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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)

INSIDE INFORMATION FINDINGS IN THE INDEPENDENT INVESTIGATION

This announcement is made by China High Speed Transmission Equipment Group Co., Ltd. (the **“Company”**), together with its subsidiaries, the **“Group”**) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the **“Listing Rules”**) on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the **“SFO”**).

Reference is made to the announcements of the Company dated 24 November 2024, 6 February 2025, 2 March 2025 and 6 June 2025, respectively, in relation to the Agreements of the Relevant Subsidiaries and updates on the Independent Investigation, among other matters (the **“Announcements”**). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

COMPLETION OF INDEPENDENT INVESTIGATION

The Independent Investigator completed all information gathering (to the extent feasible), with the full support of the Company and the IIC of the Company (who have received independent legal advice), and finalised its investigation report.

While the investigation report, which comprises an interim report on factual findings as supplemented by the final report dated 23 September 2025, remains legally privileged (in respect of which privilege is maintained and not waived), in the proper discharge of its legal and regulatory obligations under the Listing Rules and the SFO, the Company is obliged to provide the following summary of the key findings of the Independent Investigator, as well as the next steps contemplated by the Company in response to the findings.

INVESTIGATIVE WORK CONDUCTED

The Independent Investigator, under the guidance of the IIC of the Company and its independent legal advisors, has conducted comprehensive investigations into the issues in relation to the Agreements and the Relevant Amounts. Notably, the Independent Investigator:

- (a) collated and analysed a substantial volume of accounting data, internal books and records, and transactional supporting documentation, conducting detailed substantive review of over 1,100 relevant commodities trading, receipt, and payment transactions between 1 January 2020 and 31 October 2024 in connection with the Agreements and the Relevant Amounts;
- (b) implemented a targeted forensic technology protocol to collect over 1,398 gigabytes of electronic data, comprising the contents of multiple hard drives extracted, emails and private WeChat messages from selected custodians; conducted keyword searches (iteratively refined), metadata and file deletion analysis and recovery of deleted documents where possible;
- (c) conducted interviews with over 40 individuals including key employees and management personnel within the Company and Relevant Subsidiaries, and representatives of the Company's legal adviser in the PRC and former auditors who possess material knowledge regarding the matters under investigation;
- (d) conducted targeted business intelligence and investigative research against approximately 100 third parties potentially linked to the Agreements and Relevant Amounts; and
- (e) undertook a targeted review of internal control processes, systems and delegated authorities, in light of the findings, with a view to identifying any material weaknesses or deficiencies in the control environment of the Relevant Subsidiaries.

LIMITATIONS

The investigative steps performed to date were subject to limitations beyond the Company's control, including but not limited to:

- (a) difficulty in accessing complete books and records (e.g. lack of sales contracts and internal approval records), which the Independent Investigator was informed was due to (i) Mr. Fang's alleged failure to conduct a proper handover before he left the Relevant Subsidiaries and (ii) the potential that records returned by Fullshare Holdings Limited (stock code: 607) ("**Fullshare**") (who had allegedly kept the relevant records) may be tampered with or incomplete. However, the Independent Investigator was unable to independently verify the validity of these asserted reasons due to a lack of engagement from the relevant parties.
- (b) unavailability of computer devices used by some former employees of the Relevant Subsidiaries for forensic analysis; and

- (c) lack of sufficient cooperation from key third parties and former employees, notably Fullshare, Mr. Ji Changqun* (季昌群) (“**Mr. Ji**”, Chairman of Fullshare) and their affiliated individuals and entities, in particular:
- i. With respect to Mr. Fang, engagement with him initially involved two interviews, followed by his refusal of further face-to-face meetings. The Independent Investigator subsequently issued to Mr. Fang (via his solicitors) formal written questionnaires and requests for returning the company-issued electronic devices, but Mr. Fang and his solicitors did not provide any direct answers, despite multiple attempts to engage.
 - ii. Similarly, the Independent Investigator formally invited Mr. Ji (via Fullshare’s solicitors) to attend an interview and provide any relevant information, but Mr. Ji did not respond.
 - iii. None of the identified Fullshare personnel attended any interview despite the Independent Investigator’s formal invitations, or provided any cooperation, except that Ms. Du Wei (“**Ms. Du**”), the Executive Director of Fullshare, declined to attend any interview but submitted a written statement asserting that she had provided certain “human resources support” to the Group without elaboration.

The Company considers it clear that, Fullshare’s uncooperativeness directly contradicts its own assertion that it fully endorses the Company’s decision to initiate an independent investigation into the Relevant Amounts. The Independent Investigator has, to the extent practicable, implemented procedures to overcome the challenges arising from these limitations, including cross-referencing data from various sources for triangulation, conducting additional interviews to seek further information, and reviewing supplementary documents and electronic correspondence, including private WeChat messages.

THE INDEPENDENT INVESTIGATOR’S DETERMINATION REGARDING THE NATURE AND SUBSTANCE OF THE AGREEMENTS AND THE RELEVANT AMOUNTS

According to available accounting records, the Relevant Amounts totalled approximately RMB6.64 billion involving 16 counterparties, comprising around RMB3.19 billion in outstanding accounts receivable from 13 customers and around RMB3.45 billion in outstanding prepayments from three suppliers (the “**Outstanding Prepayments**”). The Independent Investigator identified that the Agreements and the Relevant Amounts were primarily related to bulk commodities trading operations involving refined oil, chemicals, steel, electrolytic copper, and monoethylene glycol.

Based on the comprehensive body of evidence obtained from multiple sources to the date of the final report, the Independent Investigator concluded that:

- (a) the transactions recorded under the Agreements (the “**Relevant Transactions**”) and the Relevant Amounts, save for approximately RMB431 million Outstanding Prepayments, did not reflect genuine commercial arrangements; and
- (b) the Relevant Transactions were deliberately structured to create a misleading commercial appearance, artificially inflate the reported operational scale of the Relevant Subsidiaries, and facilitate the transfer of funds from the Relevant Subsidiaries to counterparties linked to Mr. Ji and his affiliates for purposes that appeared to be outside the scope of normal business activities.

These conclusions are based on several key findings of the Independent Investigator, including:

- (a) the counterparties in the Relevant Transactions were either affiliated with, or potentially under the control of, Mr. Ji, directly through Fullshare or indirectly via Zall Smart Commerce, an entity with a documented cross-shareholding relationship with Fullshare and a publicly known personal connection between its Chairman, Mr. Yan Zhi* (閻志), and Mr. Ji. A subset of these counterparties was under common control and shared staff, offices, and systems with the Relevant Subsidiaries;
- (b) the internal documents prepared and maintained by personnel within the Relevant Subsidiaries showed that employees of the Relevant Subsidiaries had near real-time visibility into the financial activities of supposedly independent counterparties, contradicting the principles of arm's length transactions;
- (c) systematic circular fund flows were identified among the Relevant Subsidiaries and the counterparties, with funds often passing through multiple entities only to return to the original source or affiliates, sometimes within the same day, indicating non-commercial behaviour;
- (d) the supply chain structure associated with the Agreements was found to lack genuine commercial rationale. Counterparties often acted as both supplier and customer in the same transaction cycle, suggesting self-dealing; and
- (e) the execution of the Agreements and payment of the Relevant Amounts were often solely approved by Mr. Fang at the Relevant Subsidiaries' level, circumventing the standard approval procedures and internal controls established by the Group.

The Independent Investigator found that the Relevant Transactions were enabled by deliberate personnel, logistical and oversight arrangements, including:

- (a) during the relevant period, the Relevant Subsidiaries operated from Fullshare's premises, reportedly with shared access to infrastructure (including accounting system), facilitating seamless day-to-day coordination and enabling the flow of instructions between affiliated personnel;
- (b) several Fullshare employees or associated persons assumed *de facto* or formal roles within the Relevant Subsidiaries, exercising functional control and oversight on key processes including fund disbursement, approval of commercial contracts, and management of accounting seals;
- (c) weekly supply chain management meetings were held among personnel from the Relevant Subsidiaries and individuals affiliated with Fullshare, including Mr. Ji, Mr. Li Yunsheng* (李贇) ("Mr. Li", Assistant to the President of Fullshare), Ms. Du and Mr. Ge Jinzhu* (葛金鑄) ("Mr. Ge", Fullshare's Executive Director), serving as the central coordination forum for the planning and execution of trading transactions; and
- (d) cross-entity committees, such as the Human Resources Committee and the Business Strategy Committee, were established by Mr. Ji to facilitate the coordination of the trading and funding structures, operating outside the formal organisational structure of the Relevant Subsidiaries without keeping official records detailing their activities or decision-making processes.

The Independent Investigator identified key individuals who had taken part in establishing and/or executing the arrangements, including without limitation to:

- (a) Mr. Ji, who played a central role in directing and overseeing the bulk commodities trading operations of the Relevant Subsidiaries, despite not holding a formal position within the Group or the Relevant Subsidiaries. He issued strategic instructions, directed personnel, and oversaw financial targets.
- (b) Mr. Fang, who (based on the Company's records, was nominated by Ms. Du (on behalf of Fullshare) to be appointed as an Executive Director of the Company and) was recommended by Mr. Ji to oversee the trading business in the Relevant Subsidiaries and reported directly to Mr. Ji, was responsible for implementing and executing the transactional agreements under Mr. Ji's directions. Notably, he acted as the final approver for significant sales and procurement agreements and solely authorised approximately 70% of material prepayment transactions constituting the Relevant Amounts. He also participated in all supply chain management meetings and supervised the overall operations of the Relevant Subsidiaries.
- (c) Mr. Li, Assistant to the President of Fullshare, played a significant role in financial execution by facilitating the funds movement among the Relevant Subsidiaries and the counterparties.
- (d) Ms. Du, the Executive Director of Fullshare, attended the supply chain management meetings and is believed to have been instructed by Mr. Ji to serve on the Human Resources Committee, which was established to assist in the coordination of the supply chain business in connection with the Agreements and the Relevant Amounts. Ms. Du's written statement confirms that she had provided certain "human resources support" to the Group although Ms. Du did not provide further explanation.
- (e) Mr. Ge, the Executive Director of Fullshare, attended the supply chain management meetings and approved multiple company seal applications and company change forms pertaining to the internal affairs of at least two counterparties linked to the Relevant Transactions.

The Independent Investigator found no indication that any personnel of the Company outside the Relevant Subsidiaries (including any current members of the Board, whether individually or collectively) were knowingly involved in or, at the material time, had knowledge of the non-commercial transactional arrangements.

NEXT STEPS

The Independent Investigator identified repeated deviations from established internal controls of the Group when Mr. Fang was in control of the Relevant Subsidiaries, which significantly contributed to the questionable operations. As announced by the Company on 2 March 2025, all commodities trading operations of the Relevant Subsidiaries have been suspended since November 2024 to allow for a comprehensive review and rectification of the identified issues. The Company will carefully consider the issues identified and implement the recommendations proposed by the Independent Investigator to the extent applicable and appropriate.

The Company, together with the Relevant Subsidiaries, have been taking proactive steps to recover the Relevant Amounts since November 2024. As stated in the previous announcements of the Company dated 31 March 2025, the Company and the Relevant Subsidiaries continue to assist with the criminal investigations by the PRC authorities into the matter. The Group's civil action against the wrongdoers (including but not limited to Fullshare, Mr. Ji and the relevant entities and subsidiaries) to seek recovery of the Relevant Amounts is being actively pursued.

The Company believes that the Independent Investigator's findings confirmed the Company's suspicion that Fullshare, Mr. Ji, Mr. Fang and other related individuals had orchestrated and carried out a large-scale, sophisticated fraud against the Relevant Subsidiaries. Importantly, having obtained legal advice under PRC law, the Company considers that, based on the Independent Investigator's findings, it has credible grounds to believe that Fullshare, Mr. Ji, Mr. Fang and other entities and individuals involved have contravened PRC criminal law.

The Board is firmly resolved to vigorously protect the interests of the Company and the Group as a whole. Any attempt to deter or obstruct the Company's recovery efforts will be robustly resisted and met with all appropriate measures available to the Company.

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, 24 November 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*