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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)

PROFIT WARNING

This announcement is made by China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”, together with its subsidiaries shall be referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the Company’s preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2018 (the “**2018 Interim Period**”), the profit attributable to the owners of the Company for the 2018 Interim Period is expected to record a decrease of approximately 70% as compared to that for the corresponding period of 2017 (the “**Profit Warning Statement**”). Such decrease in profit attributable to the owners of the Company is mainly attributable to the decrease in quantity delivered and increase in cost of sales of wind gear transmission equipment of the Group during the 2018 Interim Period.

As at the date of this announcement, the Company is still in the process of finalising the unaudited interim results of the Group for the 2018 Interim Period. The information contained in this announcement is only a preliminary assessment by the Board according to the internal financial information of the Group currently available, which have not been confirmed or reviewed by the audit committee of the Board. The actual results of the Group may be different from the information contained in this announcement. Shareholders and potential investors of the Company are advised to read carefully the announcement of the unaudited interim results of the Group for the 2018 Interim Period, which is expected to be published in late August 2018 pursuant to the requirements of the Listing Rules.

References are made to the joint announcements issued by Fullshare Holdings Limited (stock code: 607) (“**Fullshare**”) and the Company dated (i) 18 January 2018 and 14 February 2018 in relation to, among other things, the Proposed Offer and the Possible Disposal; (ii) 15 March 2018 in relation to, among other things, the possible change of transaction structure from a possible conditional voluntary partial cash offer for the issued shares of CHS to the Possible Transaction and the Possible Mandatory Offer; (iii) 16 April 2018, 25 May 2018, 25 June 2018 and 2 August 2018 in relation to the monthly update of the Possible Transaction and the Possible Mandatory Offer; (iv) 25 April 2018 in relation to, among other things, the Earnest Money Agreement and the Supplemental MOU; and (v) 30 June 2018 in relation to, among other things, the Framework Agreement in relation to the Possible Sale and Purchase and the Possible Disposal (collectively, the “**Joint Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Joint Announcements unless specified otherwise. The Profit Warning Statement constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers of Hong Kong (the “**Takeovers Code**”) issued by the Securities and Futures Commission and should be reported on in accordance with Rule 10.4 of the Takeovers Code.

In view of the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules), the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in the said Rule 10.4 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code, if the Profit Warning Statement is published first in an announcement, it must be repeated in full, together with the reports from the Company’s financial advisers and auditors or accountants on the said profit forecast, in the next document to be sent to the Shareholders. The Profit Warning Statement will be reported on by the Company’s financial adviser and its auditors or accountants as soon as possible in compliance with the Takeovers Code and such reports will be contained in the next document to be issued by the Company to the Shareholders (the “**Shareholders’ Document**”). However, if the unaudited interim results of the Group for the 2018 Interim Period which fall within the ambit of Rule 10.9 of the Takeovers Code have been published by the time of release of the next Shareholders’ Document and the relevant results together with the notes to the financial statements are included in the next Shareholders’ Document, the requirements to report on the Profit Warning Statement under Rule 10.4 of the Takeovers Code will no longer apply.

WARNING:

Shareholders and potential investors of the Company should note that the Profit Warning Statement has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning Statement in assessing the merits and demerits of the Possible Sale and Purchase and the Possible Mandatory Offer (as defined in the Joint Announcements). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 20 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. Chen Yongdao, Mr. Wang Zhengbing, Mr. Zhou Zhijin, Mr. Hu Jichun and Mr. Zheng Qing; the non-executive directors of the Company are Mr. Hu Yueming and Mr. Yuen Chi Ping; and the independent non-executive directors of Company are Dr. Chan Yau Ching, Bob, Ms. Jiang Jianhua, Mr. Jiang Xihe and Mr. Nathan Yu Li.

All directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

** For identification purposes only*