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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)

CLARIFICATION ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) notes there are recent media speculation and/or research report with regard to the disposal of the entire interest in Nanjing High Accurate Marine Equipment Co., Ltd. (“**Nanjing Marine**”), a then subsidiary of the Group, on 23 February 2017 for a total consideration of RMB607,000,000 (the “**Disposal**”).

The Board wishes to announce that:

- (a) as disclosed in the 2016 annual report published by the Company on 20 April 2017 (the “**Annual Report**”), and to the best knowledge of the Directors, the subscriber of the Disposal (the “**Subscriber**”) was an independent third party 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;
- (b) the consideration was arrived at between the Company and the Subscriber with reference to the fair value of Nanjing Marine; and
- (c) the Disposal does not constitute any notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The Board wishes to emphasize that Nanjing Marine has been in a net loss before the Disposal. The Disposal is therefore expected to improve the financial performance of the Group. As disclosed in the Annual Report, the Group has recorded a gain on disposal before tax which is expected to be approximately RMB49,000,000. Accordingly, the Board is of the view that the Disposal was negotiated on an arm's length basis and is in the interests of the Company and the shareholders of the Company as a whole.

The Board may consider disposing some of subsidiaries and/or assets of the Group which are in a loss-making position in the future. In the event that the Company were to proceed with any potential subsidiaries and/or assets disposal, the Company will comply with the necessary requirements of the Listing Rules as and when appropriate or required.

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

Hong Kong, 25 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*