
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer 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. (the “**Company**”), you should at once hand this circular and the accompanying proxy form to the purchaser or 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 to be held at No.30, Houjiao Road, Jiangning High-Tech Industrial Park, Nanjing, the PRC at 10 a.m. on 3 January 2019 is set out on pages 6 to 7 of this circular. A proxy form for use at the EGM is also enclosed. Such form of proxy is also published on the designated website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.chste.com).

Whether or not you intend to attend the EGM, 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 appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjourned meeting thereof should you so wish.

** for identification purposes only*

11 December 2018

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DEFINITIONS

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

“Appointment”	the appointment of PwC as the Group’s auditor, in replacement of EY for the remainder of EY’s term (i.e. until the conclusion of the next annual general meeting of the Company), subject to the Shareholders’ approval at the EGM
“Articles”	the articles of association of the Company as may be amended from time to time
“Audit Committee”	the audit committee of the Board, comprising Mr. Jiang Xihe (as the chairman of the committee), Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li, all of whom are independent non-executive Directors
“Board”	the board of Directors
“Change of Auditor”	collectively, the Termination and the Appointment
“Company”	China High Speed Transmission Equipment Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (stock code: 658)
“controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened and held by the Company at 10 a.m. on 3 January 2019 to consider and, if thought fit, to approve the resolutions in relation to the proposed Change of Auditor, or any adjournment thereof
“EGM Notice”	the notice convening the EGM as set out on pages 6 to 7 of this circular
“EY”	Ernst & Young Certified Public Accountants, the auditor of the Group as at the Latest Practicable Date
“Fullshare”	Fullshare Holdings Limited (stock code: 607), the controlling Shareholder
“Fullshare Disclosure”	the announcement and circular dated 6 December 2018 and 7 December 2018, respectively, published by Fullshare in relation to, amongst other things, the proposed change of auditor of Fullshare
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	7 December 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Letter of Termination”	the letter of termination dated 7 December 2018 issued by the Company to EY in relation to the Termination
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, and Taiwan
“PwC”	PricewaterhouseCoopers Certified Public Accountants, an auditing firm to be appointed as the Group’s auditor in replacement of EY, subject to Shareholders’ approval at the EGM
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Termination”	the termination of EY as the Group’s auditor, subject to the Shareholders’ approval at the EGM

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. Chen Yongdao
Mr. Wang Zhengbing
Mr. Zhou Zhijin
Mr. Hu Jichun (*Chief Executive Officer*)
Ms. Zheng Qing

Registered office:

4th Floor, Harbour Place
103 South Church Street
George Town
Grand Cayman KY1-1002
Cayman Islands

Non-executive Directors:

Mr. Hu Yueming (*Chairman*)
Mr. Yuen Chi Ping

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

Room 1302, 13th Floor, COFCO Tower
No. 262 Gloucester Road, Causeway Bay
Hong Kong

Independent non-executive Directors:

Dr. Chan Yau Ching, Bob
Ms. Jiang Jianhua
Mr. Jiang Xihe
Mr. Nathan Yu Li

11 December 2018

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the announcement of the Company dated 7 December 2018 in relation to, amongst others things, the proposed Change of Auditor.

The purpose of this circular is to provide you with, amongst other things, the details of the proposed Change of Auditor and to give you the EGM Notice.

* for identification purposes only

LETTER FROM THE BOARD

PROPOSED CHANGE OF AUDITOR

On 7 December 2018, the Board unanimously resolved with the recommendation of the Audit Committee to (i) terminate the appointment of EY as the auditor of the Group; and (ii) engage PwC as the new auditor of the Group, subject to the approval by the Shareholders at the EGM to be convened and held by the Company to consider and approve the proposed Change of Auditor.

As disclosed in the Fullshare Disclosure, subject to the approval of Fullshare's shareholders at the extraordinary general meeting of Fullshare to be held on 2 January 2019, EY will be removed as the auditor of Fullshare and PwC will be appointed as the new auditor of Fullshare in its stead to hold office until the conclusion of the next annual general meeting of Fullshare. Accordingly, the Board is of the view that it would be in the interests of the Company and its Shareholders as a whole for the Company to appoint same firm of auditor as Fullshare to align the audit work and enhance the efficiency of the audit services.

On 7 December 2018, the Company received a letter of confirmation from EY in relation to the proposed Termination. EY has confirmed that there are no matters and circumstances connected with the Termination which it considered should be brought to the attention of the Shareholders.

The Board and the Audit Committee confirm that, save as disclosed above, there are no other matters in connection with the proposed Change of Auditor that need to be brought to the attention of holders of securities or potential investors of the Company.

The Termination will be proposed at the EGM as a special resolution and the Appointment will be proposed at the EGM as an ordinary resolution. None of the Shareholders are required to abstain from voting at the EGM.

Pursuant to Rule 13.88 of the Listing Rules, an issuer must allow the auditor proposed to be terminated to attend the general meeting and make written and/or verbal representations to shareholders at the general meeting. The Company will comply with Rule 13.88 of the Listing Rules by allowing EY to attend the EGM and make written and/or verbal representations to the Shareholders at the EGM. On 7 December 2018, the Company sent a Letter of Termination to EY to inform EY that it is allowed to attend the EGM and make written and/or verbal representations to the Shareholders at the EGM.

The Audit Committee has assessed and considered that PwC is eligible and suitable to act as the auditor of the Group. Therefore, the Board proposed to appoint PwC as the new auditor of the Group in replacement of EY for the remainder of EY's term (i.e. until the conclusion of the next annual general meeting of the Company).

VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Listing Rules, all votes of the shareholders at the general meetings must be taken by poll. The chairman of the EGM will therefore demand a poll for every resolution put to the vote of the EGM pursuant to article 90 of the Articles.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE EGM

For the purpose of determining Shareholders' entitlements to attend and vote at the EGM, the transfer books and the register of members of the Company will be closed from 28 December 2018 to 3 January 2019 (both days inclusive), during which period no transfer of Shares will be effected. In order to establish the right to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 27 December 2018.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the proposed Change of Auditor are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of such resolutions to be proposed at the EGM as set out in the EGM Notice.

EGM

The EGM Notice is set out on pages 6 to 7 of this circular.

A proxy form 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 to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked .

RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 Company. The Directors, 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.

Yours faithfully,
For and on behalf of the Board
**China High Speed Transmission
Equipment Group Co., Ltd.**
Hu Yueming
Chairman

NOTICE OF EGM



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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at No.30, Houjiao Road, Jiangning High-Tech Industrial Park, Nanjing, the PRC on 3 January 2019 at 10 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions:

SPECIAL RESOLUTION

1. **THAT** Ernst & Young Certified Public Accountants (“**EY**”) be and is hereby removed as the auditor of the Group with immediate effect.

ORDINARY RESOLUTION

2. **THAT** subject to the passing of the special resolution to remove EY as the auditor of the Group, PricewaterhouseCoopers Certified Public Accountants be and is hereby appointed as the auditor of the Group with immediate effect and to hold office until the conclusion of the next annual general meeting of the Company and that the board of directors of the Company be and is hereby authorised to fix its remuneration.

By order of the Board
Lui Wing Hong, Edward
Company Secretary

Hong Kong, 11 December 2018

* *For identification purpose only*

NOTICE OF EGM

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, the instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Company's Hong Kong branch share registrar and transfer office, 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 appointed for holding the Meeting or any adjournment thereof.
4. For the purpose of determining shareholders' entitlements to attend and vote at the Meeting, the transfer books and the register of members of the Company will be closed from 28 December 2018 to 3 January 2019 (both days inclusive), during which period no transfer of shares will be effected. In order to establish the right to attend and vote at the Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 27 December 2018.
5. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
6. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be 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, and 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.
7. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so desire and in such event, the instrument appointing a proxy should be deemed to be revoked.
8. A form of proxy for use at the Meeting is enclosed.
9. As at the date of this notice, the executive Directors are Mr. Chen Yongdao, Mr. Wang Zhengbing, Mr. Zhou Zhijin, Mr. Hu Jichun and Ms. Zheng Qing; the non-executive Directors are Mr. Hu Yueming and Mr. Yuen Chi Ping; and the independent non-executive Directors are Dr. Chan Yau Ching, Bob, Ms. Jiang Jianhua, Mr. Jiang Xihe and Mr. Nathan Yu Li.