
THIS SUPPLEMENTAL DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about the Offer, this Supplemental Document, or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China High Speed Transmission Equipment Group Co., Ltd., you should at once hand this Supplemental Document to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Supplemental Document should be read in conjunction with the Composite Document, the contents of which form part of the terms and conditions of the Offer.

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Five Seasons XVI Limited

(Incorporated in the British Virgin Islands with limited liability)

**SUPPLEMENTAL DOCUMENT IN RELATION TO
VOLUNTARY CONDITIONAL SHARE EXCHANGE OFFER BY**



**BAOQIAO PARTNERS CAPITAL LIMITED
FOR AND ON BEHALF OF FIVE SEASONS XVI LIMITED
(A WHOLLY-OWNED SUBSIDIARY OF FULLSHARE HOLDINGS LIMITED)
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA HIGH SPEED TRANSMISSION EQUIPMENT GROUP CO., LTD.
(OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH THE OFFEROR) IN EXCHANGE FOR
NEW SHARES TO BE ISSUED BY FULLSHARE HOLDINGS LIMITED**

**Financial Adviser to
Five Seasons XVI Limited and
Fullshare Holdings Limited**



BAOQIAO PARTNERS CAPITAL LIMITED

**Financial Adviser to
China High Speed Transmission
Equipment Group Co., Ltd.**



**Independent Financial Adviser to the Independent Board Committee of
China High Speed Transmission Equipment Group Co., Ltd.**



Unless otherwise defined in the section headed "Definitions" in this Supplemental Document, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to the Composite Document. Please refer to the Composite Document for details. Acceptance of the Offer must be received by the Registrar by no later than 4:00 p.m. on 21 November 2016 or such later time and/or date as the Offeror and the Offeree Company may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

SUMMARY OF IMPORTANT INFORMATION

Offeree Independent Shareholders should note the following:

- The unaudited financial information of Nanjing High Accurate Drive Group for the nine months ended 30 September 2016 is set out in Appendix I to this Supplemental Document.
- All terms of the Offer as set out in the Composite Document and in the Form of Acceptance remain unchanged.

You are advised to read this Supplemental Document, in particular, the supplemental letter from BaoQiao Partners and the supplemental letter from the Offeree Board in conjunction with the Composite Document carefully before taking any action in respect of the Offer.

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EXPECTED TIMETABLE

The timetable set out below is indicative and may be subject to change. Any changes to the timetable will be announced by the Offeror, Fullshare and the Offeree Company.

Despatch date of this Supplemental Document Friday, 18 November 2016

First Closing Date (*Note 2*) Monday, 21 November 2016

Latest time and date for acceptance of
the Offer on the First Closing Date (*Note 2*) by 4:00 p.m. on Monday,
21 November 2016

Announcement of the results of the Offer as at
the First Closing Date (or its extension or revision,
if any), to be posted on the website of
the Stock Exchange (*Note 2*) by 7:00 p.m. on Monday,
21 November 2016

Latest date of posting of share certificates of
Fullshare Shares in respect of valid acceptances
received by the First Closing Date under the Offer,
assuming that the Offer becomes or is declared
unconditional on the First Closing Date (*Note 3*) Wednesday, 30 November 2016

Latest time and date for the Offer remaining open
for acceptance assuming that the Offer becomes
or is declared unconditional in all respects on
the First Closing Date (*Note 2*) by 4:00 p.m. on Monday
5 December 2016

Long Stop Date being the latest time and date
by which the Offer can become or be declared
unconditional as to acceptances (*Note 4*) by 7:00 p.m. on Friday
30 December 2016

EXPECTED TIMETABLE

Notes:

1. The Offer is made on 31 October 2016, being the date of posting of the Composite Document, and is capable of acceptance on and from that date until the close of the Offer Period.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which the Composite Document is posted. The latest time and date for acceptance will be at 4:00 p.m. on Monday, 21 November 2016 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror, Fullshare and the Offeree Company will jointly issue an announcement through the websites of the Stock Exchange, Fullshare and the Offeree Company by no later than 7:00 p.m. on Monday, 21 November 2016 stating whether the Offer has been extended, revised or has expired. In any announcement of extension of the Offer, the next Closing Date must be stated. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional, it should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Offeree Independent Shareholders who have not accepted the Offer.
3. Share certificates of the Fullshare Shares in respect of the consideration for the Offeree Shares tendered under the Offer will be posted to those Offeree Independent Shareholders accepting the Offer as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid, and the date on which the Offer becomes or is declared unconditional in all respects.
4. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day the Composite Document is posted. Where a period laid down in the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptances, the Offer will lapse after 7:00 p.m. on Friday, 30 December 2016, unless extended with the consent of the Executive.

All references to dates and times contained in this Supplemental Document refer to Hong Kong dates and times.

DEFINITIONS

Terms defined in the Composite Document shall have the same meanings herein unless the context otherwise requires and the following expressions have the meanings set out below in this Supplemental Document:

“Composite Document”	the composite offer and response document dated 31 October 2016 jointly issued by or on behalf of the Offeror and the Offeree Company in accordance with the Takeovers Code in connection with the Offer
“Extended Relevant Period”	the period from the Previous Latest Practicable Date up to and including the Latest Practicable Date
“First Closing Date”	21 November 2016, being the first closing date of the Offer as set out in the Composite Document
“Latest Practicable Date”	15 November 2016, being the latest practicable date prior to the printing of this Supplemental Document for the purpose of ascertaining certain information contained in this Supplemental Document
“Nanjing High Accurate Drive”	Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Offeree Company
“Nanjing High Accurate Drive Announcements”	the announcement of the Offeree Company dated 31 October 2016 and the supplemental announcement of the Offeree Company dated 2 November 2016 in relation to the publication of the Nanjing High Accurate Drive Financial Figures
“Nanjing High Accurate Drive Financial Figures”	the unaudited major financial figures of Nanjing High Accurate Drive Group for the nine months ended 30 September 2016
“Nanjing High Accurate Drive Group”	Nanjing High Accurate Drive and its subsidiaries
“Previous Latest Practicable Date”	28 October 2016, being the previous latest practicable date prior to the printing of the Composite Document for the purpose of ascertaining certain information contained in the Composite Document

DEFINITIONS

“Supplemental Document”

this supplemental document dated 18 November 2016 containing additional information relating to the Offeror, Fullshare and the Offeree Company jointly issued by or on behalf of the Offeror and the Offeree Company in accordance with the Takeovers Code in connection with the Offer

SUPPLEMENTAL LETTER FROM BAOQIAO PARTNERS



BAOQIAO PARTNERS CAPITAL LIMITED

Unit 501, 5/F, Tower 1,
Admiralty Centre, 18 Harcourt Road,
Admiralty, Hong Kong

18 November 2016

To the Offeree Independent Shareholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL SHARE EXCHANGE OFFER
BY BAOQIAO PARTNERS CAPITAL LIMITED
FOR AND ON BEHALF OF FIVE SEASONS XVI LIMITED
(A WHOLLY-OWNED SUBSIDIARY OF
FULLSHARE HOLDINGS LIMITED)
TO ACQUIRE ALL OF THE ISSUED SHARES OF
CHINA HIGH SPEED TRANSMISSION EQUIPMENT GROUP CO., LTD.
(OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH THE OFFEROR)
IN EXCHANGE FOR NEW SHARES TO BE ISSUED BY
FULLSHARE HOLDINGS LIMITED**

INTRODUCTION

Reference is made to (i) the joint announcement dated 19 September 2016 issued by the Offeror, Fullshare and the Offeree Company in relation to, among others, the Offer, (ii) the joint announcement dated 31 October 2016 issued by the Offeror, Fullshare and the Offeree Company in relation to the despatch of the Composite Document, (iii) the Composite Document dated 31 October 2016 jointly issued by the Offeror, Fullshare and the Offeree Company, and (iv) the Nanjing High Accurate Drive Announcements issued by the Offeree Company in respect of publication of the Nanjing High Accurate Drive Financial Figures.

SUPPLEMENTAL LETTER FROM BAOQIAO PARTNERS

The purpose of this Supplemental Document is to provide you with, among other things, (i) the unaudited financial information of Nanjing High Accurate Drive Group for the nine months ended 30 September 2016 and (ii) any other additional information as required under Rule 8.5 of the Takeovers Code.

PRINCIPAL TERMS OF THE OFFER

All terms of the Offer set out in the Composite Document and Form of Acceptance remain unchanged.

As at the Latest Practicable Date, the Offeree Company has 1,635,291,556 Offeree Shares in issue and the Offeree RMB Bonds. The Offeree Company has no other outstanding Offeree Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Offeree Shares or other types of securities in the Offeree Company as at the Latest Practicable Date. As at the Latest Practicable Date, Mr. Ji, being a party acting in concert with the Offeror, through Glorious Time indirectly holds 148,562,000 Offeree Shares, representing approximately 9.08% of the total issued share capital of the Offeree Company.

Comparison of value

- (a) The ascribed value of HK\$10.95 per Offeree Share (equivalent to the closing price of each Fullshare Share of HK\$4.38 as quoted on the Stock Exchange on the Last Trading Day multiplied by 5 and divided by 2 for each Offeree Share) represents:
 - (i) a premium of approximately 46.59% over the closing price of Offeree Share of HK\$7.47, as quoted on the Stock Exchange on 9 September 2016, being the Last Trading Day;
 - (ii) a premium of approximately 54.23% over the average closing price of approximately HK\$7.10 per Offeree Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
 - (iii) a premium of approximately 54.23% over the average closing price of approximately HK\$7.10 per Offeree Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
 - (iv) a premium of approximately 55.98% over the average closing price of approximately HK\$7.02 per Offeree Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;

SUPPLEMENTAL LETTER FROM BAOQIAO PARTNERS

- (v) a premium of approximately 61.27% over the average closing price of approximately HK\$6.79 per Offeree Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
 - (vi) a premium of approximately 36.88% over the closing price of Offeree Share of HK\$8.00, as quoted on the Stock Exchange on the Previous Latest Practicable Date;
 - (vii) a premium of approximately 30.20% over the closing price of Offeree Share of HK\$8.41, as quoted on the Stock Exchange on the Latest Practicable Date;
 - (viii) a premium of approximately 56.88% over the audited consolidated net assets per Offeree Share of approximately HK\$6.98 as at 31 December 2015 (being the date to which the latest audited consolidated annual results of the Offeree Group were made up), calculated based on the Offeree Group's audited consolidated net assets attributable to its shareholders of approximately RMB9,759,102,000 (equivalent to approximately HK\$11,418,149,340) as at 31 December 2015 and 1,635,291,556 existing Offeree Shares in issue as at the Latest Practicable Date; and
 - (ix) a premium of approximately 52.72% over the unaudited consolidated net assets per Offeree Share of approximately HK\$7.17 as at 30 June 2016 (being the date to which the latest unaudited consolidated interim results of the Offeree Group were made up), calculated based on the Offeree Group's unaudited consolidated net assets attributable to its shareholders of approximately RMB10,015,605,000 (equivalent to approximately HK\$11,718,257,850) as at 30 June 2016 and 1,635,291,556 existing Offeree Shares in issue as at the Latest Practicable Date.
- (b) The ascribed value of HK\$11.00 per Offeree Share (based on the weighted average traded price of Fullshare Share of HK\$4.40 as quoted on the Stock Exchange on the Last Trading Day multiplied by 5 and divided by 2 for each Offeree Share) represents:
- (i) a premium of approximately 47.26% over the closing price of Offeree Share of HK\$7.47, as quoted on the Stock Exchange on 9 September 2016, being the Last Trading Day;
 - (ii) a premium of approximately 54.93% over the average closing price of approximately HK\$7.10 per Offeree Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

SUPPLEMENTAL LETTER FROM BAOQIAO PARTNERS

- (iii) a premium of approximately 54.93% over the average closing price of approximately HK\$7.10 per Offeree Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 56.70% over the average closing price of approximately HK\$7.02 per Offeree Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 62.00% over the average closing price of approximately HK\$6.79 per Offeree Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 37.50% over the closing price of Offeree Share of HK\$8.00, as quoted on the Stock Exchange on the Previous Latest Practicable Date;
- (vii) a premium of approximately 30.80% over the closing price of Offeree Share of HK\$8.41, as quoted on the Stock Exchange on the Latest Practicable Date;
- (viii) a premium of approximately 57.59% over the audited consolidated net assets per Offeree Share of approximately HK\$6.98 as at 31 December 2015 (being the date to which the latest audited consolidated annual results of the Offeree Group were made up), calculated based on the Offeree Group's audited consolidated net assets attributable to its shareholders of approximately RMB9,759,102,000 (equivalent to approximately HK\$11,418,149,340) as at 31 December 2015 and 1,635,291,556 existing Offeree Shares in issue as at the Latest Practicable Date; and
- (ix) a premium of approximately 53.42% over the unaudited consolidated net assets per Offeree Share of approximately HK\$7.17 as at 30 June 2016 (being the date to which the latest unaudited consolidated interim results of the Offeree Group were made up), calculated based on the Offeree Group's unaudited consolidated net assets attributable to its shareholders of approximately RMB10,015,605,000 (equivalent to approximately HK\$11,718,257,850) as at 30 June 2016 and 1,635,291,556 existing Offeree Shares in issue as at the Latest Practicable Date.

SUPPLEMENTAL LETTER FROM BAOQIAO PARTNERS

- (c) The implied issue price of HK\$2.99 per new Fullshare Share (equivalent to the closing price of HK\$7.47 per Offeree Share as quoted on the Stock Exchange on the Last Trading Day multiplied by 2 and divided by 5 for each new Fullshare Share) represents:
- (i) a discount of approximately 31.74% to the closing price of Fullshare Share of HK\$4.38, as quoted on the Stock Exchange on 9 September 2016, being the Last Trading Day;
 - (ii) a discount of approximately 31.89% to the average closing price of approximately HK\$4.39 per Fullshare Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
 - (iii) a discount of approximately 28.98% to the average closing price of approximately HK\$4.21 per Fullshare Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
 - (iv) a discount of approximately 22.94% to the average closing price of approximately HK\$3.88 per Fullshare Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
 - (v) a discount of approximately 19.19% to the average closing price of approximately HK\$3.70 per Fullshare Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
 - (vi) a discount of approximately 30.47% to the closing price of Fullshare Share of HK\$4.30, as quoted on the Stock Exchange on the Previous Latest Practicable Date;
 - (vii) a discount of approximately 31.42% to the closing price of Fullshare Share of HK\$4.36, as quoted on the Stock Exchange on the Latest Practicable Date;

SUPPLEMENTAL LETTER FROM BAOQIAO PARTNERS

- (viii) a premium of approximately 806.06% over the audited consolidated net assets per Fullshare Share of approximately HK\$0.33 as at 31 December 2015 (being the date to which the latest audited consolidated annual results of Fullshare Group were made up), calculated based on Fullshare Group's audited consolidated net assets attributable to its shareholders of approximately RMB4,758,337,000 (equivalent to approximately HK\$5,567,254,290) as at 31 December 2015 and 16,648,410,000 Fullshare Shares in issue as at the Latest Practicable Date; and

- (ix) a premium of approximately 550.00% over the unaudited consolidated net assets per Fullshare Share of approximately HK\$0.46 as at 30 June 2016 (being the date to which the latest unaudited consolidated interim results of Fullshare Group were made up), calculated based on Fullshare Group's unaudited consolidated net assets attributable to its shareholders of approximately RMB6,595,657,000 (equivalent to approximately HK\$7,716,918,690) as at 30 June 2016 and 16,648,410,000 Fullshare Shares in issue as at the Latest Practicable Date.

SUPPLEMENTAL INFORMATION ON THE OFFEROR AND FULLSHARE GROUP

The Offeror was incorporated under the laws of the British Virgin Islands on 15 August 2016. The principal business of the Offeror is investment holding. The Offeror is a direct wholly-owned subsidiary of Fullshare and has not conducted any business since its incorporation.

Fullshare is a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Stock Exchange under the stock code 607. Fullshare Group is principally engaged in property development, provision of green building services, investment and healthcare products and services business. Subject to the Offer having become unconditional, Fullshare Group will expand its business into the research, design, development, manufacture and distribution of wind power equipment, which is new to the Fullshare Group. As at the Latest Practicable Date, there are 16,648,410,000 Fullshare Shares in issue and Mr. Ji is the ultimate controlling shareholder of Fullshare directly and indirectly through Magnolia Wealth holding 10,126,770,454 Fullshare Shares, representing approximately 60.83% of the issued share capital in Fullshare. Supplemental general information of the Offeror and Fullshare Group is set out in Appendix IV to this Supplemental Document.

SUPPLEMENTAL INFORMATION ON THE OFFEREE GROUP

The Offeree Group is principally engaged in the research, design, development, manufacture and distribution of various types of mechanical transmission equipment for a broad range of applications in wind power generation and industrial use. Additional financial information of Nanjing High Accurate Drive Group and supplemental general information of the Offeree Group are set out in Appendix I and Appendix III to this Supplemental Document, respectively.

SUPPLEMENTAL LETTER FROM BAOQIAO PARTNERS

As disclosed in the Nanjing High Accurate Drive Announcements published by the Offeree Company, the Nanjing High Accurate Drive Financial Figures were made pursuant to applicable regulations in the PRC, including the Rules for Information Disclosure on Debt Financing Instruments of Non-Financial Enterprises in the Inter-bank Bond Market (銀行間債券市場—非金融企業債務融資工具資訊披露規則). Your attention is drawn to the unaudited financial information of Nanjing High Accurate Drive Group for the nine months ended 30 September 2016 set out in Appendix I to this Supplemental Document, which is the full text of the Nanjing High Accurate Drive Financial Figures, and the reports issued by Zhonghui Anda CPA Limited and Donvex Capital Limited on the Nanjing High Accurate Drive Financial Figures set out in Appendix II to this Supplemental Document.

Irrevocable Undertaking to Accept

As at the Latest Practicable Date, the acceptance of the Offer in respect of the 458,073,024 Offeree Shares held by Fortune Apex Limited, representing approximately 28.01% of the issued share capital of the Offeree Company, under the Irrevocable Undertaking to Accept have been received.

ADDITIONAL INFORMATION

Your attention is also drawn to the supplemental letter from the Offeree Board contained in this Supplemental Document and the additional information set out in the appendices to, and which forms part of, this Supplemental Document.

Yours faithfully,
For and on behalf of
BaoQiao Partners Capital Limited
Monica Lin
Managing Director

SUPPLEMENTAL LETTER FROM THE OFFEREE 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 (*Chairman and Chief Executive Officer*)

Mr. Chen Yongdao

Mr. Gou Jianhui

Mr. Wang Zhengbing

Mr. Zhou Zhijin

Mr. Hu Jichun

Registered Office:

4th Floor, Harbour Place

103 South Church Street

George Town

Grand Cayman KY1-1002

Cayman Islands

Independent non-executive Directors:

Mr. Jiang Xihe

Mr. Zhu Junsheng

Mr. Chen Shimin

Ms. Jiang Jianhua

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

Room 1302, 13th Floor

COFCO Tower

262 Gloucester Road

Causeway Bay

Hong Kong

18 November 2016

To the Offeree Independent Shareholders

Dear Sirs,

**VOLUNTARY CONDITIONAL SHARE EXCHANGE OFFER BY
BAOQIAO PARTNERS CAPITAL LIMITED
FOR AND ON BEHALF OF FIVE SEASONS XVI LIMITED
(A WHOLLY-OWNED SUBSIDIARY OF FULLSHARE HOLDINGS LIMITED)
TO ACQUIRE ALL OF THE ISSUED SHARES OF
CHINA HIGH SPEED TRANSMISSION EQUIPMENT GROUP CO., LTD.
(OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR
AND PARTIES ACTING IN CONCERT WITH THE OFFEROR) IN EXCHANGE
FOR NEW SHARES TO BE ISSUED BY FULLSHARE HOLDINGS LIMITED**

INTRODUCTION

Reference is made to (i) the joint announcement dated 19 September 2016 issued by the Offeror, Fullshare and the Offeree Company in relation to, among others, the Offer, (ii) the joint announcement dated 31 October 2016 issued by the Offeror, Fullshare and the Offeree Company in relation to the despatch of the Composite Document, (iii) the Composite Document dated 31 October 2016 jointly issued by the Offeror, Fullshare and the Offeree Company, and (iv) the Nanjing High Accurate Drive Announcements issued by the Offeree Company in respect of publication of the Nanjing High Accurate Drive Financial Figures.

SUPPLEMENTAL LETTER FROM THE OFFEREE BOARD

The purpose of this Supplemental Document is to provide you with, among other things, (i) the unaudited financial information of Nanjing High Accurate Drive Group for the nine months ended 30 September 2016 and (ii) any other additional information as required under Rule 8.5 of the Takeovers Code.

You are advised to read this Supplemental Document, in particular, the supplemental letter from BaoQiao Partners and the supplemental letter from the Offeree Board in conjunction with the Composite Document carefully before taking any action in respect of the Offer.

SUPPLEMENTAL INFORMATION ON THE OFFEREE GROUP

The Offeree Group is principally engaged in the research, design, development, manufacture and distribution of various types of mechanical transmission equipment for a broad range of applications in wind power generation and industrial use. Additional financial information of the Nanjing High Accurate Drive Group and supplemental general information of the Offeree Group are set out in Appendix I and Appendix III to this Supplemental Document, respectively.

As disclosed in the Nanjing High Accurate Drive Announcements published by the Offeree Company, the Nanjing High Accurate Drive Financial Figures were made pursuant to applicable regulations in the PRC, including the Rules for Information Disclosure on Debt Financing Instruments of Non-Financial Enterprises in the Inter-bank Bond Market (銀行間債券市場—非金融企業債務融資工具資訊披露規則). Your attention is drawn to the unaudited financial information of Nanjing High Accurate Drive Group for the nine months ended 30 September 2016 set out in Appendix I to this Supplemental Document, which is the full text of the Nanjing High Accurate Drive Financial Figures, and the reports issued by Zhonghui Anda CPA Limited and Donvex Capital Limited on the Nanjing High Accurate Drive Financial Figures set out in Appendix II to this Supplemental Document.

Your attention is also drawn to the supplemental letter from BaoQiao Partners and the supplemental general information of the Offeror and Fullshare Group set out in Appendix IV to this Supplemental Document.

SUPPLEMENTAL LETTER FROM THE OFFEREE BOARD

SHAREHOLDING STRUCTURE OF THE OFFEREE COMPANY

The shareholding structure of the Offeree Company as at the Latest Practicable Date is as follows:

	As at the Latest Practicable Date	
	<i>Number of Offeree Shares</i>	<i>Approximate %</i>
Fortune Apex Limited (<i>Note 1</i>)	458,073,024	28.01
Glorious Time (<i>Note 2</i>)	148,562,000	9.08
Offeror	–	–
Other public Offeree Shareholders	<u>1,028,656,532</u>	<u>62.91</u>
 Total	 <u><u>1,635,291,556</u></u>	 <u><u>100.00</u></u>

Notes:

1. Fortune Apex Limited owned 28.01% interest in the issued share capital of the Offeree Company. Mr. Hu Yueming, Mr. Liu Jianguo, Mr. Lu Xun, Mr. Chen Yongdao, Mr. Li Cunzhang (passed away on 10 August 2007), Mr. Li Shengqiang, Mr. Liao Enrong, Mr. Jin Maoji, Mr. Yao Jingsheng, Mr. Chen Zhenxing, Mr. Zhang Xueyong, Mr. Xu Yong, Mr. Wang Zhengrong and Mr. Chen Liguó together own 100% interest in the issued share capital of Fortune Apex Limited.

However, none of the above shareholders singly controls more than one-third of the voting rights at the general meetings of Fortune Apex Limited and neither Fortune Apex Limited nor its directors are accustomed or obliged to act in accordance with directions or instructions of any single member of the above shareholders.

2. Glorious Time is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned investment holding company of Mr. Ji.

CONFIRMATIONS OF THE OFFEREE IFA AND THE OFFEREE IBC

Offeree IFA has confirmed that based on their review of the additional information contained in the Supplemental Document, in particular, the unaudited financial information of Nanjing High Accurate Drive Group for the nine months ended 30 September 2016 set out in Appendix I to the Supplemental Document and the updates thereto have not changed their views and recommendations to the Offeree Independent Shareholders. Accordingly, the Offeree IFA confirmed that their views and recommendations as stated in the letter from the Offeree IFA set out in the Composite Document remain unchanged.

SUPPLEMENTAL LETTER FROM THE OFFEREE BOARD

Having considered the views and recommendations of the Offeree IFA remain unchanged, the Offeree IBC confirms that their recommendation to the Offeree Independent Shareholders as set out in the Composite Document remains unchanged.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to, and which forms part of, this Supplemental Document. You are also recommended to read carefully this Supplemental Document, in conjunction with the Composite Document, for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,
By order of the Board of
**China High Speed Transmission
Equipment Group Co., Ltd.**
HU YUEMING
Chairman

The following is the full text of the unaudited major financial figures of Nanjing High Accurate Drive Group for the nine months ended 30 September 2016 as set out in the Nanjing High Accurate Drive Announcements published by the Offeree Company.

CONSOLIDATED BALANCE SHEET

	30.9.2016	1.1.2016
	<i>RMB</i>	<i>RMB</i>
Current Assets:		
Bank balances and cash	5,621,512,380.82	4,220,698,409.37
Notes receivable	2,309,429,991.17	2,528,871,795.57
Accounts receivable	5,425,533,327.19	3,556,665,329.00
Prepayments	1,224,452,052.26	1,384,914,236.75
Interest receivable	8,732,893.97	8,732,893.97
Dividend receivable	60,300,283.74	44,580,000.00
Other receivables	1,527,006,526.00	1,068,029,426.22
Inventories	2,377,704,818.47	1,890,163,308.40
Other current assets	<u>391,063,225.70</u>	<u>1,934,433,480.45</u>
Total Current Assets	<u>18,945,735,499.32</u>	<u>16,637,088,879.73</u>
Non-current Assets:		
Available-for-sale investments	188,058,651.57	196,146,549.60
Held-to-maturity investments	519,857,123.29	519,857,123.29
Long-term equity investment	529,998,047.90	220,597,387.05
Investment properties	226,599,444.90	232,632,112.86
Fixed assets	3,870,179,495.27	4,273,642,351.76
Construction materials	212,046,934.35	184,478,096.60
Construction in progress	599,993,812.06	407,814,769.17
Intangible assets	645,339,835.08	644,121,015.31
Development expenditure	34,197,180.25	24,344,035.38
Goodwill	2,991,095.00	2,991,095.00
Long-term prepaid expenses	10,278,433.50	11,947,279.14
Deferred tax assets	187,834,360.21	233,442,879.90
Other non-current assets	<u>211,993,024.91</u>	<u>220,852,117.24</u>
Total Non-current Assets	<u>7,239,367,438.29</u>	<u>7,172,866,812.30</u>
TOTAL ASSETS	<u>26,185,102,937.61</u>	<u>23,809,955,692.03</u>

APPENDIX I**UNAUDITED FINANCIAL INFORMATION OF
NANJING HIGH ACCURATE DRIVE GROUP**

	30.9.2016	1.1.2016
	<i>RMB</i>	<i>RMB</i>
Current Liabilities:		
Short-term borrowings	5,715,380,000.00	2,648,947,184.80
Financial liabilities at fair value		
through profit or loss	–	596,656,310.00
Notes payable	3,938,318,339.21	2,994,237,480.60
Accounts payable	1,710,359,712.70	1,719,509,994.80
Receipts in advance	435,408,523.04	221,310,991.29
Employee benefits payable	129,487,320.14	159,728,190.26
Tax payable	143,395,025.94	305,771,151.80
Interest payable	32,439,954.30	91,929,181.26
Dividends payable	950,000.00	950,000.00
Other payables	1,324,405,725.03	1,061,119,553.64
Non-current liabilities due within one year	415,000,000.00	581,759,300.00
Other current liabilities	<u>11,099,920.66</u>	<u>1,117,706,230.66</u>
Total Current Liabilities	<u><u>13,856,244,521.02</u></u>	<u><u>11,499,625,569.11</u></u>
Non-current Liabilities:		
Long-term borrowings	212,000,000.00	667,000,000.00
Bonds payable	1,000,000,000.00	1,000,000,000.00
Long-term payables	60,634,247.14	175,647,277.29
Special payables	250,020,013.20	477,330,013.20
Warranty provisions	99,452,024.57	94,161,185.50
Deferred tax liabilities	19,665,298.53	19,948,441.62
Deferred income	<u>36,588,179.42</u>	<u>58,035,000.00</u>
Total Non-current Liabilities	<u><u>1,678,359,762.86</u></u>	<u><u>2,492,121,917.61</u></u>
TOTAL LIABILITIES	<u><u>15,534,604,283.88</u></u>	<u><u>13,991,747,486.72</u></u>

APPENDIX I**UNAUDITED FINANCIAL INFORMATION OF
NANJING HIGH ACCURATE DRIVE GROUP**

	30.9.2016	1.1.2016
	<i>RMB</i>	<i>RMB</i>
OWNERS' EQUITY		
Paid-in capital	3,145,432,833.13	3,145,432,833.13
Capital reserve	92,089,319.64	90,305,848.36
Surplus reserve	136,627,392.74	136,627,392.74
Retained profits	6,057,040,978.87	5,212,521,746.04
Other comprehensive income	<u>(1,155,837.16)</u>	<u>(854,895.81)</u>
Total owners' equity attributable to equity holders of the Company	9,430,034,687.22	8,584,032,924.46
Non-controlling interests	<u>1,220,463,966.51</u>	<u>1,234,175,280.85</u>
TOTAL OWNERS' EQUITY	<u>10,650,498,653.73</u>	<u>9,818,208,205.31</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u><u>26,185,102,937.61</u></u>	<u><u>23,809,955,692.03</u></u>

CONSOLIDATED INCOME STATEMENT

	1.1.2016 – 30.9.2016 RMB	1.1.2015 – 30.9.2015 RMB
I. Operating income	6,659,449,561.66	7,033,074,683.38
Less: Operating costs	4,571,767,466.93	4,656,499,438.84
Business taxes and levies	44,053,292.34	57,977,924.42
Selling expenses	219,778,939.33	295,093,062.38
Administrative expenses	528,813,874.49	462,125,376.00
Finance costs	240,349,211.03	366,569,560.74
Impairment of assets	60,621,633.88	17,291,236.04
Add: Fair value gain	252,100.00	699,750.00
Investment income	20,035,134.25	27,154,483.18
Including: Income from investments in associates and joint ventures	<u>9,858,921.82</u>	<u>8,094,174.02</u>
II. Operating profit	1,014,352,377.91	1,205,372,318.14
Add: Non-operating income	15,549,837.11	11,331,145.38
Less: Non-operating expenses	17,088,269.94	7,806,808.39
Including: Losses on disposal of non-current assets	<u>15,217,659.89</u>	<u>234,954.20</u>
III. Total profit	1,012,813,945.08	1,208,896,655.13
Less: Income tax expenses	<u>190,538,427.38</u>	<u>198,531,969.41</u>
IV. Net profit	<u>822,275,517.70</u>	<u>1,010,364,685.72</u>
Net profit attributable to owners of the Company	845,202,993.51	1,016,711,221.00
Profit or loss attributable to non-controlling interests	<u>(22,927,475.81)</u>	<u>(6,346,535.28)</u>
V. Other comprehensive income (net of tax)	<u>(300,941.35)</u>	<u>153,333.55</u>
Other comprehensive income (net of tax) attributable to owners of the parent company	<u>(300,941.35)</u>	<u>153,333.55</u>
VI. Total comprehensive income	<u>821,974,576.35</u>	<u>1,010,518,019.27</u>
Total comprehensive income attributable to owners of the Company	844,902,052.16	1,016,864,554.55
Total comprehensive income attributable to non-controlling interests	<u>(22,927,475.81)</u>	<u>(6,346,535.28)</u>

CONSOLIDATED CASH FLOW STATEMENT

	1.1.2016 – 30.9.2016 RMB	1.1.2015 – 30.9.2015 RMB
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	6,261,770,717.14	7,397,543,533.69
Refund of taxes	116,300.00	6,048,294.33
Other cash receipts relating to operating activities	<u>550,091,866.13</u>	<u>1,683,933,130.81</u>
Sub-total of cash inflows from operating activities	<u>6,811,978,883.27</u>	<u>9,087,524,958.83</u>
Cash payments for goods purchased and services received	4,286,991,445.89	4,910,699,213.41
Cash payments to and on behalf of employees	938,036,000.14	925,962,695.02
Payments of various types of taxes	415,656,106.01	643,369,375.49
Other cash payments relating to operating activities	<u>713,584,066.86</u>	<u>881,974,275.50</u>
Sub-total of cash outflows from operating activities	<u>6,354,267,618.90</u>	<u>7,362,005,559.42</u>
Net Cash Flow from Operating Activities	<u>457,711,264.37</u>	<u>1,725,519,399.41</u>
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	1,615,000,000.00	1,495,979,378.33
Cash receipts from investment income	10,427,953.48	577,614.05
Net cash receipts from disposal of fixed assets, intangible assets and other long term assets	–	500,000,000.00
Other cash receipts relating to investing activities	<u>1,320,754.62</u>	<u>220,000,000.00</u>
Sub-total of cash inflows from investing activities	<u>1,626,748,708.10</u>	<u>2,216,556,992.38</u>

APPENDIX I**UNAUDITED FINANCIAL INFORMATION OF
NANJING HIGH ACCURATE DRIVE GROUP**

	1.1.2016 – 30.9.2016	1.1.2015 – 30.9.2015
	<i>RMB</i>	<i>RMB</i>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	252,635,826.45	162,547,480.20
Cash payments to acquire investments	300,000,000.00	58,021,708.00
Other cash payments relating to investing activities	<u>480,000,000.00</u>	<u>820,000,000.00</u>
Sub-total of cash outflows from investing activities	<u>1,032,635,826.45</u>	<u>1,040,569,188.20</u>
Net Cash Flow from Investing Activities	<u>594,112,881.65</u>	<u>1,175,987,804.18</u>
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions	–	4,000,000.00
Cash receipts from borrowings	5,537,679,700.00	5,560,665,182.00
Cash receipts from issue of bonds	300,000,000.00	400,000,000.00
Other cash receipts relating to financing activities	<u>–</u>	<u>300,000,000.00</u>
Sub-total of cash inflows from financing activities	<u>5,837,679,700.00</u>	<u>6,264,665,182.00</u>
Cash repayments of borrowings	5,165,413,900.00	8,495,501,579.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	322,975,033.22	368,450,378.33
Other cash payments relating to financing activities	<u>875,619,268.24</u>	<u>74,179,642.28</u>
Sub-total of cash outflows from financing activities	<u>6,364,008,201.46</u>	<u>8,938,131,599.61</u>
Net Cash Flow used in Financing Activities	<u>(526,328,501.46)</u>	<u>(2,673,466,417.61)</u>

APPENDIX I**UNAUDITED FINANCIAL INFORMATION OF
NANJING HIGH ACCURATE DRIVE GROUP**

	1.1.2016 – 30.9.2016	1.1.2015 – 30.9.2015
	<i>RMB</i>	<i>RMB</i>
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	<u>(300,941.35)</u>	<u>153,333.55</u>
V. Net Increase in Cash and Cash Equivalents	525,194,703.21	228,194,119.53
Add: Opening balance of Cash and Cash Equivalents	<u>1,888,078,621.88</u>	<u>1,560,020,461.34</u>
VI. Closing Balance of Cash and Cash Equivalents	<u><u>2,413,273,325.09</u></u>	<u><u>1,788,214,580.87</u></u>

COMPANY BALANCE SHEET

	30.9.2016	1.1.2016
	<i>RMB</i>	<i>RMB</i>
Current Assets:		
Bank balances and cash	2,618,457,857.26	1,871,415,321.52
Notes receivable	2,100,628,001.54	2,074,234,450.38
Accounts receivable	2,416,429,951.12	2,178,367,160.45
Prepayments	558,087,008.54	392,147,634.10
Interest receivable	8,732,893.97	8,732,893.97
Dividends receivable	34,580,000.00	44,580,000.00
Other receivables	2,563,339,101.66	1,974,288,860.01
Inventories	–	595,726.49
Other current assets	<u>230,000,000.00</u>	<u>1,810,000,000.00</u>
Total Current Assets	<u>10,530,254,814.09</u>	<u>10,354,362,046.92</u>
Non-current Assets:		
Available-for-sale investments	165,413,592.33	191,362,149.60
Held-to-maturity investments	519,857,123.29	519,857,123.29
Long-term equity investment	4,598,468,110.35	4,637,501,785.44
Investment properties	226,599,444.90	232,632,112.86
Fixed assets	45,710,025.55	47,423,524.33
Construction materials	61,656,958.99	70,523,074.91
Construction in progress	24,337,011.22	23,411,981.22
Intangible assets	93,955,840.14	95,640,214.44
Long-term prepaid expenses	3,658,658.03	3,755,175.92
Deferred tax assets	54,360,766.97	54,360,766.97
Other non-current assets	<u>70,000,000.00</u>	<u>70,000,000.00</u>
Total Non-current Assets	<u>5,864,017,531.77</u>	<u>5,946,467,908.98</u>
TOTAL ASSETS	<u>16,394,272,345.86</u>	<u>16,300,829,955.90</u>

APPENDIX I**UNAUDITED FINANCIAL INFORMATION OF
NANJING HIGH ACCURATE DRIVE GROUP**

	30.9.2016	1.1.2016
	<i>RMB</i>	<i>RMB</i>
Current Liabilities:		
Short-term borrowings	1,341,000,000.00	736,500,000.00
Notes payable	3,581,408,399.47	2,134,868,969.28
Accounts payable	4,686,556,322.20	5,415,252,054.61
Receipts in advance	165,188,042.42	122,777,873.47
Employee benefits payable	3,000,000.00	12,000,000.00
Tax payable	20,249,264.15	23,780,884.91
Interest payable	32,439,954.30	82,335,484.85
Dividends payable	950,000.00	950,000.00
Other payables	275,452,554.90	289,838,004.00
Non-current liabilities due within one year	–	400,000,000.00
Other current liabilities	<u>300,000,000.00</u>	<u>1,100,000,000.00</u>
Total Current Liabilities	<u>10,406,244,537.44</u>	<u>10,318,303,271.12</u>
Non-current Liabilities:		
Bonds payable	<u>1,000,000,000.00</u>	<u>1,000,000,000.00</u>
Total Non-current Liabilities	<u>1,000,000,000.00</u>	<u>1,000,000,000.00</u>
TOTAL LIABILITIES	<u>11,406,244,537.44</u>	<u>11,318,303,271.12</u>
OWNERS' EQUITY		
Paid-in capital	3,145,432,833.13	3,145,432,833.13
Capital reserve	343,584,192.67	343,584,192.67
Surplus reserve	56,147,380.49	56,147,380.49
Retained profits	<u>1,442,863,402.13</u>	<u>1,437,362,278.49</u>
Total owners' equity attributable to equity holders of the Company	<u>4,988,027,808.42</u>	<u>4,982,526,684.78</u>
TOTAL OWNERS' EQUITY	<u>4,988,027,808.42</u>	<u>4,982,526,684.78</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u><u>16,394,272,345.86</u></u>	<u><u>16,300,829,955.90</u></u>

COMPANY INCOME STATEMENT

	1.1.2016 – 30.9.2016 RMB	1.1.2015 – 30.9.2015 RMB
I. Operating income	3,384,992,314.21	3,057,388,761.81
Less: Operating costs	3,168,148,413.70	2,871,405,296.05
Business taxes and levies	4,884,607.61	3,718,920.39
Selling expenses	2,774,920.42	2,024,651.37
Administrative expenses	71,168,683.21	44,689,569.85
Finance costs	83,351,211.29	112,374,728.03
Impairment of assets	45,580,034.70	21,348,064.85
Add: Investment income	<u>39,664.59</u>	<u>12,486,148.32</u>
II. Operating profit	9,124,107.87	14,313,679.59
Add: Non-operating income	188,367.89	50,000.00
Less: Non-operating expenses	<u>546,856.38</u>	<u>49,943.19</u>
III. Total profit	8,765,619.38	14,313,736.40
Less: Income tax expenses	<u>3,264,495.74</u>	–
IV. Net profit	<u><u>5,501,123.64</u></u>	<u><u>14,313,736.40</u></u>
Net profit attributable to owners of the Company	<u><u>5,501,123.64</u></u>	<u><u>14,313,736.40</u></u>

COMPANY CASH FLOW STATEMENTS

	1.1.2016 – 30.9.2016 RMB	1.1.2015 – 30.9.2015 RMB
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	2,856,148,774.55	3,132,569,415.16
Other cash receipts relating to operating activities	<u>406,574,423.16</u>	<u>537,694,536.05</u>
Sub-total of cash inflows from operating activities	<u>3,262,723,197.71</u>	<u>3,670,263,951.21</u>
Cash payments for goods purchased and services received	2,210,184,916.78	2,605,459,784.16
Cash payments to and on behalf of employees	32,160,640.19	48,650,542.36
Payments of various types of taxes	55,009,387.21	67,089,372.52
Other cash payments relating to operating activities	<u>284,514,744.56</u>	<u>186,512,556.36</u>
Sub-total of cash outflows from operating activities	<u>2,581,869,688.74</u>	<u>2,907,712,255.40</u>
Net Cash Flow from Operating Activities	<u>680,853,508.97</u>	<u>762,551,695.81</u>
II. Cash Flows from Investing Activities:		
Cash receipts from disposals and recovery of investments	1,580,000,000.00	451,080,441.30
Cash receipts from investment income	10,000,000.00	577,614.05
Other cash receipts relating to investing activities	<u>1,320,754.62</u>	<u>–</u>
Sub-total of cash inflows from investing activities	<u>1,591,320,754.62</u>	<u>451,658,055.35</u>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	685,040.00	1,870,653.13
Cash payments to acquire investments	300,000,000.00	60,061,708.00
Other cash payments relating to investing activities	<u>480,000,000.00</u>	<u>820,000,000.00</u>
Sub-total of cash outflows from investing activities	<u>780,685,040.00</u>	<u>881,932,361.13</u>
Net Cash Flow from Investing Activities	<u>810,635,714.62</u>	<u>(430,274,305.78)</u>

APPENDIX I**UNAUDITED FINANCIAL INFORMATION OF
NANJING HIGH ACCURATE DRIVE GROUP**

	1.1.2016 – 30.9.2016	1.1.2015 – 30.9.2015
	<i>RMB</i>	<i>RMB</i>
III. Cash Flows from Financing Activities:		
Cash receipts from borrowings	1,345,000,000.00	1,118,500,000.00
Cash receipts from issue of bonds	300,000,000.00	400,000,000.00
Other cash receipts relating to financing activities	<u>–</u>	<u>300,000,000.00</u>
Sub-total of cash inflows from financing activities	<u>1,645,000,000.00</u>	<u>1,818,500,000.00</u>
Cash repayments of borrowings	2,240,500,000.00	1,723,900,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	148,946,687.85	212,827,858.80
Other cash payments relating to financing activities	<u>865,634,192.99</u>	<u>19,935,870.83</u>
Sub-total of cash outflows from financing activities	<u>3,255,080,880.84</u>	<u>1,956,663,729.63</u>
Net Cash Flow used in Financing Activities	<u>(1,610,080,880.84)</u>	<u>(138,163,729.63)</u>
IV. Net (Decrease)/increase in Cash and Cash Equivalents	(118,591,657.25)	194,113,660.40
Add: Opening balance of Cash and Cash Equivalents	<u>540,420,315.13</u>	<u>344,058,702.85</u>
V. Closing Balance of Cash and Cash Equivalents	<u><u>421,828,657.88</u></u>	<u><u>538,172,363.25</u></u>

1. REPORT FROM ZHONGHUI ANDA CPA LIMITED

The following is the full text of the report prepared for the purpose of incorporation in this Supplemental Document, received from ZHONGHUI ANDA CPA Limited.



ZHONGHUI ANDA CPA Limited
Unit 701, 7/F., Citicorp Centre,
18 Whitfield Road, Causeway Bay,
Hong Kong

18 November 2016

The Board of Directors

China High Speed Transmission Equipment Group Co., Ltd.

Dear Sirs,

We have examined the unaudited major financial figures of Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. for the first nine months of 2016 (the “Nanjing High Accurate Drive’s Major Financial Information” or “Forecast”) as set out in Appendix I to the circular of China High Speed Transmission Equipment Group Co., Ltd. (the “Company”) dated 18 November 2016 (the “Circular”).

Directors’ Responsibilities

The directors of the Company are solely responsible for the preparation of the Forecast and to ensure that the assumptions upon which the Forecast has been based are reasonable and realistic and that no material assumption has been omitted.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Forecast based on our procedures and to report our opinion solely to you, as a body, solely for the purpose in connection with the Circular and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Forecast in accordance with the accounting practices and policies normally adopted by the Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled in accordance with the accounting practices and policies normally adopted by the Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Hong Kong

2. REPORT FROM DONVEX CAPITAL LIMITED

The following is the full text of the report prepared for the purpose of incorporation in this Supplemental Document, received from Donvex Capital Limited, the financial adviser to the Offeree Company.



Unit 1305, 13th Floor
Carpo Commercial
Building
18-20 Lyndhurst Terrace
Central
Hong Kong

The Board of Directors
China High Speed Transmission Equipment Group Co., Ltd.
Room 1302, 13th Floor
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

18 November 2016

Dear Sirs,

China High Speed Transmission Equipment Group Co., Ltd. (the “Company”)

Re: Nanjing High Accurate Drive Financial Figures

We refer to the unaudited major financial figures of Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd., a wholly-owned subsidiary of the Company, for the nine months ended 30 September 2016 (the “**Nanjing High Accurate Drive Financial Figures**”) made by the directors of the Company (the “**Directors**”) in the announcement of the Company dated 31 October 2016 (the “**Nanjing High Accurate Drive Announcement**”), a full text of which is set out in the Appendix I to the Supplemental Document dated 18 November 2016. Capitalised terms used in this letter shall have the same meanings as defined in the Nanjing High Accurate Drive Announcement unless otherwise specified.

The Nanjing High Accurate Drive Financial Figures constitute a profit forecast under Rule 10 of the Takeovers Code and must be reported on by both the Company’s financial adviser and its accountants or auditors. This letter is issued in compliance with the requirement under Rule 10.4 of the Takeovers Code.

We have reviewed the Nanjing High Accurate Drive Financial Figures which the Directors are solely responsible for and have discussed with the senior management of the Company the accounting policies and calculations upon which the Nanjing High Accurate Drive Financial Figures have been made. We have also considered the letter addressed to the board of Directors from Zhonghui Anda CPA Limited dated 18 November 2016 and noted that Zhonghui Anda CPA Limited is of the opinion that, so far as the accounting policies and calculations are concerned, the Nanjing High Accurate Drive Financial Figures have been properly compiled in accordance with the accounting practices and policies normally adopted by Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd.

The review carried out by us as described above is primarily based on the information and materials supplied to us by or on behalf of the Company, and the opinions expressed by, and the representations of, the employees and/or the senior management of the Company. We have relied upon the accuracy and completeness of all of such information and materials that were made available to us or were discussed with or reviewed by us and have assumed such accuracy and completeness for the purpose of providing this opinion. We have also relied on the assurances of the management of the Company that they are not aware of any facts or circumstances that would make any information necessary for us to provide this opinion inaccurate or misleading and that the management have not omitted to provide us with any information which may be relevant to the delivery of this opinion.

On the basis of the foregoing, we are of the opinion that the Nanjing High Accurate Drive Financial Figures, for which the Directors are solely responsible, have been made with due care and consideration.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

1. RESPONSIBILITY STATEMENTS

The Offeree Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Supplemental Document (other than that relating to the Offeror, Fullshare and parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Supplemental Document (other than those expressed by the Offeror, Fullshare and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Supplemental Document, the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, there has been no changes in the information set out under the paragraph headed “Share Capital” in Appendix V to the Composite Document. Please refer to the Composite Document for details.

3. DISCLOSURE OF INTERESTS**Interests of Offeree Directors in the Offeree Shares**

As at the Latest Practicable Date, save as disclosed in the section headed “Shareholding Structure of the Offeree Company” in the “Supplemental Letter from the Offeree Board” in this Supplemental Document, none of the Offeree Directors had any interest in the shares, convertible securities, warrants, options, derivatives or the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeree Company.

Interests of Offeree Directors in the Fullshare Shares

As at the Latest Practicable Date, none of the Offeree Directors had any interest in the shares, convertible securities, warrants, options, derivatives or the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Fullshare.

Dealing in Securities

During the Extended Relevant Period, none of the Offeree Directors had dealt for value in any shares or any convertible securities, warrants, options or the relevant securities of the Offeror, Fullshare or the Offeree Company or any derivatives in respect of such shares.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date, there has been no changes in the information set out under the paragraph headed “Additional Disclosure of Interests and Dealings” in Appendix V to the Composite Document. Please refer to the Composite Document for details.

5. LITIGATION

There have been no changes in the information set out under the paragraph headed “Litigation” in Appendix V to the Composite Document. Please refer to the Composite Document for details.

6. MATERIAL CONTRACTS

There have been no changes in the information set out under the paragraph headed “Material Contracts” in Appendix V to the Composite Document. Please refer to the Composite Document for details.

7. EXPERTS AND CONSENTS

The names and qualifications of the experts who have given opinions, letters or advices to the Offeree Company which are contained in this Supplemental Document and/or who have been named in this Composite Document are set out below:

Name	Qualification
Donvex Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
TC Capital International Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Zhonghui Anda CPA Limited	certified public accountant

Each of the above experts has given and has not withdrawn its written consent to the issue of this Supplemental Document with the inclusion of the text of its letter, advice and/or report as the case may be and references to its name in the form and context in which it is included herein.

8. OFFEREE COMPANY DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there have been no changes in the information set out under the paragraph headed "Offeree Company Directors' Service Contracts" in Appendix V to the Composite Document. Please refer to the Composite Document for details.

9. NO CHANGE IN INFORMATION IN THE COMPOSITE DOCUMENT

As at the Latest Practicable Date, there have been no changes in the information in respect of any emoluments of the Offeree Directors, special arrangements of the Offer and arrangements in relation to the dealings in the Offeree Shares set out in the Composite Document in accordance with Rule 8.5 of the Takeovers Code.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror and the Fullshare Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Supplemental Document (other than that relating to the Offeree Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Supplemental Document (other than that expressed by the Offeree Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Supplemental Document, the omission of which would make any statement contained herein misleading.

2. SHARE CAPITAL**(a) Share Capital**

The authorised and issued share capital of Fullshare as at the Latest Practicable Date and immediately after completion of the Offer (without taking into account the allotment and issue of the 26,642,500 Fullshare Consideration Shares and the allotment and issue of the Fullshare Conversion Shares upon full conversion of the Fullshare Convertible Notes in an aggregate principal amount of HK\$302,000,000 at the floor price of HK\$3.00 per Fullshare Share) is as follows:

Authorised capital:

20,000,000,000 Fullshare Shares (as at the Latest Practicable Date)

Issued capital:

16,648,410,000 Fullshare Shares (as at the Latest Practicable Date)

To be issued under the Offer:

3,716,823,890 Fullshare Shares (to be issued under the Offer assuming full acceptance of the Offer)

20,365,233,890 Fullshare Shares (upon completion of the Offer assuming full acceptance of the Offer)

All the existing Fullshare Shares rank *pari passu* in all respects with one another, including all rights as to dividends, voting and interests in capital.

Apart from (i) the 220,467,500 Fullshare Shares allotted and issued on 31 October 2016 pursuant to the equity transfer agreement (as detailed in Fullshare's announcements dated 29 August 2016 and 27 September 2016); and (ii) the 242,500 Fullshare Shares, the 3,622,500 Fullshare Shares, the 1,712,500 Fullshare Shares, the 2,437,500 Fullshare Shares and the 3,610,000 Fullshare Shares allotted and issued upon conversion of part of the Fullshare Convertible Notes on 2 November 2016, 4 November 2016, 8 November 2016, 10 November 2016 and 15 November 2016, respectively, pursuant to the subscription agreement and the terms and conditions of the Fullshare Convertible Notes (as detailed in the Fullshare CN Announcements and Circular), there has been no change to the issued share capital of Fullshare since the Previous Latest Practicable Date.

The new Fullshare Shares to be issued as consideration for the Offer will rank *pari passu* in all respects with the issued Fullshare Shares as at the date of allotment of such new Fullshare Shares under the Offer, including, among other things, the right to receive in full all dividends and other distributions after the date of issue of such new Fullshare Shares under the Offer.

(b) Options, derivatives, warrants and conversion rights

On 1 November 2016, Fullshare issued the first sub-tranche of the Fullshare Convertible Notes in an aggregate principal amount of HK\$70,000,000 pursuant to the terms of the subscription agreement (as detailed in the Fullshare CN Announcements and Circular). After conversion of part of the aforesaid first sub-tranche of the Fullshare Convertible Notes in an aggregate principal amount of HK\$48,000,000 into a total of 11,625,000 Fullshare Shares (as detailed in the announcements of Fullshare made pursuant to Rule 3.8 of the Takeovers Code dated 2 November 2016, 4 November 2016, 8 November 2016, 10 November 2016 and 15 November 2016), the outstanding principal amount of the first sub-tranche of the Fullshare Convertible Notes is HK\$22,000,000 as at the Latest Practicable Date.

On 15 November 2016, being the Latest Practicable Date, Fullshare received the conversion notice from the holder of the Fullshare Convertible Notes to convert part of the first sub-tranche of the Fullshare Convertible Notes in an aggregate principal amount of HK\$15,000,000 into a total of 3,627,500 Fullshare Shares at the conversion price of HK\$4.1344 per Fullshare Share calculated pursuant to the terms and conditions of the Fullshare Convertible Notes (as detailed in the Fullshare CN Announcements and Circular). It is expected that such 3,627,500 Fullshare Shares will be allotted and issued on or around 16 November 2016.

Save for the above-mentioned first sub-tranche of the Fullshare Convertible Notes in an aggregate outstanding principal amount of HK\$22,000,000 and the proposed issue of the other sub-tranches of the Fullshare Convertible Notes in an aggregate principal amount of HK\$280,000,000 pursuant to the terms of the subscription agreement (as detailed in the Fullshare CN Announcements and Circular), Fullshare did not have any outstanding options, warrants or derivatives or convertible rights affecting Fullshare Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

Interests of the Fullshare Directors, the sole director of the Offeror and parties acting in concert with the Offeror in the Fullshare Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Fullshare

As at the Latest Practicable Date, details of interests in the Fullshare Shares, underlying Fullshare Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Fullshare held or controlled by the Fullshare Directors, the sole director of the Offeror and parties acting in concert with the Offeror were as follows:

Name of the Fullshare Director	Nature of interests	Number of issued Fullshare Shares held	Approximate percentage of the issued share capital of Fullshare
Mr. Ji (<i>Note 1</i>)	Beneficial owner and interest in controlled corporation (<i>Note</i>)	10,126,770,454	60.83%
Mr. Shi Zhiqiang	Beneficial owner	2,780,000	0.02%
Mr. Wang Bo (<i>Note 2</i>)	Beneficial owner	6,000,000	0.04%

Notes:

- 937,910,000 Fullshare Shares are held by Mr. Ji directly as the beneficial owner. In addition, by virtue of the SFO, Mr. Ji is deemed to be interested in the 9,188,860,454 Fullshare Shares held by Magnolia Wealth, a company incorporated in the British Virgin Islands whose entire issued share capital is beneficially owned by Mr. Ji. Accordingly, Mr. Ji is interested in 10,126,770,454 Fullshare Shares.
- Mr. Wang Bo is the sole director of the Offeror, a wholly-owned subsidiary of Fullshare.

Save as disclosed above, as at the Latest Practicable Date, none of the Fullshare Directors, the sole director of the Offeror or any party acting in concert with the Offeror or Fullshare was interested in or owned or had control or direction over any voting rights or rights over any Fullshare Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange, into Fullshare Shares.

Interests of Fullshare, the Offeror and parties acting in concert with any of them in the Offeree Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeree Company

As at the Latest Practicable Date, details of interests in the Offeree Shares, underlying Offeree Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeree Company held or controlled by Fullshare, the Offeror and parties acting in concert with any of them were as follows:

Name of party acting in concert with the Offeror	Capacity	Number of issued Offeree Shares held	Approximate percentage of the issued share capital of the Offeree Company
Glorious Time (<i>Note</i>)	Beneficial owner	148,562,000	9.08%

Note: Glorious Time is a company incorporated in the British Virgin Islands and a direct wholly-owned investment holding company of Mr. Ji.

Save as disclosed above, as at the Latest Practicable Date, none of Fullshare, the Offeror or any persons acting in concert with any of them or any Fullshare Director or the sole director of the Offeror was interested in or owned or had control or direction over any voting rights or rights over any Offeree Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange, into Offeree Shares.

Dealing in the Offeree Shares

Save as disclosed in the paragraph headed “Disclosure of Interests – Dealing in the Offeree Shares” in Appendix VI to the Composite Document, none of Fullshare, the Offeror and parties acting in concert with them and none of the Fullshare Directors and the sole director of the Offeror had dealt for value in any Fullshare Shares or the Offeree Shares or any convertible securities, warrants, options or derivatives in respect of such shares during the Relevant Period and the Extended Relevant Period.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date, save for the acceptance of the Offer in respect of the 458,073,024 Offeree Shares by Fortune Apex Limited pursuant to the Irrevocable Undertaking to Accept as disclosed in the paragraph headed “Irrevocable Undertaking to Accept” in the “Supplemental Letter from BaoQiao Partners” in this Supplemental Document, there have been no changes in the information set out under the paragraph headed “Additional Disclosure of Interests and Dealings” in Appendix VI to the Composite Document. Please refer to the Composite Document for details.

5. LITIGATION

There have been no changes in the information set out under the paragraph headed “Litigation” in Appendix VI to the Composite Document. Please refer to the Composite Document for details.

6. MATERIAL CONTRACTS

There have been no changes in the information set out under the paragraph headed “Material Contracts” in Appendix VI to the Composite Document. Please refer to the Composite Document for details.

7. NO CHANGE IN INFORMATION IN THE COMPOSITE DOCUMENT

As at the Latest Practicable Date, there have been no changes in the information in respect of any emoluments of the sole director of the Offeror and the Fullshare Directors, special arrangements of the Offer and arrangements in relation to the dealings in the Offeree Shares set out in the Composite Document in accordance with Rule 8.5 of the Takeovers Code.

8. EXPERT AND CONSENT

The name and qualification of the expert who has given opinion, letter or advice to Fullshare Group which is contained in this Supplemental Document and/or who has been named in this Supplemental Document are set out below:

Name	Qualification
BaoQiao Partners	BaoQiao Partners Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn their written consent to the issue of this Supplemental Document with the inclusion of the text of their letter and/or report and the references to their names in the form and context in which they appear respectively.

ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following additional documents are available for inspection (i) on the website of Fullshare (www.fullshare.com); (ii) on the website of the Offeree Company (www.chste.com); (iii) on the website of the SFC (www.sfc.hk); (iv) at the registered office of Fullshare at Unit 2526, Level 25, Tower One, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong; and (v) the principal place of business of the Offeree Company in Hong Kong at Room 1302, 13th Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. from the date of this Supplemental Document onwards for so long as the Offer remains open for acceptance:

- (a) the announcement of the Offeree Company dated 31 October 2016 in relation to the publication of the Nanjing High Accurate Drive Financial Figures;
- (b) the supplemental announcement of the Offeree Company dated 2 November 2016 in relation to the publication of the Nanjing High Accurate Drive Financial Figures;
- (c) the supplemental letter from BaoQiao Partners, the text of which is set out on pages 5 to 11 of this Supplemental Document;
- (d) the supplemental letter from the Offeree Board, the text of which is set out on pages 12 to 15 of this Supplemental Document;
- (e) the reports issued by Zhonghui Anda CPA Limited and Donvex Capital Limited on the Nanjing High Accurate Drive Financial Figures set out in Appendix II to this Supplemental Document;
- (f) the written consents referred to under the section headed “Experts and Consents” in Appendix III and Appendix IV to this Supplemental Document; and
- (g) this Supplemental Document.