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
STATUS UPDATE ON FURTHER INVESTIGATION AND INTERNAL CONTROL REVIEW

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 on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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).

References are made to the announcements (the "**Announcements**") of the Company: (i) dated 24 November 2024, 6 February 2025, 2 March 2025, 6 June 2025, 24 November 2025 and 10 June 2026 respectively, in relation to, among other matters, the Agreements of the Relevant Subsidiaries, the Relevant Amounts and updates on the Independent Investigation; (ii) dated 17 December 2025 in relation to the IC Review; (iii) dated 26 May 2025 and 12 August 2025 respectively in relation to the Handa Loan and the Loan Assignment; and (iv) dated 12 June 2026 in relation to the Yijing Guarantee Agreement. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

FURTHER INVESTIGATION

As announced by the Company on 10 June 2026, a Further Investigation is initiated to examine the Relevant Transactions. The scope of the Further Investigation undertaken by the New Independent Investigator, Grant Thornton Zhitong Certified Public Accountants LLP, will cover the following aspects relating to the Relevant Transactions:

(a) to identify the cash flow movement with the relevant agreements, logistic documents, invoices and other trading related documents to ascertain the nature and commercial substance of the Relevant Transactions; and to comment on whether the Relevant Transactions aligned with the commercial requirements of such type of trade;

(b) to identify the key participants and transaction process to ascertain whether there were irregularities or potential conflicts of interest, and any deficiencies in the internal control systems as evidenced by the Relevant Transactions; and

(c) to examine the causes of bad debts arising from the Relevant Transactions and the status of debt collection efforts, and to suggest future recovery plans.

The scope of the Further Investigation is not substantially different from that of the investigation conducted by FTI Consulting (Hong Kong) Limited (the "**FTI Investigation**"), as disclosed by the Company's announcement dated 24 November 2025. The purpose of initiating the Further Investigation is not to alter the scope or objectives of the FTI Investigation, but to address the concerns regarding, and limitations affecting, the FTI Final Report, as described in the Company's announcement of 10 June 2026, and to enable the relevant matters to be reassessed on the basis of more sufficient and reliable evidence.

Also, the Board considers that the scope set out above is aligned with the objectives of the Further Investigation, and is sufficient and appropriate to safeguard the interest of the Company and its shareholders as a whole.

To help overcome the limitations of the FTI Investigation, the Company will make its best endeavours to persuade the key personnel of Fullshare who were involved in the Relevant Transactions as well as counterparties of those transactions to provide information and extend cooperation, thereby assisting the New Independent Investigator to obtain sufficient information to reconstruct the full picture of events. The Board will also instruct the management of the Group to provide all information in full, thereby ensuring the completeness, authenticity and objectivity of the evidence for the Further Investigation.

The New Independent Investigator has commenced the Further Investigation in June 2026 and estimates that the Further Investigation will take five to six months.

INTERNAL CONTROL REVIEW

The Company announced on 17 December 2025 the findings of an IC Review. However, the findings were limited to the Group's internal control deficiencies identified in connection with the Handa Loan and the Loan Assignment incident, which involved non-compliance with the requirements of Chapters 14 and 14A of the Listing Rules, as disclosed in the Company's announcements dated 26 May 2025 and 12 August 2025.

The Board is of the view that, although the key findings of the IC Review are valid and the recommendations resulting from the IC Review provide useful insights for improving the Group's corporate governance, the IC Review alone was not sufficiently comprehensive to address all internal control deficiencies within the Group, including those relating to the Company's execution of the Yijing Guarantee Agreement which resulted in non-compliance with the announcement requirements under Chapter 14 of the Listing Rules, as disclosed in the Company's announcement dated 12 June 2026. In addition, as stated above, the scope of the Further Investigation will be including the identification of irregularities, potential conflicts of interest, and internal control deficiencies as evidenced by the Relevant Transactions.

Therefore, the Company will engage internal control consultant(s) to conduct an overall review of the effectiveness of the Group's internal control system, and provide recommendations for enhancement measures ("**Further IC Review**"), by mid-August 2026. The scope will cover the internal control policies, systems and procedures (including project initiation, pre-transaction due diligence and risks/benefits assessment, delegation and approval thresholds, Board supervision and approval, legal/regulatory compliance, post- transaction review and risk management, and record keeping) for (a) the irregularities, potential conflicts of interest, and internal control deficiencies identified in the Further Investigation and (b) at least the following aspects:

(1) notifiable transactions as defined in Chapter 14 of the Listing Rules, including investments;

(2) connected transactions as defined in Chapter 14A of the Listing Rules and related party transactions;

(3) provision of financial assistance to any person or entity not being a wholly-owned subsidiary);

(4) transactions involving securities of the Company and other members of the Group;

(5) continuing obligations under Chapter 13 of the Listing Rules;

(6) business conduct and ethics;

(7) management of conflict of interest;

(8) enterprise risk management;

(9) contract management;

(10) use of company seal;

(11) treasury management;

(12) management of disputes with third parties; and

(13) compliance with the code provisions under Part 2 of Appendix C1 to the Listing Rules (Corporate Governance Code).

IMPROVEMENTS ON INTERNAL CONTROL SYSTEMS

In the meantime, the Board takes the past non-compliance incidents with utmost seriousness and has instructed all relevant departments to conduct rigorous reviews of the internal control systems and to make improvements and enhancements with the aim to avoiding similar incidents and other instances of non-compliance.

Despite the IC Review not being comprehensive, the Group is taking active measures to adopt and implement the four recommendations arising from such review:

Finding 1: The recommendation on this finding has been implemented. The Company maintains a list of its connected persons (including Fullshare (a connected person) and its associates (as defined under the Listing Rules)), and circulates the list within the Group (including the business departments of the Company and its significant subsidiaries) on a quarterly basis and at other times when there are significant changes to the list, in order for the relevant members of the Group to identify potential connected transactions and comply with the Company's system on management of connected transactions.

Finding 2: The recommendation on this finding has been implemented. The Company has in place the management system for connected transactions. It is strengthening the implementation of such system throughout the Group.

Finding 3: The recommendation on this finding has been implemented. The Company has promulgated internally its policy and system on the provision of financial assistance, which covers not only third-party borrowings but also provision of guarantees and other forms of financial assistance. The Company will closely monitor the implementation by all Group companies on a regular basis and update the system when the situation requires.

Finding 4: The Company is arranging Hong Kong lawyers to provide trainings to the Directors and senior management of the Group on connected person and connected transaction identification and management in August 2026.

The Company will make further announcement(s) on the Further Investigation and the broader internal control review as and when appropriate.

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

Hong Kong, 5 August 2026

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