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SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

Reference is made to the announcement of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”) dated 26 May 2025, in relation to the Handa Loan and the Loan Assignment (the “**26 May Announcement**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the 26 May Announcement.

The purpose of this announcement is to provide supplemental information on the Handa Loan and the Loan Assignment in compliance with the Listing Rules, as well as the remedial measures to be taken by the Company to prevent the recurrence of similar incidents.

FURTHER INFORMATION ON THE HANDA LOAN AND THE LOAN ASSIGNMENT

The chronology of events in relation to the Handa Loan and the Loan Assignment, based on the records currently available to the Company, is set out below.

Date	Event
18 March 2024	Nanjing Handa executed the transaction documents of the Handa Loan (including the Loan Agreement and Charge Over Bank Account).
19 March 2024	The principal amount was paid by Nanjing Handa by way of a bank promissory note of the same date to Nanjing Fengsheng Kangju, one of the Co-Borrowers.
28 June 2024	Nanjing Handa executed the Loan Assignment Agreement and issued the Notice of Loan Assignment to the Co-Borrowers.

It appears from the records identified to date that the Handa Loan and the Loan Assignment were handled by a former director of the Company. Following the departure of such director, the Company is unable to ascertain why the transactions were not treated as a connected transaction or a disclosable transaction at the relevant time.

As disclosed in the 26 May Announcement, the Handa Loan of RMB250 million was lent at an interest rate of 3% per annum. Although there was an accrued interest of RMB2.125 million for the period of 18 March 2024 to 28 June 2024, such interest was not yet due under the Loan Agreement at the time of the Loan Assignment as the Loan Agreement provided that the interest would only be due at the end of the 5-year term (i.e. 18 March 2029). As such, the Company was not legally entitled to claim such interest at the time of the Loan Assignment. Based on the Loan Assignment Agreement, the Company is not legally entitled to claim interest from the Co-Borrowers or Enkaiyi. Out of prudence, the Company did not recognize any accrued interest when preparing its Annual Report. In any event, such accrued interest has no material impact on the financial statement of the Company as set out in the Annual Report.

As the consideration for the Loan Assignment was equivalent to the carrying amount of the Handa Loan receivable, there is no gain or loss from the Loan Assignment, as reflected in the Annual Report.

Upon receipt of the consideration of the Loan Assignment, the Company intends to use it for general corporate purposes. As at the date of this announcement, the Company has not received the consideration from Enkaiyi, which is due under the terms of the Loan Assignment on 28 June 2025. The Company has issued a written demand to Enkaiyi accordingly and is seeking legal advice to explore all possible options to protect its interests.

Under Rule 14.58(8) of the Listing Rules, the Company is required to disclose the reasons for entering into the transaction, the benefits which are expected to accrue to the Company as a result of the transaction and a statement that the Directors believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole. However, as disclosed in the 26 May Announcement, no approval was sought at Board meeting level, or the general meeting by the relevant personnel when these transactions were entered into. The Company was not a party to any agreements signed for the transactions either. The Company has made enquiries with the current management team of Nanjing Handa but has not been able to locate documentary records explaining the reasons for entering into the transactions or the expected benefits to the Company of doing so. The Board also did not have the chance to consider the terms, background or the commercial rationale of the transactions or approve/reject the transactions.

REMEDIAL MEASURES TO BE TAKEN BY THE COMPANY

As disclosed in the 26 May Announcement, the Board would take certain remedial measures with a view to enhancing the internal control of the Group and preventing the recurrence of similar incidents.

The Company sets out below further details of the remedial measures and their status as at the date of this announcement:

- (1) Scope of the guidance materials and form of training: the Company has issued guidance materials which covered the responsibilities of directors and senior management of listed companies, including but not limited to (i) the directors' duties under the applicable laws, including the Listing Rules, Companies Ordinance (Cap. 622) and Securities and Futures Ordinance (Cap. 571); (ii) requirements in relation to notifiable transactions under Chapter 14 of the Listing Rules; (iii) requirements in relation to connected transactions under Chapter 14A of the Listing Rules; and (iv) practical advice and strategies on preventing and responding to misconduct, including the importance of proper internal control measures. Directors and senior management of the Group have provided written confirmations that they have completed the e-learning material on Connected Transaction Rules published on the Exchange's website and passed the assessment at the end of the e-learning module.
- (2) Internal memorandum: Directors and senior management of the Group have provided written confirmations that (i) they have received the memorandum; (ii) they have read and understood the content of the memorandum and the guidance materials enclosed; and (iii) they will comply with the relevant Listing Rules and internal procedures, and in case of doubt, consult the legal advisors. Any breaches of the relevant Listing Rules and internal procedures will result in disciplinary actions up to termination of employment.
- (3) Internal control review: the Company has engaged an external independent internal control consultant (the "**IC Consultant**"), to carry out an internal control review, with the objective of enhancing its internal controls in this area and preventing the occurrence of further such incidents. As agreed with the IC Consultant, the internal control review will focus on the following areas to improve the internal control environment and mitigate the risk of recurrence of similar incidents:
 - (a) Reviewing and enhancing transaction approval processes to ensure compliance with the requirements under Chapter 14 and Chapter 14A of the Listing Rules;
 - (b) Establishing robust mechanisms for monitoring transactions and ensuring timely reporting and disclosure to the Board and relevant stakeholders;
 - (c) Ensuring that all transactions are well documented, and records are maintained to facilitate audits and reviews; and
 - (d) Communicating the enhanced measures to the Directors and senior management for awareness, and stressing the consequences of failure to comply.

We set out below a summary of the remedial measures taken or to be taken by the Company.

Date	Event
Completed	Issuance of guidance materials and internal memorandum to Directors and senior management of the Group
Completed	Agreement of scope and timeline of review with external consultant, formalizing engagement terms, and commencement of review
Completed	Written confirmation by Directors and senior management in relation to the internal memorandum, including confirmation of completion of e-learning material and passing of the end-of-module assessment by Directors and senior management
September 2025, subject to the actual review process	Completion of the internal control review

The Company has been taking active steps to progress the internal control review as detailed below.

SCOPE AND TIMELINE OF INTERNAL CONTROL REVIEW

As agreed with the IC Consultant, the entities subject to the internal control review are the Company and its principal subsidiaries as disclosed in the Company's 2024 annual report. The scope of review covers transaction approval procedures, monitoring and reporting mechanisms, documentation and records, and intra-group communication, as set out in the "Internal control review" section of this announcement above.

The indicative timeline of the internal control review is set out below.

Date	Stage of review
July 2025 (completed)	Initial assessment and planning of the review
August 2025	Assessment of relevant internal controls via interviews and sample reviews to prepare a draft interim report and provide any suggested remediating measures
September 2025	Perform a follow-up assessment of the remediation implemented and delivery of the draft final report

Going forward, the Company will continue to comply with the requirements under the Listing Rules by performing the relevant corporate governance procedures and making appropriate disclosures in a timely manner to ensure compliance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China High Speed Transmission Equipment Group Co., Ltd.
HU JICHUN
Chairman

Hong Kong, 12 August 2025

As at the date of this announcement, the executive Directors are Mr. Hu Jichun, Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Zhou Zhijin, Ms. Zheng Qing and Mr. Gu Xiaobin; the non-executive Director is Mr. Ye Xingming; and the independent non-executive Directors are Mr. Jiang Xihe, Ms. Jiang Jianhua, Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li.

* *For identification purposes only*