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**ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
DISPOSAL OF LISTED SECURITIES**

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The Vendors, which are the subsidiaries of the Company, disposed an aggregate of 26,099,071 Riyue Shares through open market and block trade in a series of transactions conducted during the period between 3 August 2020 and 20 July 2021 at a consideration of approximately RMB599,865,000 (after deducting transaction costs).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposals, exceeds 5% but is less than 25%, the Disposals constitute discloseable transaction of the Company and accordingly are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

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The consideration for the Disposals represented the market prices of the Riyue Shares at the time of the relevant transaction and had been fully settled in cash and received by the Vendors. The Disposals were made on the open market through the brokerage agent which is an Independent Third Party as at the relevant transaction date. Therefore, the Company is unable to identify the market buyer(s) and whether such buyer(s) are connected person(s) of the Company. In the event that the Company becomes aware that any buyer of the Disposals is a connected person of the Company, the Company will comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as applicable.

FINANCIAL IMPACT OF THE DISPOSALS AND INTENDED USE OF PROCEEDS

As at the date of this announcement, the Group holds 833,180 Riyue Shares (representing approximately 0.09% of the total issued share capital of Riyue which was calculated based on the total number of issued shares of Riyue of 967,604,009 according to the announcement published by Riyue on the website of the Shanghai Stock Exchange on 14 July 2021).

The Riyue Shares sold had an aggregate fair value of RMB600,598,000. For the year ended 31 December 2020 and for the period from 1 January 2021 up to the date of this announcement, the Group realised a gain of approximately RMB383,482,000 and RMB83,257,000, respectively, which were included in other comprehensive income and the respective gains were transferred to retained earnings, net of tax of approximately RMB95,871,000 and RMB17,456,000, respectively. The gain recognised for the year ending 31 December 2021 is subject to audit.

It is intended that the net proceeds of approximately RMB579,954,000 from the Disposals will be applied for working capital and other future investment opportunities of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Disposals (i) were made at the market prices and would enable the Group to recognise its investments in the Riyue Shares and (ii) would allow the Group to strengthen its cash position and thus would be able to utilise the net proceeds for general working capital and potential investment activities. Therefore, the Directors are of the view that the Disposals are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP AND THE VENDORS

The Company is a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Stock Exchange under the stock code 658. It 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 Drive is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is principally engaged in investment holding, sale of gear box and fittings and trading business.

Nanjing High Speed is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company, which is principally engaged in investment holding and sale of gear box and fittings.

INFORMATION OF RIYUE

According to publicly available information, Riyue is a company established in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 603218.SH). Pursuant to the annual report of Riyue published on the website of the Shanghai Stock Exchange for the financial year ended 31 December 2020, the Riyue Group engages in research and development, manufacturing and sale of large heavy industry equipment castings.

Set out below are the key figures extracted from the audited consolidated financial statements in the annual report of Riyue for the two financial years ended 31 December 2019 and 2020 published on the website of the Shanghai Stock Exchange:

	For the financial year ended 31 December	
	2019	2020
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>
Profit before taxation	574,939,000	1,132,591,000
Profit after taxation	504,540,000	979,174,000
	As at 31 December	
	2019	2020
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>
Net assets	3,542,958,000	8,298,867,000

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DEFINITIONS

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

“Board”	the board of Directors;
“Company”	China High Speed Transmission Equipment Group Co., Ltd.(中國高速傳動設備集團有限公司*), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 658);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposals”	the disposals by the Vendors of an aggregate of 26,099,071 Riyue Shares through open market and block trade in a series of transactions conducted during the period between 3 August 2020 and 20 July 2021;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, not a connected person of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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), a company established in the PRC with limited liability, 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), a company established in the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

“Riyue”	Riyue Heavy Industry Co., Ltd.(日月重工股份有限公司), a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 603218.SH);
“Riyue Group”	Riyue and its subsidiaries;
“Riyue Shares”	the ordinary shares in the issued share capital of Riyue;
“RMB”	the lawful currency of the PRC;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendors”	Nanjing Drive and Nanjing High Speed; and
“%”	per cent.

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

Hong Kong, 20 July 2021

As at the date of this announcement, the executive Directors are Mr. Hu Jichun, Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Wang Zhengbing, Mr. Zhou Zhijin, Ms. Zheng Qing, Mr. Gu Xiaobin and Mr. Fang Jian; 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*