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KEY FINDINGS OF INTERNAL CONTROL REVIEW AND ENHANCEMENT

Reference is made to the announcements of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 May 2025 and 12 August 2025 in relation to the Handa Loan and the Handa Loan Assignment (the “**Announcements**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

KEY FINDINGS OF THE INTERNAL CONTROL REVIEW

As detailed in the Company’s announcement dated 12 August 2025, as part of the remedial measures taken by the Company to enhance its internal controls and prevent the recurrence of similar incidents, the Company engaged an external independent internal control consultant, Grant Thornton (the “**IC Consultant**”) to carry out an internal control review (the “**IC Review**”). The IC Consultant has completed the IC Review and issued an interim report on 30 September 2025 (the “**IC Review Report**”).

The key findings of the IC Review and the corresponding recommended remedial measures are summarized as follows:

Finding 1: Distribution of the List of Connected Persons to relevant personnel. The Company currently prepares, update and maintains a list of connected persons (the “**List of Connected Persons**”) on a monthly basis. At present, this list has not been systematically distributed to the business departments of the Company’s subsidiaries. As a result, subsidiaries may not always be able to timely confirm whether a transaction involves connected persons when identifying and handling such transactions in their business operations.

Recommended enhancement to be adopted: It is recommended that the Company distributes the List of Connected Persons, as updated from time to time, to the business departments of each major subsidiary, and ensure that relevant personnel in the business departments have received and are aware of the connected persons of the Company. This will enable the business departments of each major subsidiary to use the List of Connected Persons as a reference during customer and supplier registration and cooperation processes, so as to identify any potential connected persons in a timely and effective manner and report them to the Company.

Finding 2: Procedures for identification and reporting of connected persons during customer and supplier registration. The Group's major subsidiaries have established procedures which collectively cover the processes for customer and supplier registration, evaluation and management. However, the Company has not yet formalised procedures for its major subsidiaries to provide relevant information to the Company's departments responsible for subsequent compliance and disclosure, particularly where connected persons are identified during such processes.

Recommended enhancement to be adopted: It is recommended that the Company establish management procedures to ensure that, if any connected persons are identified during the registration process for new customers or suppliers, employees can promptly identify and handle such cases, and transmit the relevant information to the Company's designated departments for appropriate compliance handling and disclosure.

Finding 3: Policies and procedures for third-party borrowings. During the review period covered by the IC Consultant, the Company did not have any third-party borrowings. Accordingly, the Company has not yet put in place written policies and procedures specifically governing the handling, approval and authorisation processes for such borrowings.

Recommended enhancement to be adopted: It is recommended that the Company establish written policies and procedures in relation to third-party borrowings and standardise the handling, approval and authorisation processes for third-party borrowings by the Company and its major subsidiaries. Such procedures should retain appropriate audit trails, specify effective dates and version control, and ensure that updated policies accurately reflect current processes, so that employees can consistently and effectively perform their duties in accordance with the written policies and procedures. Management should also monitor and review such policies on a regular basis, update them where appropriate and retain records of such updates and reviews.

Finding 4: Training on enhanced procedures in relation to connected person identification and management. The Company currently provides relevant training to its directors on updates to the Listing Rules, including management processes such as connected person management. None of the current directors, however, have dedicated professional backgrounds in securities or legal compliance. Further training will also be required following implementation of the enhanced policies and procedures referred to above.

Recommended enhancement to be adopted: It is recommended that, after enhancing its policies and procedures as identified above, the Company should provide annual training and/or reminders to relevant employees on the updated processes. This is to ensure that staff in all business departments clearly understand the reporting and handling mechanisms for connected person identification. Attendance records for such training should be properly maintained to ensure participation by relevant personnel. In addition, the Company may consider strengthening the composition of its board by appointing directors with backgrounds in law, securities or compliance to further support its decision-making in these areas.

OPINIONS OF THE BOARD OF DIRECTORS

Having considered the IC Review Report, the Board agrees with the observations and recommendations of the IC Consultant and is committed to implementing the recommended enhancement as appropriate.

To support the effective implementation of the IC Consultant's recommendations, the Company has engaged external professional internal control advisers ("IC Enhancement Advisers") to implement the internal control enhancement measures as appropriate. The IC Enhancement Advisers indicated that, upon receipt of all relevant materials, it can complete the review of recommendations within about one week and develop a detailed implementation plan within about four weeks thereafter. The Company is working with the IC Enhancement Advisers to provide all the relevant materials, formulate the implementation plan and the implementation timeline. The Company will make a further announcement regarding the timeline of the implementation plan upon agreement with the IC Enhancement Advisers and will make additional announcements to provide updates as and when appropriate.

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

Hong Kong, 17 December 2025

As at the date of this announcement, the executive Directors are Mr. Hu Jichun, Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Zhou Zhijin, Ms. Zheng Qing and Mr. Gu Xiaobin; the non-executive Director is Mr. Ye Xingming; and the independent non-executive Directors are Mr. Jiang Xihe, Ms. Jiang Jianhua, Dr. Chan Yau Ching, Bob and Mr. Nathan Yu Li.

* *For identification purposes only*