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Fullshare Holdings Limited

豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 607)



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)

JOINT ANNOUNCEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO CAPITAL INCREASE AND DEEMED DISPOSAL OF EQUITY INTEREST IN NANJING HIGH SPEED

Independent Financial Adviser



Alliance Capital Partners Limited

同人融資有限公司

THE CAPITAL INCREASE AGREEMENT

On 4 December 2020 (after trading hours of the Stock Exchange), the Employee Partnership Enterprise entered into the Capital Increase Agreement with Nanjing High Speed and Nanjing Gear, pursuant to which the Employee Partnership Enterprise agreed to make the capital contribution in an aggregate amount of RMB150 million in cash to the registered capital of Nanjing High Speed. Immediately upon completion of the Capital Increase, the Employee Partnership Enterprise will own as to approximately 6.98% of the equity interest in Nanjing High Speed.

IMPLICATIONS UNDER THE LISTING RULES

(I) Connected Transactions

As at the date of this joint announcement, the Employee Partnership Enterprise is a limited partnership managed and controlled by the general partner, being Shanghai Shiji. Mr. Hu Yueming is the sole director and sole shareholder of Shanghai Shiji. Mr. Hu Yueming is an executive director of CHS and thus a connected person of CHS at listed issuer level and a connected person of Fullshare at subsidiary level under Chapter 14A of the Listing Rules. The Employee Partnership Enterprise is an associate of Mr. Hu Yueming and therefore a connected person of Fullshare and CHS under Chapter 14A of the Listing Rules.

Fullshare

As the Employee Partnership Enterprise is a connected person of Fullshare at the subsidiary level, the Capital Increase constitutes a connected transaction for Fullshare pursuant to Chapter 14A of the Listing Rules. Based on the information provided by CHS, pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board of Fullshare has approved the Capital Increase and (ii) the independent non-executive directors of Fullshare have confirmed that the terms of the Capital Increase Agreement are fair and reasonable, the Capital Increase is on normal commercial terms and in the interests of Fullshare and its shareholders as a whole, the Capital Increase is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CHS

The Employee Partnership Enterprise is an associate of Mr. Hu Yueming and thus a connected person of CHS under Chapter 14A of the Listing Rules. As more than one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) applicable to CHS in respect of the transactions contemplated under the Capital Increase Agreement exceed 5%, the Capital Increase constitutes a non-exempted connected transaction for CHS and is subject to the reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the Stock Exchange may waive the general meeting requirement and accept a written shareholders' approval on the conditions that (i) no CHS Shareholder is required to abstain from voting if a general meeting of CHS is held to approve the transactions contemplated under the Capital Increase Agreement; and (ii) approval has been given by a CHS Shareholder or a closely allied group of CHS Shareholders who together hold more than 50% of the CHS Shares in issue giving the right to vote at general meetings to approve the transactions contemplated under the Capital Increase Agreement.

To the best of the CHS Directors' knowledge, information and belief, having made all reasonable enquiries, no CHS Shareholders or any of their respective associates have any material interest in the Capital Increase Agreement and the transactions contemplated thereunder and thus none of the CHS Shareholders is required to abstain from voting if CHS was to convene a general meeting for the approval of the Capital Increase Agreement and the transactions contemplated thereunder.

As at the date of this joint announcement, Five Seasons, a CHS Shareholder, which holds 1,208,577,693 CHS Shares in issue (representing approximately 73.91% of the issued share capital of CHS) has indicated its approval to the Capital Increase Agreement and the transactions contemplated thereunder. CHS will make an application to the Stock Exchange for a waiver from the requirement to convene a CHS Shareholders' meeting for approving the Capital Increase Agreement, such that the written approval would be accepted in lieu of convening a general meeting under Rule 14A.37 of the Listing Rules. If the waiver application made pursuant to Rule 14A.37 of the Listing Rules is not accepted by the Stock Exchange, CHS will convene a CHS Shareholders' meeting in accordance with its articles of association and the requirements under the Listing Rules.

(II) Deemed Disposal

Upon completion of the Capital Increase, the equity interest of Nanjing Gear in Nanjing High Speed will be reduced from 100% to approximately 93.02%, the Capital Increase contemplated under the Capital Increase Agreement therefore constitutes a deemed disposal under Rule 14.29 of the Listing Rules for both Fullshare and CHS.

Fullshare

As more than one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) applicable to Fullshare in respect of the Capital Increase are more than 5% but all are less than 25%, the Capital Increase constitutes a discloseable transaction for Fullshare and is, therefore, subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CHS

As more than one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) applicable to CHS in respect of the Capital Increase are more than 5% but all are less than 25%, the Capital Increase constitutes a discloseable transaction for CHS and is, therefore, subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The CHS Independent Board Committee (comprised of all independent non-executive directors of CHS, namely Dr. Chan Yau Ching, Bob, Ms. Jiang Jianhua, Mr. Jiang Xihe and Mr. Nathan Yu Li) has been established and will provide advice on the Capital Increase Agreement and the transactions contemplated thereunder to the independent CHS Shareholders.

CHS has appointed Alliance Capital as the CHS Independent Financial Adviser to advise the CHS Independent Board Committee and the independent CHS Shareholders on whether the terms of the Capital Increase Agreement are fair and reasonable, and the Capital Increase is on normal commercial terms and in the interests of CHS and its shareholders as a whole.

Pursuant to Rule 14A.46(2) of the Listing Rules, a circular containing, among other things, (i) further details of the Capital Increase Agreement; (ii) the recommendation of the CHS Independent Board Committee to the independent CHS Shareholders; and (iii) the advice from the CHS Independent Financial Adviser to the CHS Independent Board Committee and the independent CHS Shareholders will be despatched to the CHS Shareholders in full compliance with the requirements under the Listing Rules on or before 22 December 2020.

Completion of the Capital Increase is subject to the satisfaction of the Conditions Precedent, and therefore, may or may not proceed to completion. Shareholders and potential investors of Fullshare and CHS are advised to exercise caution when dealing in the shares of Fullshare and CHS.

INTRODUCTION

On 4 December 2020 (after trading hours of the Stock Exchange), the Employee Partnership Enterprise entered into the Capital Increase Agreement with Nanjing High Speed and Nanjing Gear, pursuant to which the Employee Partnership Enterprise agreed to make the capital contribution in an aggregate amount of RMB150 million in cash to the registered capital of Nanjing High Speed. Immediately upon completion of the Capital Increase, the Employee Partnership Enterprise will own as to approximately 6.98% of the equity interest in Nanjing High Speed.

THE CAPITAL INCREASE AGREEMENT

Date: 4 December 2020 (after trading hours of the Stock Exchange)

Parties: (1) Employee Partnership Enterprise
(2) Nanjing High Speed
(3) Nanjing Gear

As at the date of this joint announcement, the Employee Partnership Enterprise is a limited partnership managed and controlled by the general partner, being Shanghai Shiji. Mr. Hu Yueming is the sole director and sole shareholder of Shanghai Shiji. Mr. Hu Yueming is an executive director of CHS and thus a connected person of CHS at listed issuer level and a connected person of Fullshare at subsidiary level under Chapter 14A of the Listing Rules. The Employee Partnership Enterprise is an associate of Mr. Hu Yueming and a connected person of Fullshare and CHS under Chapter 14A of the Listing Rules.

Pursuant to the Capital Increase Agreement, the Employee Partnership Enterprise agreed to make the capital contribution in an aggregate amount of RMB150 million in cash to the registered capital of Nanjing High Speed. Immediately upon completion of the Capital Increase, the Employee Partnership Enterprise will own as to approximately 6.98% of the equity interest in Nanjing High Speed. Nanjing High Speed will no longer be wholly-owned by CHS but continue to be a subsidiary of Fullshare and CHS.

Conditions Precedent

Pursuant to the Capital Increase Agreement, the Employee Partnership Enterprise shall make capital contribution of RMB150 million to Nanjing High Speed within 30 days after fulfilment of the Conditions Precedent including:

- (1) written CHS Shareholders' approval or CHS Shareholders' approval at the general meeting for the Capital Increase Agreement and the transactions contemplated thereunder have been obtained; and
- (2) all necessary approvals, confirmations, waivers or consents of the relevant authorities (including but not limited to the Stock Exchange) for the Capital Increase Agreement and the transactions contemplated thereunder have been made, fulfilled or obtained and such approvals, confirmations, waivers and consents remain in full force and effect.

Neither party can waive any of the Conditions Precedent. In the event that any of the Conditions Precedent are not fulfilled on or before 31 March 2021 (or any later date agreed by the parties in writing), the Capital Increase Agreement will be automatically terminated.

Anti-dilution

Pursuant to the Capital Increase Agreement, Nanjing Gear shall use its best endeavour to procure Nanjing High Speed that in the event that any third party invests in Nanjing High Speed, the equity interest in Nanjing High Speed held by the Employee Partnership Enterprise shall not be less than 5.6% of the enlarged share capital of Nanjing High Speed. Such anti-dilution clause will cease to have effect from 31 December 2023 (or other date agreed by the parties in writing).

The designated employees

The Employee Partnership Enterprise has been established to incentivise the core employees of CHS Group through holding the equity interest in Nanjing High Speed for and on behalf of certain designated employees of the CHS Group. The Capital Increase involves a contribution of an additional registered capital in an aggregate amount of RMB150 million to Nanjing High Speed. Immediately after completion of the Capital Increase, 277 designated employees of the CHS Group will be together interested in approximately 6.98% equity interest in Nanjing High Speed through the Employee Partnership Enterprise.

The designated employees of the CHS Group under the Capital Increase are all core members that serve important functions for the CHS Group including management, production, sales and research. On average, they have worked for the CHS Group for approximately 15.49 years and details of which are set out below:

Function	Headcount	Approximate percentage of equity interest in Nanjing High Speed immediately upon completion of the Capital Increase	Average years of service in Nanjing High Speed	Average years of industry experience
Key management staff	9	2.60%	23.56	32.45
Sales	34	0.47%	15.83	18.16
Research	50	0.89%	12.54	13.98
Production	87	1.17%	14.89	16.20
Management of major subsidiaries	7	0.63%	18.02	19.45
Management of human resources, finance, information technology and other departments	90	1.21%	16.58	22.11
Total	277	6.98%	15.49	18.57

Note: The discrepancies between total and sums of amounts in the table above are due to rounding.

The respective percentage of equity interest in Nanjing High Speed that each designated employee under the Capital Increase owned is determined with reference to their respective job responsibilities and their respective level of contribution to CHS's business development. The average percentage of equity interest in Nanjing High Speed each designated employee owned is approximately 0.025%.

Among the capital contribution of RMB150 million to be made to the registered capital of Nanjing High Speed, approximately 40.62% will be contributed by the connected persons of CHS, representing approximately 2.84% of the enlarged registered capital of Nanjing High Speed immediately after completion of the Capital Increase. Details of the capital contribution and equity interest held by the CHS Directors after completion of the Capital Increase are set out below:

No.	Name of employee	Approximate percentage of equity interest in Nanjing High Speed immediately upon completion of the Capital Increase	Details of connected relationship
1.	Mr. Hu Yueming	0.028%	executive director of CHS
2.	Mr. Wang Zhengbing	0.344%	executive director of CHS
3.	Mr. Zhou Zhijin	0.344%	executive director of CHS
4.	Mr. Gu Xiaobin	0.344%	executive director of CHS

In determining employees' eligibility for the Capital Increase, the Board of CHS has taken the following factors into consideration: (i) whether the employees are directors, supervisors or senior management of CHS Group; (ii) whether the employees are core technical personnel of CHS Group; (iii) whether the employees are core and key employees of CHS Group and have made significant contributions to the operation and development of CHS Group; and (iv) length of service of employees in CHS Group.

Basis of consideration

The aggregate amount of capital contribution to be made by the Employee Partnership Enterprise is RMB150 million.

The capital contribution under the Capital Increase is determined with reference to (i) the appraised value of equity interest of Nanjing High Speed as at 31 October 2020, being RMB5,740,000,000; (ii) the arm's length negotiations with the designated employees of the CHS Group; (iii) the long-term services provided by the designated employees of the CHS Group in the past; (iv) the reasons for and benefits of the Capital Increase as stated under the paragraph headed "Reasons for and benefits of the Capital Increase"; and (v) the relatively low liquidity of the shares of Nanjing High Speed.

The Board of CHS (including its independent non-executive directors) is of the view that (i) the terms of the Capital Increase Agreement (including the capital consideration payable by the Employee Partnership Enterprise) are fair and reasonable; (ii) the Capital Increase Agreement is on normal commercial terms or better; and (iii) the entering into of the Capital Increase Agreement is in the best interest of CHS and its shareholders as a whole.

Based on the information provided by CHS and to the best knowledge, information and belief of the Board of Fullshare, the Board of Fullshare (including its independent non-executive directors) considers that (i) the terms of the Capital Increase Agreement (including the capital consideration payable by the Employee Partnership Enterprise) are fair and reasonable; (ii) the Capital Increase Agreement is on normal commercial terms or better; and (iii) the entering into of the Capital Increase Agreement is in the best interest of Fullshare and its shareholders as a whole.

As disclosed in the paragraph headed “THE CAPITAL INCREASE AGREEMENT – The designated employees” in this joint announcement, Mr. Hu Yueming, Mr. Wang Zhengbing, Mr. Zhou Zhijin and Mr. Gu Xiaobin will together hold an aggregate of approximately 1.06% of the equity interest in Nanjing High Speed upon completion of the Capital Increase, accordingly, Mr. Hu Yueming, Mr. Hu Jichun (son of Mr. Hu Yueming), Mr. Wang Zhengbing, Mr. Zhou Zhijin and Mr. Gu Xiaobin have abstained from voting on the resolutions of the Board of CHS to approve the Capital Increase. Save for Mr. Hu Yueming, Mr. Hu Jichun, Mr. Wang Zhengbing, Mr. Zhou Zhijin and Mr. Gu Xiaobin, none of the Fullshare Directors and CHS Directors have a material interest in the Capital Increase Agreement.

Completion

Pursuant to the Capital Increase Agreement, Nanjing High Speed shall complete the business registration in relation to the Capital Increase within 15 business days after the payment of the capital contribution by the Employee Partnership Enterprise to Nanjing High Speed. Completion of the Capital Increase shall take place upon the completion of business registration.

APPLICATION OF THE CAPITAL CONTRIBUTION

The capital contribution of RMB150 million to be made by the Employee Partnership Enterprise will be applied by Nanjing High Speed to expand its (i) wind power gear transmission equipment business and (ii) industrial gear transmission equipment business and replace the necessary machinery and equipment.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The purpose and objectives of the Capital Increase is to recognise the contribution by the designated employees of the CHS Group and to provide them with incentives in order to align their interests with the CHS Group and to retain them for the continual operation and development of the CHS Group.

As advised by CHS, the Capital Increase will provide a source of capital for Nanjing High Speed to enhance its business in development and production of gear, gear box and fittings.

FINANCIAL IMPACT OF THE CAPITAL INCREASE

As advised by CHS, following completion of the Capital Increase, the equity interest of Nanjing Gear in Nanjing High Speed will be diluted from 100% to approximately 93.02%. Nanjing High Speed will become an indirect non-wholly owned subsidiary of CHS and its financial results will continue to be consolidated with each of the Fullshare Group's and CHS Group's results. The Capital Increase constitutes deemed disposal and a share-based payment transaction. The deemed disposal is accounted for as equity transaction and it is expected that it will have no gain or loss arising from deemed disposal for Fullshare and CHS. The expenses in relation to share-based payment to be recognised in profit or loss is subject to audit.

Considering the positive effect of the Capital Increase on the CHS's operation and development, which will stimulate the enthusiasm of the management and business team and improve operating efficiency, the Board of CHS considers that the Capital Increase will play a positive role in the performance of CHS Group in the long run.

INFORMATION OF FULLSHARE, CHS GROUP, NANJING GEAR AND THE EMPLOYEE PARTNERSHIP ENTERPRISE

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 (a) property development and investment, (b) tourism, (c) investment and financial services, (d) provision of healthcare and education products and services, and (e) new energy business.

CHS 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.

Nanjing Gear is principally engaged in investment holding business.

The Employee Partnership Enterprise is a limited liability partnership established under the laws of the PRC to incentivise the core employees of CHS Group through holding the equity interest in Nanjing High Speed for and on behalf of certain designated employees of the CHS Group and the general partner of which is Shanghai Shiji. Mr. Hu Yueming is the sole director and sole shareholder of Shanghai Shiji. The limited partners of the Employee Partnership Enterprise are eight partnership enterprises. Each of the eight partnership enterprises is a limited liability partnership established under the laws of the PRC and the general partner of which is Shanghai Shiji. The limited partners of each of the eight partnership enterprises are the designated employees of the CHS Group. The limited partners of the eight partnership enterprises consist of 276 natural persons. Hence, the Employee Partnership Enterprise is an associate of Mr. Hu Yueming and thus a connected person of CHS at listed issuer level and of Fullshare at the subsidiary level under Chapter 14A of the Listing Rules as at the date of this joint announcement.

INFORMATION ON NANJING HIGH SPEED

Immediately before the completion of the Capital Increase, Nanjing High Speed is a direct wholly-owned subsidiary of Nanjing Gear and an indirect wholly-owned subsidiary of CHS. Nanjing High Speed has a registered capital of RMB2,000,000,000 as at the date of this joint announcement, all of which are contributed by Nanjing Gear. Nanjing High Speed is principally engaged in manufacturing and sale of gear, gear box and fittings.

Upon completion of the Capital Increase, the equity interest of Nanjing Gear in Nanjing High Speed will be diluted from 100% to approximately 93.02%.

Set out below is a summary of the unaudited pro forma consolidated financial information of Nanjing High Speed and its subsidiaries for the two years ended 31 December 2018 and 31 December 2019:

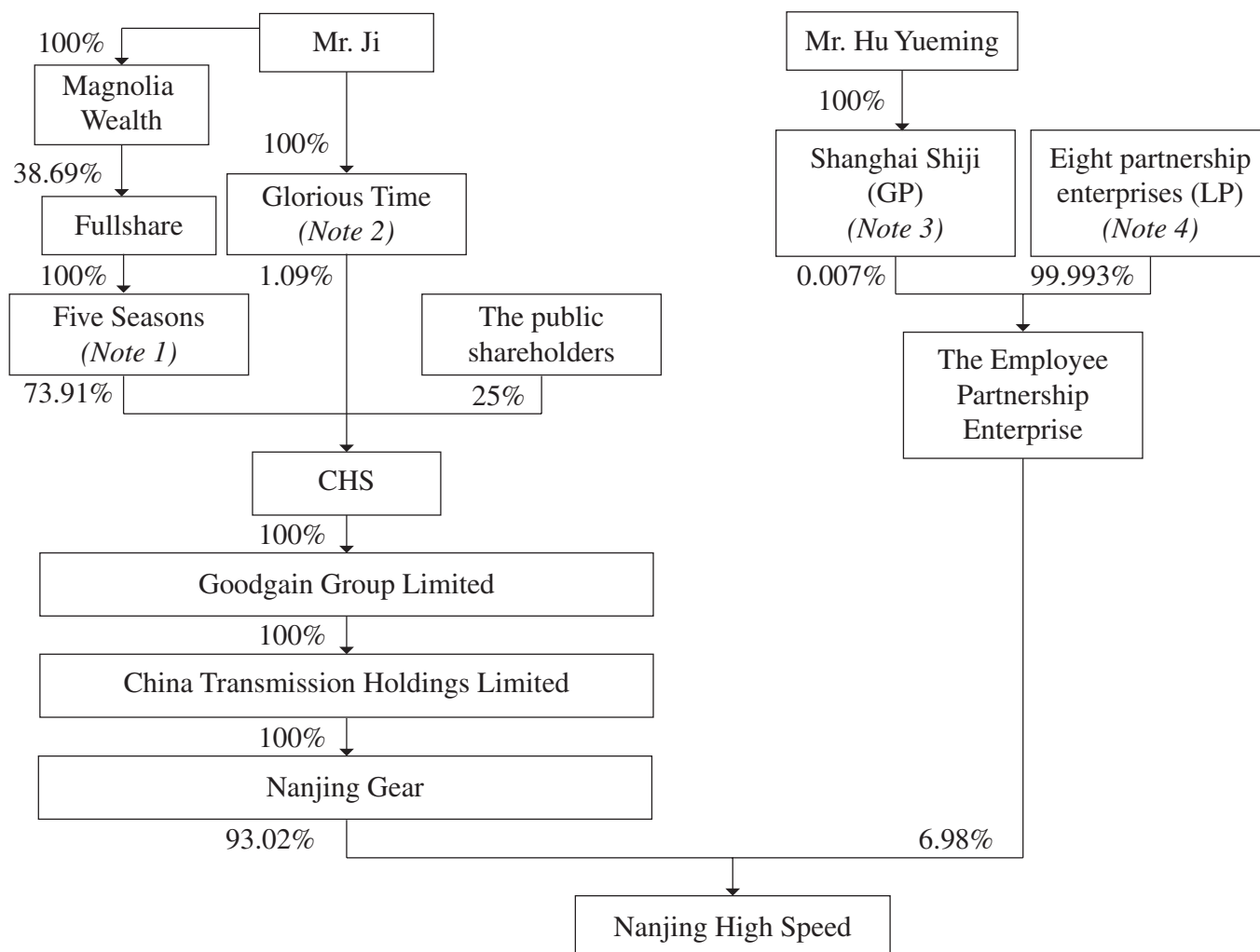
	For the year ended 31 December 2018 <i>(RMB'000)</i> (unaudited) <i>(Note 1)</i>	For the year ended 31 December 2019 <i>(RMB'000)</i> (unaudited) <i>(Note 1)</i>
Turnover	8,018,085	9,444,821
Profit before tax	121,241	345,072
Profit after tax	87,225	207,544

Note:

1. CHS Group underwent an internal restructuring in May 2020.

The unaudited consolidated net assets of Nanjing High Speed as at 30 June 2020 was approximately RMB4,063,739,000.

Set out below is the shareholding structure of Nanjing High Speed upon completion of the Capital Increase:



Notes:

1. Five Seasons XVI Limited (“**Five Seasons**”), a company incorporated in the British Virgin Islands, is wholly-owned by Fullshare, while the issued share capital of Fullshare is owned as to 38.69% by Magnolia Wealth International Limited (“**Magnolia Wealth**”), as at the date of this joint announcement, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Ji Changqun (“**Mr. Ji**”). Accordingly, Fullshare, Magnolia Wealth and Mr. Ji are considered to have interests in 1,208,577,693 shares of CHS, representing approximately 73.91% of the issued shares of CHS.
2. Glorious Time Holdings Limited (“**Glorious Time**”), a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. Ji. Accordingly, Mr. Ji is considered to have interests in 17,890,000 shares of CHS, representing approximately 1.09% of the issued shares of CHS.
3. The general partner of the Employee Partnership Enterprise is Shanghai Shiji. Mr. Hu Yueming, an executive director of CHS, is the sole director and sole shareholder of Shanghai Shiji.
4. The limited partners of the Employee Partnership Enterprise are eight partnership enterprises. Each of the eight partnership enterprises is a limited liability partnership established under the laws of the PRC and the general partner of which is Shanghai Shiji. The limited partners of each of the eight partnership enterprises are the designated employees of the CHS Group. The limited partners of the eight partnership enterprises consist of 276 natural persons.

IMPLICATIONS UNDER THE LISTING RULES

(I) Connected Transactions

As at the date of this joint announcement, the Employee Partnership Enterprise is a limited partnership managed and controlled by the general partner, being Shanghai Shiji. Mr. Hu Yueming is the sole director and sole shareholder of Shanghai Shiji. Mr. Hu Yueming is an executive director of CHS and thus a connected person of CHS at listed issuer level and a connected person of Fullshare at subsidiary level under Chapter 14A of the Listing Rules. The Employee Partnership Enterprise is an associate of Mr. Hu Yueming and therefore a connected person of Fullshare and CHS under Chapter 14A of the Listing Rules.

Fullshare

As the Employee Partnership Enterprise is a connected person of Fullshare at the subsidiary level, the Capital Increase constitutes a connected transaction for Fullshare pursuant to Chapter 14A of the Listing Rules. Based on the information provided by CHS, pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board of Fullshare has approved the Capital Increase and (ii) the independent non-executive directors of Fullshare have confirmed that the terms of the Capital Increase Agreement are fair and reasonable, the Capital Increase is on normal commercial terms and in the interests of Fullshare and its shareholders as a whole, the Capital Increase is exempt from the circular (including independent financial advice) and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

CHS

The Employee Partnership Enterprise is an associate of Mr. Hu Yueming and thus a connected person of CHS under Chapter 14A of the Listing Rules. As more than one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) applicable to CHS in respect of the transactions contemplated under the Capital Increase Agreement exceed 5%, the Capital Increase constitutes a non-exempted connected transaction for CHS and is subject to the reporting, announcement, circular (including independent financial advice) and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the Stock Exchange may waive the general meeting requirement and accept a written shareholders' approval on the conditions that (i) no CHS Shareholder is required to abstain from voting if a general meeting of CHS is held to approve the transactions contemplated under the Capital Increase Agreement; and (ii) approval has been given by a CHS Shareholder or a closely allied group of CHS Shareholders who together hold more than 50% of the CHS Shares in issue giving the right to vote at general meetings to approve the transactions contemplated under the Capital Increase Agreement.

To the best of the CHS Directors' knowledge, information and belief, having made all reasonable enquiries, no CHS Shareholders or any of their respective associates have any material interest in the Capital Increase Agreement and the transactions contemplated thereunder and thus none of the CHS Shareholders is required to abstain from voting if CHS was to convene a general meeting for the approval of the Capital Increase Agreement and the transactions contemplated thereunder.

As at the date of this joint announcement, Five Seasons, a CHS Shareholder, which holds 1,208,577,693 CHS Shares in issue (representing approximately 73.91% of the issued share capital of CHS) has indicated its approval to the Capital Increase Agreement and the transactions contemplated thereunder. CHS will make an application to the Stock Exchange for a waiver from the requirement to convene a CHS Shareholders' meeting for approving the Capital Increase Agreement, such that the written approval would be accepted in lieu of convening a general meeting under Rule 14A.37 of the Listing Rules. If the waiver application made pursuant to Rule 14A.37 of the Listing Rules is not accepted by the Stock Exchange, CHS will convene a CHS Shareholders' meeting in accordance with its articles of association and the requirements under the Listing Rules.

(II) Deemed Disposal

Upon completion of the Capital Increase, the equity interest of Nanjing Gear in Nanjing High Speed will be reduced from 100% to approximately 93.02%, the Capital Increase contemplated under the Capital Increase Agreement therefore constitutes a deemed disposal under Rule 14.29 of the Listing Rules for both Fullshare and CHS.

Fullshare

As more than one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) applicable to Fullshare in respect of the Capital Increase are more than 5% but all are less than 25%, the Capital Increase constitutes a discloseable transaction for Fullshare and is, therefore, subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CHS

As more than one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) applicable to CHS in respect of the Capital Increase are more than 5% but all are less than 25%, the Capital Increase constitutes a discloseable transaction for CHS and is, therefore, subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The CHS Independent Board Committee (comprised of all independent non-executive directors of CHS, namely Dr. Chan Yau Ching, Bob, Ms. Jiang Jianhua, Mr. Jiang Xihe and Mr. Nathan Yu Li) has been established and will provide advice on the Capital Increase Agreement and the transactions contemplated thereunder to the independent CHS Shareholders.

CHS has appointed Alliance Capital as the CHS Independent Financial Adviser to advise the CHS Independent Board Committee and the independent CHS Shareholders on whether the terms of the Capital Increase Agreement are fair and reasonable, and the Capital Increase is on normal commercial terms and in the interests of CHS and its shareholders as a whole.

Pursuant to Rule 14A.46(2) of the Listing Rules, a circular containing, among other things, (i) further details of the Capital Increase Agreement; (ii) the recommendation of the CHS Independent Board Committee to the independent CHS Shareholders; and (iii) the advice from the CHS Independent Financial Adviser to the CHS Independent Board Committee and the independent CHS Shareholders will be despatched to the CHS Shareholders in full compliance with the requirements under the Listing Rules on or before 22 December 2020.

Completion of the Capital Increase is subject to the satisfaction of the Conditions Precedent, and therefore, may or may not proceed to completion. Shareholders and potential investors of Fullshare and CHS are advised to exercise caution when dealing in the shares of Fullshare and CHS.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board of CHS”	the board of directors of CHS
“Board of Fullshare”	the board of directors of Fullshare
“business day”	a business day other than statutory holiday(s) in the PRC
“Capital Increase”	the capital contribution by the Employee Partnership Enterprise in an aggregate amount of RMB150 million to the registered capital of Nanjing High Speed pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 4 December 2020 and entered into among the Employee Partnership Enterprise, Nanjing High Speed and Nanjing Gear in relation to the Capital Increase
“CHS”	China High Speed Transmission Equipment Group Co., Ltd., a company incorporated in the Cayman Islands, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 658)

“CHS Director(s)”	the director(s) of CHS
“CHS Group”	CHS and its subsidiaries
“CHS Independent Board Committee”	the independent committee of the Board of CHS, comprising all the independent non-executive directors of CHS to advise the independent CHS Shareholders in relation to the Capital Increase
“CHS Independent Financial Adviser” or “Alliance Capital”	Alliance Capital Partners Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong), and the independent financial adviser appointed by CHS to advise the CHS Independent Board Committee and the independent CHS Shareholders in respect of the Capital Increase Agreement
“CHS Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of CHS
“CHS Shareholder(s)”	holder(s) of CHS Share(s)
“Conditions Precedent”	the conditions precedent contained in the Capital Increase Agreement, details of which are set out under the paragraph headed “The Capital Increase Agreement – Conditions Precedent” in this joint announcement
“Employee Partnership Enterprise”	Shanghai Shifu Enterprise Management LLP* (上海釀福企業管理合夥企業(有限合夥)), a limited liability partnership enterprise established in the PRC and the general partner and limited partners of which are Shanghai Shiji and eight partnership enterprises, respectively
“Fullshare”	Fullshare Holdings Limited (豐盛控股有限公司), a company established in the Cayman Islands, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 607)
“Fullshare Director(s)”	the director(s) of Fullshare
“Fullshare Group”	Fullshare and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Gear”	Nanjing Gear Enterprise Management Co., Ltd.* (南京高齒企業管理有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of CHS, the sole shareholder of Nanjing High Speed immediately before completion the Capital Increase

“Nanjing High Speed”	Nanjing High Speed Gear Manufacturing Co., Ltd.* (南京高速齒輪製造有限公司), a company established in the PRC with limited liability, a direct wholly-owned subsidiary of Nanjing Gear and an indirect wholly-owned subsidiary of CHS as at the date of this joint announcement
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Shiji”	Shanghai Shiji Enterprise Management Consultancy Co., Ltd.* (上海驪吉企業管理諮詢有限公司), a company established in the PRC on 11 August 2020 with limited liability, which is principally engaged in investment holding business and is wholly-owned and controlled by Mr. Hu Yueming
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the board of
Fullshare Holdings Limited
JI CHANGQUN
Chairman

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

Hong Kong, 4 December 2020

As at the date of this joint announcement, the executive directors of Fullshare are Mr. Ji Changqun, Ms. Du Wei and Mr. Shen Chen; and the independent non-executive directors of Fullshare are Mr. Lau Chi Keung, Mr. Chow Siu Lui and Mr. Tsang Sai Chung.

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

* for identification purposes only