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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)



(Incorporated in the Cayman Islands with limited liability)
(Stock code: 658)

**(1) VERY SUBSTANTIAL
DISPOSAL IN RELATION TO THE
PROPOSED DISPOSAL OF 43%
EQUITY INTEREST IN
NANJING HIGH SPEED; AND
(2) POSSIBLE VERY SUBSTANTIAL
ACQUISITION IN RELATION TO
THE GRANT OF PUT OPTION**

**(1) MAJOR TRANSACTION IN
RELATION TO THE PROPOSED
DISPOSAL OF 43% EQUITY
INTEREST IN NANJING HIGH
SPEED; AND (2) POSSIBLE MAJOR
TRANSACTION IN RELATION TO
THE GRANT OF PUT OPTION**

JOINT ANNOUNCEMENT

Financial Adviser to Fullshare



BAOQIAO PARTNERS CAPITAL LIMITED

THE DISPOSAL

On 30 March 2021 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of CHS, and Nanjing High Speed entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest at a Consideration of RMB4.3 billion.

IMPLICATIONS UNDER THE LISTING RULES

Fullshare

As the highest percentage ratio (as defined under Rule 14.07 of the Listing Rules) applicable to Fullshare in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for Fullshare and is, therefore, subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The grant of the Call Option and Put Option would be treated as a transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

The exercise of the Call Option is at the discretion of the Vendor. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option, only the premium (which is nil) will be taken into consideration for calculating the percentage ratios. Fullshare will comply with the then relevant Listing Rules on the exercise of the Call Option (where required).

The Put Option is exercisable at the discretion of the Transferee upon the occurrence of certain specified events, with the exercise price of the Put Option to be determined in accordance with the terms of the Equity Transfer Agreement. Given that the exercise of the Put Option is not at Fullshare's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Put Option in the Equity Transfer Agreement will be classified as if it had been exercised. The grant of the Put Option constitutes a possible very substantial acquisition for Fullshare and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. Fullshare will consult with the Stock Exchange as soon as practicable if the classification will change. Fullshare will comply with the relevant requirements under the Listing Rules as and when appropriate should the Transferee exercise the Put Option.

To the best of the Fullshare Directors' knowledge, information and belief, having made all reasonable enquiries, no Fullshare Shareholders or any of their respective associates have any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and thus none of the Fullshare Shareholders is required to abstain from voting in favour of the resolution approving the Equity Transfer Agreement and the transactions contemplated thereunder at the Fullshare EGM.

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 Disposal are more than 25% but all are less than 75%, the Disposal constitutes a major transaction for CHS and is, therefore, subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The grant of the Call Option and Put Option would be treated as a transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

The exercise of the Call Option is at the discretion of the Vendor. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option, only the premium (which is nil) will be taken into consideration for calculating the percentage ratios. CHS will comply with the then relevant Listing Rules on the exercise of the Call Option (where required).

The Put Option is exercisable at the discretion of the Transferee upon the occurrence of certain specified events, with the exercise price of the Put Option to be determined in accordance with the terms of the Equity Transfer Agreement. Given that the exercise of the Put Option is not at CHS's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Put Option in the Equity Transfer Agreement will be classified as if it had been exercised. The grant of the Put Option constitutes a possible major transaction for CHS and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. CHS will consult with the Stock Exchange as soon as practicable if the classification will change. CHS will comply with the relevant requirements under the Listing Rules as and when appropriate should the Transferee exercise the Put Option.

Pursuant to Rule 14.44 of the Listing Rules, a written CHS Shareholders' approval may be accepted in lieu of holding a general meeting to approve the Equity Transfer Agreement and the transactions contemplated thereunder 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 Equity Transfer Agreement and the transactions contemplated thereunder; 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 Equity Transfer Agreement and the transactions contemplated thereunder.

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 Equity Transfer Agreement and the transactions contemplated thereunder and thus none of the CHS Shareholders is required to abstain from voting if CHS were to convene a general meeting for the approval of the Equity Transfer 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 given its written approval to the Equity Transfer Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting. As a result, no extraordinary general meeting will be convened for CHS for the purpose of approving the Equity Transfer Agreement and the transactions contemplated thereunder.

GENERAL

The Fullshare EGM will be convened and held for Fullshare Shareholders to consider and, if thought fit, to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.41(b) of the Listing Rules, a circular containing, among other things, further details of the Equity Transfer Agreement and the transactions contemplated thereunder, is expected to be despatched to the Fullshare Shareholders, in full compliance with the requirements under the Listing Rules on or before 30 April 2021 as more time is required to prepare the information to be disclosed in the circular.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details of the Equity Transfer Agreement and the transactions contemplated thereunder, is expected to be despatched to the CHS Shareholders, in full compliance with the requirements under the Listing Rules on or before 30 April 2021 as more time is required to prepare the information to be disclosed in the circular.

Completion of the Disposal is subject to the satisfaction of the Conditions Precedent, and therefore, the Disposal 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 30 March 2021 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of CHS, and Nanjing High Speed entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest at a Consideration of RMB4.3 billion.

THE DISPOSAL

The major terms of the Equity Transfer Agreement, among others, are set out below:

Date: 30 March 2021 (after trading hours)

Parties: (1) the Purchaser
(2) the Vendor
(3) Nanjing High Speed

Pursuant to the Equity Transfer Agreement, if the Transferee is not the Purchaser itself, the identity of the Transferee is restricted to be a legal entity controlled or jointly controlled directly or indirectly by the Purchaser. As at the date of this joint announcement, the Purchaser has no arrangement and there are no circumstances where the Purchaser would designate a Transferee who is not a related third party which is a legal entity controlled or jointly controlled directly or indirectly by the Purchaser.

Equity interest to be disposed of

The Sale Interest, comprising the First Batch Sale Interest (representing 37% of the equity interest in Nanjing High Speed) and the Second Batch Sale Interest (representing 6% of the equity interest in Nanjing High Speed), to be transferred to the Transferee.

Earnest money

Within seven (7) days upon signing of the Equity Transfer Agreement, the Purchaser shall pay an earnest money in the amount of RMB500,000,000 (the “**Earnest Money**”) into a designated account of the Vendor.

If the Transferee is not the Purchaser, the Earnest Money paid by the Purchaser shall be deemed as the Earnest Money paid by the Transferee.

RMB400,000,000 of the Earnest Money shall serve as a deposit (the “**Deposit**”). If the Transferee fails to pay the Consideration timely in accordance with the terms and conditions of the Equity Transfer Agreement and the Vendor terminates the Equity Transfer Agreement as a result of the breach, the Vendor shall have a right to forfeit the Deposit.

Consideration

The Consideration is in the sum of RMB4.3 billion payable by the Transferee to the Vendor by way of cash in the following manner:

- (1) RMB1,000,000,000 to the Vendor within 7 days after all the Conditions Precedent are satisfied (the “**First Instalment**”). The Earnest Money can be applied as part of the First Instalment;
- (2) RMB2,700,000,000 to the Vendor within 1 month after all the Conditions Precedent are satisfied (the “**Second Instalment**”); and
- (3) RMB600,000,000 to the Vendor within 3 months after all the Conditions Precedent are satisfied (the “**Remaining Instalment**”).

After the First Instalment is paid, if the Transferee fails to settle the Second Instalment and/or the Remaining Instalment within the prescribed time, the Transferee shall, within ten (10) business days after 1 month or 3 months after all the Conditions Precedent are satisfied (as the case may be), return the First Batch Sale Interest to the Vendor at once and the Vendor shall return the First Instalment and/or the Second Instalment less the losses (as described below) incurred by the Vendor in one lump sum to the Transferee without interest and have a right to terminate the Equity Transfer Agreement. The Purchaser and the Transferee shall jointly and severally liable for the losses associated with the return (including but not limited to the tax expenses incurred during the transfer of First Batch Sale Interest from the Vendor to the Transferee) incurred by the Vendor. The Vendor is entitled to deduct the amount of losses and the Deposit from the First Instalment and/or the Second Instalment before returning the remaining amount of the First Instalment and/or the Second Instalment to the Transferee. The Purchaser undertakes that it shall procure the Transferee to include the aforesaid in the First Batch Transfer Agreement (as defined hereunder), failing which, the Vendor shall have the right to refuse to execute the First Batch Transfer Agreement.

Basis of consideration

The Consideration is determined with reference to (i) the preliminary appraised value (“**Preliminary Value**”) of 100% equity interest of Nanjing High Speed as at 31 December 2020 (the “**Valuation Date**”), which amounts to approximately RMB9,916,000,000 under the preliminary valuation (the “**Valuation**”) conducted by AVISTA Valuation Advisory Limited, an independent valuer (the “**Valuer**”); (ii) the unaudited financial statements of Nanjing High Speed for the ten months ended 31 October 2020; and (iii) the arm’s length negotiations between the Vendor and the Purchaser.

To arrive at the Preliminary Value, the Valuer adopted the comparable company method under the market approach. Under such method, the Valuer assessed the value of 100% equity interest of Nanjing High Speed with reference to the price-to-earnings multiples of an exhaustive list of the comparable companies principally engaged in manufacturing and sale of energy generation equipment in the PRC.

Given the fact that, as at 31 December 2020, no recent comparable transaction can be identified, the comparable transactions method was not adopted to prepare the aforesaid valuation.

The selection of the comparable companies was based on the comparability of the overall industry sector. Although no two companies are exactly alike, behind the differences there are certain business universals such as required capital investment and overall perceived risks and uncertainties that guide the market in reaching the expected returns for companies with certain similar attributes.

The comparable public companies were selected with reference to the following selection criteria:

- The companies are in the industry of electrical equipment or industrial conglomerates, or sub-industry of industrial machinery, under Global Industry Classification Standard, as extracted from S&P Capital IQ;
- The principal business of the companies is the provision of the manufacturing and sales of energy generation equipment;
- The principal business activities of the companies are mainly conducted in the PRC;
- The companies are listed in all major exchange markets in the United States of America or Hong Kong;
- The companies are profit-making in the trailing 12-months as of the Valuation Date; and
- The financial information of the companies is available to the public.

For details of the Valuation, please refer to the valuation report contained in the circulars to be published by Fullshare and CHS.

The Board of CHS (including its independent non-executive directors) is of the view that (i) the terms of the Equity Transfer Agreement (including the Consideration, the Call Option and the Put Option) are fair and reasonable; (ii) the Equity Transfer Agreement is on normal commercial terms; and (iii) the entering into of the Equity Transfer 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 Equity Transfer Agreement (including the Consideration, the Call Option and the Put Option) are fair and reasonable; (ii) the Equity Transfer Agreement is on normal commercial terms; and (iii) the entering into of the Equity Transfer Agreement is in the best interest of Fullshare and its shareholders as a whole.

Conditions Precedent

The Vendor and Nanjing High Speed

Unless waived pursuant to the Equity Transfer Agreement, the Vendor and Nanjing High Speed shall facilitate the fulfillment of the following conditions:

- (1) the Vendor and Nanjing High Speed shall assist in the due diligence review on Nanjing High Speed and its subsidiaries (if any) (including but not limited to legal, financial and business aspects), and the Purchaser is satisfied with the results of the due diligence review (the Purchaser shall notify the Vendor of its satisfaction in writing);
- (2) the Vendor has completed all necessary approval procedures for the Equity Transfer Agreement and the transactions contemplated thereunder, including but not limited to obtaining approval from its board of directors and shareholders;
- (3) the Equity Transfer Agreement and the transactions contemplated thereunder have been properly disclosed to the public in accordance with the requirements from the Official Authorities and the relevant laws, and all necessary approvals or consents for the Equity Transfer Agreement and the transactions contemplated thereunder have been obtained from the relevant parties (including but not limited to any government authorities or any related third parties of Nanjing High Speed) (if necessary) and there are no laws or regulations prohibiting the Disposal as at a Completion Date;
- (4) other existing shareholders of Nanjing High Speed consented to waive their pre-emptive rights (if any) in relation to the Disposal;
- (5) shareholders' approval at the shareholders' meeting of Nanjing High Speed for the Equity Transfer Agreement and the transactions contemplated thereunder has been obtained;
- (6) written CHS Shareholders' approval or CHS Shareholders' approval at the general meeting of CHS for the Equity Transfer Agreement and the transactions contemplated thereunder has been obtained in accordance with the Listing Rules;
- (7) Fullshare Shareholders' approval at the Fullshare EGM for the Equity Transfer Agreement and the transactions contemplated thereunder has been obtained in accordance with the Listing Rules;

The Purchaser

Unless waived pursuant to the Equity Transfer Agreement, the Purchaser shall facilitate the fulfillment of the following conditions:

- (8) the Purchaser has completed all necessary internal procedures for approving the Equity Transfer Agreement and the transactions contemplated thereunder, including but not limited to obtaining approval from its board of directors and shareholders and other internal approval procedures;

- (9) all necessary approvals or consents of the relevant parties (including but not limited to the governing regulatory body on stated-owned assets, relevant governmental departments or any related parties of Nanjing High Speed) (if necessary) for the Equity Transfer Agreement and the transactions contemplated thereunder have been obtained and there are no laws or regulations prohibiting the Disposal as at a Completion Date;
- (10) the Purchaser shall assist in the due diligence review on the Purchaser and/or the Transferee (as the case may be) (including but not limited to the identity of the ultimate beneficial owner(s) of the Purchaser and/or the Transferee, legal, financial and business aspects), and the Vendor is satisfied with the results of the due diligence review (the Vendor shall notify the Purchaser of its satisfaction in writing); and
- (11) the Purchaser is not in breach of the representations and warranties set forth in the Equity Transfer Agreement.

Neither party can waive the conditions set out in paragraphs (3), (6), (7) and (9) above. If any of the conditions set out above (except for paragraphs (6) and (7)) has not been fulfilled or waived (where applicable) by the time when the conditions in paragraphs (6) and (7) have been fulfilled, the Equity Transfer Agreement will be terminated automatically without any liability on the part of the Vendor and the Vendor shall return the Earnest Money in one lump sum to the Purchaser without interest within 30 business days from the date of termination of the Equity Transfer Agreement.

Completion

Upon receiving the First Instalment, the Vendor and the Transferee shall on the same date execute the following documents and a designated person of the Vendor, who is jointly authorised by the Vendor and the Transferee, shall on the same date file the same documents for completing relevant industrial and commerce registration in the PRC:

- (a) an equity interest transfer agreement in relation to the transfer of First Batch Sale Interest to the Transferee (the “**First Batch Transfer Agreement**”); and
- (b) a share pledge agreement in relation to the pledge of First Batch Sale Interest in favour of the Vendor (the “**Share Pledge Agreement**”).

The Purchaser shall procure the Transferee to execute the Share Pledge Agreement to the satisfaction of the Vendor and the Share Pledge Agreement shall contain the following major terms, otherwise the Vendor shall have the right to refuse to execute the First Batch Transfer Agreement.

- (a) the Share Pledge Agreement is to secure the Transferee’s payment obligations of (i) the Second Instalment; (ii) the damages resulting from the failure to pay the Second Instalment; (iii) the compensation resulting from the failure to pay the Second Instalment; and (iv) the reasonable costs and expenses incurred by the Vendor for its enforcement of the payment obligations of the Second Instalment of the Transferee; and
- (b) the pledge period shall begin from the date of completing the registration of the Share Pledge Agreement until the full payment of the Second Instalment by the Transferee and the date of payment of the Second Instalment shall be no later than 1 month after all the Conditions Precedent are satisfied.

Within seven (7) days after payment of the Second Instalment by the Transferee, the Vendor shall release the pledge of the First Batch Sale Interest.

Completion of the First Batch Sale Interest shall take place when the industrial and commerce registration for (a) the transfer of First Batch Sale Interest to the Transferee and (b) the pledge of the First Batch Sale Interest in favour of the Vendor is completed. Completion of the First Batch Sale Interest shall take place on the First Completion Date.

Within ten (10) business days upon receiving the Remaining Instalment, the Vendor and the Transferee shall execute and file the equity interest transfer agreement (together with the First Batch Transfer Agreement, the “**Final Transaction Agreements**”) for completing relevant industrial and commerce registration in the PRC for the transfer of the Second Batch Sale Interest to the Transferee. Completion of the Second Batch Sale Interest shall take place when the industrial and commerce registration for the transfer of the Second Batch Sale Interest is completed. Completion of the Second Batch Sale Interest shall take place on the Second Completion Date.

Notwithstanding the other terms of the Equity Transfer Agreement, before the Second Completion Date, the Transferee should not transfer or pledge or create any encumbrance on the entire or part of the First Batch Sale Interest externally without obtaining written consent from the Vendor. If the Transferee breaches the aforesaid, the Transferee shall return the First Batch Sale Interest to the Vendor at once and the Vendor shall have a right to terminate the Equity Transfer Agreement unilaterally and shall return the First Instalment and/or the Second Instalment less the losses (as described below) incurred by the Vendor in one lump sum to the Transferee without interest. The Purchaser and the Transferee shall jointly and severally liable for the losses associated with the return (including but not limited to the tax expenses incurred during the transfer of First Batch Sale Interest from the Vendor to the Transferee) incurred by the Vendor. The Vendor is entitled to deduct the amount of losses from the First Instalment and/or the Second Instalment before returning the remaining amount of First Instalment and/or the Second Instalment to the Transferee. The Purchaser undertakes that it shall procure the Transferee to include the aforesaid in the First Batch Transfer Agreement, failing which, the Vendor shall have the right to refuse to execute the First Batch Transfer Agreement.

Pursuant to the Equity Transfer Agreement, the Transferee refers to the Purchaser or its designated related third party, which is a legal entity controlled or jointly controlled directly or indirectly by the Purchaser, and the identity of the Transferee has not been confirmed as at the date of this joint announcement. As advised by the PRC legal advisers to the Vendor, in order to complete the industrial and commerce registration of change in the PRC for the transfer of equity interest in a company established in the PRC and for the purpose of regulatory filing, one of the legal requirements is to disclose the identity of the purchaser and the vendor in a final transaction agreement. In view of the aforesaid legal requirement, the Vendor, Nanjing High Speed, and the Purchaser agreed that once the identity of the Transferee is confirmed, the Vendor and the Transferee will execute such Final Transaction Agreements. The Final Transaction Agreements will include certain major terms of the Equity Transfer Agreement including, among other things, the Sale Interest, the Consideration, the Call Option and the undertakings mentioned in the paragraph headed “**THE DISPOSAL – The Purchaser’s other undertakings**”, but will not include any material terms that are not set out in the circulars to be published by Fullshare and CHS in respect of the Disposal.

Put Option

During the three years from the Second Completion Date, in the event that the net profit after tax of Nanjing High Speed of any financial year audited by an accountant engaged by Nanjing High Speed is below RMB1,000,000,000 (the “**Guaranteed Net Profit**”), the Transferee shall have the right to request in writing the Vendor to repurchase all the equity interest of Nanjing High Speed acquired by the Transferee pursuant to the Disposal (the “**Repurchase**”) within 30 days after the annual audited consolidated financial statements for the relevant year is presented to the shareholders of Nanjing High Speed. For illustration purpose, if the Second Completion Date falls on a day within 2021, the Transferee shall have the right to request the Vendor to make the Repurchase within 30 days after the respective annual audited consolidated financial statements for each of the financial year 2021, 2022 and 2023 is presented and the audited net profit after tax of Nanjing High Speed for the relevant financial year is below the Guaranteed Net Profit. Provided that no written Repurchase request is made within 30 days after the annual audited consolidated financial statements of the relevant financial year of Nanjing High Speed is presented, the Put Option in respect of such financial year shall lapse.

The repurchase consideration shall be calculated as follows (the “**Repurchase Consideration**”):

$$\text{The actual consideration paid by the Transferee} \times \left(1 + \left(6\% \times \frac{N}{365}\right)\right) - \text{All the benefits (including dividends) (if any) received by the Transferee}$$

N = number of days between the date of receiving the actual consideration in full (i.e. RMB4.3 billion) by the Vendor and the date of receiving the payment of Repurchase Consideration by the Transferee

The interest rate of 6% per annum is determined after arm’s length negotiation between the Vendor and the Purchaser with reference to the average cost of financing of CHS Group for the year ended 31 December 2020 (approximately 6% per annum), which the CHS Directors are of the view that such interest rate stipulated under the Put Option is fair and reasonable and in the interest of CHS and its shareholders as a whole. Based on the aforesaid information and the view of CHS Directors, the Fullshare Directors are of the view that the interest rate of 6% per annum stipulated under the Put Option is fair and reasonable and in the interest of Fullshare and its shareholders as a whole.

The equity interest of Nanjing High Speed to be repurchased by the Vendor shall be free from any encumbrances.

Upon receipt of the written Repurchase request from the Transferee, the Vendor shall within 50 business days pay the Repurchase Consideration to the Transferee. Upon receiving the Repurchase Consideration, the Transferee shall on the same date file the equity interest transfer documents for completing relevant industrial and commerce registration in the PRC for the transfer of the equity interest in Nanjing High Speed to the Vendor under the Repurchase.

Call Option

Pursuant to the Equity Transfer Agreement, the Purchaser undertakes that after the First Completion Date, the Transferee and its direct/indirect controlling shareholder(s) will not change to a wholly foreign-owned or foreign-controlled legal entity without obtaining prior consent from the Vendor. In the event the Transferee breaches the aforesaid undertaking, the Vendor is entitled at its discretion to request in writing to acquire the entire equity interest held by the Transferee in Nanjing High Speed and the Transferee shall bear the tax payable in connection with the exercise of the Call Option by the Vendor. Subject to the equity interest held by the Transferee at the material time, the maximum consideration payable by the Vendor upon exercise of this Call Option shall be determined by the appraised value of Nanjing High Speed (which is capped at RMB10 billion) less all the benefits (e.g. dividends) (if any) distributed to the Transferee. For illustration purpose, if the Transferee at the material time holds 43% equity interest in Nanjing High Speed, the maximum consideration should be RMB4.3 billion less all the benefits (e.g. dividends) (if any) distributed to the Transferee. The Purchaser also undertakes that it shall procure the aforesaid to be included in the Final Transaction Agreements, failing which, the Vendor shall have the right to refuse to execute the Final Transaction Agreements.

Pursuant to the Equity Transfer Agreement, the Purchaser shall procure the Transferee to give the following written undertaking, failing which, the Vendor shall have the right to refuse to execute the Final Transaction Agreements: after the completion of the Disposal, if the Transferee transfers the equity interest in Nanjing High Speed in the future to another purchaser (the “**Then Purchaser**”), the Transferee shall procure the Then Purchaser to undertake that the Then Purchaser and its direct/indirect controlling shareholder(s) will not change to a wholly foreign-owned or foreign-controlled legal entity without obtaining prior consent from the Vendor. In the event the Then Purchaser breaches the aforesaid undertaking, the Vendor is entitled at its discretion to request in writing to acquire the entire equity interest held by the Then Purchaser in Nanjing High Speed and the Then Purchaser shall bear the tax payable in connection with the exercise of the Call Option by the Vendor. Subject to the equity interest held by the Then Purchaser at the material time, the maximum consideration payable by the Vendor upon exercise of this Call Option shall be determined by the appraised value of Nanjing High Speed (which is capped at RMB10 billion) less all the benefits (e.g. dividends) (if any) distributed to the Then Purchaser. For illustration purpose, if the Then Purchaser at the material time holds 43% equity interest in Nanjing High Speed, the maximum consideration should be RMB4.3 billion less all the benefits (e.g. dividends) (if any) distributed to the Then Purchaser.

According to CHS Directors, the above arrangements are the result of the agreement among the Vendor, the Purchaser and Nanjing High Speed with a view to minimising complications resulting from the Transferee (or, where applicable, the Then Purchaser) or its direct or indirect controlling shareholder(s) becoming a wholly foreign-owned or foreign-controlled legal entity.

The exercise of the Call Option may constitute a notifiable transaction on the part of Fullshare and/or CHS under the Listing Rules. Fullshare and/or CHS will comply with the relevant requirements under the Listing Rules as and when appropriate should the Vendor exercises the Call Option.

The Purchaser's other undertakings

The Purchaser undertakes that it shall procure the Transferee to execute a confirmation to the satisfaction of the Vendor before the First Completion Date, pursuant to which the Transferee undertakes not to acquire the control of Nanjing High Speed within five years from the Second Completion Date. The Purchaser shall procure the aforesaid to be included in the Final Transaction Agreements, failing which, the Vendor shall have the right to refuse to execute the Final Transaction Agreements.

The Purchaser undertakes that, after the First Completion Date, it shall procure the Transferee not to restrict and to waive its pre-emptive rights (if any) in relation to any equity interest holding plan implemented by Nanjing High Speed for Nanjing High Speed's employees (including its directors), whether in form of a capital increase in Nanjing High Speed or a transfer of equity interest in Nanjing High Speed by the Vendor. The Purchaser shall procure the aforesaid to be included in the Final Transaction Agreements.

The Purchaser undertakes that, if the Transferee is a related third party (a legal entity controlled or jointly controlled directly or indirectly by the Purchaser) designated by the Purchaser, each of the Transferee and its ultimate beneficial owner(s) shall be an Independent Third Party.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The CHS Directors consider that the Disposal represents a good opportunity for the CHS Group to realise its investment in Nanjing High Speed. Through the Disposal, on one hand, the CHS Group will be able to strengthen its cashflow, enhance its working capital position and allow for reallocation of its financial resources for the future development. In particular, CHS has long been committed to develop its mechanical transmission equipment business. In recent years, the sales in CHS's mechanical transmission equipment business has maintained a stable growth. As disclosed in the interim report of CHS for the six months ended 30 June 2020, with the support and guidance of the incentive governmental measures for promoting wind power and other environmental protection measures, such as the "Notice on Promulgating the 2020 Wind Power and Solar Power Grid-Parity Projects" (《關於公佈2020年風電、光伏發電平價上網項目的通知》) jointly issued by the National Development and Reform Commission and the National Energy Administration, which introduces that a total of 11.3967GW of wind power grid-parity projects are entitled to grid-parity preferential treatment and reiterates that grid enterprises should be responsible for the grid connection of wind power and the priority dispatch for wind power, it is expected that the grid connection of wind power in China will speed up and the domestic consumption of wind energy will continue to rise. Hence, opportunities for wind power development is expected to arise as a result of the ongoing development. In addition, the CHS Group will continue to develop the industrial gear transmission equipment business and rail transportation gear transmission equipment business as well as diversify its product portfolio including the development and manufacturing of rotate vector (RV) reducer, a transmission device in the industrial robot system in light of the wide adoption of industrial automation and the strong demand for industrial robots in China. According to the website of International Federation of Robotics, a professional non-profit organization established in 1987 to promote research, development, use and international co-operation in the field of robotics worldwide, China has the world's largest industrial robot market since 2013 which accounted for approximately 38% of the world's total installations in 2017, 2018 and 2019.

Against the backdrop of the favourable market conditions and the government support as well as the CHS's strong technical expertise and the support of experienced management team, CHS intends to raise funds to increase its production capacity and productivity with a view to continuously improve its market scale and operational efficiency in its mechanical transmission equipment business.

Furthermore, CHS intends to develop and expand its business scale in the supply chain commodity trading business, which has been operated by CHS since 2012, with a view to broaden its revenue stream by capturing the vast market potential of supply chain industry in the PRC. The industrial commodities being traded in the business include but not limited to metal and energy. According to a research from QianZhan Industry Research Institute (前瞻產業研究院), the total transaction amount of industrial commodities in China has increased year by year from 2015 to 2019 and it reached RMB269.6 trillion in 2019. As some of the industrial commodities also serve as the raw materials used for manufacturing the gear transmission products and equipment for CHS, the development of such a business will also reduce the inventory risks of CHS which may arise from the ongoing development and expanding scale of CHS's mechanical transmission equipment business and enhance logistics efficiency.

On the other hand, the Board of CHS considers that the Disposal represents an opportunity to broaden the shareholder base of Nanjing High Speed, considering that the Purchaser is a quality and resourceful investment firm in the PRC and that the strong investor profile of Purchaser will in turn boost the investor confidence in the market and may bring in additional resources and investment opportunities to Nanjing High Speed and CHS, while the CHS Group will be able to remain control of Nanjing High Speed as it will remain as an indirect non-wholly owned subsidiary of CHS upon completion of the Disposal and will continue to enjoy the benefits from the growth and development of Nanjing High Speed as a controlling shareholder of Nanjing High Speed. In light of the above, the Board of CHS (including its independent non-executive directors) is of the view that (i) the terms of the Equity Transfer Agreement (including the Consideration, the Call Option and the Put Option) are fair and reasonable; (ii) the Equity Transfer Agreement is on normal commercial terms; and (iii) the entering into of the Equity Transfer Agreement is in the best interest of CHS and its shareholders as a whole.

On the basis of the above, the Board of Fullshare (including its independent non-executive directors) considers that (i) the terms of the Equity Transfer Agreement (including the Consideration, the Call Option and the Put Option) are fair and reasonable; (ii) the Equity Transfer Agreement is on normal commercial terms; and (iii) the entering into of the Equity Transfer Agreement is in the best interest of Fullshare and its shareholders as a whole.

As at the date of this joint announcement, CHS has not entered into any negotiation, agreement, arrangement, undertaking and understanding in respect of acquisition or investment in any business.

Fullshare and CHS will continue to focus on their respective existing businesses. As at the date of this joint announcement, each of Fullshare and CHS has no current intention to downsize, cease, sell and/or dispose of its existing businesses although both of them will periodically review the performance and prospects of their respective businesses and the appropriate deployment/allocation of resources available to the Fullshare Group and CHS Group to their respective businesses.

USE OF PROCEEDS

Upon completion of the Disposal, the expected net proceeds of the Disposal (after deducting transaction costs, professional expenses and tax to be incurred in connection with the Disposal) will be approximately RMB3.5 billion. The Board of CHS intends to apply the net proceeds of the Disposal for the following purposes:

- (i) approximately RMB1.5 billion will be used for the expansion of CHS's production capacities and strengthening of CHS's research and development capabilities by upgrading and purchasing machinery and equipment and purchasing land and/or factory for construction of new production facilities and other ancillary facilities;
- (ii) approximately RMB0.6 billion will be used for the development and expansion of supply chain commodity trading business to broaden CHS's revenue stream as well as to enhance logistics efficiency and reduce inventory risks and operating costs of CHS;
- (iii) approximately RMB0.9 billion will be used for the partial repayment of short-term bank borrowings (including accrued interest), which the due date of the bank borrowings is within six months from the date of this joint announcement, to reduce the average costs of financing and capital; and
- (iv) approximately RMB0.5 billion for general working capital.

FINANCIAL IMPACT OF THE DISPOSAL

As advised by CHS, following the completion of the Disposal, the equity interest of the Vendor in Nanjing High Speed will decrease from approximately 93.02% to approximately 50.02%. Nanjing High Speed will continue to be 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 Disposal is accounted for as equity transaction and it is expected that it will have no gain or loss to be recognised in profit or loss arising from the Disposal for Fullshare and CHS.

INFORMATION OF FULLSHARE GROUP, CHS GROUP, THE VENDOR AND THE PURCHASER

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 is a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Stock Exchange under the stock code 658. 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.

The Vendor is an indirect wholly-owned subsidiary of CHS, and is principally engaged in the investment holding business.

The Purchaser is established in the PRC with limited liability in 2006. As at the date of this joint announcement, as informed by the Purchaser, the Purchaser is principally engaged in asset management, business and management consulting and investment management and has extensive experience in domestic capital market. The value of the loan cooperation funds (債權合作基金), which are under the management of the Purchaser, is approximately RMB100 billion and the funds include investments in new energy. It has branches in Shanghai, Beijing, Hangzhou, Nanjing and Guangzhou, and provides investment services to clients in 20 provinces and municipalities in the Beijing-Tianjin-Hebei, Yangtze River Delta and Pearl River Delta region and to the best of the knowledge, information and belief of each of the Fullshare Directors and CHS Directors having made all reasonable enquiries, (i) the Purchaser has a diverse shareholder base with more than 15 shareholders and is owned as to approximately 30.44% by Zhejiang Wenhua Holdings Co., Ltd. (浙江文華控股有限公司) (“**Zhejiang Wenhua**”), being the single largest shareholder, and Zhejiang Wenhua is owned by Mr. Zhou Zhijie (周智傑) (as to 99%) and Mr. Zhou Xianfeng (周先鋒) (as to 1%) respectively. The other shareholders of the Purchaser include China Orient Asset Management Co., Ltd. (中國東方資產管理股份有限公司) and Zhongjin Pucheng Investment Co., Ltd. (中金浦成投資有限公司), which is a direct wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司) (stock code: 601995), a company whose shares are listed on Shanghai Stock Exchange and (ii) each of the Purchaser, Zhejiang Wenhua, Mr. Zhou Zhijie (周智傑) and Mr. Zhou Xianfeng (周先鋒) are Independent Third Parties in respect of both Fullshare and CHS.

The Purchaser has the discretion to designate a third party to act as the Transferee subject to the followings: (i) the third party shall be a legal entity controlled or jointly controlled directly or indirectly by the Purchaser; (ii) the Vendor is satisfied with the results of the due diligence review, including but not limited to the identity of the Transferee as stipulated in Condition Precedent (10); and (iii) each of the Transferee and its ultimate beneficial owner(s) shall be an Independent Third Party in respect of both Fullshare and CHS as mentioned in the paragraph headed “THE DISPOSAL – The Purchaser’s other undertakings”. Fullshare and CHS will make further announcements in connection with the identity of the Transferee and its ultimate beneficial owner(s) in accordance with the Listing Rule once the identity of the Transferee is confirmed.

INFORMATION ON NANJING HIGH SPEED

Nanjing High Speed is a company established under the laws of the PRC with limited liability, a direct non-wholly owned subsidiary of the Vendor, and an indirect non-wholly owned subsidiary of CHS. Nanjing High Speed has a registered capital of RMB2,150,000,000 as at the date of this joint announcement, of which approximately 93.02% is owned by the Vendor and approximately 6.98% is owned by the Employee Partnership Enterprise respectively. Nanjing High Speed is principally engaged in manufacturing and sale of gear, gear box and fittings.

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, respectively:

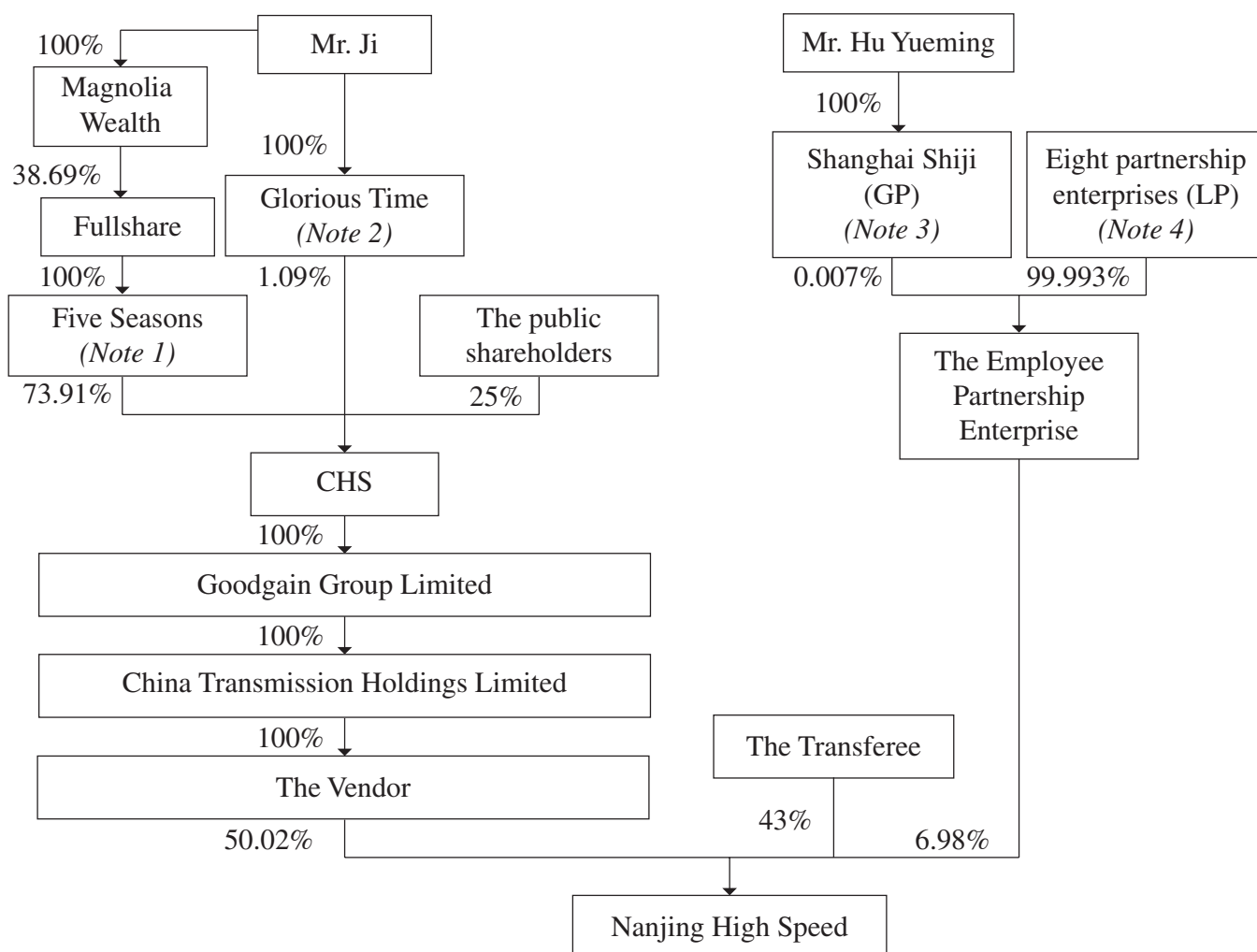
	For the year ended 31 December 2018 <i>(RMB'000)</i> <i>(Note 1)</i>	For the year ended 31 December 2019 <i>(RMB'000)</i> <i>(Note 1)</i>
Turnover	8,018,085	9,444,821
Profit before tax	121,241	345,072
Profit after tax	<u>87,225</u>	<u>207,544</u>

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.

Upon completion of the Disposal, the equity interest of the Vendor in Nanjing High Speed will decrease from approximately 93.02% to approximately 50.02%. Set out below is the shareholding structure of Nanjing High Speed upon completion of the Disposal:



Notes:

1. 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 approximately 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. Apart from Shanghai Shiji, the Employee Partnership Enterprise is owned as to approximately 23.58% by Shouguang Dingchuang Information Consultancy Services LLP* (壽光鼎創信息諮詢服務合夥企業(有限合夥)), 14.75% by Shouguang Ruiding Information Consultancy Services LLP* (壽光瑞鼎信息諮詢服務合夥企業(有限合夥)), 10.56% by Shouguang Jiding Information Consultancy Services LLP* (壽光吉鼎信息諮詢服務合夥企業(有限合夥)), 10.06% by Shouguang Dingwang Information Consultancy Services LLP* (壽光鼎旺信息諮詢服務合夥企業(有限合夥)), 12.06% by Shouguang Dingying Information Consultancy Services LLP* (壽光鼎盈信息諮詢服務合夥企業(有限合夥)), 15.84% by Shouguang Dingneng Information Consultancy Services LLP* (壽光鼎能信息諮詢服務合夥企業(有限合夥)), 6.68% by Shouguang Dingjian Information Consultancy Services LLP* (壽光鼎健信息諮詢服務合夥企業(有限合夥)) and 6.47% by Shouguang Dingmin Information Consultancy Services LLP* (壽光鼎敏信息諮詢服務合夥企業(有限合夥)), all of which are limited partners. 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

Profit forecast pursuant to Rule 14.61 of the Listing Rules

The Valuation performed by the Valuer was prepared on market approach by applying the average price-to-earnings multiples of the comparable companies to the net profit attributable to the owners of Nanjing High Speed for the 12 months period from 1 November 2019 to 31 October 2020 (the “**Profit Estimate**”). The Profit Estimate is regarded as a profit forecast under Rule 14.61 of the Listing Rules, the requirements under Rule 14.62 of the Listing Rules are applicable.

The Profit Estimate has been prepared based on the audited consolidated results of Nanjing High Speed for the two months from 1 November 2019 to 31 December 2019 and the unaudited consolidated results based on the management accounts of Nanjing High Speed for the ten months from 1 January 2020 to 31 October 2020. As the Profit Estimate is an estimate of profits which has expired but for which the annual results of Fullshare and CHS for the financial year ended 31 December 2020 have not yet been published, it is an actual profit and thus no principal assumptions upon which the Profit Estimate is based but the same accounting policies were adopted by Nanjing High Speed in preparing the Profit Estimate as were adopted in preparing the interim results of CHS for the six months ended 30 June 2020.

The Board of Fullshare and Board of CHS have considered the letter addressed to Fullshare and CHS from the reporting accountant of Fullshare and CHS, Baker Tilly Hong Kong Limited (“**Baker Tilly**”) confirming, among other things, that they have reviewed the accounting policies and calculations of the Profit Estimate on which the Valuation is based. The financial adviser to Fullshare, BaoQiao Partners Capital Limited (“**BaoQiao Partners**”), also confirms that the Profit Estimate has been made by the Fullshare Directors after due and careful enquiry. The Board of CHS is of the opinion that the Profit Estimate prepared by CHS has been made after due and careful enquiry.

A letter from each of Baker Tilly, BaoQiao Partners and the Board of CHS has been submitted to the Stock Exchange and is set out in Appendix I, Appendix II and Appendix III respectively to this joint announcement pursuant to Rule 14.62 of the Listing Rules.

Experts and Consents

The qualifications of the experts who have given their statements in this joint announcement are as follows:

Name	Qualification
Baker Tilly Hong Kong Limited	Certified Public Accountants, the reporting accountant to Fullshare and CHS
BaoQiao Partners Capital Limited	a corporation licensed to carry our Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the financial adviser to Fullshare
AVISTA Valuation Advisory Limited	Independent Valuer to CHS

To the best of the Fullshare and CHS Directors’ knowledge, information and belief having made all reasonable enquiries, each of Baker Tilly and the Valuer is a third party independent of Fullshare and CHS and their respective connected persons, and BaoQiao Partners is an indirect non-wholly owned subsidiary of Fullshare.

As at the date of this joint announcement, none of the abovementioned professional advisers has any shareholding, directly or indirectly, in any member of the Fullshare Group or the CHS Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Fullshare Group and the CHS Group.

Each of the abovementioned professional advisers has given and has not withdrawn its consent to the publication of this joint announcement with inclusion of its report or letter and all references to its name in the form and context in which it respectively appears in this joint announcement.

Fullshare

As the highest percentage ratio (as defined under Rule 14.07 of the Listing Rules) applicable to Fullshare in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for Fullshare and is, therefore, subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The grant of the Call Option and Put Option would be treated as a transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

The exercise of the Call Option is at the discretion of the Vendor. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option, only the premium (which is nil) will be taken into consideration for calculating the percentage ratios. Fullshare will comply with the then relevant Listing Rules on the exercise of the Call Option (where required).

The Put Option is exercisable at the discretion of the Transferee upon the occurrence of certain specified events, with the exercise price of the Put Option to be determined in accordance with the terms of the Equity Transfer Agreement. Given that the exercise of the Put Option is not at Fullshare's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Put Option in the Equity Transfer Agreement will be classified as if it had been exercised. The grant of the Put Option constitutes a possible very substantial acquisition for Fullshare and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. Fullshare will consult with the Stock Exchange as soon as practicable if the classification will change. Fullshare will comply with the relevant requirements under the Listing Rules as and when appropriate should the Transferee exercise the Put Option.

To the best of the Fullshare Directors' knowledge, information and belief, having made all reasonable enquiries, no Fullshare Shareholders or any of their respective associates have any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and thus none of the Fullshare Shareholders is required to abstain from voting in favour of the resolution approving the Equity Transfer Agreement and the transactions contemplated thereunder at the Fullshare EGM.

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 Disposal are more than 25% but all are less than 75%, the Disposal constitutes a major transaction for CHS and is, therefore, subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The grant of the Call Option and Put Option would be treated as a transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules.

The exercise of the Call Option is at the discretion of the Vendor. According to Rule 14.75(1) of the Listing Rules, on the grant of the Call Option, only the premium (which is nil) will be taken into consideration for calculating the percentage ratios. CHS will comply with the then relevant Listing Rules on the exercise of the Call Option (where required).

The Put Option is exercisable at the discretion of the Transferee upon the occurrence of certain specified events, with the exercise price of the Put Option to be determined in accordance with the terms of the Equity Transfer Agreement. Given that the exercise of the Put Option is not at CHS's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Put Option in the Equity Transfer Agreement will be classified as if it had been exercised. The grant of the Put Option constitutes a possible major transaction for CHS and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. CHS will consult with the Stock Exchange as soon as practicable if the classification will change. CHS will comply with the relevant requirements under the Listing Rules as and when appropriate should the Transferee exercise the Put Option.

Pursuant to Rule 14.44 of the Listing Rules, a written CHS Shareholders' approval may be accepted in lieu of holding a general meeting to approve the Equity Transfer Agreement and the transactions contemplated thereunder 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 Equity Transfer Agreement and the transactions contemplated thereunder; 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 Equity Transfer Agreement and the transactions contemplated thereunder.

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 Equity Transfer Agreement and the transactions contemplated thereunder and thus none of the CHS Shareholders is required to abstain from voting if CHS were to convene a general meeting for the approval of the Equity Transfer 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 given its written approval to the Equity Transfer Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting. As a result, no extraordinary general meeting will be convened for CHS for the purpose of approving the Equity Transfer Agreement and the transactions contemplated thereunder.

None of the CHS Directors or Fullshare Directors had material interests in the Equity Transfer Agreement and the transactions contemplated thereunder and thus no CHS Directors or Fullshare Directors were required to abstain from voting on the respective board resolution(s) to approve the Equity Transfer Agreement and the transactions contemplated thereunder at the respective board meeting.

GENERAL

The Fullshare EGM will be convened and held for Fullshare Shareholders to consider and, if thought fit, to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14.41(b) of the Listing Rules, a circular containing, among other things, further details of the Equity Transfer Agreement and the transactions contemplated thereunder, is expected to be despatched to the Fullshare Shareholders, in full compliance with the requirements under the Listing Rules on or before 30 April 2021 as more time is required to prepare the information to be disclosed in the circular.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details of the Equity Transfer Agreement and the transactions contemplated thereunder, is expected to be despatched to the CHS Shareholders, in full compliance with the requirements under the Listing Rules on or before 30 April 2021 as more time is required to prepare the information to be disclosed in the circular.

Completion of the Disposal is subject to the satisfaction of the Conditions Precedent, and therefore, the Disposal 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 day on which licensed banks are generally open for business in the PRC, excluding a Saturday, a Sunday (unless adjusted to a working day in accordance with applicable laws) or statutory holiday(s) in the PRC
“Call Option”	the Vendor’s option to acquire all the equity interest held by the Transferee and the Then Purchaser in Nanjing High Speed after the First Completion Date and the transactions contemplated as particularised in the section headed “THE DISPOSAL – Call Option” in this joint announcement
“CHS”	China High Speed Transmission Equipment Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability, 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 Share(s)”	ordinary share(s) of US\$0.01 each in the issued share capital of CHS
“CHS Shareholder(s)”	holder(s) of CHS Share(s)
“Completion Date”	First Completion Date or Second Completion Date (as the case may be)
“Conditions Precedent”	the conditions precedent contained in the Equity Transfer Agreement and each a “Condition Precedent”, details of which are set out under the paragraph headed “THE DISPOSAL – Conditions Precedent” in this joint announcement
“Consideration”	RMB4.3 billion, being the total consideration payable by the Transferee to the Vendor for the Sale Interest under the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Disposal”	the disposal of the Sale Interest by the Vendor to the Transferee pursuant to the terms and conditions of the Equity Transfer Agreement
“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 partner of which are Shanghai Shiji and eight partnership enterprises, respectively
“Equity Transfer Agreement”	the equity transfer agreement dated 30 March 2021 entered into among the Purchaser, the Vendor and Nanjing High Speed in relation to the Disposal
“First Batch Sale Interest”	representing 37% of the equity interest in Nanjing High Speed
“First Completion Date”	the date on which the industrial and commerce registration for (a) the transfer of First Batch Sale Interest to the Transferee and (b) the pledge of the First Batch Sale Interest in favour of the Vendor is completed
“Five Seasons”	Five Seasons XVI Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Fullshare
“Fullshare”	Fullshare Holdings Limited (豐盛控股有限公司), a company established in the Cayman Islands with limited liability, 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 EGM”	the extraordinary general meeting of Fullshare to be convened to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder
“Fullshare Group”	Fullshare and its subsidiaries
“Fullshare Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of Fullshare
“Fullshare Shareholder(s)”	holder(s) of Fullshare Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Part(ies)”	a person or company who or which is, to the best of the Fullshare Directors’ and CHS Directors’ knowledge, information and belief, having made all reasonable enquiries, not a connected person (as defined in the Listing Rules) of Fullshare and CHS, respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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 non-wholly owned subsidiary of the Vendor and an indirect non-wholly owned subsidiary of CHS
“Official Authorities”	(i) governments at all levels (including but not limited to states, cities, counties, towns, districts, etc.) of any country and region, and any entity that exercises administrative, legislative, judicial, management, tax or other government functions; (ii) any international public organisation; (iii) any agency, department, branch or other political subordinate agency of the government, entity or organisation mentioned in (i) and (ii) above, (iv) any company, business, enterprise or other entity owned, partly owned or controlled by any government, institution, organization or other entity mentioned in (i), (ii), and (iii) above; and (vi) regulatory authority in Hong Kong that has jurisdiction over the Vendor’s direct and/or indirect controlling shareholder(s)
“PRC” or “China”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Shanghai Wensheng Asset Management Co., Ltd. (上海文盛資產管理股份有限公司), a company incorporated in the PRC with limited liability
“Put Option”	the option of the Transferee to request the Vendor to repurchase all the equity interest of Nanjing High Speed acquired by the Transferee pursuant to this Disposal as particularised in the section headed “THE DISPOSAL – Put Option” in this joint announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the First Batch Sale Interest and the Second Batch Sale Interest
“Second Batch Sale Interest”	representing 6% of the equity interest in Nanjing High Speed
“Second Completion Date”	the date on which the industrial and commerce registration for the transfer of Second Batch Sale Interest to the Transferee is completed
“Shanghai Shiji”	Shanghai Shiji Enterprise Management Consultancy Co., Ltd.* (上海釀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, a CHS Director
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transferee”	the entity acquiring the Sale Interest, being the Purchaser or its designated related third party which is a legal entity controlled or jointly controlled directly or indirectly by the Purchaser
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	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
“%”	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, 30 March 2021

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*

APPENDIX I – LETTER FROM BAKER TILLY

The following is the text of a letter received from the Fullshare’s and CHS’s reporting accountant, Baker Tilly Hong Kong Limited, for inclusion in this joint announcement.

Profit Estimate of Nanjing High Speed Gear Manufacturing Co., Ltd.* (南京高速齒輪製造有限公司) (the “Target Company”) for the period from 1 November 2019 to 31 October 2020

We refer to the preliminary valuation report dated 30 March 2021 on the valuation of the 100% equity interest in the Target Company as at 31 December 2020 (the “**Valuation**”), which was prepared on market approach by applying the average price-to-earnings multiples of the comparable companies to the net profit attributable to the owners of the Target Company for the 12 months period from 1 November 2019 to 31 October 2020 and conducted by AVISTA Valuation Advisory Limited. The profit estimate of the Target Company and its subsidiaries (collectively referred to as the “**Target Group**”) for the 12 months period from 1 November 2019 to 31 October 2020 (the “**Profit Estimate**”) is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Valuation will be included in the joint announcement dated 30 March 2021 to be issued by Fullshare Holdings Limited (“**Fullshare**”) and China High Speed Transmission Equipment Group Co., Ltd. (“**CHS**”) (the “**Announcement**”).

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of Fullshare and CHS based on the audited consolidated results of the Target Group for the 2 months from 1 November 2019 to 31 December 2019 and the unaudited consolidated results based on the management accounts of the Target Group for the 10 months from 1 January 2020 to 31 October 2020.

The directors of Fullshare and CHS are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 14.62(2) of the Listing Rules, on the accounting policies and calculations of the Profit Estimate on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the Profit Estimate are based and our work does not constitute any Valuation of the Target Group.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the directors of Fullshare and CHS have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of Fullshare and CHS and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by Fullshare Holdings Limited, China High Speed Transmission Equipment Group Co., Ltd and their subsidiaries. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases and assumptions adopted by the directors of Fullshare and CHS directors as set out in the Valuation.

Other matters

Our work has been undertaken for the purpose of reporting solely to you under Rule 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 30 March 2021

* *For identification purpose only*

APPENDIX II – LETTER FROM BAOQIAO PARTNERS CAPITAL LIMITED

The Board of Directors
Fullshare Holdings Limited
Unit 2805, Level 28
Admiralty Centre Tower 1
18 Harcourt Road
Admiralty, Hong Kong

30 March 2021

Dear Sir or Madam,

We refer to the valuation of the 100% equity interest in Nanjing High Speed Gear Manufacturing Co., Ltd.* (南京高速齒輪製造有限公司) (“**Nanjing High Speed**”) as at 31 December 2020 (the “**Valuation**”), which was prepared on market approach by applying the average price-to-earnings multiples of the comparable companies to the net profit attributable to the owners of Nanjing High Speed for the 12 months period from 1 November 2019 to 31 October 2020 (the “**Profit Estimate**”) and conducted by AVISTA Valuation Advisory Limited. The Valuation has been included in the announcement jointly issued by Fullshare Holdings Limited (“**Fullshare**” or “**you**”) and China High Speed Transmission Equipment Group Co., Ltd. (“**CHS**”) dated 30 March 2021.

The Profit Estimate, for which the directors of Fullshare and CHS are solely responsible, has been prepared by them based on the audited consolidated results of Nanjing High Speed for the 2 months from 1 November 2019 to 31 December 2019 and the unaudited consolidated results based on the management accounts of Nanjing High Speed for the 10 months from 1 January 2020 to 31 October 2020. We have discussed with you the bases upon which the Profit Estimate has been made. We have considered the letter dated 30 March 2021 addressed to the Listing Division of the Stock Exchange of Hong Kong Limited from the board of directors of CHS confirming that the Profit Estimate prepared by CHS has been made after due and careful enquiry. We have also considered the letter dated 30 March 2021 addressed to you and CHS from Baker Tilly Hong Kong Limited (“**Baker Tilly**”) regarding the accounting policies and calculations based on the letter from Baker Tilly upon which the Profit Estimate has been based.

On the basis of the foregoing and in the absence of unforeseeable circumstances, we are of the opinion that the Profit Estimate, for which you as the directors of Fullshare are responsible, have been made after due and careful enquiry.

Our work in connection with the Profit Estimate has been undertaken solely for the compliance of Rule 14.62(3) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,
For and on behalf of
BaoQiao Partners Capital Limited
Monica Lin **Irene Poon**
Managing Director *Executive Director*

* *For identification purpose only*

APPENDIX III – LETTER FROM THE BOARD OF CHS

30 March 2021

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

Company: China High Speed Transmission Equipment Group Co., Ltd. (“**CHS**”)
Stock code: 658
Transaction: Major transaction in relation to the proposed disposal of 43% equity interest in Nanjing High Speed Gear Manufacturing Co., Ltd.* (南京高速齒輪製造有限公司) (“**Nanjing High Speed**”) and possible major transaction in relation to the grant of put option
Subject: Confirmation in relation to profit forecast pursuant to Rule 14.62(3) of the Listing Rules

We refer to the joint announcement of Fullshare Holdings Limited (“**Fullshare**”) and CHS dated 30 March 2021 concerning the captioned transaction (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation conducted by AVISTA Valuation Advisory Limited (the “**Valuer**”) regarding the valuation of 100% equity interest of Nanjing High Speed as at 31 December 2020 (the “**Valuation**”). The Valuation was prepared on market approach by applying the average price-to-earnings multiples of the comparable companies to the net profit attributable to the owners of Nanjing High Speed for the 12 months period from 1 November 2019 to 31 October 2020 (the “**Profit Estimate**”). The Profit Estimate is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have reviewed and discussed among ourselves the bases based upon which the Profit Estimate was prepared. We have also considered the letter from Baker Tilly Hong Kong Limited, the reporting accountant of Fullshare and CHS, confirming that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases and assumptions adopted by the directors of Fullshare and CHS.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board of CHS is of the opinion that the Profit Estimate has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the board of
**China High Speed Transmission
Equipment Group Co., Ltd.**
HU YUEMING
Executive Director

* For identification purpose only