
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

- (1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
(2) RE-ELECTION OF RETIRING DIRECTORS;
(3) DECLARATION OF FINAL DIVIDEND; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at China Purple Mountain Ballroom, 2nd Floor, Jinling Building, Jinling Hotel, No. 2 Hanzhong Road, Nanjing, Jiangsu, China at 9:30 a.m. on Friday, 24 May 2019 is set out on pages 14 to 17 of this circular. A proxy form for use at the annual general meeting is also enclosed. Such proxy form is also published on the designated website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.chste.com).

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 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 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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DEFINITIONS

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 Building, Jinling Hotel, No. 2 Hanzhong Road, Nanjing, Jiangsu, China at 9:30 a.m. on Friday, 24 May 2019 |
| “AGM Notice” | the notice convening the AGM as set out on pages 14 to 17 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 Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time |
| “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 PRC |
| “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 the total number not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the relevant resolution |
| “Latest Practicable Date” | 12 April 2019, 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 |

DEFINITIONS

| | |
|-----------------------------|---|
| “Memorandum of Association” | the memorandum of association of the Company as may be amended from time to time |
| “PRC” | the People’s Republic of China, except where the context requires, geographical references to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC 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 the total number not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the relevant resolution |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “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 Codes on Takeovers and Mergers and Share Buy-backs approved by the Securities and Futures Commission of Hong Kong as amended from time to time |
| “US\$” | United States dollars, the lawful currency of the United States of America |
| “%” | per cent. |

LETTER FROM THE BOARD



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. Chen Yongdao
Mr. Wang Zhengbing
Mr. Zhou Zhijin
Mr. Hu Jichun (*Chief Executive Officer*)
Ms. Zheng Qing

Registered office:

4th Floor, Harbour Place
103 South Church Street
George Town
Grand Cayman KY1-1002
Cayman Islands

Non-executive Directors:

Mr. Hu Yueming (*Chairman*)
Mr. Yuen Chi Ping

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

Room 1302
13th Floor, COFCO Tower
No. 262 Gloucester Road
Causeway Bay
Hong Kong

Independent non-executive Directors:

Dr. Chan Yau Ching, Bob
Ms. Jiang Jianhua
Mr. Jiang Xihe
Mr. Nathan Yu Li

23 April 2019

To the Shareholders

Dear Sir or Madam,

**(1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
(2) RE-ELECTION OF RETIRING DIRECTORS;
(3) DECLARATION OF FINAL DIVIDEND; AND
(4) 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 the retiring Directors in accordance with the Articles of Association, the declaration of final dividend 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*

LETTER FROM THE BOARD

2. GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 18 May 2018, 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 total number of issued Shares on the date of passing the resolution approving the Issue Mandate. As at the Latest Practicable Date, the total number of issued Shares of the Company is 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 to 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 5 and 7 of the AGM Notice.

3. GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 18 May 2018, 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 an ordinary resolution set out in paragraph 6 of the AGM Notice will be proposed at the AGM to seek the Shareholders' approval for granting of the Repurchase Mandate. The Shares which may be repurchased pursuant to the Repurchase Mandate are up to 10% of the total number of issued Shares 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 Appendix I to this circular.

4. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 130 of the Articles of Association at every annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple

LETTER FROM THE BOARD

of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term or holding office as chairman or managing Director) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 114 or Article 115 of the Articles of Association shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Pursuant to Article 130 of the Articles of Association, Mr. Chen Yongdao, Mr. Wang Zhengbing, Mr. Hu Yueming and Mr. Yuen Chi Ping will retire by rotation at the AGM and, being eligible, have offered themselves for re-election at the AGM. To enable our Shareholders to make an informed decision on the re-election of retiring Directors, the biographical details of these Directors, as required under Chapter 13 of the Listing Rules, are set out in Appendix II to this circular.

5. DECLARATION OF FINAL DIVIDEND

As mentioned in the announcement of the Company dated 29 March 2019, the Board has resolved to recommend a final dividend of HK\$0.08 per Share for the year ended 31 December 2018, amounting to approximately HK\$130,823,000 in aggregate, subject to the approval from Shareholders at the AGM to be held on Friday, 24 May 2019. The above-mentioned proposed final dividend is expected to be paid on Friday, 14 June 2019 to the Shareholders whose names appear on the register of members of the Company on Monday, 3 June 2019.

6. ANNUAL GENERAL MEETING

A notice convening the AGM is set out on pages 14 to 17 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, the re-election of the retiring Directors and the declaration of final dividend.

7. 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) and the website of the Company (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, 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 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.

LETTER FROM THE BOARD

8. 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 AGM will therefore demand a poll for every resolution put to the vote at the AGM pursuant to Article 90 of the Articles of Association.

9. RECOMMENDATION

The Directors consider that the granting of the Issue Mandate and the Repurchase Mandate, the re-election of the retiring Directors and the declaration of final dividend 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.

10. CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from Tuesday, 21 May 2019 to Friday, 24 May 2019, both days inclusive, during which period no transfer of Shares in the Company will be registered. In order to qualify for the right to attend and vote at the AGM, all transfer forms, accompanied by the relevant share certificates, must be lodged with the branch share registrar of the Company 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 4:30 p.m. on Monday, 20 May 2019.

The transfer books and register of members of the Company will be closed, for the purpose of determining the entitlement to the final dividend, from Thursday, 30 May 2019 to Monday, 3 June 2019, both days inclusive, during which period no transfer of Shares in the Company will be registered. In order to qualify for the final dividend, all transfer forms, accompanied by the relevant share certificates, must be lodged with the branch share registrar of the Company 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 4:30 p.m. on Wednesday, 29 May 2019.

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 summarised 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 total number of issued Shares is 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 utilised 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 authorised 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 repurchases, 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 of the Company for the year ended 31 December 2018) 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 12 months preceding the Latest Practicable Date were as follows:

| | Price per Share | |
|---|------------------------|-----------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2018 | | |
| April | 12.12 | 10.18 |
| May | 12.20 | 11.04 |
| June | 12.18 | 10.38 |
| July | 12.20 | 8.75 |
| August | 9.69 | 8.59 |
| September | 9.49 | 8.00 |
| October | 8.79 | 7.17 |
| November | 9.20 | 6.90 |
| December | 9.30 | 5.17 |
| 2019 | | |
| January | 8.29 | 5.15 |
| February | 8.21 | 7.20 |
| March | 7.98 | 5.88 |
| April (up to the Latest Practicable Date) | 6.97 | 6.02 |

7. GENERAL

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

No core 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) obligated to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, so far as the Directors are aware, the shareholding of the substantial Shareholder are as follows:

| Name | Nature of Interests | Number of securities held | Approximate percentages to the equity (%) |
|--|------------------------------------|----------------------------------|--|
| Five Seasons XVI Limited (" Five Seasons ") (<i>Note 1</i>) | Beneficial owner | 1,208,577,693 (Long Position) | 73.91 (Long Position) |
| Fullshare Holdings Limited (" Fullshare Holdings ") | Interest of controlled corporation | 1,208,577,693 (Long Position) | 73.91 (Long Position) |
| Magnolia Wealth International Limited (" Magnolia Wealth ") | Interest of controlled corporation | 1,208,577,693 (Long Position) | 73.91 (Long Position) |

| Name | Nature of Interests | Number of securities held | Approximate percentages to the equity (%) |
|--|------------------------------------|----------------------------------|---|
| Glorious Time Holdings Limited (“ Glorious Time ”) (Note 2) | Beneficial owner | 17,890,000 (Long Position) | 1.09 (Long Position) |
| Mr. Ji Changqun (“ Mr. Ji ”) (Note 3) | Interest of controlled corporation | 1,208,577,693 (Long Position) | 73.91 (Long Position) |
| | Interest of controlled corporation | 17,890,000 (Long Position) | 1.09 (Long Position) |

Notes:

- Five Seasons, a company incorporated in the British Virgin Islands, is wholly-owned by Fullshare Holdings (stock code: 607), while the issued share capital of Fullshare Holdings is owned as to 46.58% by Magnolia Wealth, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Ji. Accordingly, Fullshare Holdings, Magnolia Wealth and Mr. Ji are considered to have interests in 1,208,577,693 Shares, representing approximately 73.91% of the issued Shares.
- Glorious Time, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. Ji. Accordingly, Mr. Ji is considered to have interests in 17,890,000 Shares, representing approximately 1.09% of the issued Shares.
- Five Seasons and Glorious Time are wholly and beneficially owned by Mr. Ji. Accordingly, Mr. Ji is considered to have interests in 1,226,467,693 Shares, representing approximately 74.99% of the issued Shares.

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 repurchase 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.

The biographical details of the Directors as of 31 December 2018 proposed to be re-elected at the AGM are set out as follows:

Executive Directors

Mr. Chen Yongdao, aged 56, is an executive Director and a member of the Remuneration Committee 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. He has served as the vice president of NGC since January 2017. Mr. Chen also holds directorship in certain subsidiaries of the Group, including Nanjing High Speed & Accurate Gear (Group) Co., Ltd. (“**Nanjing High Accurate**”), Nanjing Dongalloy Machinery & Electronics Co., Ltd. (“**Nanjing Dongalloy**”), Nanjing Ningkai Mechanical Co., Ltd. (“**Nanjing Ningkai**”) and China Transmission Holdings Limited (中傳控股有限公司) (“**China Transmission Holdings**”). 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 over 30 years. He has received a number of awards for the achievement of his research on mechanical transmission equipment production techniques.

Mr. Wang Zhengbing, aged 47, is an executive Director of the Company. He is a holder of university degree. He graduated from Zhejiang University and obtained a Bachelor's degree in Metal Material & Heat Treatment in 1993 and a Master's degree in Engineering in Nanjing University of Science and Technology in 2011 as a senior engineer. Mr. Wang has joined Nanjing High Speed Gear Factory since August 1993 and held various positions, including deputy director and director of the workshop since January 1999. He has served as the vice general manager of Nanjing High Speed Gear Manufacturing Co., Ltd. (“**Nanjing High Speed**”) since July 2003. He has served as an executive Director of the Company since June 2015. Mr. Wang has served as a director and the vice president of NGC since November 2016 and January 2017, respectively. Mr. Wang also holds directorship in certain subsidiaries of the Group, including Nanjing High Accurate, Nanjing High Speed, Nanjing Dongalloy, Nanjing Ningkai and China Transmission Holdings.

Non-executive Directors

Mr. Hu Yueming, aged 69, is the Chairman, a non-executive Director and the chairman of the Nomination Committee of the Company. Mr. Hu is a university graduate and was graduated from Fudan University majoring in laser technology in 1977. Mr. Hu is a senior engineer. He has more than 30 years of experience in the management of machinery and industrial enterprises and has served as the head of various state-owned enterprises such as Nanjing Engineering Equipment Factory (南京工藝裝備廠) and general manager of various foreign invested enterprises including Nanjing Atlas Copco Construction Machinery Ltd. He has extensive experience in enterprise management. In

1998, he became the general manager of Nanjing High Speed Gear Factory. From March 2007 to December 2016, he served as the chairman and the general manager of NGC. Mr. Hu also holds directorship in certain subsidiaries of the Group. Mr. Hu is an expert on mechanical transmission equipment technology and business management. He is also the vice president of the China New Energy Generation Network (中國新能源發電網), a council member of China General Machine Components Industry Association (中國機械通用零部件工業協會), the vice chairman of Gear Manufacturers Association (齒輪專業協會) of China General Machine Components Industry Association (中國機械通用零部件工業協會) and chairman of Nanjing Renewable Energy Association (南京可再生能源協會). He has been awarded the “National May 1 Labour Medal” (全國五一勞動獎章) and title of “The 4th Outstanding Entrepreneur of the Machinery Industry” (第四屆全國機械工業明星企業家). Mr. Hu is the father of Mr. Hu Jichun, an executive Director and the Chief Executive Officer of the Company.

Mr. Yuen Chi Ping, aged 39, is a non-executive Director of the Company and he joined the Company as a non-executive Director on 1 December 2016. He has been a qualified solicitor in Hong Kong since 2004 and in England and Wales since 2010. Mr. Yuen has over twelve years of practicing experience and has extensive experience in corporate law, China-related public and private mergers and acquisitions, and capital market transactions. Mr. Yuen obtained his Bachelor’s degree in Laws in November 2001 from the University of Hong Kong and completed the PCLL programme in June 2002. Afterwards, Mr. Yuen undertook his traineeship and worked as a lawyer in various international law firms. Mr. Yuen worked as a special counsel in the Shanghai office of Baker & McKenzie from 2007 to 2014, responsible for the firm’s securities practice in Shanghai.

Mr. Yuen was appointed as the chief operating officer of Fullshare Holdings Limited (stock code: 607) from October 2014 to March 2018. Since July 2016, Mr. Yuen has been a non-executive director of Hin Sang Group (International) Holding Co. Ltd. (stock code: 6893). Since September 2016, Mr. Yuen has been a chief executive officer and executive director of Applied Development Holdings Limited (stock code: 519). Since August 2018, Mr. Yuen has been an independent non-executive director of Sun Cheong Creative Development Holdings Limited (stock code: 1781). Since April 2017, Mr. Yuen has acted as a director of Pok Oi Hospital (a charity organisation) and since April 2018, Mr. Yuen also has been appointed as an executive director, the vice chairman of the board and the chief executive officer of LongiTech Smart Energy Holding Limited (stock code: 1281).

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

As at the Latest Practicable Date, Mr. Chen Yongdao, Mr. Wang Zhengbing, Mr. Hu Yueming and Mr. Yuen Chi Ping do not have any interests in the Shares within the meaning of Part XV of the SFO.

The term of their respective 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. Wang Zhengbing, Mr. Hu Yueming and Mr. Yuen Chi Ping as set out in the service agreement in the coming financial year are RMB3,150,000, RMB2,750,000, RMB3,450,000 and HK\$240,000 per annum, respectively and they are entitled to 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 2018, Mr. Chen Yongdao, Mr. Wang Zhengbing, Mr. Hu Yueming and Mr. Yuen Chi Ping, respectively, received a total of RMB3,150,000, RMB2,750,000, RMB1,000,000 and HK\$240,000 (including contributions to retirement benefits scheme) for being a Director.

Save as disclosed above, 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 Directors that need to be brought to the attention of the Shareholders nor is there any information which is required to be disclosed pursuant to any of the requirements of the Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

NOTICE OF THE ANNUAL GENERAL MEETING



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 Building, Jinling Hotel, No. 2 Hanzhong Road, Nanjing, Jiangsu, China at 9:30 a.m. on Friday, 24 May 2019 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 2018.
2. To declare a final dividend of HK\$0.08 per ordinary share for the year ended 31 December 2018.
3. To re-elect directors of the Company (the “**Directors**”) and to authorise the board of Directors to fix the Directors’ remuneration.
4. To re-appoint PricewaterhouseCoopers Certified Public Accountants as auditors of the Company and to authorise 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:

5. “**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 “**Stock Exchange**”) (the “**Listing Rules**”), the exercise by the directors of the Company (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 authorise 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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- (c) the total number of the issued shares of the Company 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 number of issued shares of the Company 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).”

6. “**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

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the Company on 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 total number of the shares of the Company which the Company is authorised 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 number of issued shares of the Company 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.”
7. “**THAT** conditional upon the ordinary resolutions set out in paragraphs 5 and 6 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 5 of the notice convening this meeting be and is hereby extended by the addition to the total number of issued shares 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 total number of issued shares of the Company repurchased by the Company under the authority granted pursuant to the ordinary resolution set out in paragraph 6 of the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of the total number of issued shares 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, 23 April 2019

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 of the Company 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.

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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 Tuesday, 21 May 2019 to Friday, 24 May 2019, 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 Monday, 20 May 2019.
4. For determining the entitlement to the proposed final dividend (subject to approval by the shareholders at this meeting), the register of members of the Company will be closed from Thursday, 30 May 2019 to Monday, 3 June 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer documents 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 for registration not later than 4:30 p.m. on Wednesday, 29 May 2019. The proposed final dividend is expected to be paid on Friday, 14 June 2019 to the shareholders whose names appear on the register of members of the Company on Monday, 3 June 2019.
5. 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.
6. With regard to ordinary resolutions set out in paragraphs 3 and 5 to 7 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 of the Company 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.
7. As at the date of this notice, the board of Directors comprises eleven Directors, of which Mr. Chen Yongdao, Mr. Wang Zhengbing, Mr. Zhou Zhijin, Mr. Hu Jichun and Ms. Zheng Qing are executive Directors, Mr. Hu Yueming and Mr. Yuen Chi Ping are non-executive Directors, and Dr. Chan Yau Ching, Bob, Ms. Jiang Jianhua, Mr. Jiang Xihe and Mr. Nathan Yu Li are independent non-executive Directors.