

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**ADJUSTMENT OF CONVERSION PRICE OF
RMB1,996,300,000 US DOLLAR SETTLED ZERO COUPON
CONVERTIBLE BONDS DUE 2011**

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, 30 October 2008, 5 May 2009 and 18 June 2009 (collectively, the “**CB Announcements**”) and the announcement on final results of the Company for the year ended 31 December 2007, 31 December 2008 and 31 December 2009 dated 21 April 2008, 17 April 2009 and 16 April 2010 respectively (the “**Results Announcements**”). Unless the context otherwise requires, capitalized terms and expressions used herein shall have the same meaning as those used in the CB Announcements.

In accordance with the Bond Conditions, the Conversion Price has been adjusted from HK\$17.2886 per Share to HK\$16.9817 per Share (with a fixed exchange rate of HK\$1.00 to RMB0.8968) with effect from 18 June 2010 following the adjustment of the Conversion Price as a result of the payment of the Dividend (as defined below) by the Company.

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

The Bond Conditions provide, among other things, that if and whenever the Issuer pays or makes any Capital Distribution to the Shareholders (as defined in the Bond Conditions), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$(A - B) \div A$$

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

As announced in the Results Announcements, the Board recommended payment of a final dividend of HK8 cents, HK25 cents and HK30 cents per Share for the year ended 31 December 2007, 31 December 2008 and 31 December 2009 respectively (the “**Dividend**”). Pursuant to the Bond Conditions, the Conversion Price has been adjusted from HK\$17.2886 per Share to HK\$16.9817 per Share (with a fixed exchange rate of HK\$1.00 to RMB0.8968) with effect from 18 June 2010.

The Company has repurchased in total a face amount of RMB848.20 million of Bonds in a series of transactions during the period from 24 October 2008 to 4 December 2008. On 6 August 2009, Bonds in the aggregate principal amount of RMB1 million were converted into 64,497 Shares. There are still outstanding Bonds with a face amount of RMB1,147.10 million as at the date of this announcement, convertible into 75,322,463 Shares at the adjusted Conversion Price of HK\$16.9817 per Share (based on the fixed exchange rate of HK\$1: RMB0.8968).

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

Hong Kong, 18 June 2010

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, Mr. Liao Enrong and Mr. Jin Maoji; and the independent non-executive directors are Mr. Zhu Junsheng, Mr. Jiang Xihe and Mr. Chen Shimin.

** For identification purposes only*