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中國高速傳動設備集團有限公司*
China High Speed Transmission Equipment Group Co., Ltd.
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 658)

INSIDE INFORMATION
APPOINTMENT OF INTERNAL CONTROL CONSULTANT

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, 10 June 2026 and 5 August 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; (iv) dated 12 June 2026 in relation to the Yijing Guarantee Agreement; and (v) dated 5 August 2026 in relation to, among other matters, the status update on the Further Investigation and the internal control review.

Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

APPOINTMENT OF INTERNAL CONTROL CONSULTANT

As announced by the Company on 5 August 2026, the Company undertook to engage internal control consultant(s) by mid-August 2026 to conduct the Further IC Review. The Board is pleased to announce that Lixin Certified Public Accountants (Special General Partnership) ("**Lixin**") has been engaged on 14 August 2026 as an independent third-party to conduct the Further IC Review.

To the best knowledge of the Board, Lixin is an independent third-party not connected with the Company, any of its substantial shareholders or Directors and any party involved in the Relevant Transactions. Lixin is a member firm of BDO International Limited and a PRC accounting firm with extensive experience in conducting internal control reviews.

SCOPE OF THE FURTHER IC REVIEW

Lixin will conduct an overall review of the effectiveness of the Group's internal control system for the period from 1 January 2025 to 30 September 2026 (the "**Review Period**"), perform agreed-upon procedures in accordance with the relevant professional standards, and issue a report setting out factual findings, together with recommendations for enhancement measures (the "**New IC Report**").

The scope of the Further IC Review 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) in relation to:

(a) the irregularities, potential conflicts of interest, and internal control deficiencies to be identified in the Further Investigation. In particular, upon the issue of the final report of the Further Investigation by the New Independent Investigator, Lixin will review such report and, for each irregularity, potential conflict of interest and internal control deficiency identified therein, examine the measures taken or to be taken by the Group's management in response, and assess whether such measures and the relevant internal control policies of the Group have been implemented and are effective in preventing the recurrence of similar matters; 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).

TIMELINE OF THE FURTHER IC REVIEW

Lixin has made preparation for commencing the Further IC Review in August 2026 and is expected to issue its New IC Report by around December 2026. As disclosed in the Company's announcement dated 5 August 2026, the New Independent Investigator has commenced the Further Investigation in June 2026 and estimates that the Further Investigation will take five to six months. Given that the Further Investigation findings of irregularities fall within the scope of the Further IC Review, the New IC Report will be issued after consideration of the Further Investigation's final report.

The above timetable is indicative only and may be subject to adjustment having regard to, among other things, the progress of the Further Investigation.

ASSESSMENT OF THE BOARD ON THE SCOPE OF THE FURTHER IC REVIEW

In assessing the sufficiency and appropriateness of the scope of the Further IC Review, the Board has taken into account relevant factors including the following:

(a) the scope covers the internal control policies, systems and procedures in relation to the irregularities, potential conflicts of interest and internal control deficiencies to be identified in the Further Investigation, such that the findings of the Further Investigation will be reviewed, and the measures adopted by the management in response to such findings will be examined, by Lixin;

(b) the scope covers at least the 13 aspects set out above, which encompass the areas in which the Group's past incidents of non-compliance with the Listing Rules and internal control deficiencies arose, including the Handa Loan, the Loan Assignment and the execution of the Yijing Guarantee Agreement;

(c) the 13 aspects cover the key areas concerning compliance with the Listing Rules, and the major risks relating to the Group's operation;

(d) the Review Period covers the period during which the Group's remedial and enhancement measures were adopted and have been operating, which enables Lixin to assess the current design and operating effectiveness of the Group's internal control system and whether such measures prevent the recurrence of similar matters;

(e) the Further IC Review is a review of the Group as a whole, extending beyond the Company to its significant subsidiaries. The implementation of the Group's internal control policies, systems and procedures will be reviewed and tested, and Lixin's recommendations will assist the Group in ensuring that the management and relevant personnel of its subsidiaries are well aware of, and adhere to, the Group's internal control and compliance requirements, with the aim to avoiding similar incidents of non-compliance across the Group; and

(f) in addition to factual findings, Lixin will provide recommendations for enhancement measures, which will assist the Group in enhancing its internal control systems and corporate governance.

Based on the above, the Board considers that the scope of the Further IC Review is aligned with the objectives of the Further IC Review, and is sufficient and appropriate to address the internal control deficiencies of the Group and to safeguard the interest of the Company and its shareholders as a whole.

The Company will make further announcement(s) on the Further Investigation and the Further IC Review as and when appropriate.

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

Hong Kong, 14 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.

* *For identification purposes only*