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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  
RELATING TO  
INVESTMENT IN GUODIAN TECHNOLOGY &  
ENVIRONMENT GROUP CORPORATION LIMITED**

The Board is pleased to announce that on 2 December 2011, the Company entered into the Cornerstone Investment Agreement with, amongst other parties, Guodian Tech in relation to the proposed equity investment in Guodian Tech as part of its International Offering. The total consideration is approximately US\$40,000,000 (equivalent to approximately HK\$311,200,000).

As the applicable percentage ratio as defined in Chapter 14 of the Listing Rules for the transaction is higher than 5% but less than 25%, the transaction contemplated under the Cornerstone Investment 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.**

The Board is pleased to announce that on 2 December 2011, the Company entered into the Cornerstone Investment Agreement with, amongst other parties, Guodian Tech in relation to the proposed equity investment in Guodian Tech as part of its International Offering. The total consideration is approximately US\$40,000,000 (equivalent to approximately HK\$311,200,000).

The principal terms of the Cornerstone Investment Agreement are as follows:-

**PRINCIPAL TERMS OF THE CORNERSTONE INVESTMENT AGREEMENT**

**Date:** 2 December 2011

**Parties:**

1. the **Company**, the holding company of the Group;
2. **Guodian Tech**, a joint stock limited company incorporated in the PRC with limited liability;
3. **China International Capital Corporation Hong Kong Securities Limited**, a company incorporated in Hong Kong engaging in investment banking business and one of the Joint Sponsors to Guodian Tech in connection with its Global Offering; and
4. **UBS AG, Hong Kong Branch**, a subsidiary of UBS AG incorporated in Hong Kong engaging in investment banking business and one of the Joint Sponsors to Guodian Tech in connection with its Global Offering.

To the best knowledge of the Directors, neither Guodian Tech, the Joint Sponsors nor any of its respective ultimate beneficial substantial owners is a connected person (as defined in the Listing Rules) of the Company.

**Cornerstone Investment Agreement**

Subject to the terms and conditions of the Cornerstone Investment Agreement, the Company agreed to acquire the Investor Shares for the total consideration of approximately US\$40,000,000 (equivalent to approximately HK\$311,200,000). The number of the Investor Shares can only be determined after determination of the Offer Price. We will make further announcement as soon as practicable after the Offer Price and the number of the Investor Shares are determined. After completion of the transaction, Guodian Tech would not become an associated company nor a subsidiary of the Company.

**Conditions Precedent**

The completion of the Cornerstone Investment Agreement is conditional on satisfaction of, among other things, the following:

- (a) the underwriting agreement for the Hong Kong Public Offering and the underwriting agreement for the International Offering being entered into and having become effective and unconditional by no later than the time and date as specified (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) in those underwriting agreements;

- (b) neither of the aforesaid underwriting agreements having been terminated;
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the Investor Shares) and that such approval or permission having not been revoked; and
- (d) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

**Consideration:**

The total consideration for the acquisition of the Investor Shares is approximately US\$40,000,000 (equivalent to approximately HK\$311,200,000). Subject to satisfaction of the conditions precedent, the Company shall pay the consideration before 9:30 am Hong Kong time on the Listing Date.

The consideration of the Cornerstone Investment Agreement was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms by reference to the Offer Price.

The Group intends to pay the consideration in cash out of its internal resources and/or banking finance.

**Other Principal Terms:**

The Company agrees to be subject to, among other restrictions, a lock up period of 6 months following the Listing Date in accordance with the terms of the Cornerstone Investment Agreement.

**GENERAL INFORMATION OF GUODIAN TECH**

Guodian Tech was established on May 24, 1993 and operated under the name of Longyuan Power Environmental Protection Technology Development Company (龍源電力環保技術開發公司). On May 16, 2011, Guodian Tech was converted into a joint stock company under the name of Guodian Technology & Environment Group Corporation Limited (國電科技環保集團股份有限公司) with a registered capital of RMB4,850 million. China Guodian Corporation (中國國電集團公司) and GD Power Development Co., Ltd (國電電力發展股份有限公司) owns 51.0% and 49.0% of the company's equity shares respectively.

Guodian Tech is the largest environmental protection and energy conservation solutions services provider for coal-fired power plants operating in the PRC, based on cumulative installed capacity (in the case of its environmental protection solutions business) and contract value (in the case of its energy conservation solutions business) as of December 31, 2010; and a renewable energy equipment manufacturer and service provider, with a leading position in the PRC's wind turbine generator ("WTG") manufacturing industry, based on both newly installed capacity in 2010 and cumulative installed capacity as of December 31, 2010.

According to the information provided to the Company, Guodian Tech's net asset value amounted to approximately RMB8,252.0 million as at June 30, 2011; and its profits before taxation for 2009 and 2010 were approximately RMB 247.8 million and approximately RMB 680.5 million respectively; and its profits after taxation for 2009 and 2010 were RMB approximately 194.5 million and approximately RMB 561.8 million for 2009 and 2010 respectively; and its profits after taxation attributable to the equity owners/ shareholders of Guodian Tech for 2009 and 2010 were approximately RMB 95.5 million and approximately RMB 350.4 million for 2009 and 2010 respectively, under the IFRS.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

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.

The PRC Government has introduced several regulatory policies and measures focusing on the country's energy conservation, pollutant emissions reduction and renewable energy development, which support the further development and growth in the PRC's environmental protection, energy conservation and renewable energy industries. Guodian Tech is the largest solution service provider of environmental protection and energy conservation for coal-fired power plants in the PRC and a renewable energy equipment manufacturer and service provider with a leading position in the PRC's WTG manufacturing industry. As the cornerstone investor of Guodian Tech, the Directors consider that the Group's investment in Guodian Tech advantageous and will enable it to capture the growth in the PRC's environmental protection and energy conservation solutions and renewable energy equipment and services industries and maximize value for its shareholders.

Therefore, the Directors consider that the transaction are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## GENERAL

As the applicable percentage ratio as defined in Chapter 14 of the Listing Rules is higher than 5% but less than 25%, the transaction contemplated under the Cornerstone Investment Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and accordingly, is subject to the disclosure requirements 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
“Cornerstone Investment Agreement”	a cornerstone investment agreement executed by, amongst other parties, the Company and Guodian Tech on 2 December 2011 in relation to the Company’s proposed equity investment in Guodian Tech
“Director(s)”	the director(s) of the Company
“Global Offering”	global offering of H Shares of Guodian Tech comprising the Hong Kong Public Offering and the International Offering
“Group”	the Company and its subsidiaries
“Guodian Tech”	Guodian Technology & Environment Group Corporation Limited (國電科技環保集團股份有限公司), a joint stock limited company incorporated in the People’s Republic of China with limited liability
“H Shares”	the overseas foreign invested ordinary shares in the share capital of Guodian Tech having a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and which are proposed to be listed and traded on the Stock Exchange

“Hong Kong Public Offering”	an offer for subscription of H Shares of Guodian Tech by the public in Hong Kong
“IFRS”	International Financial Reporting Standards
“International Offering”	a conditional placing of H Shares of Guodian Tech outside the United States (including placing to professional and institutional investors in Hong Kong) in reliance on Regulation S under the Securities Act and in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act or any other available exemption from registration under the Securities Act
“Investor Shares”	the H Shares to be purchased by the Company pursuant to the Cornerstone Investment Agreement, the number of which shall be equal to (1) the Hong Kong dollar equivalent of US\$40,000,000) divided by (2) the Offer Price, rounded down to the nearest whole board lot of 1,000 H Shares. The exchange rate published on the Reuters page “HKD Fix =” at 11:15a.m. Hong Kong time on the day that Offer Price is determined shall be used
“Joint Sponsors”	the joint sponsors to Guodian Tech in connection with its Global Offering, being China International Capital Corporation Hong Kong Securities Limited and UBS AG, Hong Kong Branch
“Listing Date”	the date on which the H Shares are first listed on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offer Price”	the final Hong Kong dollar price per H Share (exclusive only of brokerage and transaction and trading levies) determined by agreement between Guodian Tech and the Joint Sponsors (each for themselves and on behalf of the underwriters), at which the H Shares are to be issued and sold pursuant to the Global Offering
“PRC”	The People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan

“Securities Act”	the United States Securities Act of 1933, as amended from time to time and rules promulgated thereunder.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK Dollars” or “HK\$”	Hong Kong dollar(s), the lawful currency of the Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US Dollars” or “US\$”	United States dollar(s), the lawful currency of the United States of America.
“%”	per cent

For illustration purpose, amounts in US\$ in this announcement have been translated into HK\$ at US\$1 = HK\$7.78.

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

Hong Kong, 5 December 2011

*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 and Mr. Chen Shimin.*

*\* For identification purposes only*