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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

This announcement is made pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

References are made to the announcement and circular dated 6 December 2018 and 7 December 2018, respectively, published by Fullshare Holdings Limited (stock code: 607) (“**Fullshare**”), the controlling shareholder of the Company, in relation to, amongst other things, the proposed change of auditor of Fullshare (the “**Fullshare Disclosure**”).

The Board (“**Board**”) of directors (“**Directors**”) of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to make an announcement regarding a proposed change of the auditor of the Group.

On 7 December 2018, the Board unanimously resolved with the recommendation of the audit committee of the Board to (i) terminate the appointment of Ernst & Young Certified Public Accountants (“**EY**”) as the auditor of the Group (the “**Termination**”); and (ii) engage PricewaterhouseCoopers Certified Public Accountants (“**PwC**”) as the new auditor of the Group (the “**Appointment**”) (together with the Termination, the “**Change of Auditor**”), subject to the approval by the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (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.

The Company has received a confirmation letter from EY that there were 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 of the Board 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.

The audit committee of the Board 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).

The EGM will be convened and held for the purpose of considering and, if thought fit, approving, amongst other things, the proposed Change of Auditor. A circular containing, amongst other things, information on the proposed Change of Auditor, together with a notice convening the EGM, is expected to be despatched to the Shareholders on or before 12 December 2018.

The Directors (including the independent non-executive Directors) consider that the Termination and the Appointment are in the interests of the Company and its Shareholders as a whole, and recommend the Shareholders to vote in favour of the resolutions regarding the Termination and the Appointment at the EGM.

The Board would like to take this opportunity to express a sincere appreciation to EY for its professional services and support in the past years.

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

Hong Kong, 7 December 2018

As at the date of this announcement, 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.

**for identification purposes only*