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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 TRANSACTIONS

(I) SUBSCRIPTIONS OF STRUCTURED BANK DEPOSITS

WITH CHINA MINSHENG BANK

(II) SUBSCRIPTIONS OF STRUCTURED BANK DEPOSITS

WITH CHINA PING AN BANK

STRUCTURED DEPOSIT AGREEMENTS WITH CHINA MINSHENG BANK

The Board announces that Nanjing Drive, an indirect wholly-owned subsidiary of the Company, entered into the MS Structured Deposit Agreement I, MS Structured Deposit Agreement II and MS Structured Deposit Agreement III with China Minsheng Bank (Nanjing branch) on 25 July 2018, 17 August 2018 and 8 January 2019, respectively, pursuant to which Nanjing Drive subscribed for the MS Structured Bank Deposits with an aggregated principal amount of RMB500,000,000.

STRUCTURED DEPOSIT AGREEMENTS WITH CHINA PING AN BANK

Nanjing Drive entered into the PA Structured Deposit Agreement I, PA Structured Deposit Agreement II and PA Structured Deposit Agreement III with China Ping An Bank (Nanjing branch) on 10 January 2018, 24 July 2018 and 25 December 2018, respectively, pursuant to which Nanjing Drive subscribed for the PA Structured Bank Deposits with an aggregated principal amount of RMB370,000,000.

Nanjing High Speed, an indirect wholly-owned subsidiary of the Company, entered into the PA Structured Deposit Agreement IV with China Ping An Bank (Nanjing branch) on 4 December 2018, pursuant to which Nanjing High Speed subscribed for the PA Structured Bank Deposit with a principal amount of RMB163,000,000.

The aggregated principal amount of the PA Structured Bank Deposits is RMB533,000,000.

LISTING RULES IMPLICATIONS

As each of the MS Structured Bank Deposits and PA Structured Bank Deposits is of similar nature, each of the MS Subscriptions and PA Subscriptions shall be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios, on an aggregate basis, in respect of each of the MS Subscriptions and PA Subscriptions exceed 5% but are less than 25%, each of the MS Subscriptions and PA Subscriptions constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

STRUCTURED DEPOSIT AGREEMENTS WITH CHINA MINSHENG BANK

Nanjing Drive entered into the MS Structured Deposit Agreement I, MS Structured Deposit Agreement II and MS Structured Deposit Agreement III with China Minsheng Bank (Nanjing branch) on 25 July 2018, 17 August 2018 and 8 January 2019, respectively, pursuant to which Nanjing Drive subscribed for the MS Structured Bank Deposits with an aggregated principal amount of RMB500,000,000.

MS Structured Deposit Agreement I

A summary of the principal terms of the MS Structured Deposit Agreement I is set out as follows:

Date	: 25 July 2018
Parties	: (1) Nanjing Drive; and (2) China Minsheng Bank (Nanjing branch)
Product name	: 掛鈎利率結構性存款 (Interest rate-linked structured bank deposit*)
Classification of product	: Structured bank deposit (Principal-guaranteed)
Principal amount	: RMB100,000,000
Term	: From 25 July 2018 to 25 July 2019
Linked target	: USD 3-month LIBOR

Yield : The yield of the deposit is linked to the USD 3-month LIBOR, which is calculated by the following formula:

$$4.65\% \times \frac{n_1}{N} + 4.55\% \times \frac{n_2}{N}$$

where

n1 is the number of days when the USD 3-month LIBOR is larger than or equal to zero but smaller than 0.05%; n2 is the number of days when the USD 3-month LIBOR is larger than or equal to 0.05% but smaller than 5.05%; and N is the total number of days from the date of the establishment to the maturity date of the Subscription

Early withdrawal : In case of default or early withdrawal, the principal amount shall be returned to Nanjing Drive without any return and/or interest. Also, Nanjing Drive has to pay a default penalty, which is 5% of the principal amount

MS Structured Deposit Agreement II

A summary of the principal terms of the MS Structured Deposit Agreement II is set out as follows:

Date : 17 August 2018

Parties : (1) Nanjing Drive; and
(2) China Minsheng Bank (Nanjing branch)

Product name : 掛鈎利率結構性存款 (Interest rate-linked structured bank deposit*)

Classification of product : Structured bank deposit (Principal-guaranteed)

Principal amount : RMB300,000,000

Term : From 17 August 2018 to 16 August 2019

Linked target : USD 3-month LIBOR

Yield : The yield of the deposit is linked to the USD 3-month LIBOR, which is calculated by the following formula:

$$4.45\% \times \frac{n_1}{N} + 4.35\% \times \frac{n_2}{N}$$

where

n1 is the number of days when the USD 3-month LIBOR is larger than or equal to zero but smaller than 0.05%; n2 is the number of days when the USD 3-month LIBOR is larger than or equal to 0.05% but smaller than 5.05%; and N is the total number of days from the date of the establishment to the maturity date of the Subscription

Early withdrawal : In case of default or early withdrawal, the principal amount shall be returned to Nanjing Drive without any return and/or interest. Also, Nanjing Drive has to pay a default penalty, which is 5% of the principal amount

MS STRUCTURED DEPOSIT AGREEMENT III

A summary of the principal terms of the MS Structured Deposit Agreement III is set out as follows:

Date : 8 January 2019

Parties : (1) Nanjing Drive; and
(2) China Minsheng Bank (Nanjing branch)

Product name : 掛鈎利率結構性存款 (Interest rate-linked structured bank deposit*)

Classification of product : Structured bank deposit (Principal-guaranteed)

Principal amount : RMB100,000,000

Term : From 8 January 2019 to 8 January 2020

Linked target : USD 3-month LIBOR

Yield : The yield of the deposit is linked to the USD 3-month LIBOR, which is calculated by the following formula:

$$4.30\% \times \frac{n1}{N} + 4.20\% \times \frac{n2}{N}$$

where

n1 is the number of days when the USD 3-month LIBOR is larger than or equal to zero but smaller than 0.05%; n2 is the number of days when the USD 3-month LIBOR is larger than or equal to 0.05% but smaller than 6.75%; and N is the total number of days from the date of the establishment to the maturity date of the Subscription

Early withdrawal : In case of default or early withdrawal, the principal amount shall be returned to Nanjing Drive without any return and/or interest.

STRUCTURED DEPOSIT AGREEMENTS WITH CHINA PING AN BANK

PA Structured Deposit Agreement I, II and III

Nanjing Drive entered into the PA Structured Deposit Agreement I, PA Structured Deposit Agreement II and PA Structured Deposit Agreement III with China Ping An Bank (Nanjing branch) on 10 January 2018, 24 July 2018 and 25 December 2018, respectively, pursuant to which Nanjing Drive subscribed for the PA Structured Bank Deposits with an aggregated principal amount of RMB370,000,000.

PA Structured Deposit Agreement I

A summary of the principal terms of the PA Structured Deposit Agreement I is set out as follows:

Date : 10 January 2018

Parties : (1) Nanjing Drive; and
(2) China Ping An Bank (Nanjing branch)

Product name : 平安銀行對公結構存款(掛鈎利率)產品 (Ping An Bank Corporate Structured Deposit Product (interest rate-linked)*)

Classification of product : Structured bank deposit (Principal-guaranteed)

Principal amount : RMB70,000,000

Term : From 10 January 2018 to 10 January 2019

Linked target : USD 3-month LIBOR

Yield : The yield of the deposit is linked to the USD 3-month LIBOR, which is calculated by the following formula:

$$(\text{Fixed yield} + \text{Floating yield}) \times \frac{\text{Actual investment day}}{365}$$

where

the floating yield is prorated to the number of days when the USD 3-month LIBOR fall in the range of 0.0000% to 5.0000% as a fraction of total number of investment days

Early termination : There is no right of early termination

PA Structured Deposit Agreement II

A summary of the principal terms of the PA Structured Deposit Agreement II is set out as follows:

Date : 24 July 2018

Parties : (1) Nanjing Drive; and
(2) China Ping An Bank (Nanjing branch)

Product name : 平安銀行對公結構存款(掛鈎利率)產品 (Ping An Bank Corporate Structured Deposit Product (interest rate-linked)*)

Classification of product : Structured bank deposit (Principal-guaranteed)

Principal amount : RMB200,000,000

Term : From 24 July 2018 to 23 January 2019

Linked target : USD 3-month LIBOR

Yield : The yield of the deposit is linked to the USD 3-month LIBOR, which is calculated by the following formula:

$$(\text{Fixed yield} + \text{Floating yield}) \times \frac{\text{Actual investment day}}{365}$$

where

the floating yield is prorated to the number of days when the USD 3-month LIBOR fall in the range of 0.0000% to 5.0000% as a fraction of total number of investment days

Early termination : There is no right of early termination

PA Structured Deposit Agreement III

A summary of the principal terms of the PA Structured Deposit Agreement III is set out as follows:

Date : 25 December 2018

Parties : (1) Nanjing Drive; and
(2) China Ping An Bank (Nanjing branch)

Product name : 平安銀行對公結構存款(100%保本掛鉤利率)產品 (Ping An Bank Corporate Structured Deposit Product (100% principal-guaranteed and interest rate-linked)*)

Classification of product : Structured bank deposit (Principal-guaranteed)

Principal amount : RMB100,000,000

Term : From 25 December 2018 to 21 June 2019

Linked target : USD 3-month LIBOR

Yield : The yield of the deposit is linked to the USD 3-month LIBOR, which is calculated by the following formula:

$$(\text{Fixed yield} + \text{Floating yield}) \times \frac{\text{Actual investment day}}{365}$$

where

the floating yield is prorated to the number of days when the USD 3-month LIBOR fall in the range of 0.0000% to 5.0000% as a fraction of total number of investment days

Early termination : There is no right of early termination

PA Structured Deposit Agreement IV

Nanjing High Speed entered into the PA Structured Deposit Agreement IV with China Ping An Bank (Nanjing branch) on 4 December 2018, pursuant to which Nanjing High Speed subscribed for the PA Structured Bank Deposit with a principal amount of RMB163,000,000.

A summary of the principal terms of the PA Structured Deposit Agreement IV is set out as follows:

Date : 4 December 2018

Parties : (1) Nanjing High Speed; and
(2) China Ping An Bank (Nanjing branch)

Product name : 平安銀行對公結構存款(100%保本掛鉤利率)產品 (Ping An Bank Corporate Structured Deposit Product (100% principal-guaranteed and interest rate-linked)*)

Classification of product : Structured bank deposit (Principal-guaranteed)

Principal amount : RMB163,000,000

Term : From 4 December 2018 to 4 June 2019

Linked target : USD 3-month LIBOR

Yield : The yield of the deposit is linked to the USD 3-month LIBOR, which is calculated by the following formula:

$$(\text{Fixed yield} + \text{Floating yield}) \times \frac{\text{Actual investment day}}{365}$$

where

the floating yield is prorated to the number of days when the USD 3-month LIBOR fall in the range of 0.0000% to 5.0000% as a fraction of total number of investment days

Early termination : There is no right of early termination

The aggregated principal amount of the PA Structured Bank Deposits is RMB533,000,000.

INFORMATION ON THE PARTIES

The Group

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.

China Minsheng Bank

China Minsheng Bank is a commercial bank licensed under the laws of the PRC and the H shares of which are listed on the Stock Exchange (Stock code: 1988). China Minsheng Bank and its subsidiaries mainly provide corporate and personal banking, treasury business, finance leasing, asset management and other financial services in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of China Minsheng Bank and its ultimate beneficial owners as publicly disclosed by China Minsheng Bank are third parties independent of the Company and its connected persons.

China Ping An Bank

China Ping An Bank is a commercial bank licensed under the laws of the PRC and the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 000001). China Ping An Bank and its subsidiaries mainly provide financial services to customers which includes, among others, individuals, corporations and government departments in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of China Ping An Bank and its ultimate beneficial owners as publicly disclosed by China Ping An Bank are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE STRUCTURED DEPOSIT AGREEMENTS

The Group intends to maximise the return on capital by deploying temporary idle funds reasonably and effectively. Subscribing for the structured deposits under the Structured Deposit Agreements is consistent with this objective. The return obtained from the Structured Deposit Agreements is more lucrative than that of current deposit or term deposit while the risk arising from the Structured Bank Deposits exposed by the Group is minimal as it is principal-guaranteed.

The Subscriptions were conducted on the premises that such investments would not affect the working capital of the Group or the operation of the Group's principal business.

The terms and conditions of the Structure Deposit Agreements are arrived at after arm's length negotiation between Nanjing Drive and Nanjing High Speed and each of China Minsheng Bank and China Ping An Bank, taking into account, among others, the prevailing market interest rate and the investment needs of the Group. As such, the Directors consider that the terms and conditions of each of the Structured Deposit Agreements and the Subscriptions are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

For the financial periods prior to 1 January 2018, the Structured Bank Deposits are presented as an individual item under the current assets category in the consolidated statement of financial position of the Group. Due to the introduction of IFRS 9 which becomes effective from 1 January 2018, the Structured Bank Deposits were classified to financial assets at fair value through profit and loss as at 1 January 2018 because they no longer meet the IFRS 9 criteria for classification at amortised cost, as their cash flows do not represent solely payments of principal and interest. As such, from 2018 onwards, each of the MS Subscriptions and PA Subscriptions constitute transactions under Rule 14.04(1) of the Listing Rules and are therefore subject to notifiable transactions requirements. The Directors are only aware of the impact of such re-classification recently and has procured to re-comply with the requirements under Chapter 14 of the Listing Rules as soon as possible.

As each of the MS Structured Bank Deposits and PA Structured Bank Deposits is of similar nature, each of the MS Subscriptions and PA Subscriptions shall be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios, on an aggregate basis, in respect of each of the MS Subscriptions and PA Subscriptions exceed 5% but are less than 25%, each of the MS Subscriptions and PA Subscriptions constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expression shall have the following meanings:

“Board”	the board of Directors
“China Minsheng Bank”	China Minsheng Banking Corp., Ltd., a commercial bank licensed under the laws of the PRC and the H shares of which are listed on the Stock Exchange (Stock code: 1988)
“China Ping An Bank”	China Ping An Bank Co., Ltd., a commercial bank licensed under the laws of the PRC and the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 000001)
“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 person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	the International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MS Structured Bank Deposit(s)”	the structured bank deposit(s) issued by China Minsheng Bank (Nanjing branch), the main terms of which are summarised in the section headed “STRUCTURED DEPOSIT AGREEMENTS WITH CHINA MINSHENG BANK” of this announcement
“MS Structured Deposit Agreement I”	the structured deposit agreement entered into between Nanjing Drive and China Minsheng Bank (Nanjing branch) on 25 July 2018, the principal amount of which was RMB100,000,000
“MS Structured Deposit Agreement II”	the structured deposit agreement entered into between Nanjing Drive and China Minsheng Bank (Nanjing branch) on 17 August 2018, the principal amount of which was RMB300,000,000
“MS Structured Deposit Agreement III”	the structured deposit agreement entered into between Nanjing Drive and China Minsheng Bank (Nanjing branch) on 8 January 2019, the principal amount of which was RMB100,000,000
“MS Subscriptions”	the subscriptions of the MS Structured Bank Deposits
“Nanjing 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), an indirect wholly-owned subsidiary of the Company
“Nanjing High Speed”	Nanjing High Speed Gear Manufacturing Co., Ltd.* (南京高速齒輪製造有限公司), an indirect wholly-owned subsidiary of the Company
“PA Structured Bank Deposit(s)”	the structured bank deposit(s) issued by China Ping An Bank (Nanjing branch), the main terms of which are summarised in the section headed “STRUCTURED DEPOSIT AGREEMENTS WITH CHINA PING AN BANK” of this announcement
“PA Structured Deposit Agreement I”	the structured deposit agreement entered into between Nanjing Drive and China Ping An Bank (Nanjing branch) on 10 January 2018, the principal amount of which was RMB70,000,000

“PA Structured Deposit Agreement II”	the structured deposit agreement entered into between Nanjing Drive and China Ping An Bank (Nanjing branch) on 24 July 2018, the principal amount of which was RMB200,000,000
“PA Structured Deposit Agreement III”	the structured deposit agreement entered into between Nanjing Drive and China Ping An Bank (Nanjing branch) on 25 December 2018, the principal amount of which was RMB100,000,000
“PA Structured Deposit Agreement IV”	the structured deposit agreement entered into between Nanjing High Speed and China Ping An Bank (Nanjing branch) on 4 December 2018, the principal amount of which was RMB163,000,000
“PA Subscriptions”	the subscriptions of the PA Structured Bank Deposits
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Bank Deposit(s)”	collectively, the MS Structured Bank Deposits and the PA Structured Bank Deposits
“Structured Deposit Agreements”	collectively, the MS Structured Deposit Agreement I, MS Structured Deposit Agreement II, MS Structured Deposit Agreement III, PA Structured Deposit Agreement I, PA Structured Deposit Agreement II, PA Structured Deposit Agreement III and PA Structured Deposit Agreement IV
“Subscription(s)”	collectively, the MS Subscriptions and the PA Subscriptions, and each, a Subscription
“USD”	the United States dollar, the lawful currency of the United States

“USD 3-month LIBOR” an indicative average interest rate at which a selection of banks in London are prepared to lend to one another in USD with a maturity of three months

“%” percent

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

Hong Kong, 16 May 2019

As at the date of this announcement, the executive Directors are Mr. Chen Yongdao, 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*