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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: 00607)**



**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)**

## **Five Seasons XVI Limited**

*(Incorporated in the British Virgin Islands with limited liability)*

### **JOINT ANNOUNCEMENT**

#### **(1) VOLUNTARY CONDITIONAL SHARE EXCHANGE OFFER BY**



**BAOQIAO PARTNERS CAPITAL LIMITED**  
**ON BEHALF OF**

**FIVE SEASONS XVI LIMITED**

**(A WHOLLY-OWNED SUBSIDIARY OF**

**FULLSHARE HOLDINGS LIMITED) TO ACQUIRE ALL OF**  
**THE ISSUED SHARES OF**

**CHINA HIGH SPEED TRANSMISSION EQUIPMENT GROUP CO., LTD.**

**(OTHER THAN THOSE ALREADY OWNED BY PARTIES ACTING**  
**IN CONCERT WITH THE OFFEROR) IN EXCHANGE**

**FOR NEW SHARES TO BE ISSUED BY FULLSHARE HOLDINGS LIMITED**

**(2) VERY SUBSTANTIAL ACQUISITION BY FULLSHARE HOLDINGS LIMITED**

**(3) SPECIFIC MANDATE TO ISSUE NEW FULLSHARE SHARES**

**(4) INCREASE IN AUTHORISED SHARE CAPITAL OF**  
**FULLSHARE HOLDINGS LIMITED**

**AND**

**(5) RESUMPTION OF TRADING IN FULLSHARE SHARES**  
**AND OFFEREE SHARES**

**Financial Adviser to**  
**Five Seasons XVI Limited and**  
**Fullshare Holdings Limited**



**BAOQIAO PARTNERS CAPITAL LIMITED**

**Financial Adviser to**  
**China High Speed Transmission**  
**Equipment Group Co., Ltd.**



**Donvex Capital Limited**  
**富域資本有限公司**

**Independent Financial Adviser to the Independent Board Committee of**  
**China High Speed Transmission Equipment Group Co., Ltd.**



## **INTRODUCTION**

On 9 September 2016 (after trading hours of the Stock Exchange), the Offeror, a direct wholly-owned subsidiary of Fullshare, proposed to the board of directors of the Offeree Company that it will make a voluntary conditional share exchange offer to acquire all of the issued shares in the share capital of the Offeree Company (other than those already owned by parties acting in concert with the Offeror).

## **THE BASIS OF THE OFFER**

The Offer will be made in accordance with the Takeovers Code on the following basis:

**For every 2 Offeree Shares . . . . . 5 new Fullshare Shares**

Save for Mr. Ji's (being a party acting in concert with the Offeror) indirect interest in the 148,562,000 Offeree Shares, representing approximately 9.08% of the total issued share capital of the Offeree Company, neither Fullshare, the Offeror nor parties acting in concert with Fullshare or the Offeror holds or has control or discretion over any other Offeree Shares or holds any convertible securities, warrants or options in respect of any Offeree Shares as at the date of this joint announcement.

## **CONDITIONS TO THE OFFER**

The Offer is conditional upon:

- (i) the Offer, the grant of the Specific Mandate to allot and issue new Fullshare Shares by Fullshare to the Offeree Independent Shareholders who accept the Offer and the Very Substantial Acquisition having been approved by Fullshare Shareholders at Fullshare EGM in accordance with the Listing Rules;
- (ii) valid acceptances of the Offer having been received at or before 4:00 p.m. on the Closing Date in respect of the Offeree Shares which will result in the Offeror and parties acting in concert with it holding more than 50% of the Offeree Shares;
- (iii) the Stock Exchange having granted its approval for the listing of, and permission to deal in, the new Fullshare Shares to be allotted and issued in consideration for the acquisition of the Offeree Shares pursuant to the terms of the Offer;
- (iv) no event having occurred which would make the Offer or the acquisition of any of the Offeree Shares by the Offeror void, unenforceable, illegal or which would prohibit the implementation of the Offer;

- (v) no Relevant Authority(ies) in any jurisdiction having taken or instituted any action, proceeding, act, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Offer or any part thereof or on the acquisition of any of the Offeree Shares;
- (vi) any necessary consents, approvals, licenses and authorizations (if any) required to be obtained on the part of Fullshare, the Offeror or the Offeree Company (where any failure to obtain a consent would have a material adverse effect on the business of Fullshare Group or the Offeree Group taken as a whole) having been obtained or waived by the relevant party(ies);
- (vii) save as publicly disclosed by the Offeree Company in any of its announcement and circular up to the date of this joint announcement, since the date of the last audited consolidated financial statements of the Offeree Group, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of the Offeree Group as a whole, whether or not arising in the ordinary course of business;
- (viii) all warranties provided in the Irrevocable Undertaking to Accept remaining true, accurate and not misleading in all material respects up to and including the Closing Date; and
- (ix) the Offeree Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the Offeree Shares as a result of or in connection with the Offer and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Offeree Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offer or anything done or caused by or on behalf of the Offeror, Fullshare or their respective parties acting in concert.

The Offeror reserves the right to waive all or any of the Conditions (except for the Conditions referred to in paragraphs (i), (ii), (iii), (iv) and (v) above) in whole or in part. For Condition referred to in paragraph (vi), the Offeror, Fullshare and the Offeree Company are not aware of any of these consents, approvals, licenses and authorizations being required as at the date of this joint announcement. As at the date of this joint announcement, none of the above Conditions has been fulfilled or waived.

## **OFFEREE IBC AND OFFEREE IFA**

An independent board committee comprising all non-executive directors of the Offeree Company (being Mr. Jiang Xihe, Mr. Zhu Junsheng, Mr. Chen Shimin and Ms. Jiang Jianhua) has been formed to approve the appointment of the Offeree IFA and to make a recommendation to the Offeree Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance.

The appointment of TC Capital International Limited as the independent financial adviser of the Offeree Company has been approved by the Offeree IBC. The advice of the Offeree IBC and the letter from the Offeree IFA will be included in the Composite Document.

## **COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Offeree Company to send a Composite Document combining the offer document and the response document, which will set out the terms and details of the Offer (including the expected timetable in relation to the Offer), the advice of the Offeree IBC, the letter from the Offeree IFA together with the form of acceptance and transfer in respect of the Offer. The Composite Document will be despatched to the Offeree Shareholders within 35 days after the date of this joint announcement, or such later date as may be permitted by the Takeovers Code and approved by the Executive pursuant to Rule 8.2 of the Takeovers Code.

## **VERY SUBSTANTIAL ACQUISITION AND ALLOTMENT AND ISSUE OF NEW FULLSHARE SHARES UNDER SPECIFIC MANDATE**

As more than one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of the Offeree Shares by the Offeror pursuant to the Offer are more than 100%, the Offer constitutes a very substantial acquisition for Fullshare under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Fullshare Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The allotment and issue of new Fullshare Shares to the Offeree Independent Shareholders who accept the Offer is also subject to the approval of Fullshare Shareholders at Fullshare EGM pursuant to Rule 13.36(1)(a) of the Listing Rules.

## **INCREASE IN AUTHORISED SHARE CAPITAL OF FULLSHARE**

The board of directors of Fullshare proposes to increase the authorized share capital of Fullshare from HK\$200,000,000 divided into 20,000,000,000 Fullshare Shares to HK\$400,000,000 divided into 40,000,000,000 Fullshare Shares by the creation of an additional 20,000,000,000 Fullshare Shares in order to implement the Offer and the issue of the Fullshare Consideration Shares and Subscription Shares and the Fullshare Conversion Shares.

The proposed Increase in Authorised Share Capital is subject to the passing of the relevant ordinary resolution by the Fullshare Shareholders at the Fullshare EGM.

## **FULLSHARE EGM**

Fullshare will convene an extraordinary general meeting to consider and, if thought fit, pass the requisite resolution(s) to approve the Increase in Authorised Share Capital, the Very Substantial Acquisition and the grant of the Specific Mandate. A circular containing, inter alia, further details of the Offer which constitutes a Very Substantial Acquisition, together with a notice of Fullshare EGM, will be despatched to the Fullshare Shareholders on or before 24 October 2016 as more time is required to prepare and finalise certain information for inclusion in the circular.

## **TRADING HALT AND RESUMPTION OF TRADING IN FULLSHARE SHARES AND THE OFFEREE SHARES**

At the request of Fullshare, trading in Fullshare Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 12 September 2016 pending the release of this joint announcement. Application has been made by Fullshare for resumption of trading in Fullshare Shares on the Stock Exchange with effect from 1:00 p.m. on 19 September 2016.

At the request of the Offeree Company, trading in the (i) Offeree Shares on the Stock Exchange; and (ii) Offeree RMB Bonds (bond stock code: 85702) was halted with effect from 9:00 a.m. on 12 September 2016 pending the release of this joint announcement. Application has been made by the Offeree Company for resumption of trading in the Offeree Shares and the Offeree RMB Bonds on the Stock Exchange with effect from 1:00 p.m. on 19 September 2016.

## **WARNING**

**Offeree Shareholders and potential investors of the Offeree Company should be aware that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions of the Offer. Accordingly, the Offer may or may not become unconditional. Offeree Shareholders and potential investors should therefore exercise caution when dealing in the Offeree Shares and exercising other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.**

## THE OFFER

### (a) Introduction

On 9 September 2016 (after trading hours of the Stock Exchange), the Offeror, a direct wholly-owned subsidiary of Fullshare, proposed to the board of directors of the Offeree Company that it will make a voluntary conditional share exchange offer to acquire all of the issued shares in the share capital of the Offeree Company (other than those already owned by parties acting in concert with the Offeror).

To the best of the Offeror's knowledge, information and belief having made all reasonable enquiry, save for the 148,562,000 Offeree Shares, representing approximately 9.08% of the total issued share capital of the Offeree Company, indirectly held by Mr. Ji through Glorious Time, a direct wholly-owned investment holding company of Mr. Ji, each of the Offeree Company and the Offeree Independent Shareholders and their respective ultimate beneficial owners are third parties independent of Fullshare, the Offeror and their respective connected persons and concert parties.

### (b) The Basis of the Offer

The Offer will be made in accordance with the Takeovers Code on the following basis:

**For every 2 Offeree Shares. . . . . 5 new Fullshare Shares**

As at the date of this joint announcement, the Offeree Company has 1,635,291,556 Offeree Shares in issue and the Offeree RMB Bonds. The Offeree Company has no other outstanding Offeree Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Offeree Shares or other types of securities in the Offeree Company as at the date of this joint announcement.

As at the date of this joint announcement, Mr. Ji, being a party acting in concert with the Offeror, through Glorious Time indirectly holds 148,562,000 Offeree Shares, representing approximately 9.08% of the total issued share capital of the Offeree Company. Based on an exchange ratio of 5 new Fullshare Shares for every 2 Offeree Shares and 1,486,729,556 Offeree Shares subject to the Offer and assuming that (i) all Offeree Independent Shareholders validly elect to accept the Offer; and (ii) there will be no change in the issued share capital of the Offeree Company since the date of this joint announcement and up to the Closing Date, the maximum number of new Fullshare Shares that may fall to be issued in connection with the Offer is 3,716,823,890. This represents approximately 23.41% of the 15,877,960,000 issued Fullshare Shares as at the date of this joint announcement, and approximately 18.97% of the issued share capital of Fullshare of 19,594,783,890 Fullshare Shares as enlarged only by the issue of the aforesaid number of new Fullshare Shares.

On the basis of an ascribed value of HK\$10.95 per Offeree Share under the Offer (based on the closing price of each Fullshare Share of HK\$4.38, as quoted on the Stock Exchange on the Last Trading Day and the exchange ratio of 5 Fullshare Shares for every 2 Offeree Shares), the entire issued share capital of the Offeree Company (including the Offeree Shares held by the Offeror and parties acting in concert with it) as at the date of this joint announcement is valued at approximately HK\$17,906,442,538.

The exchange ratio of 5 Fullshare Shares for every 2 Offeree Shares was determined by Fullshare based on the prevailing market prices of both Fullshare Shares and the Offeree Shares.

Save for Mr. Ji's indirect interest in the 148,562,000 Offeree Shares, neither Fullshare, the Offeror nor parties acting in concert with Fullshare or the Offeror holds or has control or discretion over any other Offeree Shares or holds any convertible securities, warrants or options in respect of any Offeree Shares as at the date of this joint announcement.

### ***Comparisons of value***

The ascribed value of HK\$10.95 per Offeree Share (equivalent to the closing price of each Fullshare Share of HK\$4.38 as quoted on the Stock Exchange on the Last Trading Day multiplied by 5 and divided by 2 for each Offeree Share) represents:

- (i) a premium of approximately 46.59% over the closing price of Offeree Share of HK\$7.47, as quoted on the Stock Exchange on 9 September 2016, being the Last Trading Day;
- (ii) a premium of approximately 54.23% over the average closing price of approximately HK\$7.10 per Offeree Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 54.23% over the average closing price of approximately HK\$7.10 per Offeree Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 55.98% over the average closing price of approximately HK\$7.02 per Offeree Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;

- (v) a premium of approximately 61.27% over the average closing price of approximately HK\$6.79 per Offeree Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vi) a premium of approximately 56.88% over the audited consolidated net assets per Offeree Share of approximately HK\$6.98 as at 31 December 2015 (being the date to which the latest audited consolidated annual results of the Offeree Group were made up), calculated based on the Offeree Group's audited consolidated net assets attributable to its shareholders of approximately RMB9,759,102,000 (equivalent to approximately HK\$11,418,149,340) as at 31 December 2015 and 1,635,291,556 existing Offeree Shares in issue as at the date of this joint announcement.
- (vii) a premium of approximately 52.72% over the unaudited consolidated net assets per Offeree Share of approximately HK\$7.17 as at 30 June 2016 (being the date to which the latest unaudited consolidated interim results of the Offeree Group were made up), calculated based on the Offeree Group's unaudited consolidated net assets attributable to its shareholders of approximately RMB10,015,605,000 (equivalent to approximately HK\$11,718,257,850) as at 30 June 2016 and 1,635,291,556 existing Offeree Shares in issue as at the date of this joint announcement.

The implied issue price of HK\$2.99 per new Fullshare Share (equivalent to the closing price of HK\$7.47 per Offeree Share as quoted on the Stock Exchange on the Last Trading Day multiplied by 2 and divided by 5 for each new Fullshare Share) represents:

- (i) a discount of approximately 31.74% to the closing price of Fullshare Share of HK\$4.38, as quoted on the Stock Exchange on 9 September 2016, being the Last Trading Day;
- (ii) a discount of approximately 31.89% to the average closing price of approximately HK\$4.39 per Fullshare Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 28.98% to the average closing price of approximately HK\$4.21 per Fullshare Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 22.94% to the average closing price of approximately HK\$3.88 per Fullshare Share as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;



- (v) a discount of approximately 19.19% to the average closing price of approximately HK\$3.70 per Fullshare Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vi) a premium of approximately 754.29% over the audited consolidated net assets per Fullshare Share of approximately HK\$0.35 as at 31 December 2015 (being the date to which the latest audited consolidated annual results of Fullshare Group were made up), calculated based on Fullshare Group's audited consolidated net assets attributable to its shareholders of approximately RMB4,758,337,000 (equivalent to approximately HK\$5,567,254,290) as at 31 December 2015 and 15,877,960,000 Fullshare Shares in issue as at the date of this joint announcement; and
- (vii) a premium of approximately 510.20% over the unaudited consolidated net assets per Fullshare Share of approximately HK\$0.49 as at 30 June 2016 (being the date to which the latest unaudited consolidated interim results of Fullshare Group were made up), calculated based on Fullshare Group's unaudited consolidated net assets attributable to its shareholders of approximately RMB6,595,657,000 (equivalent to approximately HK\$7,716,918,690 million) as at 30 June 2016 and 15,877,960,000 Fullshare Shares in issue as at the date of this joint announcement.

### ***Highest and Lowest Prices of Offeree Shares***

During the six months immediately preceding the Last Trading Day, the highest closing price of the Offeree Shares as quoted on the Stock Exchange was HK\$7.47 on 9 September 2016, and the lowest closing price of the Offeree Shares as quoted on the Stock Exchange was HK\$5.51 on 10 June 2016.

### ***Value of the Offer***

As at the date of this joint announcement, there are 1,635,291,556 Offeree Shares in issue, and Fullshare, the Offeror and the parties acting in concert with any of them hold 148,562,000 Offeree Shares. On the basis of the ascribed value of HK\$10.95 per Offeree Share and assuming that there will be no change in the number of the Offeree Shares in issue prior to the Closing Date, the Offer is valued at HK\$16,279,688,638.20.

### **(c) Conditions to the Offer**

The Offer is conditional upon:

- (i) the Offer, the grant of the Specific Mandate to allot and issue new Fullshare Shares by Fullshare to the Offeree Independent Shareholders who accept the Offer and the Very Substantial Acquisition having been approved by Fullshare Shareholders at Fullshare EGM in accordance with the Listing Rules;

- (ii) valid acceptances of the Offer having been received at or before 4:00 p.m. on the Closing Date in respect of the Offeree Shares which will result in the Offeror and parties acting in concert with it holding more than 50% of the Offeree Shares;
- (iii) the Stock Exchange having granted its approval for the listing of, and permission to deal in, the new Fullshare Shares to be allotted and issued in consideration for the acquisition of the Offeree Shares pursuant to the terms of the Offer;
- (iv) no event having occurred which would make the Offer or the acquisition of any of the Offeree Shares by the Offeror void, unenforceable, illegal or which would prohibit the implementation of the Offer;
- (v) no Relevant Authority(ies) in any jurisdiction having taken or instituted any action, proceeding, act, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions or obligations with respect to the Offer or any part thereof or on the acquisition of any of the Offeree Shares;
- (vi) any necessary consents, approvals, licenses and authorizations (if any) required to be obtained on the part of Fullshare, the Offeror or the Offeree Company (where any failure to obtain a consent would have a material adverse effect on the business of Fullshare Group or the Offeree Group taken as a whole) having been obtained or waived by the relevant party(ies);
- (vii) save as publicly disclosed by the Offeree Company in any of its announcement and circular up to the date of this joint announcement, since the date of the last audited consolidated financial statements of the Offeree Group, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of the Offeree Group as a whole, whether or not arising in the ordinary course of business;
- (viii) all warranties provided in the Irrevocable Undertaking to Accept remaining true, accurate and not misleading in all material respects up to and including the Closing Date; and

- (ix) the Offeree Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the Offeree Shares as a result of or in connection with the Offer and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Offeree Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offer or anything done or caused by or on behalf of the Offeror, Fullshare or their respective parties acting in concert.

The Offeror reserves the right to waive all or any of the Conditions (except for the Conditions referred to in paragraphs (i), (ii), (iii), (iv) and (v) above) in whole or in part. For Condition referred to in paragraph (vi), the Offeror, Fullshare and the Offeree Company are not aware of any of these consents, approvals, licenses and authorizations being required as at the date of this joint announcement. As at the date of this joint announcement, none of the above Conditions has been fulfilled or waived.

According to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any condition, other than the acceptance condition, so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Offer.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes or is declared unconditional as to acceptances and when the Offer becomes or is declared unconditional in all respects. The Offer must also remain open for acceptance for at least fourteen (14) days after the Offer becomes unconditional. Offeree Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this minimum 14-day period.

**WARNING: Offeree Shareholders and potential investors of the Offeree Company should be aware that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions of the Offer. Accordingly, the Offer may or may not become unconditional. Offeree Shareholders and potential investors should therefore exercise caution when dealing in the Offeree Shares and exercising other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.**

**(d) Acceptance Condition and Irrevocable Undertaking to Accept**

Pursuant to Rule 30.2 of the Takeovers Code, the Offer is required to be conditional on the Offeror having received acceptances in respect of the Offeree Shares which, together with the Offeree Shares acquired or agreed to be acquired before or during the Offer, result in the Offeror and persons acting in concert with the Offeror holding more than 50% of the voting rights of the Offeree Company.

The Offeror has received an irrevocable undertaking from the following Offeree Shareholder, holding approximately 28.01% of the issued share capital of the Offeree Company as at the date of this joint announcement, to accept the Offer in respect of all of the Offeree Shares it hold in exchange for the new Fullshare Shares:

<b>Offeree Shareholder</b>	<b>Number of Offeree Shares held</b>	<b>Percentage Shareholding in the Offeree Company</b>
Fortune Apex Limited	458,073,024	28.01

*Note:* Apart from the above Offeree Shares, such Offeree Shareholder does not own, control or has direction over any convertible securities, warrants or derivatives in the Offeree Company.

Under the terms and conditions of the Irrevocable Undertaking to Accept, the relevant Offeree Shareholder will accept the Offer pursuant to the terms and procedures set out in the Composite Document by 4:00 p.m. on the first day the Offer is available for acceptance (i.e. the date of the Composite Document), in exchange for the new Fullshare Shares.

The Irrevocable Undertaking to Accept will lapse and terminate if the Offer does not become unconditional by the Long Stop Date. The Irrevocable Undertaking to Accept is not subject to any other condition.

(e) **Other Terms of the Offer**

***New Fullshare Shares to be issued***

The new Fullshare Shares will be issued free from all liens, charges and encumbrances and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date of the issue of such new Fullshare Shares to the Offeree Independent Shareholders who accept the Offer. There will be no restrictions on the transfer of the new Fullshare Shares to be issued under the Offer. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the new Fullshare Shares to be issued in connection with the Offer.

***Offeree Shares***

Acceptance of the Offer by any Offeree Shareholder will be deemed to constitute a warranty by such person that all the Offeree Shares to be sold or cancelled by such person under the Offer will be free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption and any other third party rights or encumbrances of any nature whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive in full dividends and other distributions declared, made or paid, if any, on or after the Closing Date.

***Hong Kong stamp duty***

Sellers' and buyers' ad valorem stamp duty for the Offeree Shares on the Hong Kong branch share register arising in connection with the acceptances of the Offer, amounting to HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable in respect of the relevant acceptances will be borne by the Offeror.

***Availability of the Offer***

The Offeror intends to make available the Offer to all Offeree Independent Shareholders, including those who are residents outside Hong Kong. The availability of the Offer to persons not residents in Hong Kong may be affected by the laws of the relevant jurisdictions. Persons who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due from the accepting Offeree Independent Shareholders in such jurisdictions as a result of the acceptance of the Offer.

In the event that the receipt of the Composite Document by overseas Offeree Independent Shareholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Offeree Independent Shareholders. The Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

If the Composite Document is made available to any overseas Offeree Independent Shareholder, such Offeree Independent Shareholder by tendering the Offeree Shares to the Offeror in the Offer will be deemed to constitute a warranty to Fullshare and the Offeror that the offer, allotment and issue of new Fullshare Shares to such Offeree Independent Shareholder pursuant to the Offer comply with the requirements and restrictions of the applicable laws and regulations of the jurisdiction in which such Offeree Independent Shareholder resides and that such laws and regulations do not require Fullshare or the Offeror to effect any registration of any securities or prospectus or to undertake any other filing or procedure in that jurisdiction, and agrees to indemnify and keep indemnified Fullshare and the Offeror against any liability that may arise if such warranty is breached.

Any arrangement for overseas Offeree Independent Shareholders to collect Composite Document will be set out in further announcements.

### ***Closing of the Offer***

Except with the consent of the Executive, all Conditions to the Offer must be fulfilled (or, if permissible, waived) or the Offer must lapse within 21 days of the Closing Date or of the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later. The latest date on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the Long Stop Date.

If the Conditions to the Offer are fulfilled (or, if permissible, waived), the Offeree Shareholders will be notified by an announcement in accordance with the Takeovers Code and Listing Rules as soon as practicable thereafter.

### ***Settlement of consideration***

Consideration of the Offer will be settled by way of issue of new Fullshare Shares, and new share certificates of such Fullshare Shares will be posted by ordinary post to the Offeree Independent Shareholders accepting the Offer at his/her/its own risk as soon as possible, but in any event within seven business days following the later of the date on which the Offer becomes or is declared unconditional in all respects and the date on which receipt of a complete and valid acceptance of the Offer with which relevant Offeree Shares are duly tendered.

Offeree Independent Shareholders should be aware that in accepting the Offer, any resulting fractions of a new Fullshare Share will be disregarded and such fractions of a new Fullshare Share will not be issued.

Offeree Independent Shareholders should also be aware that Fullshare Shares are traded in board lots of 2,500 shares and that no arrangements are intended to be made for the trading of odd lots of Fullshare Shares resulting from the acceptance of the Offer.

**(f) Specific Mandate**

All the Fullshare Shares to be allotted and issued to satisfy the consideration for the Offer will be allotted and issued, credited as fully paid, by Fullshare to the Offeree Shareholders for the sole purpose of the Offer. As all the Fullshare Shares to be allotted and issued pursuant to the Specific Mandate will be applied towards settlement of the acceptance of the Offer, no cash proceeds will be received by Fullshare or the Offeror in connection with such allotment. The actual number of new Fullshare Shares to be allotted and issued under the Offer will depend on the level of acceptance under the Offer.

Assuming the Offer is accepted in full by all of the Offeree Independent Shareholders, an aggregate of 3,716,823,890 new Fullshare Shares will be allotted and issued to the Offeree Independent Shareholders pursuant to the Offer. Such maximum number represents (i) approximately 23.41% of the existing issued share capital of Fullshare of 15,877,960,000 Fullshare Shares as at the date of this joint announcement; and (ii) approximately 18.97% of the issued share capital of Fullshare of 19,594,783,890 Fullshare Shares as enlarged only by the issue of the aforesaid number of new Fullshare Shares.

**(g) Public Float of the Offeree Company and Fullshare**

The Offeror intends to maintain the listing of the Offeree Company on the Stock Exchange. Should the Offer become unconditional, the sole director of the Offeror and the new directors (if any) to be appointed to the board of directors of the Offeree Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Offeree Company.

The Offeror does not intend to exercise any rights of compulsory acquisition under Rule 2.11 of the Takeovers Code if the Offer is accepted in respect of 90% of the Offeree Shares or more.

The Stock Exchange has stated that if, at the completion of the Offer, less than 25% of the Offeree Shares and/or the Fullshare Shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Offeree Shares and/or the Fullshare Shares; or
- (ii) there are insufficient Offeree Shares and/or Fullshare Shares in public hands to maintain an orderly market,

**then it will consider exercising its discretion to suspend trading in the Offeree Shares and/or the Fullshare Shares.**

**Upon completion of the Offer, if the public float of the Offeree Company is below 25%, i.e. the minimum public float under the Listing Rules, trading in the Offeree Shares may be suspended until a sufficient level of public float can be attained.**

**(h) Reasons for the Offer**

The Offeree Company has been listed on the Stock Exchange since 2007. The Offeree Group is a leading supplier of mechanical transmission equipment that are used in wind power and a wide range of industrial applications in China and overseas markets.

The market prices of the Offeree Shares have been on a positive trend since February 2016 with the highest closing price and lowest closing price of HK\$7.47 and HK\$4.69 per Offeree Share on 9 September 2016 and on 12 February 2016, respectively. The average closing price of the Offeree Shares was HK\$6.90 for the one-month period preceding the Last Trading Day.

The Offeree Group's revenue has also shown an upward momentum since 2012, and it has achieved a relatively higher income growth in 2015 with reportable total audited revenue of approximately RMB9,845,695,000 as compared to RMB8,147,338,000 for 2014 based on the annual report of the Offeree Company for the year ended 31 December 2015. Audited profit attributable to owners of the Offeree Company was approximately RMB1,033,097,000 for the year ended 31 December 2015, representing an increase of 395.7% from that of 2014. The Offeree Group has sound financial position with reasonable debt levels. Net assets of the Offeree Company were approximately RMB9,974,738,000 (audited) and RMB10,206,416,000 (unaudited) and the gearing ratio maintained at approximately 60.6% and 62.6% as at 31 December 2015 and 30 June 2016 according to the interim report of the Offeree Company for the six months ended 30 June 2016. The audited net assets value per Offeree Share was RMB6.1 and the unaudited net asset value per Offeree Share was RMB6.2 as at 31 December 2015 and 30 June 2016 respectively.



At present, China actively implements energy structure reform policies to develop sustainable renewable energy structure and promote green energy. Based on a guideline released by the National Energy Administration (NEA) on 3 March 2016, the PRC has set specific targets on non-hydroelectric renewable energy consumption for local PRC governments. By 2020, non-hydroelectric renewable energy should account for between 5% and 13% of total electricity consumption for provinces, municipalities and autonomous regions and power companies, with the exception of some non-fossil energy companies, should produce at least 9% of total electricity from non-hydroelectric renewable energy by 2020. The above reflects the continuing growth potential in the wind power industry. Leveraging on the favourable PRC government policies, both the directors of Offeror and Fullshare believes that the Offeree Group will continue to benefit from its core competitiveness and enhanced market share as the leading supplier of wind power transmission equipment in China.

Accordingly, taking into account the solid financial position and business prospect of the Offeree Group, the sole director of the Offeror and the directors of Fullshare consider the current market price of the Offeree Shares to be attractive, and that the Offer represents an opportune investment for Fullshare Group, which will complement its business direction in promoting the green, low-carbon, healthy and comfortable environment for the society and will expand Fullshare Group's business into the wind power sector in the PRC. Furthermore, the Offer does not require any cash outlay and it is expected that the Offer would not affect the existing operations of Fullshare Group.

Both the directors of the Offeror and Fullshare confirm that the terms and conditions of the Offer and the transactions contemplated thereunder are fair and reasonable and upon normal commercial terms. Having considered the terms and conditions of the Offer and the benefits that are expected to accrue to Fullshare as a result of the Offer and the transactions contemplated thereunder, the directors of Fullshare further confirm that the Offer and the transactions contemplated thereunder are in the interests of Fullshare and its shareholders as a whole.

### ***Intentions of the Offeror in relation to the Offeree Company***

The Offeror intends to nominate additional directors to the board of directors of the Offeree Company following completion of the Offer. Any changes to the board of directors of the Offeree Company will be made in compliance with the Takeovers Code, the Listing Rules and the constitutional documents of the Offeree Company. Further announcement(s) will be made upon the appointment of new directors of the Offeree Company accordingly.

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Offeree Group in substantially its current state. The Offeror would conduct a review on the financial position and the operations of the Offeree Group and would formulate business plans and strategies of the Offeree Group, which would be appropriate to enhance the long-term growth potential of the Offeree Group. The Offeror has no plan to terminate the employment of the employees (save for the possible change in the composition of the board of directors) or to redeploy assets of the Offeree Group other than those in its ordinary and usual course of business.

## INFORMATION ON THE OFFEROR AND FULLSHARE

The Offeror was incorporated under the laws of the British Virgin Islands on 15 August 2016. The principal business of the Offeror is investment holding. The Offeror is a direct wholly-owned subsidiary of Fullshare and has not conducted any business since its incorporation.

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 property development, provision of green building services, investment and healthcare products and services business. As at the date of this joint announcement, Mr. Ji is a controlling shareholder of Fullshare holding directly and indirectly 10,126,770,454 Fullshare Shares, representing approximately 63.78% of the issued share capital in Fullshare.

## SHAREHOLDING STRUCTURE OF FULLSHARE

As at the date of this joint announcement, there are 15,877,960,000 Fullshare Shares in issue.

Up to the date of this joint announcement, (i) pursuant to a share transaction of Fullshare as disclosed in the announcement of Fullshare dated 22 July 2016, 26,642,500 new Fullshare Shares will be allotted and issued to settle the consideration (subject to the terms and conditions of the transaction); (ii) pursuant to a discloseable transaction of Fullshare as disclosed in the announcement dated 29 August 2016 and the next day disclosure return dated 7 September 2016, 220,467,500 new Fullshare Shares will be allotted and issued to settle the consideration (subject to the terms and conditions of the transaction); and (iii) pursuant to the subscription agreement entered into between Fullshare and a subscriber dated 6 September 2016 as disclosed in the announcement of Fullshare of even date, 538,357,500 new Fullshare Shares (together with the 26,642,500 new Fullshare Shares and 220,467,500 new Fullshare Shares, the “**Fullshare Consideration Shares and Subscription Shares**”) will be allotted and issued under such subscription agreement. As at the date of this joint announcement, the listing approvals in respect of the aforesaid new Fullshare Shares have been granted by the Stock Exchange.

Reference is made to the announcement of Fullshare dated 7 September 2016 in relation to the proposed issue of the Fullshare Convertible Notes in an aggregate principal amount of HK\$350 million under specific mandate. Based on the floor price of HK\$3.00 of the Fullshare Convertible Notes (subject to adjustments pursuant to the terms and conditions of the Fullshare Convertible Notes), a maximum of 116,667,500 new Fullshare Shares (the “**Fullshare Conversion Shares**”), representing approximately 0.73% of the existing issued share capital of Fullshare, will be issued upon full conversion of the Fullshare Convertible Notes. The proposed issue of the Fullshare Convertible Notes is subject to Fullshare Shareholders’ approval and conditional upon various conditions precedent as set out in the announcement of Fullshare dated 7 September 2016.

Save as disclosed above, there are no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into Fullshare Shares.

Assuming that (i) all Offeree Independent Shareholders validly elect to accept the Offer and a maximum of 3,716,823,890 new Fullshare Shares may fall to be issued on full acceptance of the Offer and (ii) save for the issue of the Fullshare Consideration Shares and Subscription Shares and the possible issue of the Fullshare Conversion Shares upon full conversion of the Fullshare Convertible Notes at the floor price of HK\$3.00 per Fullshare Share, there will be no other change in the issued share capital of Fullshare since the date of this joint announcement and up to the Closing Date, the shareholding structure of Fullshare, (i) as at the date of this joint announcement; (ii) immediately after the completion of the Offer and assuming the Fullshare Consideration Shares and Subscription Shares have not been issued and the issue of the Fullshare Conversion Shares upon full conversion of the Fullshare Convertible Notes at the floor price of HK\$3.00 per Fullshare Share has yet to become effective; (iii) immediately after the completion of the Offer and the allotment and issue of the Fullshare Consideration Shares and Subscription Shares and before full conversion of the Fullshare Convertible Notes; and (iv) immediately after the completion of the Offer, the allotment and issue of the Fullshare Consideration Shares and Subscription Shares and the allotment and issue of the Fullshare Conversion Shares upon full conversion of the Fullshare Convertible Notes at the floor price of HK\$3.00 per Fullshare Share, are as follows:

	As at the date of this joint announcement		Immediately after the completion of the Offer and assuming the Fullshare Consideration Shares and Subscription Shares have not been issued and issue of Fullshare Conversion Shares upon full conversion of the Fullshare Convertible Notes at the floor price of HK\$3.00 per Fullshare Share has yet to become effective				Immediately after the completion of the Offer and the allotment and issue of the Fullshare Consideration Shares and Subscription Shares and before full conversion of the Fullshare Convertible Notes			Immediately after the completion of the Offer, the allotment and issue of the Fullshare Consideration Shares and Subscription Shares, and the allotment and issue of the Fullshare Conversion Shares upon full conversion of the Fullshare Convertible Notes at the floor price of HK\$3.00 per Fullshare Share	
	Number of Fullshare Shares	Approximate %	Number of Fullshare Shares	Approximate %	Number of Fullshare Shares	Approximate %	Number of Fullshare Shares	Approximate %	Number of Fullshare Shares	Approximate %	
Magnolia Wealth (Note 1)	9,188,860,454	57.87%	9,188,860,454	46.89%	9,188,860,454	45.09%	9,188,860,454	44.83%			
Mr. Ji (Note 1)	937,910,000	5.91%	937,910,000	4.79%	937,910,000	4.60%	937,910,000	4.58%			
Mr. Shi Zhiqiang (Note 2)	2,780,000	0.02%	2,780,000	0.01%	2,780,000	0.01%	2,780,000	0.01%			
Mr. Wang Bo (Note 2)	6,000,000	0.04%	6,000,000	0.03%	6,000,000	0.03%	6,000,000	0.03%			
Superb Colour Limited (Note 3)	1,410,255,950	8.88%	1,410,255,950	7.20%	1,948,613,450	9.56%	1,948,613,450	9.51%			
Offeree Independent Shareholders	0	0.00%	3,716,823,890	18.97%	3,716,823,890	18.24%	3,716,823,890	18.13%			
Other Public Fullshare Shareholders	4,332,153,596	27.28%	4,332,153,596	22.11%	4,579,263,596	22.47%	4,695,931,096	22.91%			
<b>Total</b>	<b>15,877,960,000</b>	<b>100%</b>	<b>19,594,783,890</b>	<b>100%</b>	<b>20,380,251,390</b>	<b>100%</b>	<b>20,496,918,890</b>	<b>100%</b>			

*Notes:*

1. The entire issued share capital of Magnolia Wealth is beneficially owned by Mr. Ji. Mr. Ji is the Chairman of the board of directors of Fullshare and the co-chief executive officer and executive director of Fullshare.
2. Mr. Shi Zhiqiang and Mr. Wang Bo are the executive directors of Fullshare.
3. Superb Colour Limited is a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of China Huarong International Holdings Limited (中國華融國際控股有限公司).

## INFORMATION ON THE OFFEREE COMPANY

The Offeree 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 Offeree Shares are listed on the Main Board of the Stock Exchange (Stock Code:658).

Set out below is a summary of the audited consolidated financial results of the Offeree Group for each of the two financial years ended 31 December 2014 and 2015 prepared in accordance with the relevant accounting principles and financial regulations applicable to the International Financial Reporting Standards:

	<b>For the financial year ended 31 December</b>	
	<b>2015</b> <i>(RMB'000)</i>	<b>2014</b> <i>(RMB'000)</i>
Revenue	9,845,695	8,147,338
Profit before taxation	1,347,200	306,607
Profit for the year	1,002,897	175,682

  

	<b>As at 31 December</b>	
	<b>2015</b> <i>(RMB'000)</i>	<b>2014</b> <i>(RMB'000)</i>
Total assets	25,292,081	25,299,504
Net assets attributable to owners of the Offeree Company	9,759,102	8,688,371

Based on the interim report of the Offeree Company for the six months ended 30 June 2016 prepared in accordance with the relevant accounting principles and financial regulations applicable to the International Financial Reporting Standards, the unaudited consolidated net assets attributable to owners of the Offeree Company was RMB10,015,605,000 as at 30 June 2016.

## SHAREHOLDING STRUCTURE OF THE OFFEREE COMPANY

As at the date of this joint announcement, the Offeree Company has 1,635,291,556 Offeree Shares in issue and the Offeree RMB Bonds in the outstanding principal amount of RMB264,630,000. There are no other classes of securities of the Offeree Company in issue other than the Offeree Shares and the Offeree RMB Bonds and there are no outstanding options, derivatives, warrants or other securities in issue convertible or exchangeable into the Offeree Shares as at the date of this joint announcement.

Assuming that all the Offeree Independent Shareholders tender their acceptances for the Offer and that there is no change in the issued share capital of the Offeree Company from the date of this joint announcement up to the Closing Date, the shareholding structure of the Offeree Company, as at the date of this joint announcement and immediately after the completion of the Offer is as follows:

	As at the date of this joint announcement		Immediately after completion of the Offer	
	<i>Number of Offeree Shares</i>	<i>Approximate %</i>	<i>Number of Offeree Shares</i>	<i>Approximate %</i>
Fortune Apex Limited ( <i>Note 1</i> )	458,073,024	28.01	–	–
Glorious Time ( <i>Note 2</i> )	148,562,000	9.08	148,562,000	9.08
Offeror	–	–	1,486,729,556	90.92
Other public Offeree Shareholders	1,028,656,532	62.91	–	–
<b>Total</b>	<b>1,635,291,556</b>	<b>100.00</b>	<b>1,635,291,556</b>	<b>100</b>

*Notes:*

- Fortune Apex Limited owned 28.01% interest in the issued share capital of the Offeree Company. Mr. Hu Yueming, Mr. Liu Jianguo, Mr. Lu Xun, Mr. Chen Yongdao, Mr. Li Cunzhang (passed away on 10 August 2007), Mr. Li Shengqiang, Mr. Liao Enrong, Mr. Jin Maoji, Mr. Yao Jingsheng, Mr. Chen Zhenxing, Mr. Zhang Xueyong, Mr. Xu Yong, Mr. Wang Zhengrong and Mr. Chen Liguog together own 100% interest in the issued share capital of Fortune Apex Limited.

However, none of the above shareholders singly controls more than one-third of the voting rights at the general meetings of Fortune Apex Limited and neither Fortune Apex Limited nor its directors are accustomed or obliged to act in accordance with directions or instructions of any single member of the above shareholders.

- Glorious Time is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned investment holding company of Mr. Ji.

## **INCREASE IN AUTHORISED SHARE CAPITAL OF FULLSHARE**

The board of directors of Fullshare proposes to increase the authorised share capital of Fullshare from HK\$200,000,000 divided into 20,000,000,000 Fullshare Shares to HK\$400,000,000 divided into 40,000,000,000 Fullshare Shares by the creation of an additional 20,000,000,000 Fullshare Shares in order to implement the Offer and the issue of the Fullshare Consideration Shares and Subscription Shares and the Fullshare Conversion Shares.

The proposed Increase in Authorised Share Capital is subject to the passing of the relevant ordinary resolution by the Fullshare Shareholders at the Fullshare EGM. The resolutions relating to the Increase in Authorised Share Capital will be conducted by way of a poll.

## **VERY SUBSTANTIAL ACQUISITION AND ALLOTMENT AND ISSUE OF NEW FULLSHARE SHARES UNDER SPECIFIC MANDATE**

As more than one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of the Offeree Shares by the Offeror pursuant to the Offer are more than 100%, the Offer constitutes a very substantial acquisition for Fullshare under Chapter 14 of the Listing Rules (the “**Very Substantial Acquisition**”) and is therefore subject to the reporting, announcement, circular and Fullshare Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The allotment and issue of new Fullshare Shares to the Offeree Independent Shareholders who accept the Offer is also subject to the approval of Fullshare Shareholders at Fullshare EGM pursuant to Rule 13.36(1)(a) of the Listing Rules.

The resolutions relating to the Very Substantial Acquisition and the allotment and issue of new Fullshare Shares under the Specific Mandate will be conducted by way of a poll.

### **OFFEREE IBC AND OFFEREE IFA**

An independent board committee comprising all non-executive directors of the Offeree Company (being Mr. Jiang Xihe, Mr. Zhu Junsheng, Mr. Chen Shimin and Ms. Jiang Jianhua) has been formed to approve the appointment of the Offeree IFA and to make a recommendation to the Offeree Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance.

The appointment of TC Capital International Limited as the independent financial adviser of the Offeree Company has been approved by the Offeree IBC. The advice of the Offeree IBC and the letter from the Offeree IFA will be included in the Composite Document.

### **COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Offeree Company to send a Composite Document combining the offer document and the response document, which will set out the terms and details of the Offer (including the expected timetable in relation to the Offer), the advice of the Offeree IBC, the letter from the Offeree IFA together with the form of acceptance and transfer in respect of the Offer. The Composite Document will be despatched to the Offeree Shareholders within 35 days after the date of this joint announcement, or such later date as may be permitted by the Takeovers Code and approved by the Executive pursuant to Rule 8.2 of the Takeovers Code.

## FULLSHARE EGM

Fullshare will convene an extraordinary general meeting to consider and, if thought fit, pass the requisite resolution(s) to approve the Increase in Authorised Share Capital, the Very Substantial Acquisition and the grant of the Specific Mandate. A circular containing, inter alia, further details of the Offer which constitutes a Very Substantial Acquisition, together with a notice of Fullshare EGM, will be despatched to the Fullshare Shareholders on or before 24 October 2016 as more time is required to prepare and finalise certain information for inclusion in the circular.

## DEALING IN THE OFFEREE SHARES

During the six months prior to the Last Trading Day and up to and including date of this joint announcement, Mr. Shi Zhiqiang, an executive director of Fullshare had dealt in Offeree Shares on the open market of the Stock Exchange as follows:

<b>Date of transactions on the Stock Exchange</b>	<b>No. of Shares purchased</b>	<b>No. of Shares (sold)</b>	<b>Unit Price per Share HK\$</b>
10 March 2016	–	(60,000)	5.96
10 March 2016	–	(60,000)	5.96
14 March 2016	60,000	–	5.85
16 March 2016	–	(120,000)	5.71
16 March 2016	–	(160,000)	5.69
22 March 2016	49,000	–	5.94
22 March 2016	329,000	–	5.95
22 March 2016	–	(16,000)	6.04
22 March 2016	–	(130,000)	6.02
22 March 2016	–	(54,000)	6.04
22 March 2016	–	(48,000)	6.04
22 March 2016	–	(90,000)	6.04
22 March 2016	–	(40,000)	6.04
23 March 2016	180,000	–	6.32
23 March 2016	–	(180,000)	6.23
05 April 2016	–	(84,000)	6.57
05 April 2016	–	(45,000)	6.53
05 April 2016	–	(21,000)	6.50
14 April 2016	–	(11,000)	6.60
14 April 2016	–	(39,000)	6.57
14 April 2016	–	(20,000)	6.59
14 April 2016	–	(36,000)	6.58

<b>Date of transactions on the Stock Exchange</b>	<b>No. of Shares purchased</b>	<b>No. of Shares (sold)</b>	<b>Unit Price per Share HK\$</b>
14 April 2016	–	(5,000)	6.57
14 April 2016	–	(39,000)	6.55
14 April 2016	–	(100,000)	6.55
14 April 2016	–	(100,000)	6.55
14 April 2016	–	(150,000)	6.57
18 April 2016	250,000	–	6.18
19 April 2016	–	(250,000)	6.29
19 April 2016	–	(18,000)	6.29
28 April 2016	4,000	–	6.08
03 May 2016	200,000	–	5.63
04 May 2016	–	(35,000)	5.75
04 May 2016	–	(169,000)	5.70
29 June 2016	111,000	–	6.21
18 July 2016	44,000	–	6.62
18 July 2016	–	(56,000)	6.63
18 July 2016	–	(55,000)	6.62
18 July 2016	–	(43,000)	6.63
18 July 2016	–	(1,000)	6.62

Save as disclosed above, neither the Offeror, Fullshare, nor any party acting in concert with any of them has dealt in Offeree Shares within six months prior to the Last Trading Day and up to and including the date of this joint announcement.

## **FURTHER AGREEMENTS OR ARRANGEMENTS**

As at the date of this joint announcement:

- (i) save as disclosed in the paragraph headed “(d) Acceptance Condition and Irrevocable Undertaking to Accept” under “THE OFFER” above, Fullshare, the Offeror and parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) save for Mr. Ji’s indirect interest in 148,562,000 Offeree Shares, representing approximately 9.08% of the total issued share capital of the Offeree Company, Fullshare, the Offeror and parties acting in concert with any of them do not own, hold, have directions or control any shares, convertible securities, warrants or options in the Offeree Company;
- (iii) there is no outstanding derivative in respect of the securities in the Offeree Company which has been entered into by Fullshare, the Offeror or parties acting in concert with any of them;



- (iv) save as disclosed in the paragraph headed “(d) Acceptance Condition and Irrevocable Undertaking to Accept” under “THE OFFER” above, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Offeree Shares or Fullshare Shares and which might be material to the Offer;
- (v) save as disclosed in the paragraph headed “(c) Conditions to the Offer” under “THE OFFER” above, there are no agreements or arrangements to which the Offeror is a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer; and
- (vi) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Fullshare and the Offeree Company which Fullshare, the Offeror or parties acting in concert with any of them have borrowed or lent.

## **TRADING HALT AND RESUMPTION OF TRADING IN FULLSHARE SHARES AND THE OFFEREE SHARES**

At the request of Fullshare, trading in Fullshare Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 12 September 2016 pending the release of this joint announcement. Application has been made by Fullshare for resumption of trading in Fullshare Shares on the Stock Exchange with effect from 1:00 p.m. on 19 September 2016.

At the request of the Offeree Company, trading in the (i) Offeree Shares on the Stock Exchange; and (ii) Offeree RMB Bonds (bond stock code: 85702) was halted with effect from 9:00 a.m. on 12 September 2016 pending the release of this joint announcement. Application has been made by the Offeree Company for resumption of trading in the Offeree Shares and the Offeree RMB Bonds on the Stock Exchange with effect from 1:00 p.m. on 19 September 2016.

## **DISCLOSURE OF DEALINGS**

In accordance with Rule 3.8 of the Takeovers Code, associates of the Offeree Company, the Offeror or Fullshare (including persons holding 5% or more of a class of relevant securities of the Offeree Company, the Offeror or Fullshare) are reminded to disclose their dealings in the securities of the Offeree Company and Fullshare pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw*

*attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **WARNING**

**Completion of the Offer is subject to the Conditions of the Offer being fulfilled or waived (as the case may be). Completion may or may not take place and accordingly, the Offer may or may not become unconditional. Shareholders and potential investors of Fullshare and/or the Offeree Company are advised to exercise caution when dealing in Fullshare Shares and Offeree Shares, respectively.**

## **DEFINITIONS**

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associates”	has the meaning ascribed to it in the Takeovers Code
“BaoQiao Partners”	BaoQiao Partners Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to both the Offeror and Fullshare in respect of the Offer
“Closing Date”	the date to be stated in the Composite Document as the closing date of the Offer or any subsequent closing date as may be announced by the Offeror
“Composite Document”	the composite offer and response document to be issued by or on behalf of the Offeror and the Offeree Company to all Offeree Shareholders in accordance with the Takeovers Code containing, inter alia, details of the Offer, terms and conditions of the Offer, the advice of the Offeree IBC, the letter from the Offeree IFA and the form of acceptance and transfer in respect of the Offer

“Conditions”	the conditions precedent to the Offer as set out in the paragraph headed “(c) Conditions to the Offer” under “THE OFFER” in this joint announcement
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Enlarged Group”	the Fullshare Group and the Offeree Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Fullshare”	Fullshare Holdings Limited 豐盛控股有限公司, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange (Stock Code: 607)
“Fullshare Convertible Notes”	the zero coupon convertible notes in principal amount of HK\$350 million due 2017 to be issued by Fullshare subject to the terms and conditions of the subscription agreement entered into between Fullshare and a subscriber, the details of which are set out in the announcement of Fullshare dated 7 September 2016
“Fullshare EGM”	the extraordinary general meeting to be convened by Fullshare to consider, and if thought fit, approve, among other things, the Increase in Authorised Share Capital, the Very Substantial Acquisition and the grant of the Specific Mandate
“Fullshare Group”	Fullshare and its subsidiaries
“Fullshare Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Fullshare
“Fullshare Shareholder(s)”	holder(s) of the Fullshare Share(s)
“Glorious Time”	Glorious Time Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned investment holding company of Mr. Ji
“Hong Kong”	The Hong Kong Special Administrative Special Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of Fullshare from HK\$200,000,000 divided into 20,000,000,000 Fullshare Shares to HK\$400,000,000 divided into 40,000,000,000 Fullshare Shares by the creation of an additional 20,000,000,000 Fullshare Shares
“Irrevocable Undertaking to Accept”	the irrevocable undertaking given by Fortune Apex Limited to accept the Offer in respect of the Offeree Shares held by it as described in the paragraph headed “(d) Acceptance Condition and Irrevocable Undertaking to Accept” under “THE OFFER” in this joint announcement
“Last Trading Day”	9 September 2016, being the last trading day immediately prior to the trading halt in the Offeree Shares and/or Fullshare Shares pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	the 60th day after the date of the posting of the Composite Document or such later date to which the Executive may consent
“Magnolia Wealth”	Magnolia Wealth International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Ji
“Mr. Ji”	Mr. Ji Changqun, the controlling shareholder of Fullshare, the chairman of the board of directors of Fullshare, the co-chief executive officer and executive director of Fullshare and a party acting in concert with Fullshare and the Offeror
“Offer”	the voluntary conditional share exchange offer to be made by BaoQiao Partners on behalf of the Offeror to acquire all of the issued shares in the share capital of the Offeree Company (other than those already owned by parties acting in concert with the Offeror) in accordance with the terms and conditions set out in this joint announcement
“Offeree RMB Bonds”	8.30 per cent. guaranteed bonds due 2017 in the outstanding principal amount of RMB264,630,000 issued by the Offeree Company, guaranteed by Goodgain Group Limited and China Transmission Holdings Limited and listed on the Stock Exchange (bond stock code: 85702)
“Offeree Company”	China High Speed Transmission Equipment Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 658)

“Offeree Group”	Offeree Company and its subsidiaries
“Offeree IBC”	the independent board committee of the Offeree Company for the purpose of the Offer as described above under the section entitled “OFFEREE IBC AND OFFEREE IFA” in this joint announcement
“Offeree IFA”	TC Capital International Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Offeree Company to advise Offeree IBC and Offeree Independent Shareholders in respect of the Offer as referred to in the section entitled “OFFEREE IBC AND OFFEREE IFA” in this joint announcement
“Offeree Independent Shareholders”	the Offeree Shareholders (other than the Offeror and parties acting in concert with it (including Mr. Ji and Glorious Time))
“Offeree Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Offeree Company
“Offeree Shareholder(s)”	holder(s) of the Offeree Share(s)
“Offeror”	Five Seasons XVI Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Fullshare
“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 PRC and Taiwan
“Relevant Authority(ies)”	any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Specific Mandate”	the specific mandate for the allotment and issue, credited as fully paid, of new Fullshare Shares in settlement of the consideration of the Offer to be issued to the Offeree Independent Shareholders who accept the Offer, the details of which are set out in the paragraph headed “(f) Specific Mandate” under “THE OFFER” in this joint announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Unconditional Date”	the date on which the Offer becomes or is declared unconditional in all respects
“Very Substantial Acquisition”	the very substantial acquisition referred to in the section headed “VERY SUBSTANTIAL ACQUISITION AND ALLOTMENT AND ISSUE OF FULLSHARE SHARES UNDER SPECIFIC MANDATE” in this joint announcement
“US\$”	United States Dollar, the lawful currency of 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 YUEMING**  
*Chairman*

By order of the sole director of  
**Five Seasons XVI Limited**  
**Wang Bo**  
*Sole Director*

Hong Kong, 19 September 2016

*The sole director of the Offeror and the directors of Fullshare jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement, other than those relating to the Offeree Company and the Offeree Group, and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeree Company and the Offeree Group) have been arrived at after due and careful consideration and that there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*The directors of the Offeree Company jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement, other than those relating to the Offeror, Fullshare and parties acting in concert with any of them, and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror, Fullshare and parties acting in concert with any of them) have been arrived at after due and careful consideration and that there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Wang Bo.*

*As at the date of this joint announcement, the executive directors of Fullshare are Mr. Ji Changqun, Mr. Shi Zhiqiang, Mr. Wang Bo; the non-executive director of Fullshare is Mr. Eddie Hurip 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 the Offeree Company are Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Gou Jianhui, Mr. Wang Zhengbing, Mr. Zhou Zhijin and Mr. Hu Jichun; and the independent non-executive directors of the Offeree Company are Mr. Jiang Xihe, Mr. Zhu Junsheng, Mr. Chen Shimin and Ms. Jiang Jianhua.*

*For the purposes of this announcement, the exchange rates of RMB1.00 = HK\$1.17 has been used, where applicable, for illustration purposes only and do not constitute representations that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.*

*\* For identification purpose only*