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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)

ADDITIONAL OPTIONAL EARLY TERMINATION RIGHT UNDER THE EQUITY SWAP AND PARTIAL TERMINATION

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcements of China High Speed Transmission Equipment Group Co., Ltd. (the “**Company**” or the “**Issuer**”) dated 24 April 2008, 14 May 2008 and 30 October 2008 (the “**Announcements**”). Unless the context otherwise requires, capitalized terms and expressions used herein shall have the same meaning as those used in the Announcements.

The Company would like to announce that the Company and the Equity Swap Counterparty entered into an amendment confirmation on 4 May 2009 (the “**Second Amendment Confirmation**”). Under the Second Amendment Confirmation and subject to the provisions contained therein, effective on 4 May 2009 (1) the additional optional early termination right in respect of “10,393,800 Shares” in the amendment confirmation between the Company and the Equity Swap Counterparty dated 24 October 2008 (the “**First Amendment Confirmation**”) shall be amended to “25,448,488 Shares” at no additional cost; and (2) the Company has an additional optional early termination right in respect of 43,309,512 Shares under the Equity Swap by giving irrevocable notice to the Equity Swap Counterparty, the exercise of which shall cost a fee payable by the Company to the Equity Swap Counterparty.

Up to 4 May 2009, the Company and the Equity Swap Counterparty have undertaken the partial termination in respect of 68,758,000 Shares under the Equity Swap at an average final price per Share (net of early termination fee and other costs and expenses) of HK\$12.8495 and the major terms and conditions are set out in this announcement below.

Reference is made to the Announcements. Unless the context otherwise requires, capitalized terms and expressions used herein shall have the same meaning as those used in the Announcements.

Additional Optional Early Termination Right

As disclosed in the announcement of the Company dated 30 October 2008, the Company and the Equity Swap Counterparty entered into the First Amendment Confirmation pursuant to which the Company has an additional optional early termination right in respect of 10,393,800 Shares under the Equity Swap by giving irrevocable notice to the Equity Swap Counterparty subject to the provisions contained therein.

The Company would like to announce that the Company and the Equity Swap Counterparty entered into the Second Amendment Confirmation on 4 May 2009. Under the Second Amendment Confirmation and subject to the provisions contained therein, effective on 4 May 2009 (1) the additional optional early termination right in respect of “10,393,800 Shares” in the First Amendment Confirmation shall be amended to “25,448,488 Shares” at no additional cost; and (2) the Company has an additional optional early termination right in respect of 43,309,512 Shares under the Equity Swap by giving irrevocable notice to the Equity Swap Counterparty, the exercise of which shall cost a fee payable by the Company to the Equity Swap Counterparty.

The additional optional early termination right is in addition to the additional optional early termination right under the First Amendment Confirmation (as amended by the Second Amendment Confirmation) and the optional early termination right under the original terms of the Equity Swap. Such additional optional early termination right is not subject to the occurrence of any of the Optional Early Termination Events, namely, (a) any holder of the Bonds validly exercises all or part of its conversion rights; (b) the Issuer validly exercises its option to mandatorily convert all or some only of the Bonds under the Bond Conditions; or (c) any Bonds become repayable prior to the Maturity Date by reason of the exercise of the Issuer of its call options or by reason of exercise by any holder of the Bonds of its put options under the Bond Conditions.

So long as no termination event or event of default has occurred and is then continuing with respect to either the Company or the Equity Swap Counterparty under the Equity Swap, such additional optional early termination right under the Second Amendment Confirmation is exercisable at the option of the Company at any time prior to the termination of the Equity Swap when the Company considers it beneficial and in the interest of the shareholders as a whole to do so. Such right will, subject to the provisions of the Equity Swap, permit the Company to terminate such portion of the Equity Swap at a time when the share price is beneficial to the Company to do so.

Partial Termination

Up to 4 May 2009, the Company and the Equity Swap Counterparty have undertaken the partial termination in respect of 68,758,000 Shares under the Equity Swap on the terms as modified from time to time and the major terms and conditions for the partial termination are set out below:

Terminated Number of Shares:	68,758,000
Average Final Price per Share (net of early termination fee and other costs and expenses):	HKD 12.8495
Total Net Amount payable by the Equity Swap Counterparty:	HKD 883,507,596.90 (i.e. Total Amount payable by the Equity Swap Counterparty less Early Termination Fee and other costs and expenses)
Average Net Amount per Share payable by the Equity Swap Counterparty:	HKD 12.8495 (i.e. Total Net Amount payable by the Equity Swap Counterparty divided by the Terminated Number of Shares)

After the partial termination as mentioned above, the Company would no longer have any additional optional early termination rights as referred to in the First and Second Amendment Confirmations. The remaining notional number of Shares not yet terminated is 12,612,707 (i.e. the initial number of Shares underlying the Equity Swap reduced by the Terminated Number of Shares).

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

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

Hong Kong, 5 May 2009

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*