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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)

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

The Board of the Company is pleased to announce that on 22 December 2016 (after trading hours), Nanjing High Accurate Drive, a wholly owned subsidiary of the Company, has entered into the JV Agreement with Nanjing Sanbao and Zhongbang for the establishment of the JV Company.

Pursuant to the JV Agreement, the JV Company shall be, after its establishment, owned as to 45% by Nanjing High Accurate Drive, 45% by Nanjing Sanbao and 10% by Zhongbang. The registered capital of the JV Company is expected to be RMB2 billion, which will be contributed by Nanjing High Accurate Drive, Nanjing Sanbao and Zhongbang in the respective amounts of RMB900 million, RMB900 million and RMB200 million.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total commitment of the Company to the JV Company pursuant to the JV Agreement are more than 5% but less than 25%, the entering into the JV Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

INTRODUCTION

The Board of the Company is pleased to announce that on 22 December 2016 (after trading hours), Nanjing High Accurate Drive, a wholly owned subsidiary of the Company, has entered into the JV Agreement with Nanjing Sanbao and Zhongbang for the establishment of the JV Company. The JV Company will become an associate company of the Company after its establishment.

THE JV AGREEMENT

The principal terms of the JV Agreement are summarized below:

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| Date | 22 December 2016 |
| Parties and shareholding ratio | (1) Nanjing High Accurate Drive (45%) (2) Nanjing Sanbao (45%) (3) Zhongbang (10%) |
| Total registered capital of the JV Company | RMB2 billion |
| Capital contribution | RMB2 billion, to be contributed as follows:- (1) 45% (amounting to RMB900 million) by Nanjing High Accurate Drive; (2) 45% (amounting to RMB900 million) by Nanjing Sanbao; and (3) 10% (amounting to RMB200 million) by Zhongbang |
| | The amount of capital contributions was determined after arm's length negotiation between the parties to the JV Agreement with reference to the capital contribution intentions of the parties. Capital contribution by Nanjing High Accurate Drive will be funded by the internal resources of the Group. |
| Scope of business | Primarily engaged in investment in the manufacturing industry |
| Board composition | The board of the JV Company will consist of 3 directors. Nanjing High Accurate Drive is entitled to appoint one director (which will also be the chairman of the board), the legal representative and the general manager. Each of Nanjing Sanbao and Zhongbang is entitled to appoint one director. |

Other terms

- (1) Nanjing High Accurate Drive and its team will be responsible for the day-to-day operation management of the JV Company;
- (2) Each of the parties to the JV Agreement is entitled to conduct audit on operation management and financials from time to time;
- (3) All matters to be deliberated by the board shall be approved by all the directors of the JV Company unanimously; and
- (4) Significant matters shall be approved by all of the shareholders of the JV Company unanimously.

INFORMATION ON THE GROUP AND THE PARTIES TO THE JV AGREEMENT

The Group is principally engaged in the research, design, development, manufacture and distribution of various types of mechanical transmission equipment for a broad range of applications in wind power generation and industrial use.

Nanjing Sanbao is a company incorporated in the PRC with limited liability and is principally engaged in investment and development of high-tech industry, project investment, consultation services and asset management.

Zhongbang is a company incorporated in the PRC with limited liability and is principally engaged in industrial investment, asset management and investment management. It is owned as to 9% by Fullshare Holdings Limited, the controlling shareholder of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, Zhongbang, Nanjing Sanbao and its ultimate beneficial owner are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

Through the formation of the JV Company, Nanjing High Accurate Drive, Nanjing Sanbo and Zhongbang are able to complement the strength of each other and share resources, which is beneficial to the development of the business of the JV Company. The Board expects that the JV Company may enhance future earning capability and potential of the Group.

The Board is of the view that the terms of the JV Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total commitment of the Company to the JV Company pursuant to the JV Agreement are more than 5% but less than 25%, the entering into the JV Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

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| “associates” | has the meaning as defined under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | China High Speed Transmission Equipment Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange |
| “connected persons” | has the meaning as defined under the Listing Rules |
| “Directors” | the director(s), including independent non-executive director(s), of the Company |
| “independent third party(ies)” | third party(ies) independent of and not connected with the Company and connected persons of the Company. |
| “JV Agreement” | means the joint venture agreement dated 22 December 2016 entered into between Nanjing High Accurate Drive, Nanjing Sanbao and Zhongbang in relation to the formation of the JV Company |
| “JV Company” | a limited liability company to be established under the JV Agreement and to be incorporated under the laws of the PRC |

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| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Nanjing High Accurate Drive” | Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd.* (南京高精傳動設備製造集團有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “Nanjing Sanbao” | Nanjing Sanbao Technology Group Co., Ltd.* (南京三寶科技集團有限公司), a company incorporated in the PRC with limited liability |
| “PRC” | means the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement |
| “RMB” | Renminbi, the lawful currency of PRC |
| “Zhongbang” | Zhongbang Jinkong Investment Co., Ltd.* (眾邦金控投資有限公司), a company incorporated in the PRC with limited liability |
| “%” | per cent |

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

Hong Kong, 22 December 2016

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yongdao, Mr. Gou Jianhui, Mr. Wang Zhengbing, Mr. Zhou Zhijin, Mr. Hu Jichun and Ms. Zheng Qing; the non-executive directors of the Company are Mr. Hu Yueming and Mr. Yuen Chi Ping; and the independent non-executive directors of the Company are Dr. Chan Yau Ching, Bob, Ms. Jiang Jianhua, Mr. Jiang Xihe and Mr. Nathan Yu Li.

**for identification purposes only*