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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 advisor.

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 form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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)

**PROPOSED CHANGE OF AUDITOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM (as defined herein) to be held at Wuyi Ballroom, Grand Wuji Hotel – the Unbound Collection by Hyatt, No. 119 Software Avenue, Nanjing City, Jiangsu Province, China, Hong Kong at 3:00 p.m. on Tuesday, 31 March 2026 is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon 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 the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof.

* *For identification purpose only*

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix: Letter of Termination	26
Notice of Extraordinary General Meeting	EGM-1

DEFINITIONS

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

“AC Meeting”	the meeting of the Audit Committee held on 24 February 2026
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“AFRC Guidelines”	the “Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors” issued by the AFRC on 16 December 2021
“Announcement”	the announcement of the Company dated 26 February 2026 in relation to the Proposed Change of Auditor, the delay in publication of the Company’s annual results and annual report for FY2025 and the forthcoming suspension of trading in the Shares on the Stock Exchange
“Annual Report”	the annual report of the Company for FY2025
“Annual Results Announcement”	the announcement on the Company’s annual results for FY2025
“Articles”	the articles of association of the Company as amended and restated from time to time
“Audit Committee”	the audit committee of the Company
“Baker Tilly”	Baker Tilly Hong Kong Limited
“Board”	the board of Directors
“Board Meeting”	the meeting of the Board held on 13 February 2026
“CICPA”	Chinese Institute of Certified Public Accountants
“Company”	China High Speed Transmission Equipment Group Co., Ltd., an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 658)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at Wuyi Ballroom, Grand Wuji Hotel – the Unbound Collection by Hyatt, No. 119 Software Avenue, Nanjing City, Jiangsu Province, China at 3:00 p.m. on Tuesday, 31 March 2026
“Fullshare”	Fullshare Holdings Limited, a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange (stock code: 607)
“FY2025”	the financial year of the Company ended 31 December 2025
“Group”	the Company and its subsidiaries from time to time
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HLB Hodgson”	HLB Hodgson Impey Cheng Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Letter of Termination”	the letter issued by HLB Hodgson to the Board and the Audit Committee dated 27 February 2026, the text of which is set out in the Appendix
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hu”	Mr. HU Yueming, an executive Director
“Mr. Lau”	Mr. LAU Jing Yeung William, an independent non-executive Director and the chairman of the Audit Committee
“Mr. Li”	Mr. LI Zubin, an executive Director
“Mr. Lu”	Mr. LU Yuanzhu, an independent non-executive Director of the Company and a member of the Audit Committee
“Mr. Tse”	Mr. TSE Man Kit Keith, an independent non-executive Director
“Mr. Ye”	Mr. Ye Xingming, a non-executive Director

DEFINITIONS

“Ms. Jiang”	Ms. JIANG Jianhua, an independent non-executive Director and a member of the Audit Committee
“New Directors”	Mr. Li, Mr. Lau, Mr. Lu and Mr. Tse, each of whom was appointed as a Director on 16 January 2026
“PRC”	the People’s Republic of China
“Prism”	Prism Hong Kong Limited
“Proposed Appointment”	the proposed appointment of Prism as the new auditor of the Company following the Proposed Removal, subject to the approval of the Shareholders at the EGM
“Proposed Change of Auditor”	the Proposed Removal and the Proposed Appointment
“Proposed Removal”	the proposed removal of HLB Hodgson as the auditor of the Company
“RMB”	Renminbi, the lawfully currency of the PRC
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unresolved Audit Matters”	the major unresolved audit matters as identified by HLB Hodgson on 27 February 2026 in relation to the Company’s consolidated financial statements for FY2025
“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. Hu Yueming

Mr. Li Zubin

Non-executive Director:

Mr. Ye Xingming

Independent non-executive Directors:

Ms. Jiang Jianhua

Mr. Lau Jing Yeung William

Mr. Lu Yuanzhu

Mr. Tse Man Kit Keith

Registered office:

Vistra (Cayman) Limited

P.O. Box 31119

Grand Pavilion, Hibiscus Way

802 West Bay Road

Grand Cayman KY1-1205

Cayman Islands

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

Room 1302

13th Floor, COFCO Tower

No. 262 Gloucester Road

Causeway Bay

Hong Kong

Hong Kong, 12 March 2026

To the Shareholders,

Dear Sir or Madam,

PROPOSED CHANGE OF AUDITOR AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with information on the resolutions to be proposed at the EGM in respect of the (i) the Proposed Removal of HLB Hodgson as auditor of the Company and (ii) the Proposed Appointment of Prism as the auditor of the Company, and to give you notice of the EGM.

* For identification purpose only

LETTER FROM THE BOARD

BACKGROUND

At the annual general meeting of the Company held on 27 June 2025, the Shareholders vetoed the re-appointment of Baker Tilly as auditor of the Company for the Company's consolidated financial statements for FY2025. After the Company learned that Fullshare intended to appoint Cheng & Cheng Zhongxinghua CPA Limited (“**Zhongxinghua**”) as Fullshare's auditor, the Company had invited Zhongxinghua to submit tender document for the Company's auditor selection process. However, Zhongxinghua did not do so. Also, Fullshare did not propose any other auditor candidate for the Company to consider.

Accordingly, the Company continued with its tender process from which HLB Hodgson was selected out of three tender submissions. It published an announcement on 7 September 2025 in relation to the appointment of HLB Hodgson with effect from 6 September 2025 to fill the casual vacancy of the auditor of the Company and to hold the office until the conclusion of the next annual general meeting of the Company. Such appointment was also approved by an independent body of five individuals who were independent from the Board and the Company, in accordance with the Articles.

Fullshare, via its wholly-owned subsidiaries, holds approximately 71.08% of the Company's issued Shares as at the date of this circular, and is the Company's controlling shareholder (as defined in the Listing Rules). Since the Company published the announcement dated 7 September 2025, it has received strong opposition from Fullshare. On 16 September 2025 and 10 October 2025, Fullshare issued announcements challenging the validity of the appointment of HLB Hodgson as auditor of the Company, contending that such purported appointment was invalid as it was in contravention of the Articles and Cayman Islands law and contravened the spirit of the Listing Rules (including paragraph 17 of Appendix A1 to the Listing Rules), thereby depriving the Shareholders of their fundamental right to approve the appointment of auditor of the Company.

The Company issued an announcement in response on 12 October 2025, point out that (a) Fullshare's assertions regarding the appointment of the Company's auditors were without merit and ignored both the Articles and the applicable regulations, (b) the auditor appointment was necessary to ensure the Company's timely issuance of audited financial statements for FY2025, thereby maintaining compliance with the Articles and the Listing Rules and protecting Shareholders' interests.

Further, Fullshare issued an announcement on 25 August 2025 contending that the Company failed to provide its financial information to Fullshare or its independent accountant on a timely basis, leading to Fullshare's inability to publish its interim results announcement by end of August 2025 as required under Rule 13.49(6) of the Listing Rules and the subsequent suspension of trading in Fullshare's shares on the Stock Exchange from 1 September 2025 to 31 October 2025 (“Interim Results Incident”). Fullshare believes that the most effective way to ensure timely provision of information by the Company for Fullshare's audit of its financial statements for FY2025 is for the Company to appoint Fullshare's own auditor, Prism, as the Company's auditor. When the Company provides information to Prism for audit purpose, the same information can be utilised for Fullshare's own audit. Accordingly, Fullshare clearly indicates that it will approve the appointment of Prism as the Company's auditor and will not support the appointment of HLB Hodgson.

LETTER FROM THE BOARD

Since Mr. Li joined the Company as an executive Director on 16 January 2026, Fullshare has conveyed to Mr. Li (i) Fullshare's concerns that the Company might not provide sufficient financial information to Fullshare for its 2025 audit, (ii) its view that the Company's appointment of HLB Hodgson in September 2025 was invalid, (iii) its firm intention for the Company to convene an EGM (in line with paragraph 17 of Appendix A1 to the Listing Rules) to approve the appointment of the Company's auditor, and (iv) its strong insistence on approving only Fullshare's own auditor as the Company's auditor so that the information provided by the Company to the auditor can also be utilised for Fullshare's 2025 audit.

Mr. Li had considered that, in light of Fullshare's strong opposition, it would not be in the interest of the Company and Shareholders as a whole for the Company to continue the entanglement with Fullshare over the issue of the auditor appointment. Further, if the appointment of HLB Hodgson were found invalid, the whole 2025 audit report issued by it for the Company might also be invalid, exposing the Company and all Shareholders (including minority Shareholders) to significant risk. Such consequence would be very adverse and against the Shareholders' interests. On the other hand, he had taken into account that convening an EGM as required by Fullshare would result in the suspension of trading of the Shares. The other New Directors shared his concerns. Mr. Lau (one of the New Directors) convened the Board Meeting to discuss on that matter.

Board Meeting

The Board Meeting was attended by all Directors except Mr. Ye. At the Board Meeting, it was resolved, among other things, to approve (a) the conversion of the EGM as soon as practicable for approving the appointment of the Company's auditor in respect of the Company's consolidated financial statements for FY2025 and (b) the suspension of the 2025 audit work conducted by HLB Hodgson, and, if necessary, the disengagement of HLB Hodgson. The New Directors voted in favour of the above resolutions, while the other two Directors, namely, Mr. Hu and Ms. Jiang opposed such resolutions.

At the Board Meeting, the Directors had taken into account that the convening the EGM to consider the Proposed Change of Auditor would result in the suspension of trading of the Shares. Please refer to the section headed "TIMING AND FORTHCOMING SUSPENSION OF TRADING OF THE SHARES ON THE STOCK EXCHANGE" below.

Mr. Hu and Ms. Jiang stressed their suggestion at the Board Meeting that the Audit Committee should convene a meeting first to consider which firm should be appointed or whether HLB Hodgson should be retained before the Board discussed that matter. The New Directors did not agree with their views and their reasoning is set out below.

Mr. Hu was of the view that, based on the Directors' fiduciary duties, decisions cannot be made solely in accordance with the intention of a single shareholder while disregarding the interests of the Company and all Shareholders as a whole. Therefore, during and after the Board Meeting, he has been strongly expressing his belief that the replacement of the auditor,

LETTER FROM THE BOARD

resulting in the suspension of the Company's shares, would have very serious consequences and would fail to serve the interests of all Shareholders, including minority Shareholders. He also expressed his deep concerns over the adverse consequences that the suspension might bring to the Group.

AC Meeting

Mr. Lau (as the chairman of the Audit Committee and one of the New Directors) sent notice to the other Audit Committee members on 17 February 2026 to convene the AC Meeting on 24 February 2026, as the terms of reference of such committee requires a notice of at least 7 days. The AC Meeting was attended by all members, namely, Mr. Lau, Mr. Lu and Ms. Jiang.

The majority members of the Audit Committee (being Mr. Lau and Mr. Lu) voted in favour of the resolutions to put forward the Proposed Removal (if no agreement was reached with the Company to end HLB Hodgson's audit engagement) and the Proposed Appointment for the Shareholders to consider at the EGM. Ms. Jiang voted against the resolutions as, when the announcement dated 7 September 2025 was published, she was one of the Directors considering that the appointment of HLB Hodgson was valid.

Reasoning of the New Directors

The following sets out the reasoning of the New Directors as to why the Proposed Change of Auditor, which would cause suspension in trading of the Shares, is still the best available course of action to be taken and in the best interest of the Company and its Shareholders (including the minority Shareholders) as a whole:

- (i) Notwithstanding his position as an executive Director, Mr. Li is not responsible for the Group's accounting or operational functions and therefore is not confident that he can procure the Group to provide Fullshare with sufficient financial information in a timely manner for the purposes of its 2025 audit, in view of the historical intense frictions between the Company and/or certain of its current and former Directors on one hand and Fullshare on the other hand. The other three New Directors are not executive Directors and they considered themselves even less capable of ensuring that the Group's current management would furnish Fullshare with adequate financial information on a timely basis for Fullshare's 2025 audit.

Following the reconstitution of the Board on 16 January 2026 (with the New Directors forming the majority), Fullshare took the opportunity to request that the New Directors reconsider the issue of auditor appointment and presented its rationale. Under such circumstances, Fullshare indicated that it is highly unlikely that it would cease challenging the validity of the appointment of HLB Hodgson as the Company's auditor because it has been unable to secure the Company's cooperation for its own 2025 audit given the Interim Results Incident.

LETTER FROM THE BOARD

- (ii) The objective of the New Directors is to eliminate any doubt over the validity of the 2025 audit report that might be brought about by the doubt over the auditor appointment and therefore to resolve the dispute over this matter between the Company and Fullshare once and for all. Such objective is to serve the interests of all Shareholders as a whole but not only Fullshare.
- (iii) With that objective in mind, they voted in favour of putting forward the appointment of auditor to the EGM at the Board Meeting.
- (iv) Given Fullshare's strong preference for engaging its own auditor (Prism) as the Company's auditor, the New Directors agreed that the next step was for the Audit Committee to consider the eligibility of Prism as Fullshare's proposed candidate (instead of considering HLB Hodgson) before convening the EGM.
- (v) The New Directors considered that, the situation they faced differed from the customary arrangement where the Audit Committee recommends the auditor candidate first, and the Board thereafter grants its approval. Due to Fullshare's strong views and the absence of assurance that the Company will definitely provide information to Fullshare for its 2025 audit, it would not be possible to convince Fullshare to accept HLB Hodgson (which is not Fullshare's auditor) as the Company's auditor. Even if the Audit Committee had held a meeting before convening the EGM, the committee would have had to consider Fullshare's inclination in auditor appointment and its reasons. Therefore, reversing the sequence of the EGM and Audit Committee meetings would ultimately yield the same outcome, i.e. it is only sensible to put forward the appointment of only Prism to the EGM and it would not be necessary or meaningful for the Board or the Audit Committee to put forward the appointment (or ratification of appointment) of HLB Hodgson as the Company's auditor or to compare the capabilities of Prism and HLB Hodgson.
- (vi) Mr. Lau and Mr. Lu (members of the Audit Committee) had carefully reviewed Prism's eligibility and audit plan. Following due deliberation, they concluded that Prism meets the required standards and resolved to put forward the Proposed Removal and the Proposed Appointment for Shareholders' consideration at the EGM.

This dispute between the Company and Fullshare over the validity of auditor appointment was not resolved before the New Directors were appointed on 16 January 2026, which is rather close to 31 March 2026, the required time for the Company to publish its Annual Results Announcement pursuant to Rule 13.49 of the Listing Rules.

The New Directors consider that they have already taken appropriate actions to protect the interest of the Company and its Shareholders as a whole. They believe on the above justifiable grounds that the issue about validity of auditor appointment (and therefore validity

LETTER FROM THE BOARD

of audit report) can be resolved once the Shareholders have made decisions at the EGM but, given the timing and prevailing circumstances as disclosed in this circular, it is not possible to resolve such issue without causing a suspension of trading in the Shares on the Stock Exchange.

Mr. Hu does not agree to the New Directors' views set out in paragraph (v) above. He believes that (a) the Audit Committee should exercise its own independent judgment and uphold its integrity, rather than merely considering the views of the majority Shareholder and (b) the Directors have fiduciary duties owed to the Company and should take into account the interests of the Company and the other Shareholders. He is of the view that the New Directors had not provided the members of the Audit Committee with the opportunity to discharge their duties. He stresses that procedures are procedures, and it is inappropriate to disregard them simply on the basis that the outcome would be the same.

PROPOSED REMOVAL OF HLB HODGSON

The above-mentioned resolutions made at the Board Meeting and the AC Meeting were conveyed to HLB Hodgson. The Company has requested HLB Hodgson to resign as the Company's auditor. However, HLB Hodgson neither voluntarily tendered its resignation nor expressed any intention to cease serving as the Company's auditor. HLB Hodgson maintains that it remains the auditor of the Company (until being removed).

Under the circumstances, the Proposed Removal is put forward for the Shareholders to consider at the EGM, pursuant to Rule 13.88 of the Listing Rules.

HLB Hodgson has identified the Unresolved Audit Matters relating to the Company's financial statements for FY2025 in the Letter of Termination. The Company does not disagree with HLB Hodgson in respect of the Unresolved Audit Matters.

Save as disclosed in the Announcement and this circular, the Board and the Audit Committee confirm that they are not aware of any disagreement or unresolved matter between the Company and HLB Hodgson in relation to their relationship as client and auditor and that there are no matters in respect of the Proposed Removal that need to be brought to the attention of the Shareholders.

PROPOSED APPOINTMENT OF PRISM

The references to the views of the "Audit Committee" in this section headed "PROPOSED APPOINTMENT OF PRISM" are to the views of Mr. Lau and Mr. Lu who constitute the majority of the Audit Committee because Ms. Jiang has not provided her views up to the finalisation of this circular.

LETTER FROM THE BOARD

Factors considered by the Audit Committee

To assess the quality of Prism whether to competent and capable of being the Company's auditors, the Audit Committee has considered a range of factors stated in Paragraph 2.2.4 & 2.2.21 of the AFRC Guidelines for effective audit committees – selection, appointment and reappointment of auditors as below:

(a) *Governance and leadership*

Prism represents that:

- “(i) The engagement will be led by Alan Lee (Engagement Partner) and Jamie Mak (Co-Engagement Partner), forming a unified leadership framework with deep, complementary expertise. The team leaders bring over 15 years of audit and related experience, including IPOs, cross-border engagements, and leadership in the new energy sector and trading business. They apply a risk-based approach to enable robust planning, clear workstream assignment, and proactive regulatory responses, while maintaining effective collaboration with the Audit Committee.

- (ii) The engagement is supported by documented evidence to ensure traceability from planning through audit completion. The integrated skill set across industry sectors (i.e., new energy and trading business) positions Prism to deliver regulator-aligned, high-quality audits and enables effective collaboration with the Audit Committee.”

The Audit Committee has carefully evaluated Prism's governance and leadership structure for the engagement and is satisfied that it establishes a culture committed to audit quality, professional skepticism, and the wider public interest. The appointment of Alan Lee as Engagement Partner and Jamie Mak as Co-Engagement Partner creates a unified leadership framework. With over 15 years of relevant experience (including handling complex cross-border engagements, IPOs, and specific operations within the new energy and trading sectors), this leadership team brings a high level of expertise to the audit. The Committee is confident that their background sets a clear tone at the top, which will positively influence the mindset and behaviours of the entire engagement team to rigorously discharge their responsibilities in alignment with the highest professional standards.

Furthermore, the Audit Committee is satisfied that Prism's leadership is accountable for the organisational structure and the assignment of roles necessary to deliver a high-quality audit. The Audit Committee views Prism's application of a risk-based approach and clear assignment of workstreams as direct evidence of a structure that allocates responsibilities and authorities among partners and staff. By maintaining proactive regulatory responsiveness and requiring documented evidence to ensure traceability from initial planning through to audit completion, the engagement leaders have established a framework for quality control. This approach assures the Committee that the engagement team is appropriately supervised and

LETTER FROM THE BOARD

committed to perform the audit in accordance with professional standards and the interests of Company's stakeholders, while maintaining transparent and collaborative communication with the Audit Committee throughout the engagement.

(b) Compliance with relevant ethical requirements

Prism represents that:

- “(i) Prism maintains comprehensive independence policies in line with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), including annual independence confirmations and declarations, a restricted entity list, and periodic internal inspections. Prism also provides ongoing CPD for staff to reinforce independence and competence. The combination of independence controls and continuous monitoring supports ethical compliance.

- (ii) Prism is not subject to any active regulatory action. Regarding external inspections, the AFRC's periodic inspections of Prism's PIE engagements were completed in October 2025. For internal inspections, Prism goes beyond the standard acceptance procedures issued by its Quality Assurance Department by conducting an additional technical review for new client engagements. This review is performed directly by a technical partner. The focus areas of the technical review include opening balance procedures, additional procedures for items with significant risk, and the assessment of any qualified opinions carried forward from the prior year, among other relevant risk and control considerations.”

The Audit Committee is satisfied that Prism maintains a framework to ensure compliance with the HKICPA Code of Ethics for Professional Accountants, particularly concerning integrity, objectivity, and independence. The Committee's view is grounded in Prism's comprehensive firm-level policies, which include mandatory annual independence confirmations and declarations, the maintenance of a restricted entity list, and continuous professional development (CPD) tailored to reinforce ethical standards. These systemic controls assure the Committee that Prism has mechanisms in place to identify, evaluate, and eliminate potential threats to independence, such as financial interests, business relationships, or conflicting non-audit services, before they can impair the engagement team's professional judgment.

Furthermore, the Audit Committee is satisfied with Prism's engagement-level safeguards and commitment to objectivity. Beyond standard quality assurance acceptance procedures, Prism enforces an additional technical review for new client engagements, performed directly by an independent technical partner. The Audit Committee notes that this review specifically targets high-risk areas, such as opening balance procedures, complex risk items, and the assessment of prior-year qualified opinions. This structural separation ensures that complex

LETTER FROM THE BOARD

management judgments and estimations are evaluated with objectivity and professional skepticism, mitigating any risks of management bias or familiarity threats during the critical onboarding and planning phases.

Finally, the Audit Committee's confidence in Prism's ethical compliance is further reinforced by the firm's internal and external inspection records. The fact that Prism is not subject to any active regulatory action, coupled with the recent completion of the AFRC periodic inspections of Prism's PIE engagements in October 2025, provides independent validation of the firm's quality and ethical controls. The combination of external regulatory oversight, periodic internal compliance inspections, and engagement-level technical reviews satisfies the Audit Committee that Prism demonstrates the standards of integrity and independence required to act in the interests of the Company's stakeholders.

(c) Industry knowledge and technical competence

Prism represents that:

- “(i) Prism is an independent accounting firm headquartered in Hong Kong. Prism employs a diverse team of more than 150 professionals across its Hong Kong and Mainland China offices and currently provides audit services to more than 70 companies listed on the Stock Exchange. The proposed core engagement team for the annual audit of the Company comprises professionals with extensive experience at international audit firms, who bring experience in areas critical to the Company, including fair value measurement of financial instruments and expected credit loss (ECL) modelling. Additionally, for various valuations, Prism plans to engage an independent valuation specialist to review and assess the underlying assumptions and methodologies provided by management.
- (ii) Prism has a proven audit track record with listed companies in sectors directly relevant to the Company's business. This includes significant experience auditing in the new energy sector and trading business. The engagement-team's audit partners bring over 15 years of specialised experience in these areas.
- (iii) The proposed engagement team demonstrates a unified leadership framework and deep, complementary expertise. The team members' extensive backgrounds in auditing complex listed entities equip them to quickly grasp and address the financial reporting and regulatory challenges relevant to the Company's operations.”

The Audit Committee is satisfied with Prism's demonstrated industry specialisation and relevant track record, which are critical for enhancing audit quality and efficiency. In evaluating the firm's experience, the Committee noted that Prism currently provides audit services to more than 70 companies listed on the Hong Kong Stock Exchange, supported by a professional workforce across Hong Kong and Mainland China. More importantly, Prism possesses direct, proven experience in auditing listed entities within the Company's specific operational sectors. The firm's established track record in the new energy sector and the trading

LETTER FROM THE BOARD

business provides the Committee with assurance that Prism already possesses the relevant industry knowledge required to understand the Company's business operations, identify sector-specific audit risks, and design appropriate audit procedures.

Regarding the specific competence and leadership of the engagement team, the Audit Committee is satisfied that the proposed personnel possess the necessary professional qualifications and experience. The core engagement team comprises professionals with backgrounds at international audit firms, ensuring a baseline of audit methodology and quality standards. The Audit Committee notes that the engagement audit partners bring over 15 years of specialised experience in the new energy and trading sectors. This unified leadership framework, combined with their deep, complementary expertise in auditing complex listed entities, equips the team to address the specific financial reporting and regulatory challenges facing the Company.

Finally, the Audit Committee has carefully considered the engagement team's technical competence and its access to necessary experts, particularly concerning the evaluation of complex management judgements. The Committee is satisfied that the core team brings experience in areas such as the fair value measurement of financial instruments and expected credit loss (ECL) modelling. The Committee notes the engagement partner's plan to involve an independent valuation specialist. This specialist will be deployed to independently review and assess the underlying assumptions and methodologies provided by management for various valuations. The combination of the core team's technical proficiency and the planned integration of external valuation experts satisfies the Committee that Prism has the capabilities required to deliver a high-quality audit.

(d) Engagement performance

Prism represents that "Prism has presented its audit methodology and procedures, and confirmed that the audit will be conducted in accordance with Hong Kong Standards on Auditing. Its proposed approach includes (i) understanding and testing internal controls across major business processes; (ii) a risk-based approach to group audits under Hong Kong Standard on Auditing 600 (Revised); (iii) involvement of component auditors for the Group's PRC subsidiaries; (iv) use of external valuation experts where necessary; and (v) additional procedures for opening balances as this is its first-year audit. It will also be subject to ongoing monitoring and compliance."

The Audit Committee is satisfied with Prism's proposed audit methodology, which forms the foundation of effective engagement performance. Prism has presented its audit strategy and confirmed that the audit will be conducted in strict accordance with Hong Kong Standards on Auditing. The Committee notes that the methodology is tailored to the specific risks and characteristics of the Company. By incorporating procedures to understand and test internal controls across major business processes, the methodology ensures that the engagement team

LETTER FROM THE BOARD

will not rely solely on substantive testing but will evaluate the control environment. This approach encourages the critical assessment of audit evidence and promotes the professional scepticism required to detect material misstatements, aligning with regulatory expectations for high audit quality.

The Audit Committee is satisfied that the proposed audit strategy addresses the complex scope and structural characteristics of the Group engagement. Prism has demonstrated an understanding of the Group's cross-border operations by adopting a risk-based approach specifically governed by Hong Kong Standard on Auditing 600 (Revised). The planned involvement of component auditors for the Group's PRC subsidiaries indicates a mechanism for managing geographically dispersed operations. Furthermore, the strategy acknowledges the necessity of expertise by planning for the use of external valuation experts where applicable, particularly for complex management judgements. The Committee also views the inclusion of dedicated, additional procedures for first-year opening balances as a quality safeguard, ensuring that the foundational figures of the audit are verified.

Finally, the Audit Committee is satisfied that the engagement will be subject to appropriate direction, supervision, and ongoing monitoring to ensure consistent performance. The integration of continuous compliance monitoring within the audit strategy provides the Committee with assurance that the engagement team's performance will be overseen throughout the planning, execution, and reporting phases. By establishing a framework for component auditor oversight, specialist integration, and first-year procedures, Prism has demonstrated an engagement strategy that allocates appropriate focus to high-risk areas. Consequently, the Committee concludes that Prism possesses the methodology and strategic planning necessary to deliver the engagement effectively and sustain audit quality throughout the transition and the ensuing audit cycle.

(e) Communication and interaction with the audit committee

Prism represents that “the teleconference briefing and alignment with the Audit Committee's expectations suggest a proactive and constructive communication approach.”

The Audit Committee is satisfied with Prism's approach to engagement dialogue. The early teleconference briefing conducted by the engagement leadership demonstrated a commitment to establishing a two-way communication channel. By seeking to align their audit strategy with the Audit Committee's specific expectations from the outset, Prism has laid a foundation for mutual understanding. The Committee believes that this communication plan is designed to facilitate timely discussions regarding the audit's progress, significant financial reporting matters, and any complex technical issues that may arise during the engagement.

The Audit Committee is satisfied that the planned communication framework addresses essential audit milestones and risk areas. The communication plan is appropriately sequenced to match the Company's reporting timeline, allowing the Committee to be kept well-informed through the planning, fieldwork, and final reporting phases. The approach ensures that

LETTER FROM THE BOARD

discussions will remain focused on areas with greater risks of material misstatement, such as fair value measurements, cross-border consolidations, and opening balance verification, as well as ongoing evaluations of auditor independence.

The Audit Committee notes Prism's readiness to engage in candid dialogue. The communication framework accommodates the necessity of holding private meetings between the auditors and the Audit Committee in the absence of management. This arrangement provides a forum for the engagement partners to share confidential observations regarding management's judgments, estimates, and the overall control environment. Consequently, the Committee concludes that Prism's communication strategy is appropriate, transparent, and consistent with best practices for corporate governance and regulatory compliance.

(f) Monitoring process

Prism represents that:

- “(i) Prism has established a quality assurance department and issued acceptance procedures for onboarding new client engagements and continuing existing client relationships in accordance with applicable independence, risk assessment requirements, and Paragraphs 600.2.1 and 600.2.2 of the Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants issued by the HKICPA. Before initiating any new engagement or sustaining an ongoing client relationship, the engagement team must evaluate potential threats to independence, objectivity, and confidentiality and implement appropriate safeguards. Engagements are authorised through Prism's standard risk and quality control processes, including client acceptance, engagement acceptance and ongoing monitoring, with consideration given to listed-company experience, regulatory status and the integrity of the client relationship. Any changes in the client's circumstances, scope of services or regulatory environment must prompt a reassessment of independence and risk and may require escalation to the relevant governance bodies for approval. After obtaining approval from the system of quality management (SOQM) partner, the engagement will be accepted.

- (ii) The AFRC inspection status and the documented governance and risk management processes indicate a structured monitoring framework to ensure ongoing compliance and quality.”

The Audit Committee is satisfied with Prism's internal monitoring and client acceptance process. The establishment of a Quality Assurance Department demonstrates a commitment to audit quality. The Committee notes that Prism has comprehensive acceptance and continuance procedures that incorporate independence evaluations, rigorous risk assessments, and compliance with the HKICPA's anti-money laundering guidelines. The evaluation of potential threats to independence, objectivity, and confidentiality before initiating any engagement provides assurance that ethical safeguards are in place. Furthermore, the requirement that any

LETTER FROM THE BOARD

changes in client circumstances or the regulatory environment trigger an immediate reassessment, potentially escalating to the System of Quality Management (SOQM) partner for approval, reflects a monitoring process that addresses the integrity of the engagement throughout its lifecycle.

The Audit Committee is satisfied with the transparency and positive status of Prism's external regulatory monitoring. In evaluating the firm's inspection record, the Committee considered the results of the AFRC periodic inspections. The successful completion of the AFRC's inspections of Prism's Public Interest Entity (PIE) engagements in October 2025, coupled with the absence of any active regulatory actions against the firm or the proposed engagement team members, provides external validation of Prism's audit quality. This regulatory record suggests that the engagement partners and key team members can comply with auditing standards.

Further, the Audit Committee considers that Prism's documented governance and risk management processes form an effective, structured monitoring framework. By maintaining internal client acceptance protocols alongside external inspection outcomes, Prism has a comprehensive system designed to ensure ongoing compliance and sustained audit quality. The Audit Committee is therefore satisfied that Prism's monitoring processes are adequate to support the requirements of the Company's annual audit.

Conclusion

The Audit Committee has considered Prism's representations regarding its proposed engagement governance and leadership, its stated compliance with HKICPA ethical and independence requirements, its industry knowledge and technical competence as demonstrated in its audit proposal, the proposed engagement performance, the outcome of its regulatory inspection as communicated, its proposed approach to communication with the Audit Committee, and its firm-level monitoring and quality management processes as outlined in its proposal. Based on this assessment, the Audit Committee concludes that Prism is independent, competent and capable to act as the Company's auditor, and that the proposed audit arrangements are appropriate and acceptable. This conclusion is made subject to ongoing monitoring throughout the audit cycle, including continued confirmation of independence, review of audit planning and significant risk responses, and timely reporting and escalation of any significant matters that may affect audit quality or independence.

In respect of the reprimand on Prism as set out in AFRC's press release dated 11 September 2025, Prism has already provided the following explanations and representations:

"The core issue cited in the reprimand was Prism's registration process lapse in 2023, wherein one partner acted as the engagement partner and another partner as the engagement quality control reviewer in several PIE (public interest entity) engagements without the required registrations.

LETTER FROM THE BOARD

Prism has implemented remedial actions to address the identified deficiency, including enhanced registration workflows, tightened supervision and targeted training for core engagement members to ensure that the engagement partner and engagement quality control reviewer are qualified during the acceptance process. Following the AFRC's post-review in late 2025, the AFRC concluded that Prism's internal quality controls were satisfactory.

While the reprimand reflects a historical process deficiency, the directors of the Company emphasise that Prism's remediation measures in recent years and the AFRC's favourable conclusion for the year of 2025 support continued confidence in Prism, subject to ongoing monitoring of the quality control environment and continued adherence to regulatory and professional standards."

The Audit Committee has considered the above-mentioned reprimand, Prism's representations as well as Prism's audit plan set out below, and concluded that Prism remains competent and capable of being the Company's auditor.

Prism's audit plan

The Audit Committee has reviewed the detailed information provided by Prism regarding the proposed audit scope, component auditor arrangements, resource allocation, and timeline. Details of Prism's proposed audit plan are as follows:

“(a) Scope and audit approach

Prism's proposed scope focuses on key financial statement areas with high risk in a multi-segment, cross-border group – revenue, inventories, property, plant and equipment, impairments, financial instruments, provisions, and related-party disclosures, in order to align with the Group's complexity, including intercompany transactions, currency effects, and PRC/Hong Kong accounting disclosures, ensuring targeted substantive testing and robust disclosure review.

The presence of a structured engagement team (comprising an Engagement Partner and a Co-Engagement Partner in place) provides appropriate oversight, professional skepticism, and quality control consistent with listed company audits and cross-border considerations. This setup supports consistent application of auditing standards, robust judgment, and clear escalation paths for complex issues.

The proposed approach incorporates cross-border complexities, ensuring appropriate testing across subsidiaries, consolidation and intercompany eliminations, currency translation effects, and compliance with the HKFRS Accounting Standards. Data gathering and centralised evidence collection are integrated into the plan to manage multi-region scope. The scope and approach are aligned with the May 2026 timeline, leveraging Prism's governance framework and prior experience to deliver a high-quality and timely audit. The plan supports efficient coordination across segments and jurisdictions, with risk-based work allocations and escalation procedures.

LETTER FROM THE BOARD

Prism also plans to perform additional audit procedures for the first-year audit. These procedures include opening balance verification and reconciliation, addressing any required restatements or disclosures. Prism will document its initial understanding of the Company's internal controls, covering the control environment, risk assessment processes, information technology controls, and the key control activities relevant to opening balances. In addition, Prism will develop detailed testing plans for opening balances and related accounts, setting out clearly defined criteria, sampling approaches, and materiality thresholds to guide the testing and ensure robust evaluation of the opening balances.

(b) Prism's arrangement with component auditor

Prism proposed engaging a component auditor to assist with the completion of the 2025 audit work in the PRC. In discussions between Prism and the component auditor, it was confirmed that there will be ongoing collaboration to ensure a coherent and efficient audit of the Company for the year ended 31 December 2025. The arrangement sets out the respective roles, information-sharing mechanisms, and processes for identifying, communicating, and resolving Key Audit Matters (KAMs), as well as the timetable for communications and escalation in the event of findings by either party.

(c) Resources

The engagement team comprises three partners, one principal, one manager, three seniors, and six associates, all with listed-company experience. All partners and the principal are certified HKICPA members, while the manager and the seniors hold Chinese Institute of Certified Public Accountants ("CICPA") certifications. The associates are either HKICPA or CICPA student members.

(d) Audit timetable

Prism has proposed to the Audit Committee the timeline for the audit, estimating that the audit work in relation to the financial years ended 31 December 2025 would be completed by the end of May 2026. Details of the proposed audit timetable for the audit of the year ended 31 December 2025 are as follows:

- To tailor the audit strategy and audit plan on March 2026,
- To perform audit procedures, including the procedures related to the opening balance from March to April 2026,
- To communicate with management of the Company regarding the consolidated financial statements for the year ended 31 December 2025 from Late April to Early May 2026, and
- To report to Audit Committee by the end of May 2026."

LETTER FROM THE BOARD

The assessment by the Audit Committee is set out as follows:

- (a) *Detailed basis on whether the proposed audit timetable is reasonable and sufficient without compromising audit quality*

The Audit Committee is satisfied that the proposed audit timetable is structured to ensure all necessary procedures are completed thoroughly without compromising audit quality. The Committee's view is based on the phasing of the audit work, which prevents the compression of critical testing into the final reporting period. By dedicating March 2026 to tailoring the audit strategy and plan, the Committee notes that high-risk areas, such as revenue, impairments, and complex financial instruments can be identified early. Furthermore, the timetable allocates the March to April period to perform execution procedures, crucially including the mandatory first-year opening balance verification and the evaluation of internal controls. The Committee considers that front-loading these foundational, time-intensive procedures ensures that any necessary restatements or disclosure adjustments are addressed well before the year-end consolidation phase.

Additionally, the Committee observes that the timetable incorporates time for managing the Group's cross-border and multi-segment complexities. The integration of the PRC component auditor is supported by an execution stage and defined information-sharing mechanisms, allowing the group auditor time to review component workpapers and resolve Key Audit Matters (KAMs). The allocation of late April to early May specifically for communicating with management regarding the consolidated financial statements is viewed by the Committee as a quality safeguard. It provides a dedicated period for dialogue, the resolution of unadjusted differences, and the finalisation of complex HKFRS disclosures, rather than rushing these discussions immediately prior to issuance. Consequently, the Committee is satisfied that the end-of-May reporting deadline is achievable and provides sufficient time for review and professional skepticism.

- (b) *Detailed basis on whether Prism's committed resources are adequate to achieve the proposed audit timetable*

The Audit Committee is equally satisfied that Prism has committed adequate and appropriately structured resources to execute the proposed timetable effectively. The Committee's view is based on the specific composition, qualifications, and time allocation of the engagement team. With a total commitment of 4,278 hours, the Committee considers that the resource pool is commensurate with the demands of a complex, cross-border listed company audit. The Committee notes the involvement of senior personnel, comprising 285 hours from three Partners, 243 hours from a Principal, and 595 hours from a Manager. In the Committee's view, this substantial allocation of senior-level time (over 1,100 hours) ensures that complex judgments — such as fair value measurements, intercompany eliminations, and consolidation — are addressed promptly, preventing bottlenecks in the timetable.

LETTER FROM THE BOARD

Furthermore, the Committee observes that the alignment of the team's professional qualifications with the Group's geographical footprint provides strong assurance of competence. The presence of HKICPA-certified Partners and Principals ensures adherence to Hong Kong reporting standards, while the deployment of CICPA-certified managers and seniors facilitates the execution of the PRC operational audits and coordination with the component auditor. The execution capacity provided by the seniors and associates (totaling 3,155 hours) offers coverage for detailed substantive testing, data gathering, and centralised evidence collection across jurisdictions. Given that the resource mix balances senior oversight with fieldwork capacity, the Committee is satisfied that Prism is equipped to meet the May 2026 timetable while maintaining the required standards of audit quality.

Conclusion

Having reviewed the alignment between the identified risks, the phased timeline, and the specific deployment of professional hours and expertise, the Audit Committee has concluded that the proposed arrangements are appropriate. The Committee is satisfied that the timetable is reasonable and sufficient to uphold audit quality, and that the resources committed by Prism are adequate to achieve the successful and timely completion of the 2025 annual audit.

UNRESOLVED AUDIT MATTERS AND THE LETTER OF TERMINATION

The Company was informed by HLB Hodgson of the Unresolved Audit Matters as set out in the Letter of Termination.

Prism's preliminary views on the Unresolved Audit Matters

Prism is aware of the Unresolved Audit Matters. Prism is of the view that, if it is to assume the 2025 audit engagement, such change of auditor will not automatically resolve all Unresolved Audit Matters.

Prism proposes to execute additional audit procedures on the Unresolved Audit Matters as below:

- (i) Trade receivables arising from trading business and related impairment, prepayments arising from trading business and related impairment, and related party transactions

The planned audit procedures include, but are not limited to, the following: 1) obtain the final version of the independent investigation report to understand the scope, procedures used, and any limitations, and review the investigation team's analysis of the evidence and conclusions; 2) assess the background of the independent investigator, including any relationships with management or controlling shareholders and its experience with similar engagements, to evaluate independence and competency; 3) interview management to understand their views on the investigation conclusions and the corrective actions and remediation efforts that

LETTER FROM THE BOARD

have been or will be taken, including any recovery-related measures; 4) review the group's financial statement disclosures related to the investigation results to assess whether they are complete, accurate, and fairly presented under applicable accounting standards and listing rules; 5) interview the group's legal team to understand the nature of the criminal investigation, the specific laws involved, and the current stage; and 6) obtain supporting documents, including letters or notices from law enforcement, subpoenas, indictments, and counsel communications, and assess their potential impact on the financial statements.

(ii) Prepayments arising from trading business and related impairment

The planned audit procedures include, but are not limited to, the following: 1) review the group's EPC project contract documents, including prime contracts, subcontracts, and remittance records, to assess the completeness and accuracy of project-related transactions; 2) interview management about the latest progress on prime contracts and the status of investigations into subcontractor costs, and review related communications records to understand the current state of cost reporting and potential variances; 3) interview the independent auditor and the engineering firm engaged by the group to understand the investigative procedures used and any limitations encountered, and review the evidence obtained to date; and 4) inquire with the legal team about the latest developments in the related legal procedures, obtain supporting documents such as letters from counsel and communications with project owners and subcontractors, and assess their potential impact on the measurement, presentation, and disclosure of EPC Project-related amounts in the group's financial statements.

(iii) Financial assets at fair value through profit or loss

The planned audit procedures include, but are not limited to, the following: 1) interview management and the legal team to understand the latest negotiations with the partners and limited partners, and obtain supporting documents, including letters from counsel and communications with the partnership investors; and 2) obtain from management the actions taken or to be taken regarding the recovery of the Investments, and assess their potential impact on the measurement, presentation, and disclosure of the Investments in the group's financial statements."

Prism confirms that, if the information requested by, but not provided to, Baker Tilly and/or HLB Hodgson is still pertinent to forming an audit opinion, Prism will request access to that information, unless constrained by regulatory, legal, or confidentiality considerations. The rationale for any deviation from such request would be documented and disclosed to the Audit Committee with clear justification.

LETTER FROM THE BOARD

Views of the Audit Committee

The references to the views of the “Audit Committee” in this sub-section headed “Unresolved Audit Matters identified by HLB Hodgson” are to the views of Mr. Lau and Mr. Lu who constitute the majority of the Audit Committee because Ms. Jiang has not provided her views up to the finalisation of this circular.

The Audit Committee has carefully reviewed Prism’s proposed audit procedures in response to the Unresolved Audit Matters identified in the Letter of Termination, and the Audit Committee is also aware of the notification from the New Directors on 3 March 2026 stating that they have not yet received the independent investigation report. Having considered these together with the historical difficulties encountered by HLB Hodgson in obtaining the necessary supporting documents and information, the Audit Committee sets out its views below on whether and how Prism’s proposed audit plan and timetable regarding the Unresolved Audit Matters are reasonable and achievable.

In the Audit Committee’s view, the core reason Prism’s timetable is achievable is that it does not assume that uncooperative third parties will suddenly cooperate, nor does it wait indefinitely for internal reports that management cannot procure. The Audit Committee observes that Prism’s strategy relies on establishing direct access channels, executing targeted alternative external procedures, and adhering to Hong Kong Standards on Auditing (HKSA 705).

In particular, with respect to the Unresolved Audit Matters concerning trade receivables and prepayments arising from trading business and related impairment, the Audit Committee notes HLB Hodgson’s position that a critical unresolved matter arose from the alleged unapproved transactions executed in 2023 by specific subsidiaries, resulting in massive, fully impaired trade receivables (RMB3.19 billion) and prepayments (RMB3.45 billion). HLB Hodgson’s inability to access the Investigation Report prevented it from assessing the business rationale and fraud risks. The Audit Committee has considered how Prism proposes to address this through a multi-step approach:

- (i) The Audit Committee recognises that HLB Hodgson’s requests for the Investigation Report were routed through management, resulting in a deadlock. The Audit Committee expects that the Company’s legal advisors will assist Prism in obtaining the final Investigation Report, interim findings and relevant working papers.
- (ii) The Audit Committee notes that, if the report remains delayed, Prism will deploy alternative procedures. This includes substantive Cash Tracing (obtaining original bank statements directly to trace cash outflows) and impairment Assessments focused heavily on verifying non-recoverability through external confirmations and subsequent non-settlement reviews.
- (iii) The Audit Committee further notes that, if, after exhausting all alternative procedures, Prism is still unable to obtain sufficient appropriate audit evidence, Prism will formulate a modified audit opinion (e.g., a Qualified Opinion) in accordance with HKSA 705.

LETTER FROM THE BOARD

Having considered Prism's proposed approach, the Audit Committee concludes that the proposed timetable is achievable because it reflects the actual time required for Prism to either (a) secure the necessary evidence through newly established channels and independent alternative procedures, or (b) conclude that a scope limitation exists and finalise the audit with the appropriate modified opinion.

The Audit Committee emphasises that the achievability of an audit timetable is not dependent on issuing an unmodified opinion. Issuing a well-supported modified opinion under HKSA 705 is a valid and professionally rigorous method to finalise an audit when third-party evidence is systematically withheld. The Audit Committee confirms that it is closely monitoring this process and is satisfied that Prism's strategy is objective, resilient to document delays, and capable of being executed within the proposed timeframe.

Role and actions of the Audit Committee in solving the Unresolved Audit Matters

The Audit Committee plays an independent role in evaluating the Unresolved Audit Matters and overseeing the transition to Prism as the auditor. Its steps, including the following, will focus on ensuring the audit approach addresses the Unresolved Audit Matters, with the objective of upholding high audit quality throughout the transition:

1. Oversight of information gaps: The Audit Committee will review Baker Tilly and/or HLB Hodgson's documentation and the scope of remaining uncertainties in order to ensure Prism's audit plan will adequately cover the unresolved issues and comply with applicable auditing standards.
2. Approval and monitoring of the audit plan: The Audit Committee will continuously evaluate Prism's proposed procedures, testing plans, and resource allocation to ensure that sufficient and appropriate evidence are obtained, with particular attention to high-risk areas and cross-border components.
3. Timetable and progress monitoring: The Audit Committee will track progress against the agreed timetable, flag potential delays or quality concerns, and ensure timely escalation to management and the Board so that necessary adjustments can be made.
4. Communication with management and regulators: The Audit Committee will ensure timely and transparent communications with the management regarding findings, remediation plans, and any scope changes. Where required by the Listing rules, relevant legal requirements and/or professional standards, it will report to the Board and inform regulators (including the Stock Exchange) accordingly.
5. Ongoing quality assurance: Throughout the transition and subsequent audits, the Audit Committee will continuously monitor Prism's internal quality controls, independence, and adherence to professional standards, and will conduct risk assessments as new information emerges.

LETTER FROM THE BOARD

TIMING AND FORTHCOMING SUSPENSION OF TRADING IN THE SHARES ON THE STOCK EXCHANGE

Pursuant to Rule 13.49 of the Listing Rules, the Company is required to publish its Annual Results Announcement on a date not later than three months after the end of FY2025 (i.e. on or before 31 March 2026). Rule 13.46 of the Listing Rules requires the Company to despatch its Annual Report on a date no later than four months after the end of FY2025 (i.e. on or before 30 April 2026). Under Rule 13.50 of the Listing Rules, if an issuer fails to publish periodic financial information as scheduled in accordance with the Listing Rules, the Stock Exchange will normally require suspension of trading in the issuer's securities and the suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information in accordance with the Listing Rules.

As disclosed in the Announcement, the audit plan prepared by Prism indicates that its audit work on the Company's consolidated financial statement for FY2025 could be completed by end of May 2026 the earliest. Even if the Proposed Appointment is approved by the Shareholders at the EGM, the Company will not be able to comply with Rules 13.49 and 13.46 of the Listing Rules in a timely manner. Therefore, trading in the Shares on the Stock Exchange will be suspended from 9:00 am on 1 April 2026 pursuant to Rule 13.50 of the Listing Rules.

Nevertheless, the Company will make its best efforts to facilitate its auditor's work, publish its Annual Results Announcement and Annual Report as soon as possible and apply for resumption of trading in the Shares on the Stock Exchange.

EGM

The EGM will be convened and held in Wuyi Ballroom, Grand Wuji Hotel – the Unbound Collection by Hyatt, No. 119 Software Avenue, Nanjing City, Jiangsu Province, China on Tuesday, 31 March 2026 at 3:00 p.m. for the Shareholders to consider and, if thought fit, to approve the proposed resolutions set out in the notice of the EGM on pages EGM-1 to EGM-2 of this circular.

ACTION TO BE TAKEN

A proxy form for use at the EGM 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 EGM 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 EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM if you so wish. In the event that a Shareholder having lodged a proxy form attends the EGM, his proxy form will be deemed to have been revoked.

LETTER FROM THE BOARD

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from Thursday, 26 March 2026 to Tuesday, 31 March 2026, 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 EGM, 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, 25 March 2026.

RESPONSIBILITY STATEMENT

This circular, for which the Directors (except Mr. Hu and Ms. Jiang) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors (except Mr. Hu and Ms. Jiang), having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading. Mr. Hu and Ms. Jiang expressed reservations regarding this circular. The New Directors consider it impractical to expect their consent to all contents of this circular within a reasonable period of time. They further believe that delaying the publication of this circular solely for the purpose of obtaining such consent — which may or may not ultimately be given — would not serve the interests of the Company or the Shareholders, as any additional postponement could prolong the suspension of trading in the Shares.

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

Yours faithfully,

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

LI Zubin
Executive Director

The following is the text of the Letter of Termination. Such letter is included in this circular for Shareholders' information.



Our Ref: 8C16430808

27 February 2026

BY E-MAIL AND BY HAND

The Board of Directors and the Audit Committee
China High Speed Transmission Equipment Group Co., Ltd.
Room 1302, 13th Floor, COFCO Tower
No. 262 Gloucester Road
Causeway Bay
HONG KONG

Dear Sirs,

China High Speed Transmission Equipment Group Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

We refer to your e-mail dated 13 February 2026 which requested us to cease to perform audit work immediately (the “**13 February 2026 E-mail**”) and your e-mail dated 25 February 2026 (the “**25 February 2026 E-mail**”) which inquired about the significant audit matters identified during our audit of the consolidated financial statements of the Group for the year ended 31 December 2025 (the “**2025 Audit**”).

Before elaborating on the major unresolved audit matters identified during the 2025 Audit up to the date of this letter, we must emphasise that we have **not** completed all necessary audit procedures nor obtained sufficient appropriate audit evidence, information and explanation required for the 2025 Audit (the “**Necessary Audit Procedures**”). This situation arose solely because the existing board of directors of the Company (the “**Board**”) requested us to immediately cease all audit work, as stated in the 13 February 2026 E-mail.

As a result of this limitation imposed by the Board, and without completing the Necessary Audit Procedures, we are unable to identify all potential audit matters, issues or irregularities, including but not limited to, non compliance with:

- (a) International Financial Reporting Standards (the “**IFRS**”) issued by the International Accounting Standards Board (the “**IASB**”);
- (b) the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”);

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31/F, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong SAR
香港中環畢打街11號置地廣場告羅士打大廈31字樓
TEL: +(852) 2810 8333 FAX: +(852) 2810 1948 EMAIL: hic@hic.com.hk
電話: +(852) 2810 8333 傳真: +(852) 2810 1948 電子郵件: hic@hic.com.hk

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To: The Board of Directors and the Audit Committee Date: 27 February 2026 Page: 2
China High Speed Transmission Equipment Group Co., Ltd.

(c) the Hong Kong Companies Ordinance; and

(d) other relevant laws and regulations.

As of the date of this letter, the major unresolved audit matters are related to (1) trade receivables and prepayments arising from trading business and related impairment; (2) transaction under the Group's engineering, procurement and construction project (the "**EPC Project**"); and (3) financial assets at fair value through profit or loss (collectively the "**Unresolved Audit Matters**").

We draw your attention that the Unresolved Audit Matters are also included in (1) the independent auditor's report dated 28 March 2025, which the Company's outgoing auditor issued a qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2024 (the "**2024 Auditor's Report**"); and (2) our communication with the Audit Committee regarding our audit plan during the meeting held on 29 January 2026 (the "**Communication with Audit Committee 2026**").

Based on the audit procedures performed and the related audit evidence obtained up to 13 February 2026, we have not obtained sufficient appropriate audit evidence, information and explanations for the Unresolved Audit Matter. The details of the Unresolved Audit Matters are as follows:

1. Trade receivables and prepayments arising from trading business and related impairment

As at 31 December 2025 and 2024, the gross carrying amounts of trade receivables and prepayments for purchase of bulk commodities arising from the trading business of the Group amounted to approximately RMB3,188,981,000 and RMB3,450,531,000 respectively (the "**Relevant Amounts**"). The Relevant Amounts were fully impaired with loss allowance on trade receivables of approximately RMB3,188,981,000 and provision of impairment on prepayments of approximately RMB3,450,531,000 was recognised in the consolidated financial statements of the Group for the years ended 31 December 2025 and 2024.

In or around 2023, various wholly owned subsidiaries of the Company, namely Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. ("**Nanjing Drive**"), Nanjing Handa Import & Export Trading Co., Ltd. ("**Nanjing Handa**") and Nanjing Shengzhuang Supply Chain Co., Ltd. ("**Nanjing Shengzhuang**") (collectively referred to as the "**Relevant Subsidiaries**") entered into several commodities sales and purchase agreements (the "**Relevant Agreements**") without obtaining approvals from the Board at that material time (the "**Unapproved Transactions**"). In view of the severity of the Unapproved Transactions, the Board resolved to establish an independent investigation committee and engaged an independent investigation consultant to conduct an independent investigation which aimed at investigating the relevant facts and circumstances regarding the Unapproved Transactions (the "**Independent Investigation**").

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To: The Board of Directors and the Audit Committee
China High Speed Transmission Equipment Group Co., Ltd.

Date: 27 February 2026

Page: 3

As disclosed in the Company's announcement dated 24 November 2025, the Independent Investigation was concluded and numerous findings were identified by the independent investigator.

During the 2025 Audit, we repeatedly requested the management of the Group and the legal advisor of the Company to provide a copy of the investigation report and liaised with the investigator to allow us access to their working papers and related supporting documentation related to the Independent Investigation (the "**Investigation Report and Related Documentation**"). The Investigation Report and Related Documentation are critical information to allow us to evaluate and assess (1) the impact of the Findings on the Group's consolidated financial statements for the year ended 31 December 2025; (2) whether the Findings indicates significant and pervasive risks of material and pervasive fraud; (3) any prior year adjustments on the Group's consolidated financial statements with financial years ended before 31 December 2025; and (4) appropriateness of the investigator's work as audit evidence for the purposes of the 2025 Audit.

However, as of the date of this letter, we have not received the Investigation Report and Related Documentation and we are unable to evaluate the impact of the findings identified from the Independent Investigation on the Group's consolidated financial statements for the year ended 31 December 2025 and financial years ended before 31 December 2025. Consequently, up to the date of this letter, we did not obtain sufficient appropriate audit evidence regarding the existence, accuracy, valuation and completeness of the Relevant Amounts as at 31 December 2025 and 2024 and we are also unable to determine the business rationale of the Unapproved Transactions, the appropriateness of the related presentation and disclosure of the Relevant Amounts in the Group's consolidated financial statements for the years ended 31 December 2025 and 2024.

2. Transaction under the Group's EPC Project

The Company's wholly owned subsidiary, Nanjing Drive, acted as the main contractor of the EPC Project in prior years and sub-contracted the project works to several subcontractors. As at 31 December 2025 and 2024, advance receipts from the customer of the EPC Project of approximately RMB467,760,000 were recognised as contract liabilities and the corresponding payments to subcontractors of approximately RMB297,212,000 were recognised as prepayments. As at 31 December 2025 and 2024, subcontractors' service cost of approximately RMB997,721,000 and RMB994,052,000 was recognised as inventories respectively (collectively the "**EPC Project Transactions**").

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To: The Board of Directors and the Audit Committee Date: 27 February 2026 Page: 4
China High Speed Transmission Equipment Group Co., Ltd.

During the 2025 Audit, we requested the management of the Group to provide the related supporting documents for EPC Project Transactions, including but not limited to progress reports and verification reports of the EPC Project. However, the management of the Group informed us that they were unable to procure the full cooperation of the subcontractors and project owner and therefore unable to provide the supporting documents for EPC Project Transactions. As of the date of this letter, we have not received the supporting documents for the EPC Project Transactions. Consequently, up to the date of this letter, we have been unable to obtain sufficient appropriate evidence to evaluate the business rationale, commercial substance and the progress of the EPC Project Transactions. We are also unable to obtain sufficient appropriate audit evidence for the existence, accuracy, valuation and completeness of the contract liabilities and of the gross carrying amounts of the prepayments and inventories in relation to the EPC Project as at 31 December 2025 and 2024. Accordingly, we were unable to evaluate whether any revenue and sub-contracting costs in relation to the EPC Project should be recognised in the consolidated financial statements of the Group for the years ended 31 December 2025 and 2024.

3. Financial assets at fair value through profit or loss

As at 31 December 2025 and 2024, included in financial assets at fair value through profit or loss were equity investments in three limited partnerships with carrying amounts of Nil and RMB423,300,000 respectively (the “**Investments**”). During the year ended 31 December 2025, the Group recognised loss on fair value change of approximately RMB423,300,000 in relation to the Investments.

The management of the Group informed us that, despite all reasonable efforts taken by them, they were unable to obtain the necessary financial and relevant information of the Investments to determine its fair value as at 31 December 2025 and 2024. Additionally, the management of the Group is seeking ways to recover the value of the Investments, including but not limited to selling the Investments to third parties or other investment partners. As of the date of this letter, the Group did not execute any agreement to sell the Investments.

Based on the aforementioned, as of the date of this letter, we have been unable to obtain sufficient appropriate audit evidence in relation to the Investments and consequently, we are unable to assess the business rationale of the Investments, the carrying amounts of the Investments and the impact of the changes in the fair value of the Investments on the consolidated financial statements of the Group for the years ended 31 December 2025 and 2024.

Additionally, we refer to your e-mail dated 24 February 2026 which requested us to resign as auditors of the Company and provide comments on a draft announcement (the “**Draft Announcement**”). We wish to reiterate that we neither tendered our resignation nor expressed any intention to cease acting as the Company’s auditor. The Board and the Company’s audit committee also did not inform us of the reasons for requesting us to resign as the auditors of the Company. Subsequently, we provided our comments on the Draft Announcement and requested the Company to amend the wordings in the Draft Announcement (the “**Comments**”).

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To: The Board of Directors and the Audit Committee Date: 27 February 2026 Page: 5
China High Speed Transmission Equipment Group Co., Ltd.

On 26 February 2026 (after business hours), the Company issued an announcement related to proposed change of auditor, delay in publication of annual results and annual report for the year ended 31 December 2025 and forthcoming suspension of trading (the "Announcement"). Before issuance of the Announcement, the Company did not provide the draft version of the Announcement for our review and comment.

Further, it has come to our attention that the content of the Announcement varies from the Draft Announcement and did not include the Comments. In particular, we put on record that we do not agree with the statement in the Announcement that "*...as at the date of this announcement, [the Board and Audit Committee] are not aware of any disagreement or unresolved matter between the Company and HLB Hodgson...*".

We are currently assessing the content of the Announcement, the consequential impact and will provide a comprehensive response in due course.

In the meantime, our rights are hereby expressly reserved.

Yours faithfully

A handwritten signature in cursive script that reads "HLB Hodgson Impey Cheng Limited".

Certified Public Accountants

NOTICE OF EXTRAORDINARY 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 IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”) will be convened and held at Wuyi Ballroom, Grand Wuji Hotel – the Unbound Collection by Hyatt, No. 119 Software Avenue, Nanjing City, Jiangsu Province, China at 3:00 p.m. on Tuesday, 31 March 2026 to consider and, if thought fit, pass the following resolutions as an ordinary resolutions:

ORDINARY RESOLUTIONS

1. To remove HLB Hodgson Impey Cheng Limited as the auditor of the Company with immediate effect.
2. Subject to the resolution to remove HLB Hodgson Impey Cheng Limited as auditor of the Company being passed, to appoint Prism Hong Kong Limited as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company, and to authorise board of directors of the Company to fix its remuneration.

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

Hong Kong, 12 March 2026

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.
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 Thursday, 26 March 2026 to Tuesday, 31 March 2026, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to determine the identity of the shareholders who are entitled to attend and vote at the meeting, all duly

NOTICE OF EXTRAORDINARY GENERAL MEETING

completed 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, 25 March 2026.

4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof (as the case may be). In the event that a shareholder having lodged a proxy form attends the EGM, his proxy form will be deemed to have been revoked.
5. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto but if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. In accordance with the Listing Rules, voting on the above resolutions will be taken by poll.
7. As at the date of this notice, the executive Directors are Mr. HU Yueming and Mr. LI Zubin; the non-executive Director is Mr. YE Xingming; and the independent non-executive Directors are Ms. JIANG Jianhua, Mr. LAU Jing Yeung William, Mr. LU Yuanzhu and Mr. TSE Man Kit, Keith.