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## **DISCLOSEABLE TRANSACTION LAND RESUMPTION**

The Board announces that according to the planning requirements of the Local Government, the Company's wholly-owned subsidiary, Nanjing High Speed, has entered into the Land Resumption Agreement with the Land Reserve Centre and Science Park Development which provides for detailed provisions as to resumption of the Resumed Land and Properties of Nanjing High Speed and compensation for the relocation expenses and losses for a compensation amount of RMB1.3 billion.

As the applicable percentage ratio as defined in Chapter 14 of the Listing Rules the resumption as contemplated under the Resumption Agreement is higher than 5% but less than 25%, the resumption as contemplated under the Resumption Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and accordingly, is subject to disclosure requirement set out in the Listing Rules.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

### **THE LAND RESUMPTION**

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## **THE RESUMPTION AGREEMENT**

### **Date**

14 March 2015

### **Effective Date**

The Resumption Agreement shall become effective only after signing and affixation of the chops by the all the parties thereto. Nanjing High Speed signed the agreement on 14 March 2015 but has only been provided with the Resumption Agreement signed together with affixation of official chops by all parties on 27 March 2015.

### **Parties to the Resumption Agreement**

1. Nanjing High Speed, a wholly owned subsidiary of the Company, which is principally engaged in manufacture and sales of gear, gear box and fittings;
2. The Land Reserve Centre; and
3. Science Park Development.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Land Reserve Centre and Science Park Development and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

### **Resumption and Relocation**

The Resumed Land was reclassified as land for the development of the residential properties according to the planning requirements of the Local Government and accordingly Nanjing High Speed's existing production facilities situate on the Resumed Land shall be relocated.

Pursuant to the Resumption Agreement, Nanjing High Speed shall complete the relocation before the end of 2016.

## **Compensation**

The compensation amount of RMB1.3 billion shall be payable by the Land Reserve Centre to Science Park Development in the following manner for onward transfer to Nanjing High Speed:

1. RMB300 million payable on or before 25 March 2015 and after the Resumption Agreement becomes effective. Nanjing High Speed has received the first instalment of RMB300 million;
2. RMB400 million payable by the end of September 2015; and
3. The remaining amount of RMB600 million payable by the Land Reserve Centre in accordance with the payment progress of the finance department within three working days, after sale of the Resumed Land through listing-for-sale process and signing of the land surrender confirmation by the transferee and the land bureau without any leftover problems.

The compensation amount was determined according to the decision of the Local Government with reference to, among other things, the valuation of the Resumed Land and Properties (appraised to be approximately RMB414,000,000 as at March 2013), by an independent PRC property valuer, the valuation of the affected equipment and the possible costs and losses of the relocation.

## **Other major obligations of Nanjing High Speed**

Among other things, Nanjing High Speed is required to deal with the affairs such as creditors' rights, debts and staff resettlement in relation to the Resumed Land.

## **Completion**

The relocation of Nanjing High Speed's existing production facilities on the Resumed Land is required to be completed before the end of 2016.

## **INFORMATION ON THE RESUMED LAND AND PROPERTIES**

The Resumed Land and Properties comprise two pieces of industrial use land of an aggregate site area of 172,131 sq. m. situated at the west of Tianyin Road (天印大道) and at the south of Kejian Road (科健路) of Nanjing Jiangning High-tech Industrial Park, which has been owned by Nanjing High Speed, together with buildings, structures and attachments located thereon and thereunder. The Resumed Properties has a GFA of 116,930.72 sq. m. The net book value of the Resumed Land and Properties was approximately RMB215,000,000 as at 31 December 2014.

They are principally used as the production facilities of Nanjing High Speed for the production of certain wind power gear transmission equipment.

The Company confirmed that the operations and production currently carried on at the existing production facilities located at the Resumed Land will continue until the completion of relocation. The Directors will ensure the disruption to the overall operations and production of Nanjing High Speed is kept minimal. As at the date of this announcement, Nanjing High Speed plans to relocate its existing production facilities on the Resumed Land to the New Land by the end of 2016.

## **INFORMATION ON THE PARTIES**

The Group is principally engaged in research, design, development, manufacture and distribution of a broad range of mechanical transmission equipment that are used in a wide range of industrial applications.

To the best of the Directors' knowledge, information and belief, the Land Reserve Centre, which, for the purpose of this Agreement, is the local authority responsible for the resumption operation of the Resumed Land and the preliminary organization work of listing-for-sale of the Resumed Land; and the Science Park Development, which is a state owned enterprise principally engaged in development of Nanjing Jiangning High-tech Industrial Park. The Science Park Development is entrusted by the Land Reserve Centre to coordinate and implement the demolition and relocation of the Resumed Land and to surrender the land to the Land Reserve Centre.

## **POSSIBLE FINANCIAL EFFECT OF THE RESUMPTION AND RELOCATION**

Based on the net book value of the Resumed Land and Properties as at 31 December 2014 and the estimated costs and losses of the land resumption and relocation, it is expected that the Group will realise a gain from the resumption of approximately RMB300,000,000 (not taking into account other possible tax and expenses).

The actual amount of gain or loss of the Group depends on, amongst other things, the relevant net book value as at completion and the actual costs and losses and is subject to the final audit, and thus it may be different from the said amount.

## **REASONS FOR AND BENEFITS OF THE RESUMPTION AND RELOCATION**

In accordance with the urban development planning of Nanjing Jiangning High-tech Industrial Park, the Resumed Land and Properties, which is currently occupied by Nanjing High Speed as one of its production facilities, has been reclassified as land for development of residential properties and as a result, Nanjing High Speed should relocate its production facilities and surrender the Resumed Land to the Local Government.

In view of the fact that the compensation amount is by reference to the valuation of the Resumed Land and Properties performed by the PRC independent property valuer; and the possible costs and losses, the Directors consider that the amount of compensation and the terms of the Resumption Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The compensation amount will be principally applied for paying the relocation expenses and as the general working capital of the Group.

## **LISTING RULE IMPLICATION**

As the applicable percentage ratio as defined in Chapter 14 of the Listing Rules the resumption as contemplated under the Resumption Agreement is higher than 5% but less than 25%, the resumption as contemplated under the Resumption Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and accordingly, is subject to disclosure requirement set out in the Listing Rules.

**Investors and shareholders are advised by the Board to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the meaning set out below:

“Board”	the board of Directors
“Company”	China High Speed Transmission Equipment Group Co., Ltd., an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Land Reserve Centre”	江寧區土地收購儲備中心 (Jiangning Land Purchase and Reserve Centre ), a local authority of Jiangning District
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Local Government”	江寧區人民政府 (the People’s Government of Jiangning District )
“Nanjing High Speed”	南京高速齒輪製造有限公司 (Nanjing High Speed Gear Manufacturing Co., Ltd.), a company incorporated in PRC with limited liability and is a wholly-owned subsidiary of the Company
“New Land”	the land located at the Industrial Park Phase II of Nanjing Jiangning High-tech Industrial Park, to which Nanjing High Speed plans to relocate
“PRC”	The People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan

“Resumed Land”	the land on which one of the plants currently owned by Nanjing High Speed is located, situated at Nanjing Jiangning High-tech Industrial Park, as more particularly described in the Resumption Agreement
“Resumed Land and Properties”	collectively, the Resumed Land and the Resumed Properties
“Resumed Properties”	the properties built on the Resumed Land currently occupied by Nanjing High Speed and situated at Nanjing Jiangning High-tech Industrial Park as more particularly described in the Resumption Agreement
“Resumption Agreement”	A state land use right resumption agreement dated 14 March 2015 between Nanjing High Speed, the Land Reserve Centre and Science Park Development relating to the resumption of the Resumed Land and Properties
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Science Park Development”	南京江寧科學園發展有限公司 (Nanjing Jiangning Science Park Development Company Limited), a state owned enterprise incorporated under the laws of the PRC

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

Hong Kong, 8 April 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Lu Xun, Mr. Li Shengqiang, Mr. Liu Jianguo, Mr. Liao Enrong and Mr. Jin Maoji; and the independent non-executive directors are Mr. Zhu Junsheng, Mr. Jiang Xihe, Mr. Chen Shimin and Ms. Jiang Jianhua.*

*\* For identification purposes only*