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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
LIMITED PARTNERSHIP AGREEMENT
FOR THE ESTABLISHMENT OF INVESTMENT FUND**

ESTABLISHMENT OF INVESTMENT FUND

The Board is pleased to announce that on 17 April 2017, Nanjing High Accurate Drive, a wholly owned subsidiary of the Company, entered into the Limited Partnership Agreement with thirty-four other Partners in respect of, among other matters, the establishment of the Investment Fund in the PRC and the subscription of interest therein. Pursuant to the Limited Partnership Agreement, the total capital commitment to the Investment Fund is RMB65.91 billion, among which, RMB2 billion is to be contributed by Nanjing High Accurate Drive as a Limited Partner.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Limited Partnership Agreement are more than 5% but less than 25%, the entering into of the Limited Partnership Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

ESTABLISHMENT OF INVESTMENT FUND

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THE LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are summarized below:

Date	17 April 2017
Name of the Investment Fund	浙江浙商產融股權投資基金合夥企業(有限合夥) (Zhejiang Zheshang Chanrong Share Investment Fund LLP*)
Partners	<i>General Partner and executive partner:</i> (i) Ningbo LLP <i>Class A Limited Partner:</i> (i) 杭州智輝資產管理有限公司 (Hangzhou Zhihui Asset Management Co., Ltd.*) <i>Class B Limited Partners:</i> (i) Nanjing High Accurate Drive (ii) 浙江盾安實業有限公司 (Zhejiang Dunan Co., Ltd.*) (iii) 浙江恒逸集團有限公司 (Zhejiang Hengyi Group Co., Ltd.*) (iv) 康美實業投資控股有限公司 (Kangmei Investment Holdings Co., Ltd.*) (v) 新湖中寶股份有限公司 (Xinhu Zhongbao Co., Ltd.) (vi) 和潤集團有限公司 (Herun Group Co., Ltd.*) (vii) 神霧科技集團股份有限公司 (Shenwu Technology Group Co., Ltd.*) (viii) 宜華企業(集團)有限公司 (Yihua (Group) Co., Ltd.*) (ix) 深圳海王集團股份有限公司 (Shenzhen Haiwang Group Co., Ltd.*)

- (x) 浙江永利實業集團有限公司 (Zhejiang Yongli Group Co., Ltd.*)
- (xi) 泰禾集團股份有限公司 (Thaihot Group Co., Ltd.)
- (xii) 深圳市東陽光實業發展有限公司 (Shenzhen Dongyangguang Development Co., Ltd.*)
- (xiii) 保億集團有限公司 (Baoyi Group Co., Ltd.*)
- (xiv) 廣田控股集團有限公司 (Guangtian Holdings Group Co., Ltd.*)
- (xv) 楚昌投資集團有限公司 (Chuchang Investment Group Co., Ltd.*)
- (xvi) 鐵牛集團有限公司 (Tieniu Group Co., Ltd.*)
- (xvii) 天馬軸承集團股份有限公司 (Tianma Bearing Group Co., Ltd.)
- (xviii) 浙江京藍得韜投資有限公司 (Zhejiang Jingnan Detao Investment Co., Ltd.*)
- (xix) 中崇集團有限公司 (Zhongchong Group Co., Ltd.*)
- (xx) 華孚控股有限公司 (Huafu Holdings Co., Ltd.*)
- (xxi) 剛泰集團有限公司 (Gangtai Group Co., Ltd.*)
- (xxii) 富春控股集團有限公司 (Fuchun Holdings Group Co., Ltd.*)
- (xxiii) 海南海藥投資有限公司 (Hainan Haiyao Investment Co., Ltd.*)
- (xxiv) 深圳市中恒匯志投資有限公司 (Shenzhen Zhongheng Huizhi Investment Co., Ltd.*)
- (xxv) 湖南科力遠高技術集團有限公司 (Hunan Keliyuan High Technology Group Co., Ltd.*)
- (xxvi) 深圳市彩虹創業投資集團有限公司 (Shenzhen Rainbow Investment Group Co., Ltd.*)
- (xxvii) 美都能源股份有限公司 (Meidu Holding Co., Ltd.)

(xxviii) 新洲集團有限公司 (Xinzhou Group Co., Ltd.*)

(xxix) 鴻達興業集團有限公司 (Hongda Xingye Group Co., Ltd.*)

(xxx) 銀河天成集團有限公司 (Yinhe Tiancheng Group Co., Ltd.*)

(xxxi) 浙江健然物資有限公司 (Zhejiang Jianran Resources Co., Ltd.*)

(xxxii) 天津飛旋科技有限公司 (Tianjin Feixuan Technology Co., Ltd.*)

(xxxiii) 創業軟件股份有限公司 (B-Soft Limited.)

Purpose of the Investment Fund and methods of investment

To establish and invest in 浙江浙商產融控股有限公司 (Zhejiang Zheshang Chanrong Holdings Co., Ltd.*) (the final name to be approved by and registered with the relevant registration authorities shall prevail), and to establish and invest in sub-funds.

Term of operation of the Investment Fund

The term of the Investment Fund shall commence on the date of the Limited Partnership Agreement and shall continue unless one of the following events occurs:

- (a) the General Partner becomes bankrupt, dissolved, wound up or the business license of the General Partner is forfeited;
- (b) all of the Partners agree to terminate the Investment Fund;
- (c) the General Partner resigns from the partnership;
- (d) the number of the Partners fails to meet the minimum number of partners as prescribed by the relevant law for a continuous thirty days;
- (e) the business license of the Investment Fund is forfeited, or the Investment Fund is ordered to close or deregister permanently; or
- (f) any other dissolution reason in accordance with the terms of the Limited Partnership Agreement.

Committed Capital contribution	<p>The total capital commitment to the Investment Fund under the Limited Partnership Agreement is RMB65.91 billion. Ningbo LLP, as the General Partner, has committed to contribute RMB10 million. Class A Limited Partner has committed to contribute RMB30 billion. Each of Nanjing High Accurate Drive and the other eleven Class B Limited Partners has committed to contribute RMB2 billion, totaling RMB24 billion, and the remaining capital commitment of the other twenty-one Class B Limited Partners amounts to RMB11.9 billion with the capital commitment of each of the twenty-one Class B Limited Partners ranging from RMB100 million to RMB1.2 billion.</p> <p>The equity interest of each of Class B Limited Partners or the aggregate equity interest of each of Class B Limited Partners together with their respective related party(ies) shall not exceed 10% of the total capital of the Investment Fund.</p> <p>The size of the Investment Fund and the capital contribution of each Partner are determined after arm's length negotiations between the General Partner and the Limited Partners with reference to the anticipated capital requirements of the Investment Fund.</p>
Subsequent fund raising	<p>The General Partner is entitled to raise further funds either from accepting new limited partner(s) or from existing Limited Partner(s) after the establishment of the Investment Fund.</p>
Payment of the capital contributions	<p>Each of the General Partner and Class B Limited Partners shall make their respective capital contributions to the Investment Fund up to their respective committed amounts in the following manners:</p> <ul style="list-style-type: none"> (i) 50% of the corresponding commitment in cash before 20 April 2017; and (ii) the remaining 50% of the corresponding commitment in cash before 31 July 2017.

Each of Class A Limited Partner(s) shall make their respective capital contributions to the Investment Fund up to their respective committed amounts in two installments within one year after the establishment of the Investment Fund in accordance with the progress of fund raising.

The Group will finance its capital contributions to the Investment Fund through its internal resources.

Implementation of partnership affairs

The General Partner serving as the executive partner will implement partnership affairs.

Annual management fee

The Investment Fund shall pay the General Partner an annual management fee out of the capital actually contributed by the Partners. For each of the Class A Limited Partner(s), the annual management fee shall be 1% of the total capital contribution that Class A Limited Partner actually contributed to the Investment Fund. For each of the Class B Limited Partner(s), the annual management fee shall be 0.5% of the total capital contribution that Class B Limited Partner actually contributed to the Investment Fund.

Profit and Loss Sharing

Subject to the terms of the Limited Partnership Agreement, the general principle for priority of profit distribution shall be Class A Limited Partner(s) first and then Class B Limited Partners and General Partner.

Profit of the Investment Fund shall be distributed in the following manner:

- (i) the annual entitlement for Class A Limited Partner(s) equals 6% of the amount to the total capital contributions that it actually contributed and if there is change in capital contribution actually paid in the relevant year, entitlement shall be calculated in accordance with the corresponding period for the relevant capital actually contributed; and

(ii) the remaining profit after distributions to the Class A Limited Partner(s), shall be distributed in proportion to the relevant capital actually contributed by the Class B Limited Partners and the General Partner.

Any loss incurred by the Investment Fund shall be borne by the Partners in proportion to their respective capital actually contributed to the Investment Fund.

The liability of each Limited Partners is capped by their respective committed capital contribution in the Investment Fund while the liability of General Partner is unlimited.

Profit sharing may be carried out once every half year, subject to the decision of the General Partner serving as the executive partner. Loss sharing will be carried out once every year.

Expenses

Subject to the terms and conditions of the Limited Partnership Agreement, the Investment Fund shall bear all expenses for its establishment, professional service fees, tax and administration fees in relation to dealings of assets of the Investment Fund, registration fees, fees for the preparation of reports and statements, expenses for Partners' meetings, management fees and any other fees which Investment Fund is responsible for.

Transfer of interests in the Investment Fund

The Partners are not generally permitted to transfer their interests in the Investment Fund to third parties who are not a Partner unless with the approval from Partners of two-third or more of the capital actually contributed.

INFORMATION ON THE GROUP AND THE PARTNERS

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.

To the best knowledge of the Directors, the principal activities of each of the Partners are as follows:

Ningbo LLP, as the General Partner and the executive partner, is a limited partnership established in the PRC and are principally engaged in investment management and consultancy service.

杭州智輝資產管理有限公司 (Hangzhou Zhihui Asset Management Co., Ltd*), as one of the Class A Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in asset management and investment management.

浙江盾安實業有限公司 (Zhejiang Dunan Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment and mining investment.

浙江恒逸集團有限公司 (Zhejiang Hengyi Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment.

康美實業投資控股有限公司 (Kangmei Investment Holdings Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment.

新湖中寶股份有限公司 (Xinhu Zhongbao Co., Ltd.), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment, investment management and information consultancy service.

和潤集團有限公司 (Herun Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment, property development and tourism investment.

神霧科技集團股份有限公司 (Shenwu Technology Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in development of fossil energy conservation technology, import and export of fossil energy conservation products and equipment.

宜華企業(集團)有限公司 (Yihua (Group) Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in investment in business other than those prohibited by the laws and regulations of PRC and leasing of assets.

深圳海王集團股份有限公司 (Shenzhen Haiwang Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in leasing of properties, production, export and research and development of various goods including rehabilitation equipment, medical equipment and health products.

浙江永利實業集團有限公司 (Zhejiang Yongli Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in financial consultancy services.

泰禾集團股份有限公司 (Taihot Group Co., Ltd.), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in property development, property management, financial information services and corporate management consultancy.

深圳市東陽光實業發展有限公司 (Shenzhen Dongyangguang Development Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment.

保億集團有限公司 (Baoyi Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment, information consultancy service and leasing of properties.

廣田控股集團有限公司 (Guangtian Holdings Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in investment management, asset management, investment consultancy and corporate management consultancy.

楚昌投資集團有限公司 (Chuchang Investment Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in real estate investment and commercial investment.

鐵牛集團有限公司 (Tieniu Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment and property development.

天馬軸承集團股份有限公司 (Tianma Bearing Group Co., Ltd.), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in sales of machine tools and bearings and investment management.

浙江京藍得韜投資有限公司 (Zhejiang Jingnan Detao Investment Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment and investment management.

中崇集團有限公司 (Zhongchong Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment, commercial consultancy and corporate management consultancy.

華孚控股有限公司 (Huafu Holdings Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment and property development.

剛泰集團有限公司 (Gangtai Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment, investment management and asset management.

富春控股集團有限公司 (Fuchun Holdings Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment and corporate management consultancy.

海南海藥投資有限公司 (Hainan Haiyao Investment Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment, investment consultancy and health consultancy and management.

深圳市中恒匯志投資有限公司 (Shenzhen Zhongheng Huizhi Investment Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in equity investment and investment consultancy services.

湖南科力遠高技術集團有限公司 (Hunan Keliyuan High Technology Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in research and development and sales of new energy and raw materials.

深圳市彩虹創業投資集團有限公司 (Shenzhen Rainbow Investment Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in direct investment in high-tech industries and other technological innovation industries, investment consultancy services.

美都能源股份有限公司 (Meidu Holding Co., Ltd.), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment, infrastructure investment, financial management consultancy, investment management and technology development of oil, natural gas exploration and petrochemical project.

新洲集團有限公司 (Xinzhou Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment, economic information consultancy and corporate image planning.

鴻達興業集團有限公司 (Hongda Xingye Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in project investment, corporate management and strategy consultancy.

銀河天成集團有限公司 (Yinhe Tiancheng Group Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in project investment management, investment consultancy and financial information consultancy services.

浙江健然物資有限公司 (Zhejiang Jianran Resources Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in industrial investment.

天津飛旋科技有限公司 (Tianjin Feixuan Technology Co., Ltd.*), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in research and development, production, processing, repairing, sales of magnetic suspension bearings and accessories, magnetic suspension controller and machine parts, technology consultancy service and leasing of properties.

創業軟件股份有限公司 (B-Soft Limited), as one of the Class B Limited Partners, is a limited liability company incorporated in the PRC and is principally engaged in research and development of computer software, installation and repairing of computer, and wholesale of computer and accessories.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, each of the thirty-four other Partners under the Limited Partnership Agreement and its ultimate beneficial owner are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LIMITED PARTNERSHIP AGREEMENT AND ESTABLISHMENT OF THE INVESTMENT FUND

The Board is of the view that more investment opportunities and better investment returns can be brought to the Partners by leveraging on the Partners' advantageous resources or experience in investment management. In light of the foregoing, the Board is of the view that the terms of the Limited Partnership Agreement were negotiated on an arm's length basis among the Partners and are normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Limited Partnership Agreement are more than 5% but less than 25%, the entering into of the Limited Partnership Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associates”	has the meaning as defined under the Listing Rules
“Board”	the board of Directors
“Class A Limited Partner(s)”	each person participated in the Investment Fund as a class A limited partner in accordance with the Limited Partnership Agreement, being 杭州智輝資產管理有限公司 (Hangzhou Zhihui Asset Management Ltd*) as at the date of this announcement

“Class B Limited Partner(s)”	each person participated in the Investment Fund as a class B limited partner in accordance with the Limited Partnership Agreement, being the thirty-three Partners as listed under the paragraph headed “The Limited Partnership Agreement — Parties - Class B Limited Partners”
“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 persons”	has the meaning as defined under the Listing Rules
“Directors”	the director(s), including independent non-executive director(s), of the Company
“General Partner”	the general partner of the Investment Fund, being 寧波錢潮湧鑫投資管理合夥企業(有限合夥) (Ningbo Qianchao Yongxin Investment Management LLP*)
“Group”	the Company and its subsidiaries
“independent third party(ies)”	third party(ies) independent of and not connected with the Company and connected persons of the Company
“Investment Fund”	浙江浙商產融股權投資基金合夥企業(有限合夥) (Zhejiang Zheshang Chanrong Share Investment Fund LLP*), a limited partnership to be established and registered under the laws of PRC pursuant to the Limited Partnership Agreement
“Limited Partner(s)”	the limited partners of the Investment Fund including Class A Limited Partner(s) and Class B Limited Partner(s)
“Limited Partnership Agreement”	means the limited partnership agreement entered into by Nanjing High Accurate Drive, and thirty-four other Partners on 17 April 2017 in respect of the establishment of the Investment Fund in the PRC and the subscription of interest therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Nanjing High Accurate 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 incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Ningbo LLP”	寧波錢潮湧鑫投資管理合夥企業(有限合夥) (Ningbo Qianchao Yongxin Investment Management LLP*), a limited partnership established in the PRC as the General Partner and the executive partner of the Investment Fund
“Partner(s)”	the partner(s) of the Investment Fund, including the General Partner and the Limited Partners
“PRC”	means the People’s Republic of China excluding Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 18 April 2017

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