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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)

PROFIT WARNING

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

The Board wishes to inform the shareholders of the Company and potential investors that the profit of the Group is expected to record a significant decrease for the six months ended 30 June 2011 as compared to that for the same period last year.

The information contained in this announcement is only based on the Company's preliminary review of the consolidated management accounts of the Group, which have not been reviewed by the Company's auditors.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by China High Speed Transmission Equipment Group Co., Ltd. (the "Company", together with its subsidiaries shall be referred to as the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The board of directors (the "Board") of the Company wishes to inform the shareholders of the Company and potential investors that, based on the Company's preliminary review of the consolidated management accounts of the Group for the six months ended 30 June 2011, which have not yet been reviewed by the Company's auditors, the profit of the Group is expected to record a significant decrease as compared to that for the same period last year.

Such significant decrease in profit is mainly attributable to (1) the decrease in average selling price of wind power gearbox products; (2) the temporary postponement of the delivery of wind gearbox products requested by certain customers as a result of a significant reduction in the quantity of power generated by the wind turbine generators being connected to power grids from late May to the end of June 2011. Such significant reduction was due to the fact that the China government requested rectification of the quality of the wind turbine generators from late May to the end of June 2011 in order to address the concerns on the flaw in the low voltage ride through ability of the wind turbine generators; and (3) the net fair value loss of the convertible bonds and derivative financial instrument of the Company in the first half of 2011 as compared with the net fair value gain in the first half of 2010.

Despite the above, the Board considers that the overall financial position and business operation of the Group remain strength and healthy.

The Company is still in the process of finalizing the Group's interim results for the six months ended 30 June 2011. The information contained in this announcement is only the preliminary assessment according to the management accounts of the Group, which have not been reviewed by the Company's auditor. Financial information and other details of the Group will be disclosed in the announcement of interim results of the Group for the six months ended 30 June 2011 which is expected to be announced in August 2011.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 July 2011

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*