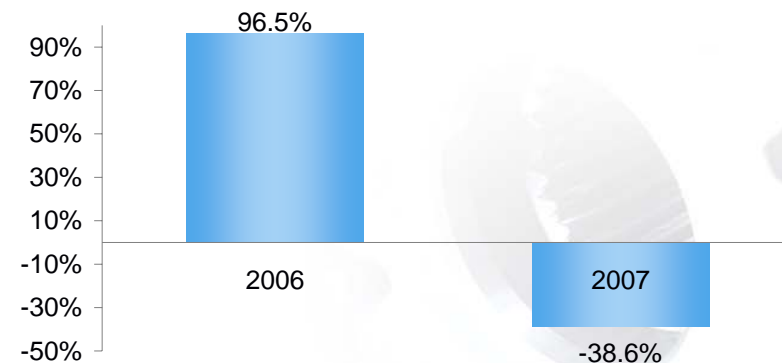
Balance Sheet



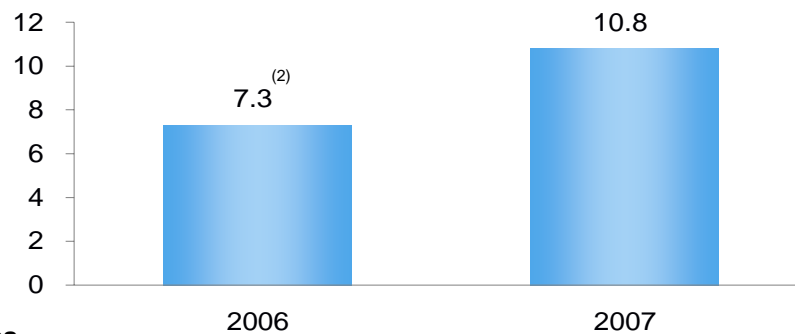
Net Debt / Total Cap



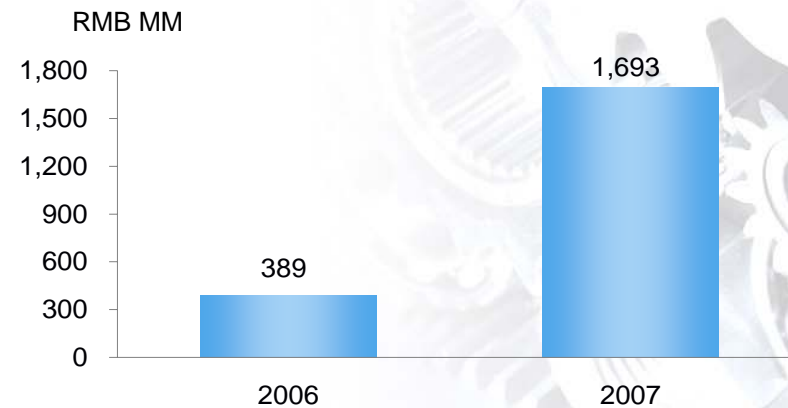
Net Debt / Equity



Interest Coverage Ratio ⁽¹⁾



Cash-on-hand ⁽³⁾



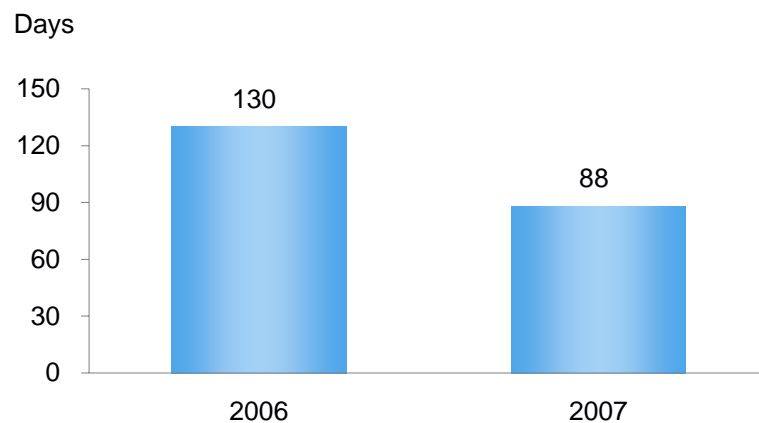
Notes

1. EBITDA / Interest Expenses
2. Excludes RMB11.9 million interest expense
3. Includes pledged bank deposits

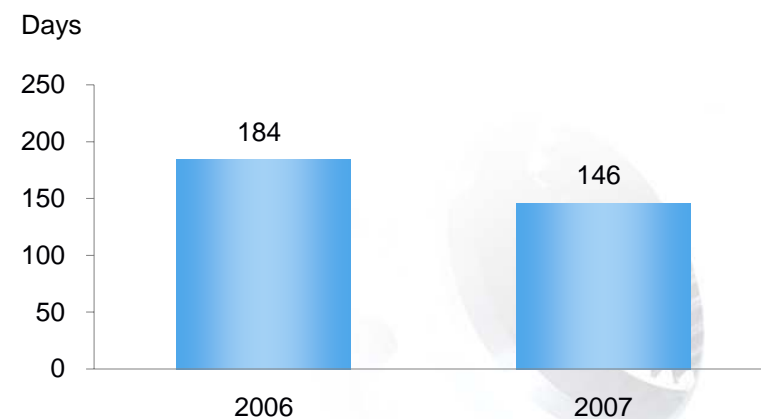
Working Capital



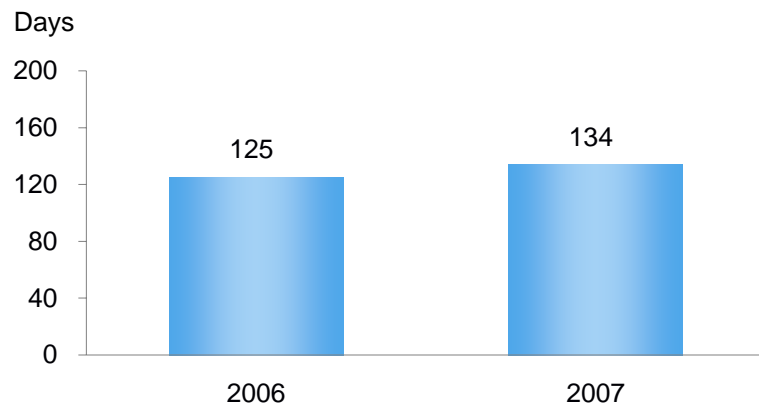
A/R Days



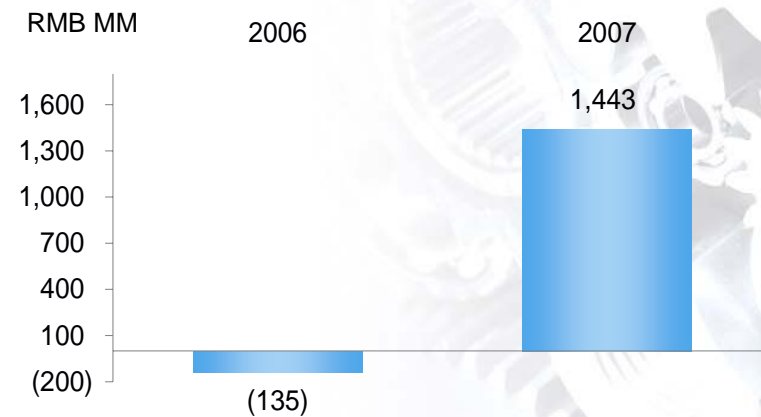
A/P Days



Inventory Days



Net Working Capital ⁽¹⁾



Note

1. Net working capital=current assets-current liabilities



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

2007 Operational Review



Newly Acquired Wind Gear Customers



The Company has acquired 13 new wind gear customers in 2007

Both International Customers and Domestic Customers included:



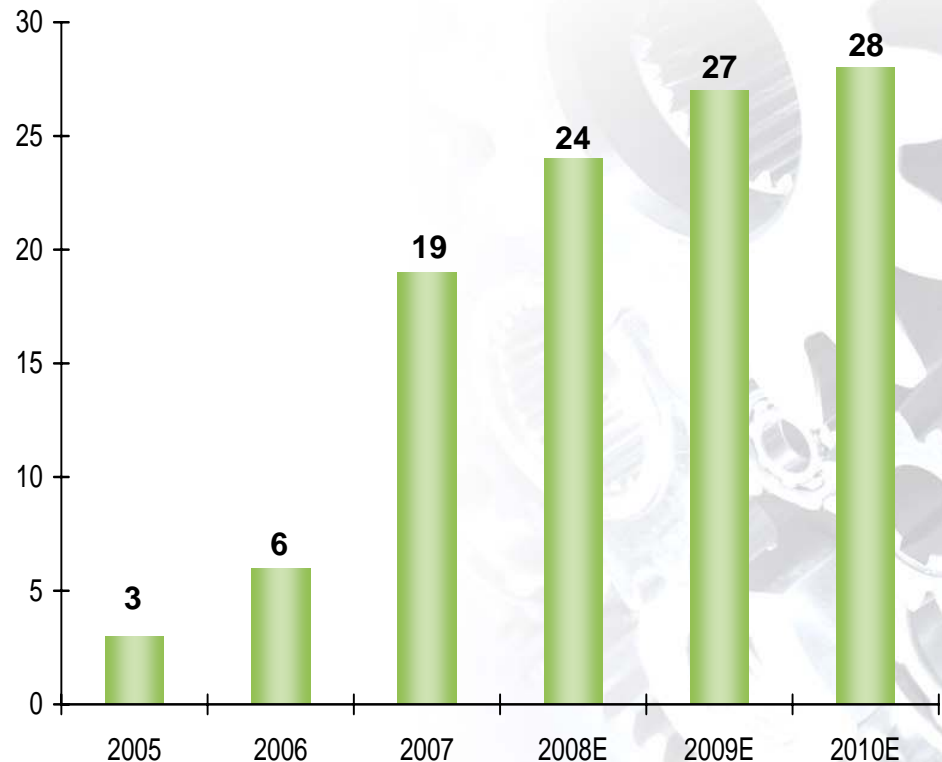
富士重工業株式会社



东方汽轮机有限公司
东汽投资发展有限公司



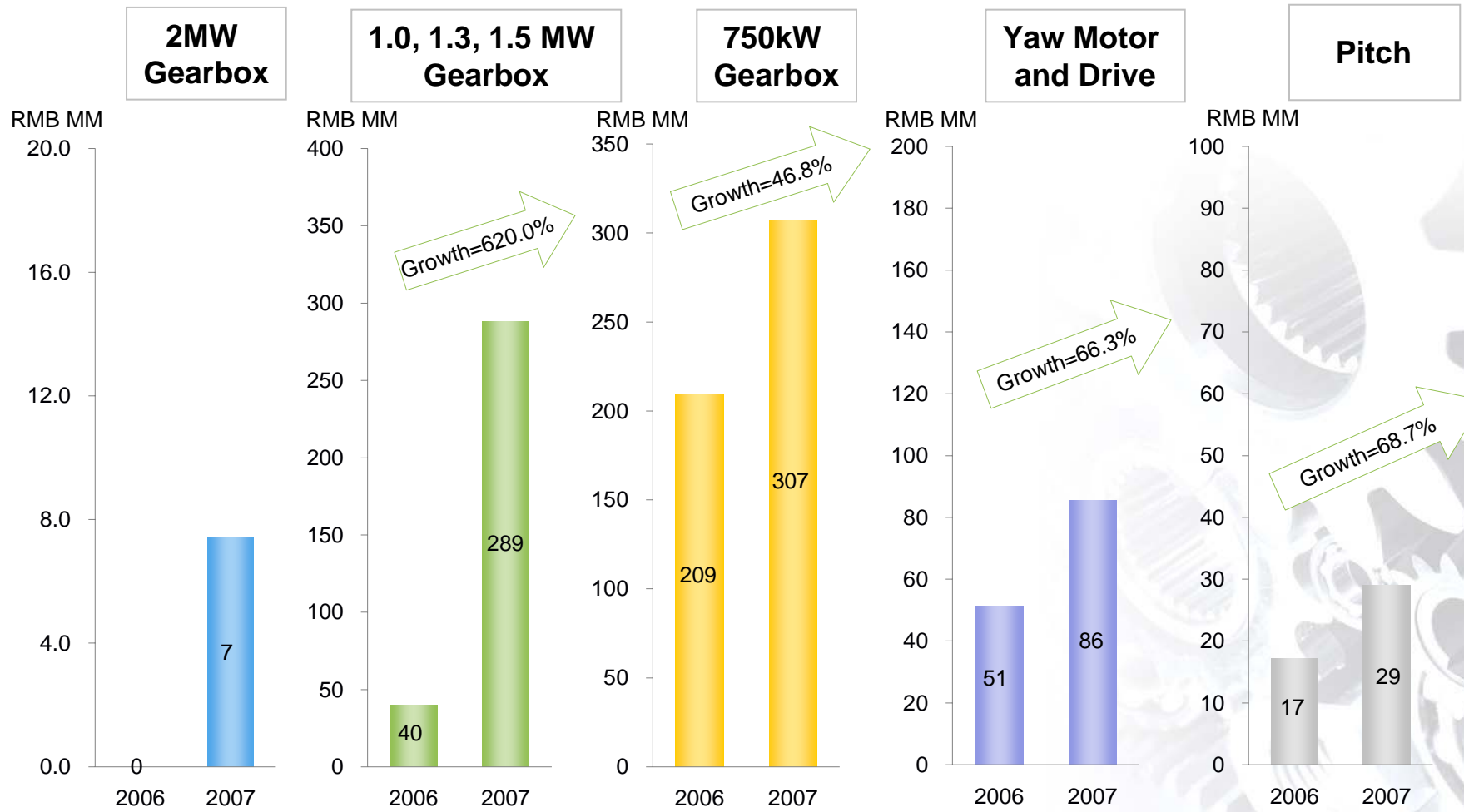
No. of customer with firm orders





Wind Gear Sales

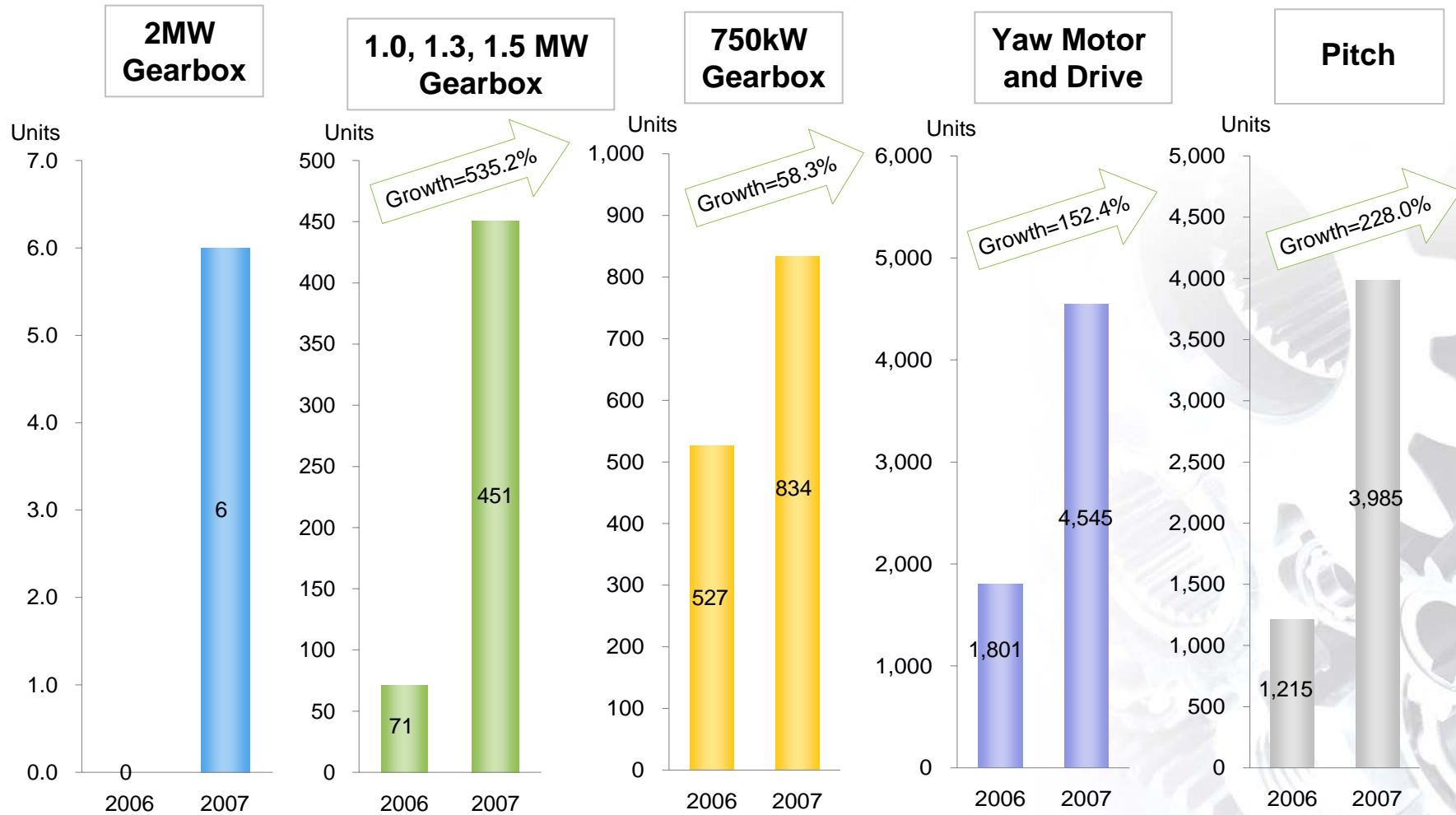
Turnover of Wind Gearboxes





Wind Gear Production

Number of Wind Gearboxes Produced

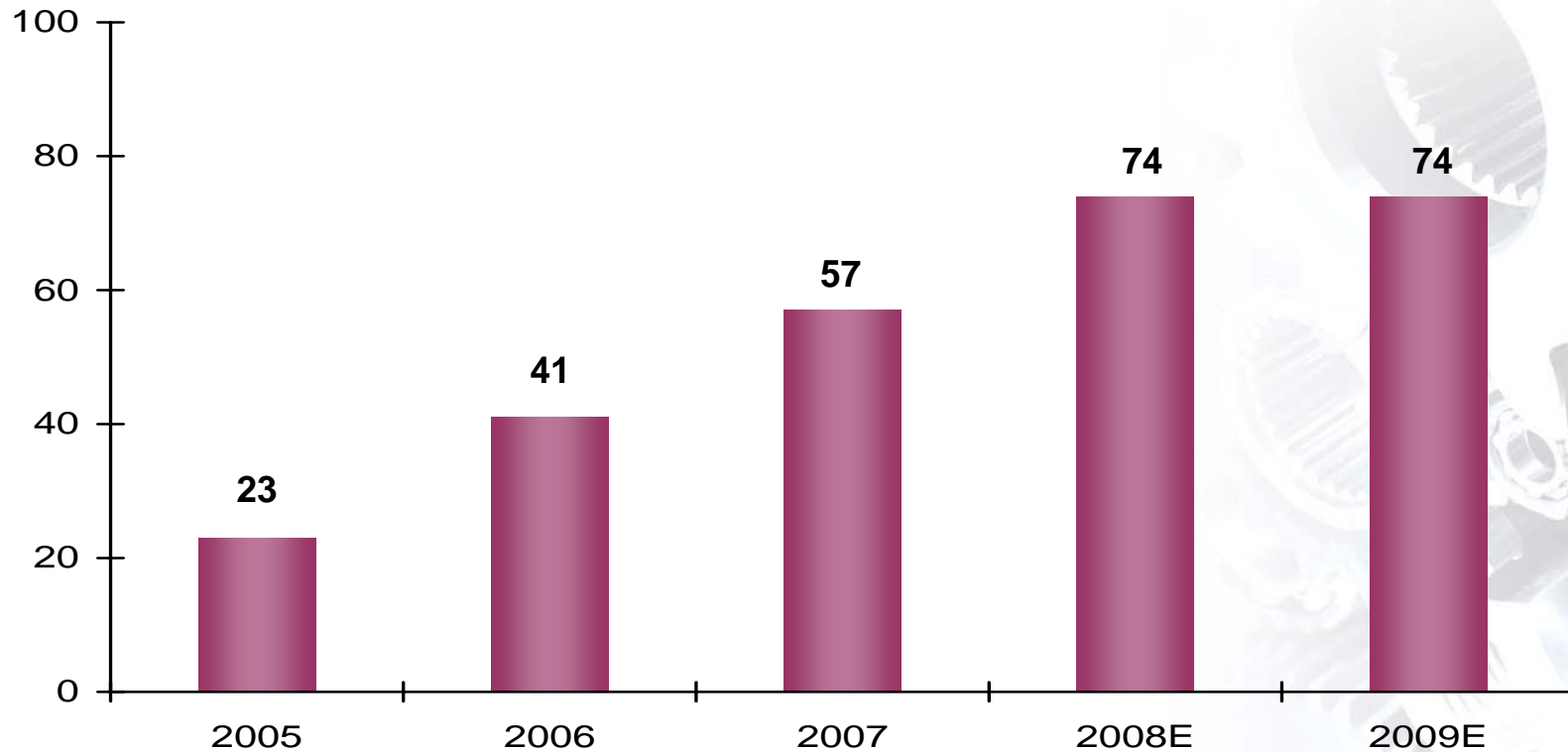


Newly Acquired Traditional Gear Customers



The Company has acquired 16 new traditional gear customers in 2007

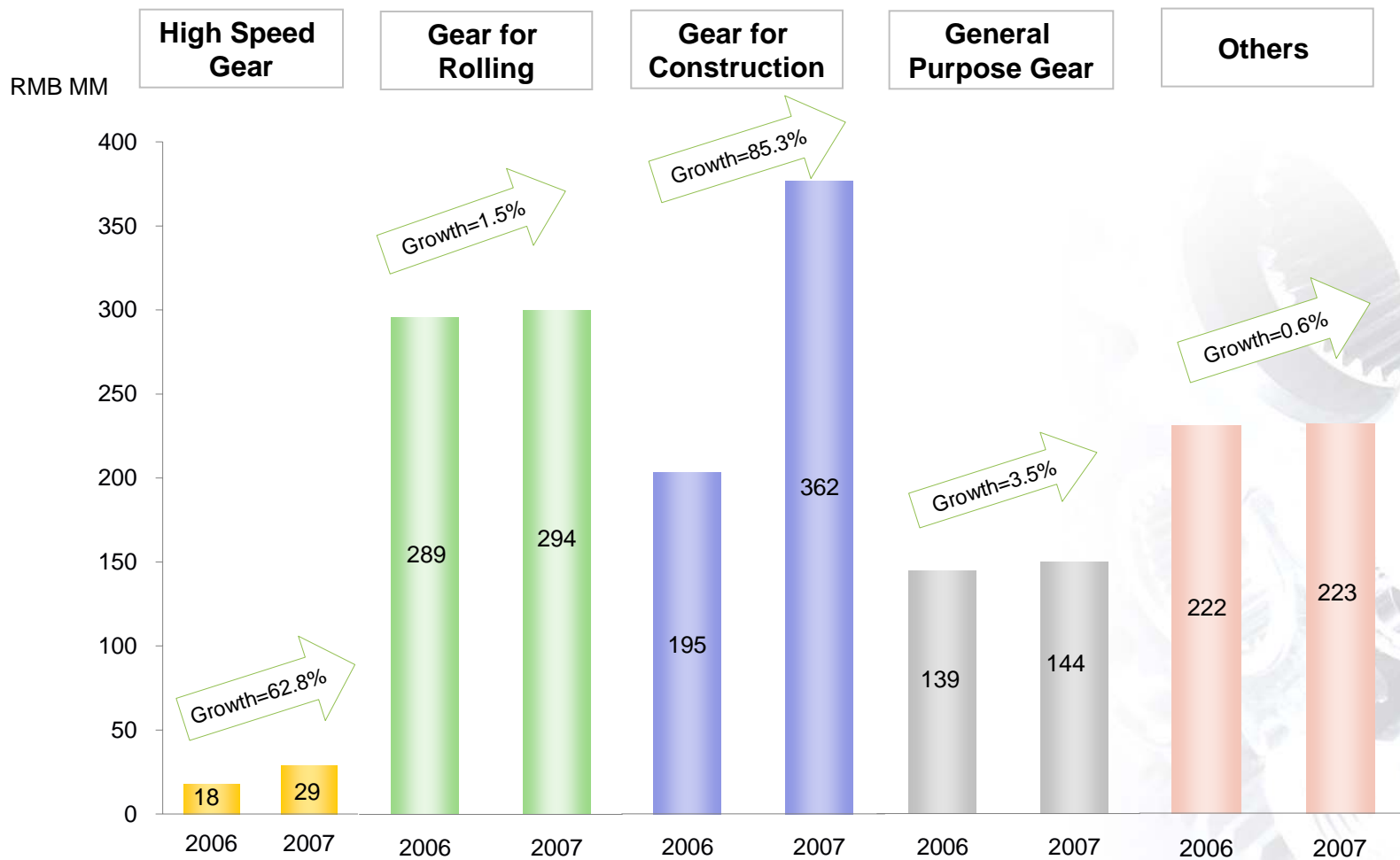
No. of customer
with firm orders





Traditional Gear Production

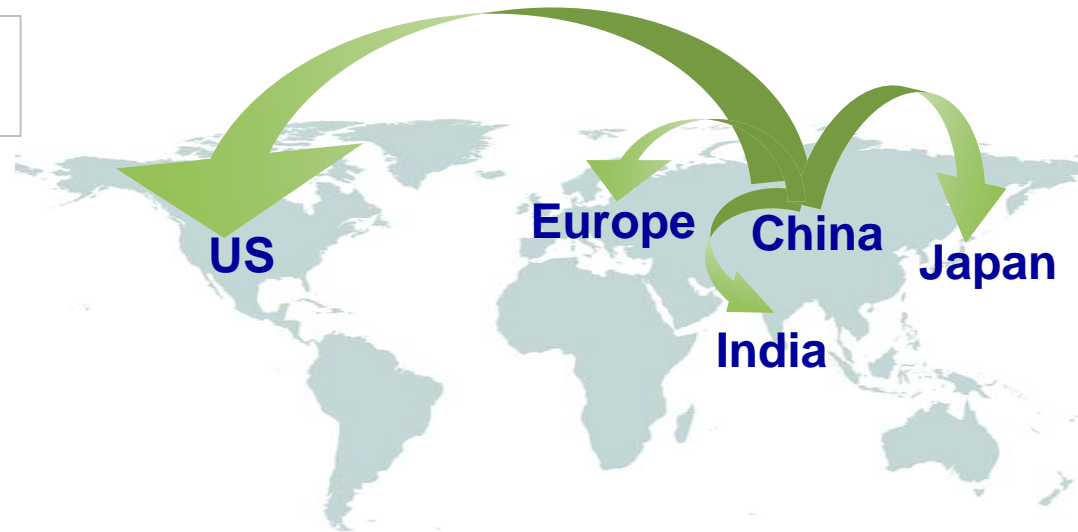
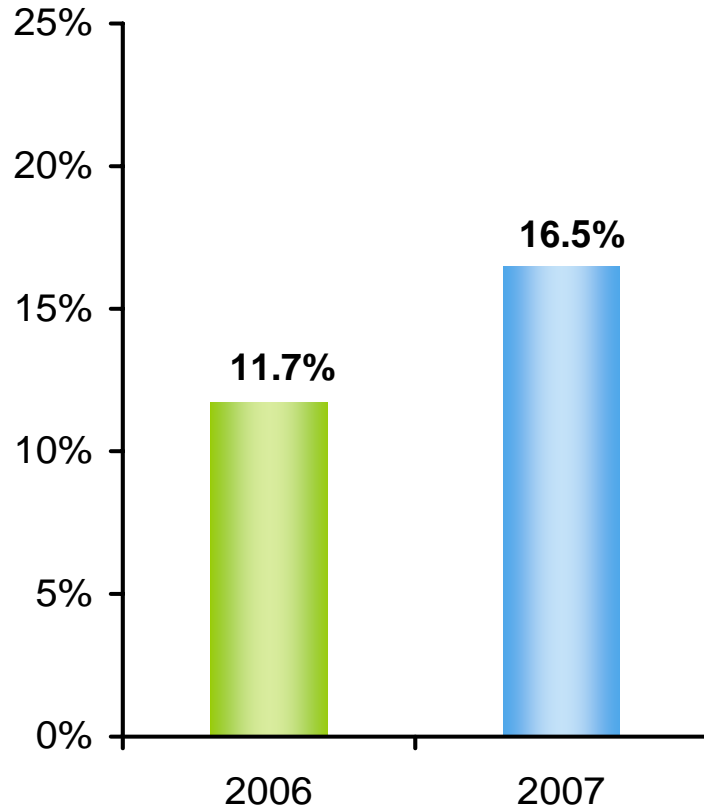
Turnover of Traditional Gear Equipment



Overseas Market Expansion



Overseas Revenue Contributions



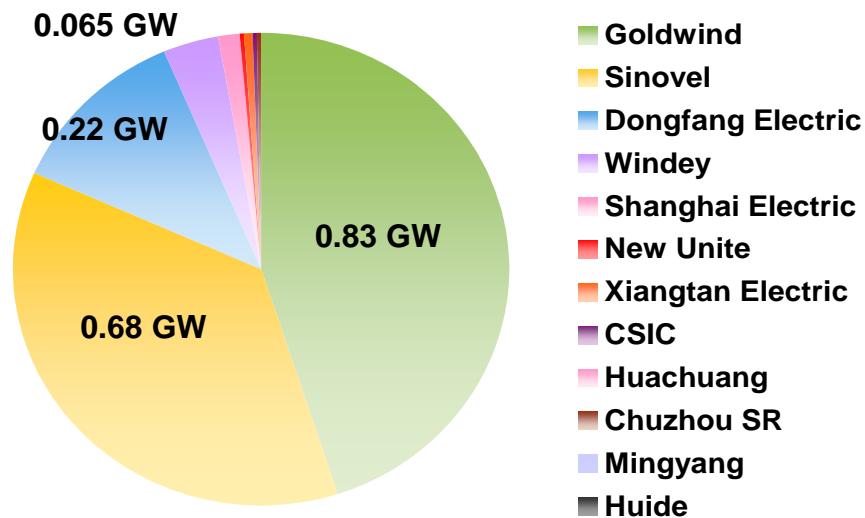
- Currently, the customer base of exports of the Company extends to the US, India, Japan and Europe
- Export sales mainly consisted of the exports of gear transmission equipment for wind turbines and marine gear transmission equipment

Leadership Position in the Domestic Market



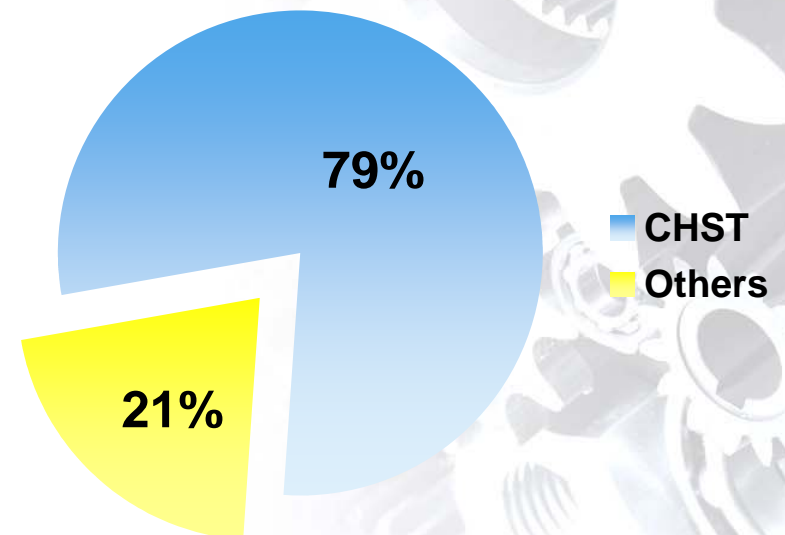
While the Company is expanding the overseas market share, CHST is still focused on maintaining the position as China's NO.1 wind gear equipment provider

2007 newly installed wind turbines in China manufactured by domestic manufacturers was 1.8GW



Source: Company data

2007 customer share in China ⁽¹⁾



Source: Company data

Note

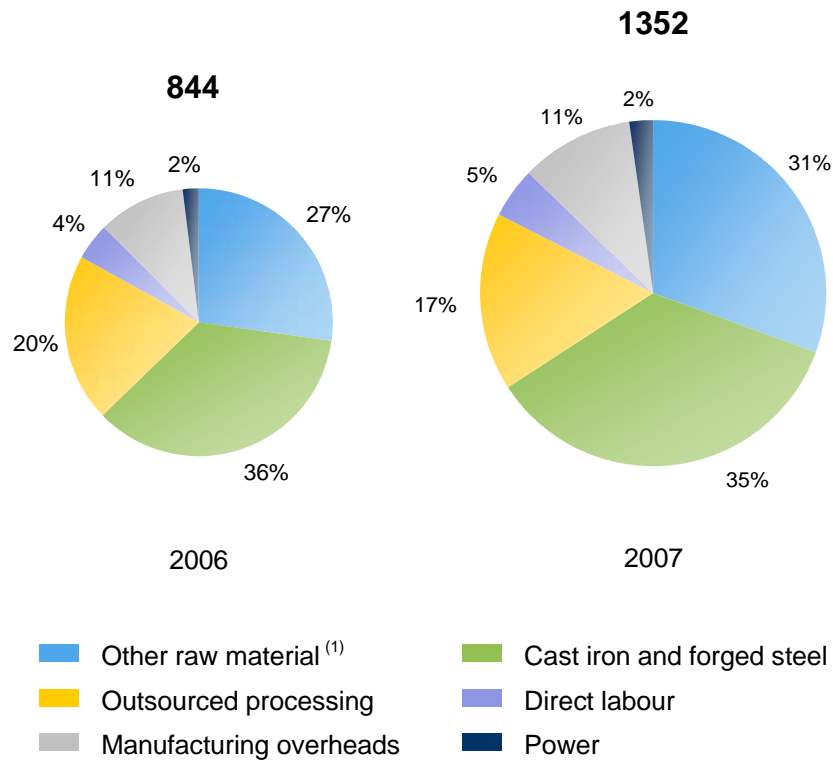
1: The customer share is calculated as follows: in 2007, 19 companies including domestic, JV and foreign wind turbine makers installed wind turbines in China. Of those 19 companies, 15 are CHST's customers

Cost Analysis



Breakdown of Cost of Goods Sold

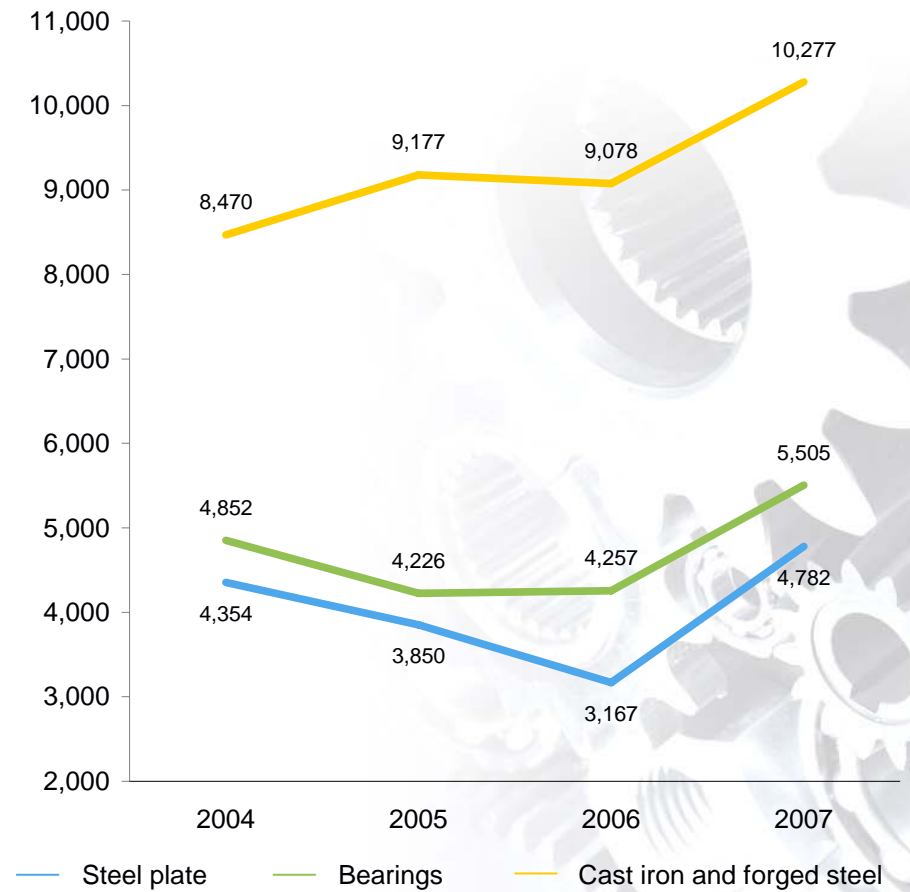
RMBMM



Note
1. Includes bearing and steel plate

Price Trend of Raw Materials

RMB/ton





Certificates and Awards

During 2007, we proudly obtained....



ISO 13281328-1:1995 and ISO1328-2:1997

The ISO system of accuracy and are international standards relating to the limits and fits for cylindrical gears



ISO14001 environmental management system certification



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

Industry Outlook

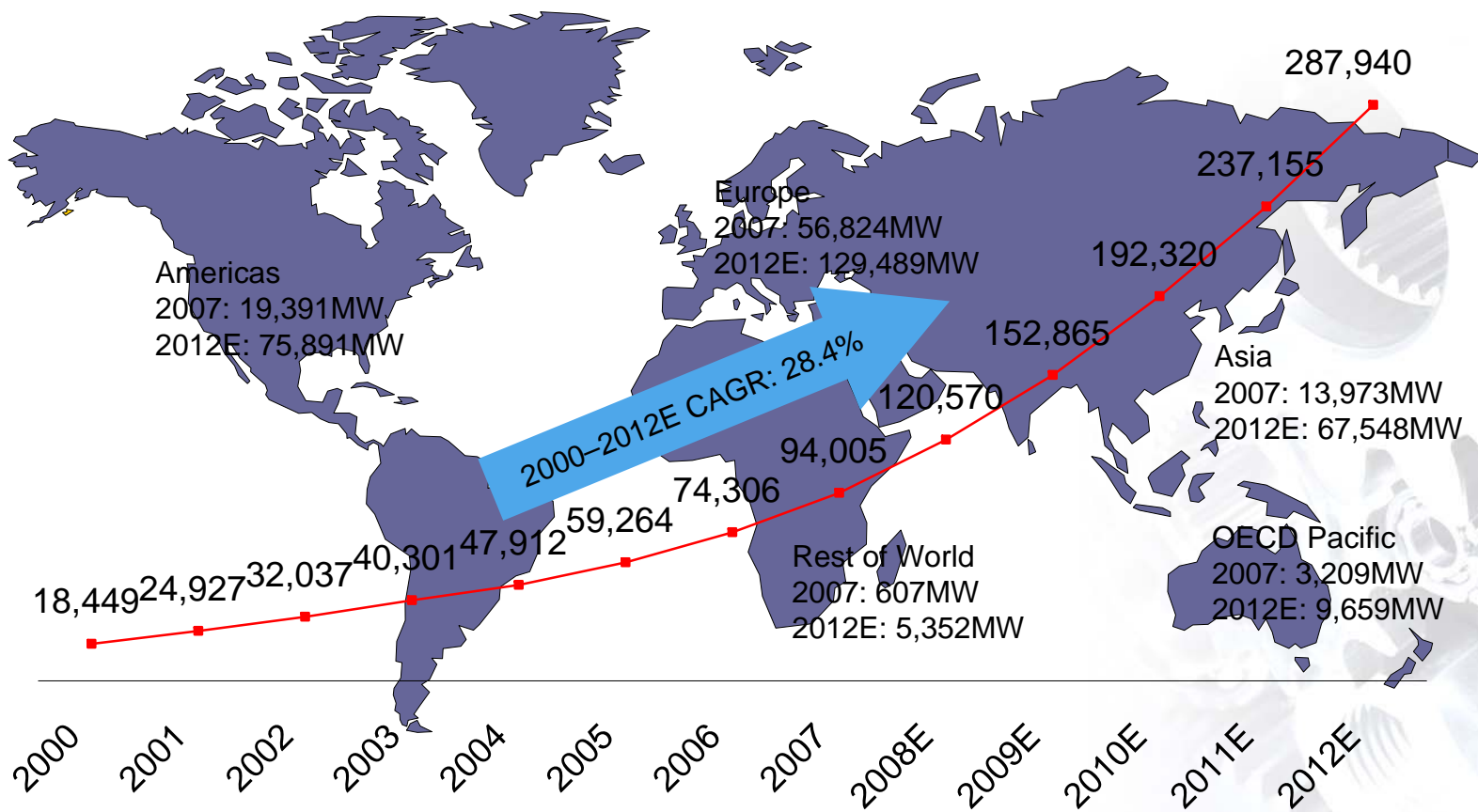




Flourishing Global Wind Market

Rapid Growth in Wind Power Demand has Led to Capacity Ramp-up

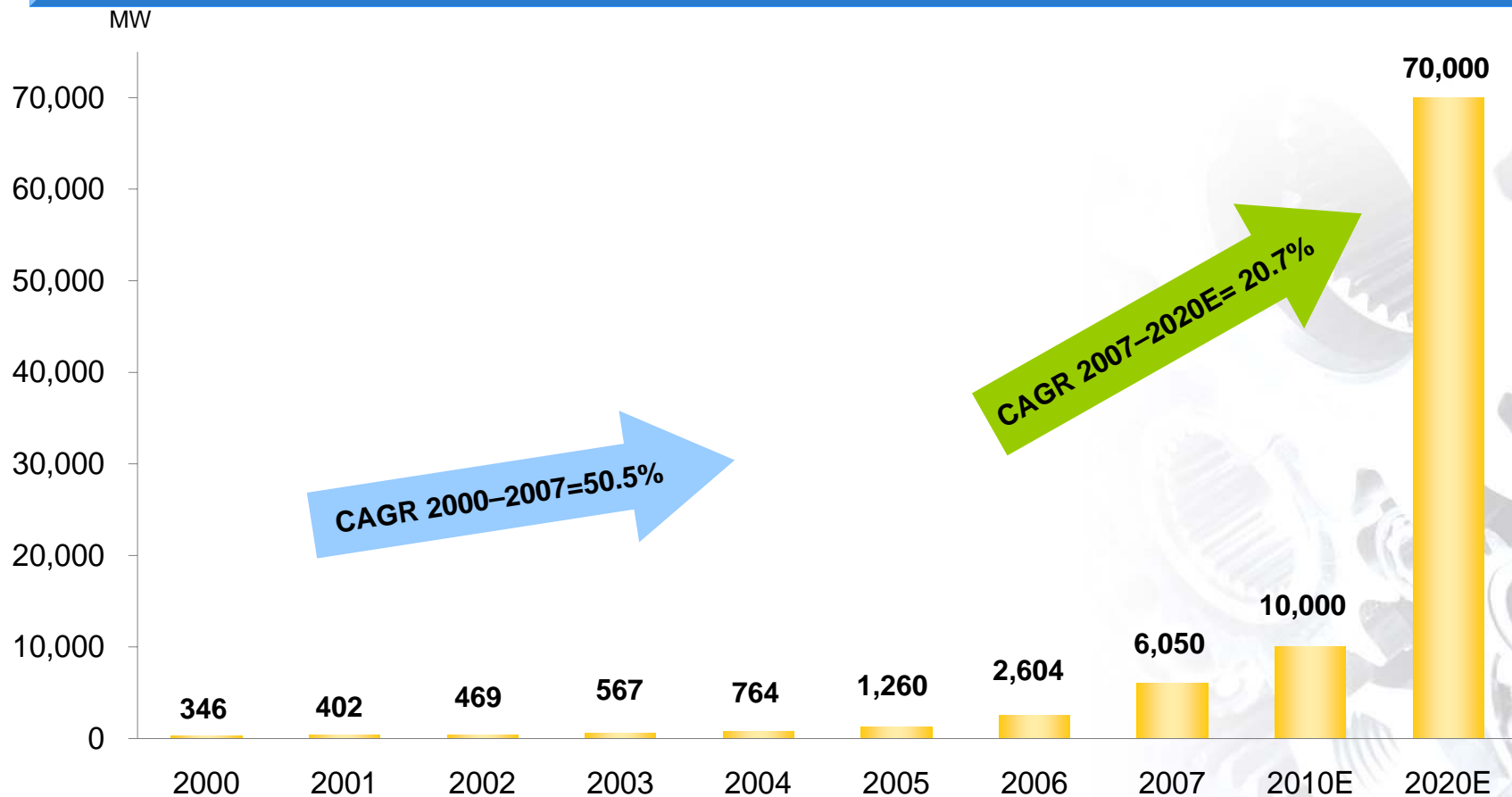
Cumulative Installed Capacity (MW)





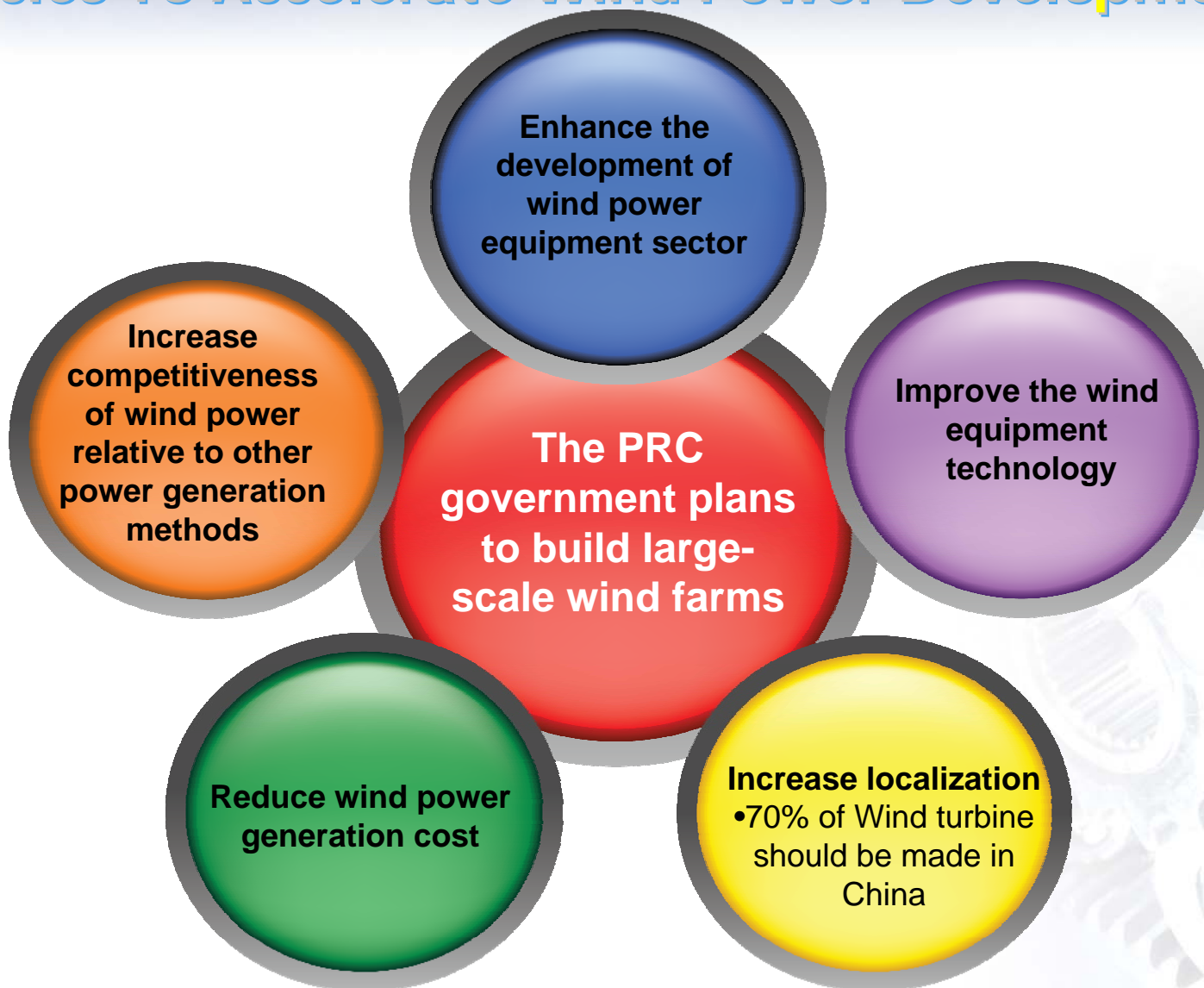
The PRC Government Has Set Aggressive Targets To Grow Wind Capacity

Historical and PRC Government's Target of Wind Power Installed Capacity



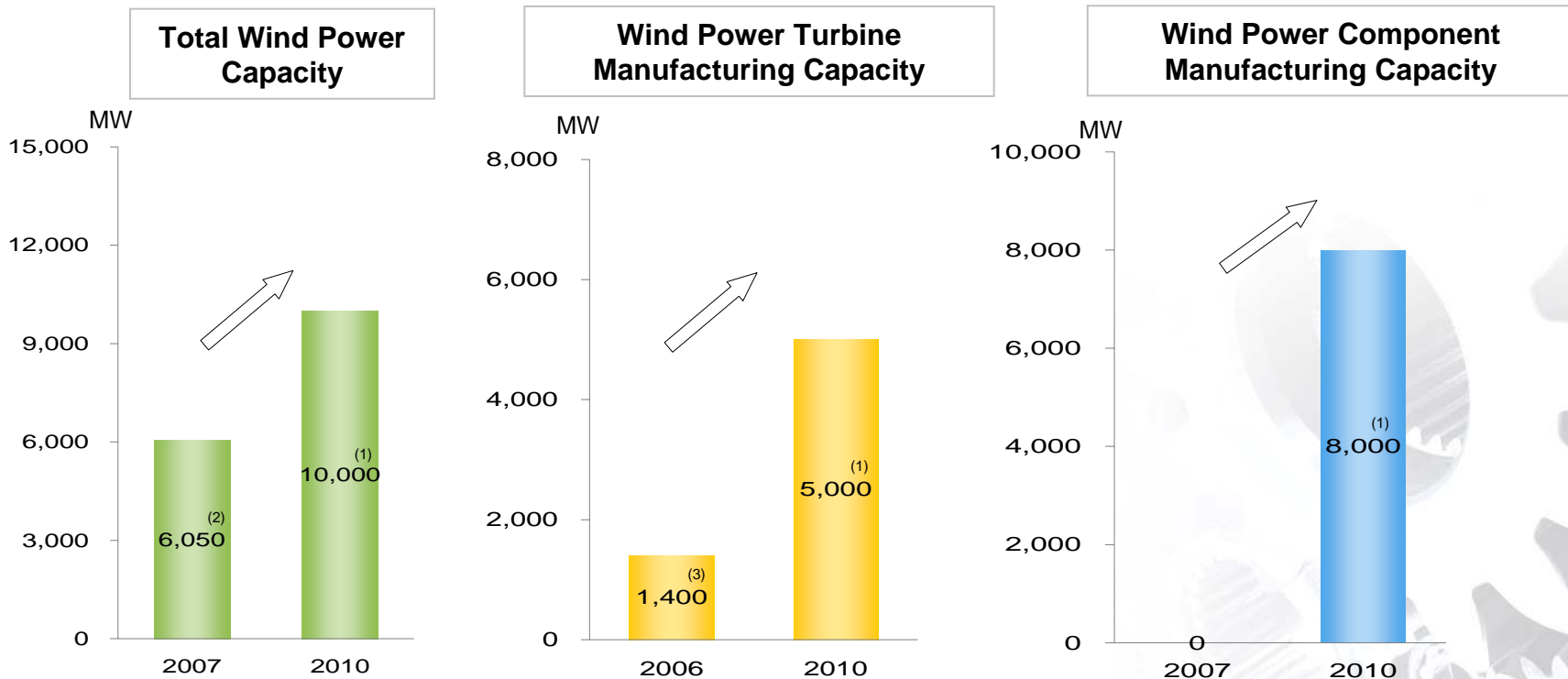
Source: Historical data from China Wind Power Report 2007;
Forecast data from China Renewable Energy Industries Association (CERIA) Report, October 2007

The "Eleventh Five-Year Plan" Has Favorable Policies To Accelerate Wind Power Development



Source: 11th Five-Year Plan of Renewable Energy Development" Report, 2007

The Fast Growing Total Wind Power Capacity In China



Corresponding Technology Development

- The PRC government will develop local manufacturing capability on wind power equipment with own intellectual properties
- Develop 1.5MW wind turbine technology and begin development of 3MW offshore wind turbine technology

Source: 11th Five-Year Plan of Renewable Energy Development⁽¹⁾ Report, 2007 (1)
KGI Research Report, 8 April 2008 (2)
Bloomberg, 10 October 2007 (3)



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

Future Prospect





Company Development Outlook

Solidify Position as Leader of Wind Gear Equipment

- To develop wind gear transmission equipment of 2.5MW and 3MW
- To increase the production capacity of wind power equipment to 3,500 MW in 2008
- Partnership with GE to expand the joint development and manufacture of wind gear transmission equipment
- Aim to be one of the top three wind gear equipment manufacturers globally

Rail System & Marine Development

- Rail System**
 - Enter into a development support service agreement with Alstom
- Marine**
 - Cooperation with ZF Company to develop marine transmission equipment

Upstream Supply Chain Extension

- To invest in production facilities for manufacturing raw materials of certain major spares (such as forged steels and cast iron products)

Overseas Market Expansion

- To expand in overseas market, particularly in developing countries such as India for marine gear transmission equipment
- To increase export sales to 50% of the total sales in the long-term

Convertible Bond Issuance

- RMB1,996.3MM (~US\$286MM) USD Settled Zero Coupon Convertible Bonds
- Yield / Maturity: 3.00% / 3 Years
- Conversion Price / Premium: HK\$17.78 / 30% over VWAP on April 22, 2008
- Use of Proceeds: entering into Equity Swap to facilitate hedging by bonds investors and provide the Company with a hedge against an increase in share price; funding capital expenditure up to 2010 to meet growing product demand and general working capital

Partnership With GE: Great Success On Development On Wind Gear Box



- **Cooperation with GE on the development of the 1.5MW wind power gearbox product is a huge success:**
 - According to the data of the performance test, all the results has exceed the performance of the same type of machine in Europe
 - The design of the gear box has reached the world first class level
 - GE orders will increase significantly in 2009 and 50% of GE's 1.5MW orders will be supplied from CHST by 2010

- **Testing of 2MW gearbox products is in progress**

Partnership With Alstom & ZF Company: Expand Rail System & Marine Business



- Cooperation with ZF Company to develop transmission equipment for large vessels and hydraulic paddle (CPP paddle)
- Invest in the development & production of controllable pitch propellers for export sales to ZF in the international market



- Entered into a development support service agreement with Alstom for mechanical transmission equipment for light rails and high-speed rails



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

Q&A





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

Thank You

Investor Relations Contact

www.chste.com

