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中國高速傳動設備集團有限公司*

China High Speed Transmission Equipment Group Co., Ltd.

(incorporated in the Cayman Islands with limited liability)

(Stock code: 658)

**RMB1,996,300,000 US DOLLAR SETTLED ZERO COUPON
CONVERTIBLE BONDS DUE 2011 (THE “BONDS”)**

CANCELLATION OF REPURCHASED BONDS

Reference is made to the announcements of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**”) dated 26 November 2008 and 9 December 2008 respectively in which an aggregate of RMB134,000,000 in face value of Bonds were repurchased by the Company through over-the-counter market, particulars of which are set out below.

Trading day	Amount of Bonds purchased	Price paid	Total paid	Date of cancellation
20 November 2008	RMB90,000,000	RMB63,000 per unit (being a face value of RMB100,000)	USD8,300,760.00	8 December 2008
4 December 2008	RMB44,000,000	RMB72,000 per unit (being a face value of RMB100,000)	USD4,624,682.49	9 December 2008

The Company confirms that all the abovementioned repurchased Bonds with an aggregate of RMB134,000,000 in face value have been duly cancelled in accordance with Condition 8(F) of the Bond Conditions.

This announcement is made on a voluntary basis.

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

Hong Kong, 15 December 2008

As at the date of this announcement, the executive directors of the Company are Mr. Hu Yueming, Mr. Chen Yongdao, Mr. Lu Xun, Mr. Li Shengqiang, Mr. Liu Jianguo and Mr. Liao Enrong; the non-executive director is Mr. Zhang Wei; and the independent non-executive directors are Mr. Zhu Junsheng, Mr. Jiang Xihe and Mr. Chen Shimin.

** For identification purposes only*