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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  
PROVISION OF GUARANTEE  
NON-COMPLIANCE WITH THE LISTING RULES**

**YIJING LOAN AGREEMENT AND YIJING GUARANTEE AGREEMENT**

On 12 January 2016, Nanjing Xingang (as entrustor), Ningbo Bank (as entrusted bank) and Yijing (as borrower) entered into the Yijing Loan Agreement, pursuant to which Nanjing Xingang entrusted Ningbo Bank to advance a loan in the principal amount of RMB400 million to Yijing for a fixed term of three years from 12 January 2016 to 12 January 2019 at an interest rate of 6.3% per annum.

On 12 January 2016, the Company entered into the Yijing Guarantee Agreement with Nanjing Xingang and Yijing, pursuant to which the Company assumed irrevocable joint and several guarantee for Yijing's performance of its payment obligations under the Yijing Loan Agreement (i.e. the Guarantee).

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio, as defined under Rule 14.07 of the Listing Rules, in respect of the Guarantee provided under the Yijing Guarantee Agreement exceeded 5% but was less than 25% when the Yijing Guarantee Agreement was entered into, the provision of the Guarantee constituted a discloseable transaction of the Company under Chapter 14 of the then Listing Rules. Accordingly, the Company was subject to the applicable reporting and announcement requirements, but was exempt from the circular and shareholders' approval requirements, under Chapter 14 of the then Listing Rules.

None of the current Directors was involved in the approval or execution of the Yijing Guarantee Agreement. The current Board only became aware of the Yijing Loan Agreement, the Yijing Guarantee Agreement and the related documents recently during the preparation of the Group's consolidated financial statements for the year ended 31 December 2025.

Based on the records currently available to the Company, there is no record that the execution of the Yijing Guarantee Agreement was approved by the then Board on or before such agreement was executed by the Company, or that any announcement was published by the Company in respect of the Guarantee in accordance with Chapter 14 of the then Listing Rules. Such failure constituted non-compliance with the then Listing Rules. The Directors who were in office when the Yijing Guarantee Agreement was executed had all ceased to be Directors. The current Board has not been able to ascertain why the then Board approval was not obtained or the reason for such non-compliance.

The Company is implementing remedial actions and procedures to prevent the recurrence of non-compliance with the Listing Rules.

The Board has recently identified the Guarantee provided by the Company under the Yijing Guarantee Agreement executed on 12 January 2016 in respect of Yijing's payment obligations under the Yijing Loan Agreement, with the details as follows:

## **I. YIJING LOAN AGREEMENT**

The principal terms of the Yijing Loan Agreement are summarised below:

### **Date**

12 January 2016

### **Parties to the Agreement**

1. Nanjing Xingang as entrustor;
2. Ningbo Bank as entrusted bank; and
3. Yijing as borrower.

### **Subject matter**

Pursuant to the Yijing Loan Agreement, Nanjing Xingang entrusted Ningbo Bank to advance a loan in the principal amount of RMB400 million to Yijing, with the funds provided by Nanjing Xingang.

### **Purpose of the loan**

The proceeds of the Yijing Loan Agreement were to be used by Yijing for the procurement and construction of the LED sapphire crystal and substrate production line.

## **Maturity date**

The Yijing Loan Agreement was of a fixed term of three years from 12 January 2016 to 12 January 2019, and Yijing was obliged to repay the principal and pay the outstanding interest and other amounts on 12 January 2019.

## **Interest rate**

The loan bore interest at a fixed rate of 6.3% per annum, payable on a quarterly basis. If Yijing failed to fulfil its payment obligations, Nanjing Xingang was entitled to charge penalty interest on the overdue amount at a rate of 50% above the contracted loan interest rate, being 9.45% per annum.

## **Security**

The obligations of Yijing under the Yijing Loan Agreement were secured by the Company under the Yijing Guarantee Agreement.

## **II. YIJING GUARANTEE AGREEMENT**

The principal terms of the Yijing Guarantee Agreement are summarised below:

### **Date**

12 January 2016

### **Parties**

1. Nanjing Xingang as the guaranteed party;
2. Yijing as borrower; and
3. the Company as guarantor.

### **Scope of the Guarantee**

The Company, as guarantor, has agreed to provide financial guarantee in favour of Nanjing Xingang for the performance of Yijing's payment obligations under the Yijing Loan Agreement (i.e. the Guarantee), including but not limited to the loan principal amount, interest, penalty interest, default penalties, damages, compensation and all costs and expenses incurred by Nanjing Xingang in realising its creditor's rights and guarantee rights, including litigation fees, legal fees, notarisation fees, appraisal fees, translation fees, auction fees and other related expenses.

The Guarantee was provided by the Company on an irrevocable joint and several liability basis which means that, if Yijing fails to perform its payment obligations under the Yijing Loan Agreement, Nanjing Xingang has the right to seek payment directly from the Company.

### **III. EVENTS SUBSEQUENT TO THE EXECUTION OF THE YIJING GUARANTEE AGREEMENT**

Yijing failed to repay the outstanding principal and pay certain interest on the original maturity date of 12 January 2019 as stipulated in the Yijing Loan Agreement. In November 2020, Nanjing Xingang commenced legal proceedings in the Nanjing City of the PRC against Yijing (as borrower) and the Company (as guarantor) to claim for the then outstanding amounts under the Yijing Loan Agreement.

On 30 October 2021, Nanjing Xingang, Yijing, the Company and other parties entered into a settlement agreement, pursuant to which (a) the loan repayment date under the Yijing Loan Agreement was extended to the Revised Maturity Date and (b) the Company continued to bear liabilities in accordance with the original agreements (i.e. the Yijing Loan Agreement and the Yijing Guarantee Agreement). Following the execution of the settlement agreement, Nanjing Xingang withdrew the legal proceedings.

All Directors who were in office as at 12 January 2016 had ceased to be Directors by 23 March 2026.

While preparing the consolidated financial statements of the Company for the year ended 31 December 2025, the management of the Group informed the current Board in early June 2026 of the existence of the Yijing Loan Agreement, the Yijing Guarantee Agreement and the related documents.

The current Board then promptly sought PRC and Hong Kong legal advice regarding the enforceability of the Yijing Guarantee Agreement and the Company's compliance position under the Listing Rules in respect of the provision of the Guarantee, respectively. The Company was advised that it is highly probable that the Yijing Guarantee Agreement remains enforceable and valid, and that the Company had not complied with the announcement and reporting requirements under Chapter 14 of the then Listing Rules in respect of the Guarantee (please see below for details).

### **IV. COMPANY'S POTENTIAL EXPOSURE UNDER THE GUARANTEE**

As at the date of this announcement, based on the information currently available to the current Board, Yijing has not repaid the principal amount of the loan under the Yijing Loan Agreement and has not made any payment since the execution of the above-mentioned settlement agreement, although the Revised Maturity Date has yet to fall due.

Under such circumstances, as at 31 December 2025, the Company's potential exposure under the Guarantee comprised the guaranteed principal amount of RMB400 million and the corresponding accumulated interest of approximately RMB276.70 million.

Assuming that Yijing makes no payment to Nanjing Xingang before the Revised Maturity Date, the Company's potential exposure under the Guarantee as at the Revised Maturity Date will comprise the guaranteed principal amount of RMB400 million and the corresponding accumulated interest of approximately RMB308.70 million. The actual liability of the Company in respect of the Guarantee may differ from the above amounts and will depend on, among other things, the payments made by Yijing under the Yijing Loan Agreement and the actual amount claimed by Nanjing Xingang which may include expenses incurred by Nanjing Xingang in realising its rights under the Yijing Loan Agreement and the Yijing Guarantee Agreement.

## **V. INFORMATION ON THE PARTIES**

### **The Company**

The Company is 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. The Group is principally engaged in the research, design, development, manufacture and distribution of a broad range of mechanical transmission equipment widely used in wind power and industrial applications.

### **Nanjing Xingang**

Nanjing Xingang is a limited liability company established in the PRC, which was principally engaged in the development and construction of municipal infrastructure in industrial parks, large-scale development of riverside land, and real estate development and operations. Nanjing Xingang was wholly owned by the Municipal State-owned Assets Supervision and Administration Commission\* (市國有資產監督管理委員會) as authorised by the Nanjing Municipal People's Government\* (南京市人民政府).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Nanjing Xingang and its ultimate beneficial owner were Independent Third Parties when the Yijing Guarantee Agreement was executed.

### **Yijing**

Yijing is a limited liability company established in the PRC, which is principally engaged in the research and development, design and production of optoelectronic materials. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, when the Yijing Guarantee Agreement was executed:

- (a) Yijing was owned as to 48.15% by Baoda, 16.22% by Yuantai, 6.00% by Anbeixin; and 29.63% by Nanjing Drive;

- (b) Baoda was owned by Fang Fang\* (方芳) as to 36.3846%, Xiong Ning\* (熊寧) as to 12.5077%, Zhang Ling\* (張伶) as to 12.1846%, An Jianjun\* (安建軍) as to 10.8308%, Ding Wei\* (丁偉) as to 10.8308%, Guo Yukang\* (郭予康) as to 9.4923% and Wu Mingjun\* (鄔明均) as to 7.7692%;
- (c) Yuantai was owned by Yang Rong\* (楊蓉) as to 23.28%, Zhai Shuping\* (翟淑萍) as to 20.89%, Fang Fang\* as to 19.94%, Chen Tianshu\* (陳天澍) as to 13.79%, Kong Lingzuo\* (孔令佐) as to 12.37% and Xiong Ning as to 9.73%;
- (d) Anbeixin was owned by Fang Fang as to 34.7465%, Chen Tianshu as to 24.4085%, Zhai Shuping as to 22.9155%, Xiong Ning as to 10.5211%, Yang Rong as to 3.9859% and Kong Lingzuo as to 3.4225%;
- (e) none of the above individuals was (i) a substantial shareholder (as defined in the then Listing Rules) of the Company or any of its subsidiaries, (ii) a director or a chief executive of the Company or (iii) a director of the Company during the 12 months preceding the date of the Yijing Guarantee Agreement;
- (f) each of Fang Fang, Chen Tianshu, Xiong Ning, Yang Rong, Kong Lingzuo and Zhang Ling was a director of one or more subsidiaries of the Company and was therefore a connected person of the Company;
- (g) none of the other individuals (namely, An Jianjun, Ding Wei, Guo Yukang, Wu Mingjun and Zhai Shuping) was a director or a chief executive of any of the Company's subsidiaries, or a director of any of the Company's subsidiaries during the 12 months preceding the date of the Yijing Guarantee Agreement.

When the Yijing Guarantee Agreement was executed, Nanjing Drive was an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of An Jianjun, Ding Wei, Guo Yukang, Wu Mingjun and Zhai Shuping was an Independent Third Party save for their respective relationships with Yijing, in which Nanjing Drive was a shareholder.

## **VI. REASONS FOR AND BENEFITS OF THE YIJING GUARANTEE AGREEMENT**

Under Rule 14.58(8) of the Listing Rules, the Company is required to disclose the reasons for entering into the transaction, the benefits expected to accrue to the Company, and the Directors' view as to whether the terms of the transaction were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The current Board was not involved in the negotiation, approval or execution of the Yijing Guarantee Agreement at the relevant time and the Company's management has not been able to locate relevant Board papers, minutes, approval documents or other records evidencing the rationale for, benefits of, or assessment of the terms of, the Yijing Guarantee Agreement. Accordingly, the current Board is not in a position to ascertain the reasons for and the benefits that might have been brought to the Company from the provision of the Guarantee, or to confirm whether its terms were fair and reasonable and in the interests of the Company and the Shareholders as a whole at the time it was entered into.

## VII. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio, as defined in Rule 14.07 of the Listing Rules, in respect of the Guarantee provided under the Yijing Guarantee Agreement exceeded 5% but was less than 25% at the time the Yijing Guarantee Agreement was entered into, the provision of the Guarantee constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the then Listing Rules, but was exempt from the shareholders' approval requirement under Chapter 14 of the then Listing Rules.

When the Yijing Guarantee Agreement was entered into, Yijing was not a connected person of the Company and thus the Guarantee provided by the Company under the Yijing Guarantee Agreement did not constitute a connected transaction of the Company under Chapter 14A of the then Listing Rules because:

- (a) Fang Fang (being director to subsidiaries of the Company) was a connected person of the Company. Each of Baoda and Anbeixin was held by Fang Fang as to more than 30% and was an associate of Fang Fang as well as a connected person of the Company. However, Yijing was not a subsidiary of either Baoda or Anbeixin;
- (b) although Chen Tianshu, Xiong Ning, Kong Lingzuo and Zhang Ling were directors to subsidiaries of the Company and were therefore connected persons of the Company, each of his/her shareholding in Baoda was less than 30%, and thus Baoda was not an associate of each of such individuals;
- (c) although Fang Fang, Chen Tianshu, Yang Rong, Kong Lingzuo and Xiong Ning were connected persons of the Company, each of his/her shareholding in Yuantai was less than 30% and therefore Yuantai was not an associate of each of such individuals;
- (d) although Chen Tianshu, Yang Rong, Xiong Ning and Kong Lingzuo were connected persons of the Company, each of his/her shareholding in Anbeixin was less than 30% and therefore Anbeixin was not an associate of each of such individuals; and
- (e) because Nanjing Drive (an indirect wholly-owned subsidiary of the Company) held only 29.63% equity interest in Yijing, Yijing was not a subsidiary of the Company and therefore was not a connected subsidiary (as defined in the then Listing Rules) of the Company.

## **VIII. NON-COMPLIANCE WITH THE LISTING RULES**

As mentioned above, the provision of the Guarantee constituted a discloseable transaction of the Company when the Yijing Guarantee Agreement was executed.

Based on the records currently available to the Company, there is no record that the execution of the Yijing Guarantee Agreement was approved by the then Board on or before such agreement was executed by the Company, or that any announcement was published by the Company in respect of the Guarantee in accordance with Chapter 14 of the then Listing Rules (including the requirements under Rule 14.34). Such failure to fulfil the Listing Rules reporting and announcement requirements in respect of the Guarantee constituted non-compliance with the then Listing Rules.

The Directors who were in office when the Yijing Guarantee Agreement was signed had all ceased to be Directors.

The current Board has not been able to ascertain why approval from the then Board was not obtained, nor the reason for such non compliance. The current Board has also made enquiries with the Company's senior management; however, no member of senior management confirmed his/her involvement in matters relating to the Guarantee or indicated his/her awareness of the background, approval process or Listing Rules compliance assessment in respect of the Guarantee.

## **IX. REMEDIAL MEASURES AND FUTURE INTERNAL CONTROL ENHANCEMENTS**

The current Board takes the non-compliance with the Listing Rules seriously and recognises the immediate need to enhance the Group's internal control systems and compliance procedures to prevent the recurrence of similar incidents. Specifically, the Company is implementing the following measures:

1. Before any member of the Group provides any guarantee, pledge, loan, or other financial assistance to any person or entity not being a member of the Group, prior Board approval must be obtained. In considering any application of such approval, the Board will rigorously assess the commercial rationale, financial exposure, terms, necessity of collateral, and applicable Listing Rules implications.
2. The Company is strengthening its internal reporting and approval procedures for transactions which may trigger any announcement reporting or shareholders' approval requirements under the Listing Rules. No agreement, undertaking, guarantee, pledge, security document or other legally binding document in respect of such transaction can be entered into before the Listing Rules compliance assessment is completed and all necessary internal approvals are obtained.
3. The Company will maintain a central register of all guarantees, pledges, loans, and other financial assistance provided by the Group, and will report their status to the Board or a designated committee on a regular basis.

4. The Company will arrange regular legal/regulatory compliance trainings for Directors and relevant personnel to enhance their understanding of the Listing Rules and legal requirements. Furthermore, the Company will work more closely with professional advisers, and consult the Stock Exchange where appropriate, before proceeding with any transaction involving potential Listing Rules implications.

The Board will continue to monitor the effectiveness of such enhanced internal control measures and will review and revise the Group's internal control policies and procedures from time to time to ensure ongoing compliance with the Listing Rules and sound corporate governance practices.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2026 and will remain suspended pending the publication of the 2025 audited annual results by the Company.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Anbeixin”	Nanjing Anbeixin Investment Management Company Limited* (南京安倍信投資管理有限公司), a company established in the PRC with limited liability
“associate”	has the meaning ascribed thereto under Chapter 14A of the then Listing Rules in effect when the Yijing Guarantee Agreement was executed
“Baoda”	Nanjing Baoda Investment Management Company Limited* (南京寶達投資管理有限公司), a company established in the PRC with limited liability
“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 thereto under the then Listing Rules in effect when the Yijing Guarantee Agreement was executed

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the financial guarantee provided by the Company under the Yijing Guarantee Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	the third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nanjing Xingang”	Nanjing Xingang Dongqu Construction Development Company Limited* (南京新港東區建設發展有限公司), a company established in the PRC with limited liability
“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
“Ningbo Bank”	Ningbo Bank Joint Stock Company Limited, Nanjing Hexi Branch* (寧波銀行股份有限公司南京河西支行), being the branch of Ningbo Bank Joint Stock Company Limited, a joint stock company established in the PRC with limited liability
“PRC”	the People’s Republic of China, and for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Revised Maturity Date”	being 30 October 2026 pursuant to a settlement agreement entered into on 30 October 2021 between Nanjing Xingang, Yijing, the Company and other relevant parties, extending the repayment date of the Yijing Loan Agreement
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yijing”	Nanjing Yijing Optoelectronic Technology Company Limited* (南京依晶光電科技有限公司), a company established in the PRC with limited liability
“Yijing Guarantee Agreement”	being the guarantee agreement entered into between Nanjing Xingang, Yijing and the Company on 12 January 2016
“Yijing Loan Agreement”	being the entrusted loan agreement entered into between Nanjing Xingang, Ningbo Bank and Yijing on 12 January 2016
“Yuantai”	Nanjing Yuantai Investment Management Company Limited* (南京元泰投資管理有限公司), a company established in the PRC with limited liability

By order of the Board  
**China High Speed Transmission Equipment Group Co., Ltd.**  
**LI Zubin**  
*Executive Director*

Hong Kong, 12 June 2026

*As at the date of this announcement, the executive Directors are Mr. Li Zubin, Ms. Yuan Xiaohong and Mr. Wang Bo; and the independent non-executive Directors are Mr. Lau Jing Yeung William, Mr. Lu Yanzhu and Mr. Tse Man Kit, Keith.*

\* *For identification purposes only*