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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 DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

On 20 April 2017, the Purchaser and the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the entire equity interest of the Disposal Company at a Consideration of RMB155,176,116.

Upon Completion of the Disposal, the Disposal Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The board (the “**Board**”) of directors (the “**Directors**”) of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that on 20 April 2017, 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) (the “**Vendor**”), a wholly-owned subsidiary of the Company, as vendor entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Jiangsu Shiji Yuntong Technology Co., Ltd.* (江蘇世紀運通科技有限公司) as purchaser (the “**Purchaser**”), pursuant to which the Vendor

agreed to sell, and the Purchaser agreed to purchase, the entire equity interest of Nanjing Jingjing Photoelectric Science & Technology Co., Ltd.* (南京京晶光電科技有限公司) (the “**Disposal Company**”) at a consideration of RMB155,176,116 (the “**Disposal**”).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

20 April 2017

Parties

- (i) Purchaser: Jiangsu Shiji Yuntong Technology Co., Ltd.* (江蘇世紀運通科技有限公司)
- (ii) Vendor: 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 People’s Republic of China (“**PRC**”) with limited liability and is a wholly-owned subsidiary of the Company

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Equity interest to be disposed of

100% of the equity interest of the Disposal Company to be sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement.

Consideration

The consideration is RMB155,176,116 (the “**Consideration**”) payable by the Purchaser to Vendor by way of cash in the following manner:

- (i) 20% of the Consideration within 3 business days upon signing of the Sale and Purchase Agreement (the “**Deposit**”);
- (ii) 30% of the Consideration within 120 business days upon signing of the Sale and Purchase Agreement; and

(iii) 50% of the Consideration within 160 business days upon signing of the Sale and Purchase Agreement.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendor, with reference to the fair value of the Disposal Company.

Completion

Completion of the Disposal (the "**Completion**") shall take place upon the registration of the transfer of the equity interest with the relevant industrial and commerce authority in the PRC and the obtainment of the new business license within twenty (20) business days of the receipt of the Deposit by the Vendor from the Purchaser.

Other terms

The Disposal Company undertakes that within 160 business days upon signing of the Sale and Purchase Agreement, it shall fully pay the Vendor or its associates an outstanding sum in a total amount of approximately RMB466,784,047 (the "**Repayment Amount**"). If the Disposal Company fails to fully pay the Repayment Amount on or before the prescribed period, the Vendor or its associates is entitled to charge the Disposal Company an interest of 10% per annum for the remaining outstanding amount.

INFORMATION RELATING TO THE GROUP AND THE PURCHASER

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.

The Purchaser is a company incorporated in PRC with limited liability and is principally engaged in the sales, manufacturing and research and development of digital audio, video decoding equipment, electronic equipment, satellite communications systems, electrical machinery and related products.

INFORMATION ABOUT THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in PRC with limited liability and is principally engaged in the sales, manufacturing and design of digital products, transistor, chips, and LED displays products.

Financial Information of the Disposal Company

Set out below is the unaudited financial information of the Disposal Company for the financial years ended 31 December 2015 and 31 December 2016:

	For the financial year ended 31 December	
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	2015	2016
Loss before taxation	27,440	158,161
Loss after taxation	28,943	160,383

As at 31 December 2016, the unaudited total assets value and net asset value of the Disposal Company were approximately RMB1,497,973,000 and RMB110,861,000, respectively.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the unaudited financial statements of the Disposal Company as at 31 December 2016, the Group is expected to record a gain of approximately RMB44,315,000 (before taxation and subject to audit) from the Disposal, which is calculated with reference to the Consideration and the net asset value of the Disposal Company as at 31 December 2016.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the results and assets and liabilities of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Group.

Proceeds of the Disposal are intended for general working capital purposes of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The business of the Disposal Company is loss-making as a result of unfavourable market conditions in the relevant industry. The Disposal represents a continuation of the Group's strategy to strip loss-making business, streamline its businesses and increase its overall performance and prospects. The Directors are of the view that the Disposal will enhance the cash position and working capital of the Group, and thus allow the Group to restructure its strategic business position and focus in pursuing the development of its core businesses.

The terms of the Sale and Purchase Agreement were negotiated by the parties on an arm's length basis. Accordingly, the Directors consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders of the Company (the "**Shareholders**") as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in respect of the Disposal exceeds 5% but is less than 25%, the Disposal therefore constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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

Hong Kong, 27 April 2017

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

** for identification purposes only*