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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China High Speed Transmission Equipment Group Co., Ltd., you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

### **GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of the Company to be held at China Purple Mountain Ballroom, 2nd Floor, Jinling Hotel, No. 2 Hanzhong Road, Nanjing, Jiangsu, China at 9:30 a.m. on Friday, 20 June 2014 is set out on pages 13 to 16 of this circular. A proxy form for use at the annual general meeting is also enclosed.

Whether or not you intend to attend the annual general meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to our branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the annual general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjourned meeting thereof should you so wish.

\* For identification purpose only

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## CONTENTS

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<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
1. Introduction .....	3
2. General Mandate to Issue Shares .....	4
3. General Mandate to Repurchase Shares .....	4
4. Re-election of Retiring Directors .....	5
5. Annual General Meeting .....	5
6. Actions to be Taken .....	5
7. Voting by way of Poll .....	5
8. Recommendation .....	5
9. Closure of Register of Members .....	6
<b>Appendix I — Explanatory Statement</b> .....	7
<b>Appendix II — Biographical Details of the Directors Subject to Re-election</b> .....	10
<b>Notice of the Annual General Meeting</b> .....	13

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“AGM”	the annual general meeting of the Company to be held at China Purple Mountain Ballroom, 2nd Floor, Jinling Hotel, No. 2 Hanzhong Road, Nanjing, Jiangsu, China at 9:30 a.m. on Friday, 20 June 2014
“AGM Notice”	the notice convening the AGM as set out on pages 13 to 16 of this circular
“Articles of Association”	the articles of association of the Company as may be amended from time to time
“Board”	the board of Directors
“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“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
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate to be granted to the Directors to exercise the power of the Company to allot, issue and deal in Shares with a total nominal value not exceeding 20% of the total nominal value of the share capital of the Company in issue as at the date of passing of the relevant resolution
“Latest Practicable Date”	12 May 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Association”	the memorandum of association of the Company as may be amended from time to time

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## DEFINITIONS

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“PRC”	the People’s Republic of China, except where the context requires, geographical references to the PRC exclude Hong Kong, Macau and Taiwan
“Repurchase Mandate”	a general and unconditional mandate to be granted to the Directors to exercise the power of the Company to repurchase Shares with a total nominal value not exceeding 10% of the total nominal value of the share capital of the Company in issue as at the date of passing of the relevant resolution
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Hu Yueming

(Chairman and Chief Executive Officer)

Mr. Chen Yongdao

Mr. Lu Xun

Mr. Li Shengqiang

Mr. Liu Jianguo

Mr. Liao Enrong

Mr. Jin Maoji

*Independent Non-Executive Directors:*

Mr. Zhu Junsheng

Mr. Jiang Xihe

Mr. Chen Shimin

Ms. Jiang Jianhua

*Registered office:*

4th Floor, Harbour Place

103 South Church Street

George Town

Grand Cayman KY1-1002

Cayman Islands

*Head office and principal place  
of business in Hong Kong:*

Room 1302

13th Floor

Top Glory Tower

No. 262 Gloucester Road

Causeway Bay

Hong Kong

19 May 2014

*To the Shareholders*

Dear Sir or Madam

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with the relevant information regarding the grant of the Issue Mandate and the Repurchase Mandate, the re-election of Directors in accordance with the Articles of Association and to give you notice of the AGM at which resolutions will be proposed for our Shareholders to consider and, if thought fit, approve, among other matters, the aforesaid matters.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### 2. GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 21 June 2013, the Directors were given a general mandate to issue Shares.

At the AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, grant the Issue Mandate. The Shares which may be allotted and issued pursuant to the Issue Mandate are up to 20% of the issued share capital of the Company on the date of passing the resolution approving the Issue Mandate. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,635,291,556 Shares. Subject to the passing of the ordinary resolutions approving the Issue Mandate and on the basis that no further new Shares will be issued or repurchased up to the AGM, the Company would be allowed under the Issue Mandate to issue a maximum of 327,058,311 Shares. In addition, an ordinary resolution will also be proposed for the Shareholders to consider and, if thought fit, approve the extension of the Issue Mandate by adding the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate the number of Shares purchased under the Repurchase Mandate, if granted. Details of the Issue Mandate and the extension of the Issue Mandate are respectively set out in paragraphs 4 and 6 of the AGM Notice.

### 3. GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 21 June 2013, the Directors were given a general mandate to repurchase Shares.

Such general mandate to repurchase Shares will lapse at the conclusion of the AGM. In order to ensure flexibility for the Directors to repurchase any Shares, it is necessary to grant the Repurchase Mandate at the AGM, and ordinary resolution set out in paragraph 5 of the AGM Notice will be proposed to seek the Shareholders' approval for granting of the Repurchase Mandate at such meeting. The Shares which may be repurchased pursuant to the Repurchase Mandate are up to 10% of the issued share capital of the Company on the date of passing the resolution approving the Repurchase Mandate.

The Issue Mandate and Repurchase Mandate, if approved at the AGM, will continue in force until (a) the conclusion of next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (c) revoked or varied by ordinary resolution by our Shareholders in general meeting, whichever occurs first.

In accordance with the Listing Rules, an explanatory statement to provide Shareholders with all the information reasonably necessary for them to make an informed decision on the proposed resolution for the granting of the Repurchase Mandate is set out in the Appendix I hereto.

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## LETTER FROM THE BOARD

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### 4. RE-ELECTION OF RETIRING DIRECTORS

At the AGM, ordinary resolutions will also be proposed to re-elect Mr. Chen Yongdao, Mr. Lu Xun, Mr. Liao Enrong and Mr. Jiang Xihe in accordance with the Articles of Association. To enable our Shareholders to make an informed decision on the re-election of retiring Directors, the biographical details of these retiring Directors, as required under Chapter 13 of the Listing Rules, are set out in Appendix II to this circular.

### 5. ANNUAL GENERAL MEETING

A notice convening the AGM is set out on pages 13 to 16 of this circular. At the AGM, relevant resolutions will be proposed to approve, among other things, the granting of the Issue Mandate and the Repurchase Mandate and the re-election of the Directors.

### 6. ACTIONS TO BE TAKEN

A proxy form for use at the AGM is enclosed with this circular and such proxy form is also published on the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.chste.com](http://www.chste.com)). Whether or not you intend to attend the AGM or any adjournment thereof, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM if you so wish. In the event that a Shareholder having lodged a proxy form attends the AGM, his proxy form will be deemed to have been revoked.

### 7. VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM pursuant to Article 90 of the Articles of Association.

### 8. RECOMMENDATION

The Directors consider that the granting of the Issue Mandate and the Repurchase Mandate, and the re-election of the Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolutions to be proposed at the AGM. No Shareholder is required to abstain from voting in respect of any of the resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### 9. CLOSURE OF REGISTER OF MEMBERS

For determination of shareholders' right to attend and vote at AGM

Deadline for lodging transfer documents	4:30 p.m. on Tuesday, 17 June 2014
Closure of register of members	Wednesday, 18 to Friday, 20 June 2014
Record date	20 June 2014
AGM	20 June 2014

In order to qualify for the right to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than the deadlines for lodging transfer documents as set out above.

Yours faithfully,

For and on behalf of the Board

**China High Speed Transmission Equipment Group Co., Ltd.**

**Hu Yueming**

*Chairman*



This appendix serves as an explanatory statement, as required by the Listing Rules, to provide relevant information to you in connection with the Repurchase Mandate.

## **1. LISTING RULES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

- (a) the shares proposed to be purchased by the company are fully-paid up;
- (b) the company has previously sent to its shareholders an explanatory statement complying with the provisions of Rule 10.06(1)(b) of the Listing Rules; and
- (c) the shareholders of the company have given a specific approval or a general mandate to the directors of the company to make such purchase, by way of an ordinary resolution which complies with the provisions of Rule 10.06(1)(c) of the Listing Rules and which has been passed at a general meeting of the company duly convened and held and the company has delivered a copy of such resolution, together with the necessary supporting documentation, to the Stock Exchange in accordance with Rule 10.06(1)(d) of the Listing Rules.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued and fully-paid up share capital of the Company comprised 1,635,291,556 Shares. Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 163,529,155 Shares.

## **3. REASON FOR REPURCHASES**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and our Shareholders.

## **4. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and the Articles of Association and the applicable laws and regulations of the Cayman Islands. Pursuant to the Repurchase Mandate, repurchases will be made out of funds of the Company legally permitted to be utilized in this connection, including profits of the Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Companies Law, out of capital of the

Company and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company. The Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

## **5. IMPACT OF REPURCHASES**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the Annual Report for the year ended 31 December 2013) in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

## **6. SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	<b>Price per Share</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2013</b>		
May	4.56	3.61
June	4.09	3.23
July	3.75	3.15
August	3.60	3.15
September	3.65	3.20
October	4.23	3.29
November	4.20	3.70
December	4.28	3.85
<b>2014</b>		
January	5.32	4.18
February	5.98	4.51
March	6.75	5.28
April	6.12	5.22
May (up to the Latest Practicable Date)	5.62	4.77

**7. GENERAL**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise Repurchase Mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association and the applicable laws and regulations of the Cayman Islands.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell any Shares to the Company or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

**8. EFFECT OF TAKEOVERS CODE**

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Fortune Apex Limited is interested in 348,073,024 shares, representing approximately 21.29% of the total issued share capital of the Company, under the SFO. However, neither the Company nor Fortune Apex Limited is aware whether Luckever Holdings Limited and Wiaearn Holdings Limited hold any shares.

In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, the shareholdings of the Company held by Fortune Apex Limited, Luckever Holdings Limited and Wiaearn Holdings Limited would be increased. If their aggregate shareholdings reach 30% or more, they would be obligated to make a mandatory offer in accordance with Rule 26 of the Takeovers Code unless a whitewash waiver is obtained. Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchases made under the Repurchase Mandate. The Directors have no intention to exercise the Repurchase Mandate which may result in possible mandatory offer being made under the Takeovers Code or the public float of the Company falling below the minimum percentage prescribed by the Stock Exchange.

**9. SHARE REPURCHASE MADE BY THE COMPANY**

No purchase of Shares has been made by the Company in the six months prior to the Latest Practicable Date, whether on the Stock Exchange or otherwise.

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## APPENDIX II BIOGRAPHICAL DETAILS OF THE DIRECTORS SUBJECT TO RE-ELECTION

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The biographical details of the 4 Directors proposed to be re-elected at the AGM are set out as follows:

### DIRECTORS

**Mr. Chen Yongdao**, aged 51, is an executive Director of the Company. Mr. Chen is a university graduate. He obtained a bachelor's degree from Jiangsu Institute of Technology majoring in metal material and heat treatment in 1983 and a master's degree from Nanjing University of Science and Technology majoring in engineering in 2007. He is a senior engineer. He served as the deputy head of the inspection and gauging section, head of the production allocation section of the factory and deputy general manager of Nanjing High Speed Gear Factory. He has become a director and the deputy general manager of Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. ("NGC") since March 2007. Mr. Chen also holds directorship in certain subsidiaries of the Group, namely Nanjing High Speed & Accurate Gear (Group) Co., Ltd. ("Nanjing High Accurate"), Nanjing High Speed Gear Manufacturing Co., Ltd. ("Nanjing High Speed"), Nanjing High Accurate Marine Equipment Co., Ltd. ("Nanjing Marine"), Nanjing Dongalloy Machinery & Electronics Co., Ltd. ("Dongalloy"), Nanjing Ningkai Mechanical Co., Ltd. ("Ningkai"), Nanjing High Drive Automation Equipment Co., Ltd. ("High Drive"), Nantong Diesel Engine Co., Ltd. ("Nantong Diesel"), Zhenjiang Tongzhou Propeller Co., Ltd., China Transmission Holdings Limited ("China Transmission Holdings") and NGC Marine Propulsion Southeast Asia Pte. Ltd.. He is also the general manager of Nanjing Marine. Mr. Chen is an expert on heat treatment of metal material and has engaged in the research, design and development of mechanical transmission equipment production techniques, gauging and inspection of mechanical transmission equipment and enterprise management for nearly 30 years. He has received a number of awards for the achievement of his research on mechanical transmission equipment production techniques. He is also one of the members of the group of major shareholders of the Company (the "Management Shareholders").

**Mr. Lu Xun**, aged 59, is an executive Director of the Company. Mr. Lu graduated from Nanjing Aeronautical Institute majoring in managerial engineering in 1991. He also attended and finished postgraduate courses. He is a senior engineer. He worked as the deputy head of the quality assurance section, deputy head of the technology section, head of the operational planning section, deputy Chief Economist, head of the operational planning division and deputy general manager of Nanjing High Speed Gear Factory. He has become a director and deputy general manager of NGC since March 2007. Mr. Lu also holds directorship in certain subsidiaries of the Group, namely Nanjing High Accurate, Nanjing High Speed, High Drive, Nantong Diesel, Eagle Nice Holdings Limited and China Transmission Holdings. Mr. Lu is an expert on marketing management for mechanical transmission equipment and has engaged in the technology and marketing management of mechanical transmission equipment for more than 25 years and has extensive experience in marketing management and client resources. He is also one of the Management Shareholders.

**Mr. Liao Enrong**, aged 53, is an executive Director of the Company. Mr. Liao is a postgraduate. He graduated from Anhui Institute of Technology with a bachelor's degree majoring in metal material and heat treatment in 1984. He also attended and finished courses of investment economics in the Graduate School of the Chinese Academy of Social Sciences. He is a senior engineer. He has served as deputy head and head of the workshop, head of the technological reform section, deputy chief engineer, head of the enterprise management section, assistant to general manager of Nanjing High

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## APPENDIX II BIOGRAPHICAL DETAILS OF THE DIRECTORS SUBJECT TO RE-ELECTION

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Speed Gear Factory. Mr. Liao has been a director and deputy general manager of NGC since March 2007. Mr. Liao also holds directorship in certain subsidiaries of the Group, namely Nanjing High Accurate, Nanjing High Speed, Dongalloy, Ningkai, Nanjing Marine, Nanjing Ninghongjian Mechanical Co., Ltd., High Drive, Nanjing Gaochuan Sky Digital Control Equipment Manufacturing Co., Ltd., Zhong-Chuan Heavy Duty Equipment Co., Ltd., NGC Transmission Equipment (America), Inc. and China Transmission Holdings. He is also the general manager of High Drive. Mr. Liao has experience in the heat treatment of metal material and has engaged in technology, investment and enterprise management for more than 25 years. He is also one of the Management Shareholders.

**Mr. Jiang Xihe**, aged 55, is an independent non-executive Director of the Company. He is a Doctor in accountancy. He graduated from the Central University of Finance and Economics (中央財經大學) majoring in accountancy in June 1990. He obtained professional accounting qualification recognized in the PRC in July 1999. He is also a member of the Chinese Institute of Finance and Cost for Young & Mid-career professionals as well as a member of the Hong Kong International Accounting Association. He is currently a professor at the Faculty of Accounting and Financial Management of Nanjing Normal University (南京師範大學), head of Accounting and Financial Development Research Centre of Nanjing Normal University (南京師範大學) and the deputy dean of Jinling Girl's College, Nanjing Normal University (南京師範大學). Mr. Jiang joined the Company on 8 June 2007 as independent non-executive Director. He is also an independent non-executive director of Glarun Technology Co., Ltd., a company listed on the Shanghai Stock Exchange, and Hongda Xingye Co., Ltd., a company listed on the Shenzhen Stock Exchange.

Save as disclosed, each of the above proposed Directors has not held any directorship in any public listed company in the last three years.

As at the Latest Practicable Date, although Mr. Chen Yongdao, Mr. Lu Xun, and Mr. Liao Enrong owns certain interest in Fortune Apex Limited which is interested in 348,073,024 shares, representing approximately 21.29% of the issued share capital of the Company under the SFO, each of them does not have any interest in the issued share capital of the Company within the meaning of Part XV of the SFO. As at the Latest Practicable Date, Mr. Jiang Xihe does not have any interest in the issued share capital of the Company.

The term of his service as a Director will be renewed for another three years commencing from the date of forthcoming AGM and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association. The emoluments of Mr. Chen Yongdao, Mr. Lu Xun, Mr. Liao Enrong and Mr. Jiang Xihe as set out in the service agreement in the coming financial year are RMB3,150,000, RMB3,150,000, RMB3,150,000 and RMB120,000 per annum, respectively and such amount of discretionary bonus which the Company may decide to pay. Such emoluments are determined with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. For the year ended 31 December 2013, Mr. Chen Yongdao, Mr. Lu Xun, Mr. Liao Enrong and Mr. Jiang Xihe, respectively, received a total of RMB3,150,000, RMB3,150,000, RMB3,150,000 and RMB120,000 (including contributions to retirement benefits scheme for being a Director).

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## APPENDIX II BIOGRAPHICAL DETAILS OF THE DIRECTORS SUBJECT TO RE-ELECTION

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Save as disclosed, each of the above Directors does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Save as disclosed above, there are no other matters concerning the above proposed Directors that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Listing Rule 13.51(2) and there is no information which is required to be disclosed pursuant to any of the requirements of the Listing Rule 13.51(2)(h) to 13.51(2)(v).

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## NOTICE OF THE ANNUAL GENERAL MEETING

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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)

## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting of China High Speed Transmission Equipment Group Co., Ltd. (the “Company”) will be held at China Purple Mountain Ballroom, 2nd Floor, Jinling Hotel, No. 2 Hanzhong Road, Nanjing, Jiangsu, China at 9:30 a.m. on Friday, 20 June 2014 for the following purposes:

1. To receive and approve the audited consolidated financial statements together with the directors’ report and the independent auditor’s report of the Company for the year ended 31 December 2013.
2. To re-elect directors of the Company (the “Directors”) and to authorize the board of Directors to fix the Directors’ remuneration.
3. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and to authorize the board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

4. **“THAT:**
  - (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the exercise by the Directors during the Relevant Period (as hereinafter defined in this resolution) of all the powers of the Company to allot, issue and deal with any unissued shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) shall authorize the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the shares in the capital of the company to be issued either during or after the end of the Relevant Period (as hereinafter defined);

\* For identification purpose only

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (c) the aggregate nominal value of the share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of options which may be granted under any share option scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of shares or rights to acquire shares of the Company; or (iii) any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; or (iv) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20 per cent. of the total nominal value of the share capital of the Company in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution; and

“Rights Issue” means an offer of shares of the Company or issue of option, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”



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## NOTICE OF THE ANNUAL GENERAL MEETING

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5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal value of the shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10 per cent. of the total nominal value of the share capital of the Company in issue at the date of the passing of this resolution, and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution.”

6. “**THAT** conditional upon the ordinary resolutions set out in paragraphs 4 and 5 of the notice convening this meeting being passed, the general mandate granted to the Directors to allot, issue and deal in any unissued shares pursuant to the ordinary resolution set out in paragraph 4 of the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to the ordinary resolution set out in paragraph 5 of the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of the total nominal value of the share capital of the Company in issue at the date of the passing of this resolution.”

By Order of the Board  
**Lui Wing Hong, Edward**  
*Company Secretary*

Hong Kong, 19 May 2014

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## NOTICE OF THE ANNUAL GENERAL MEETING

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### Notes:

1. A member entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and, on a poll, vote in his stead. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and, on a poll, vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Wednesday, 18 June 2014 to Friday, 20 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of the shareholders who are entitled to attend and vote at the meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 17 June 2014.
4. Pursuant to Article 90 of the Articles of Association of the Company, the Chairman of the meeting will demand a poll on each of the resolutions put to the vote at the meeting.
5. With regard to ordinary resolutions set out in paragraphs 2 and 4 to 6 of this notice, a circular giving details of the Directors subject to re-election and general mandates to issue and to repurchase Shares will be despatched to Shareholders at the date hereof. The biographical details of the retiring Directors who are subject to re-election at the meeting are set out in Appendix II to the circular.
6. As at the date of this notice, the board of Directors comprises eleven Directors, of which Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Lu Xun, Mr. Li Shengqiang, Mr. Liu Jianguo, Mr. Liao Enrong and Mr. Jin Maoji are Executive Directors, Mr. Zhu Junsheng, Mr. Jiang Xihe, Mr. Chen Shimin and Ms. Jiang Jianhua are Independent Non-Executive Directors.