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**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)**

## **VOLUNTARY ANNOUNCEMENT**

### **PROPOSED CAPITAL REDUCTION OF NANJING GAOCHUAN ELECTRICAL & MECHANICAL AUTO CONTROL EQUIPMENT CO., LTD., BEING THE COMPANY'S WHOLLY OWNED SUBSIDIARY**

This announcement is made voluntarily by China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”).

The Company announces that Nanjing Gaochuan Electrical & Mechanical Auto Control Equipment Co., Ltd. (南京高傳機電自動控制設備有限公司) (“**NGEM**”), an indirectly wholly owned subsidiary of the Company, has recently passed the board resolution to approve proposed reduction of its registered capital from RMB464,830,000 to RMB92,455,700.

The Company and its subsidiaries (the “**Group**”) are principally engaged in research, design, development, manufacture and distribution of a broad range of mechanical transmission equipment that are used in wind power and a wide range of industrial applications.

Since the main business scope of NGEM is the design, manufacturing and sale of mechanical and electrical equipment and automatic control systems, the Company considers that the proposed capital reduction as stated above is in the interest of the Company, which allows the Group to devote more resources to its core business, namely the manufacturing and distribution of a broad range of mechanical transmission equipment used in wind power and a wide range of industrial applications.

The cash proceeds of approximately RMB370 million to be transferred from NGEM to other members of the Group as a result of the proposed capital reduction will be used by the Group to repay the bank loans.

By order of the Board  
**China High Speed Transmission  
Equipment Group Co., Ltd.**  
**HU YUEMING**  
*Chairman*

Hong Kong, 20 October 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Liao Enrong, Mr. Gou Jianhui, Mr. Wang Zhengbing, Mr. Zhou Zhijin and Mr. Hu Jichun; and the independent non-executive directors are Mr. Jiang Xihe, Mr. Zhu Junsheng, Mr. Chen Shimin and Ms. Jiang Jianhua.*

*\* For identification purposes only*