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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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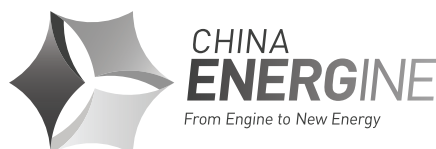
**If you are in any doubt** as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred all** your shares in China Energin International (Holdings) Limited (the “Company”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED**

**中國航天萬源國際(集團)有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code : 1185)

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF 15% REGISTERED CAPITAL IN AN ASSOCIATE  
AEROSPACE LONG YUAN (BENXI) WIND POWER CO. LTD.**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



**Mitsubishi UFJ Securities**

Mitsubishi UFJ Securities (HK) Capital, Limited

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A letter from the Board is set out on pages 3 to 7 of this circular.

A letter from the Independent Board Committee is set out on pages 8 to 9 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 22 of this circular.

A notice convening the EGM to be held at Hall 1B, G/F., No.1 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 1 December 2008 at 11:00 a.m. is set out on pages 27 to 28 of this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

\* For identification purpose only

14 November 2008

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings, unless the context otherwise requires:*

“Board”	The board of Directors;
“CALT”	中國運載火箭技術研究院 (China Academy of Launch Vehicle Technology), the Company’s controlling shareholder, a legal entity established in the PRC and wholly owned by CASC, the ultimate controlling shareholder of the Company;
“CASC”	中國航天科技集團公司 (China Aerospace Science and Technology Corporation), a state-owned enterprise established in the PRC and the ultimate controlling shareholder of the Company;
“CDM”	Clean Development Mechanism, established by the Kyoto Protocol in 1997, which enables developed countries and economies in transition of the United Nations Framework Convention on Climate Change to meet their greenhouse gas reduction targets at lower cost through projects in developing countries;
“Company”	China Engin International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Crownplus”	Crownplus International Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
“Directors”	The directors of the Company;
“Discloseable and Connected Transaction”	The transaction contemplated under the Equity Transfer Contract;
“EGM”	the extraordinary general meeting to be convened to consider and, if thought fit, approve the entering into the Equity Transfer Contract;
“Enlarged Group”	The Group immediately after acquisition;
“Equity Transfer Contract”	The equity transfer contract of 27 October 2008 entered into by WY Industry and WY Science and Technology;
“Group”	The Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the legal currency of the Hong Kong Special Administrative Region of the PRC;

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## DEFINITIONS

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“Independent Board Committee”	An independent committee of the board of directors comprising Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice, and Mr. Gordon Ng, being all the independent non-executive directors;
“Independent Financial Adviser”	Mitsubishi UFJ Securities (HK) Capital, Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Discloseable and Connected Transaction;
“Independent Shareholders”	All shareholders of the Company excluding CALT and its associates;
“Latest Practicable Date”	13 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining information herein;
“Liaoning Benxi”	航天龍源（本溪）風力發電有限公司 (Aerospace Long Yuan (Benxi) Wind Power Co. Ltd.), a company established in Liaoning, the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Longyuan Electric”	龍源電力集團公司, a state-owned company established in Beijing, the PRC;
“LPDRC”	遼寧省發展和改革委員會 (Liaoning Provincial Development and Reform Commission, the PRC);
“PRC”	The People’s Republic of China;
“RMB”	Renminbi, the legal currency of the PRC;
“Shareholders”	Holders of the Company’s shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“WY Industry”	北京萬源工業有限公司 (Beijing Wan Yuan Industry Corporation Limited), a wholly-owned subsidiary of the Company established in Beijing, the PRC;
“WY Science and Technology”	北京航天萬源科技公司 (Beijing CASC Wan Yuan Science and Technology Corporation), a state-owned enterprise established in the PRC and a wholly-owned subsidiary of CALT.

*For the purpose of this circular, the exchange rate of RMB: HK\$ is RMB1.00: HK\$1.14.*

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## LETTER FROM THE BOARD

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### CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

中國航天萬源國際(集團)有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code : 1185)

*Executive Directors:*

Mr. Han Shuwang (*Chairman*)

Mr. Wang Xiaodong

Mr. Li Guang

*Non-executive Directors:*

Mr. Wu Jiang

Mr. Tang Guohong

*Independent Non-executive Directors:*

Mr. Wang Dechen

Ms. Kan Lai Kuen, Alice

Mr. Gordon Ng

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Principal Place of Business:*

Suite 4701, 47th Floor

Central Plaza

18 Harbour Road

Wanchai

Hong Kong

14 November 2008

*To the shareholders of the Company*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF 15% REGISTERED CAPITAL IN AN ASSOCIATE  
AEROSPACE LONG YUAN (BENXI) WIND POWER CO. LTD.**

**Introduction**

It was announced on 27 October 2008 that WY Industry, a wholly-owned subsidiary of the Company entered into an Equity Transfer Contract whereby WY Science and Technology agreed to sell, and WY Industry agreed to acquire, a 15% registered capital in an associate of the Company, Liaoning Benxi, at a cash consideration of RMB17.06 million (approximately HK\$19.45 million). In this connection, the Group has submitted a bid for the acquisition which was put for open tender on China Beijing Equity Exchange on 7 November 2008.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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**As the bidding process is still in progress, the equity transfer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Company's shares.**

### **Equity Transfer Contract dated 27 October 2008**

Parties: 1. WY Science and Technology, as assignor; a connected person of the Company, and  
2. WY Industry, a wholly-owned subsidiary of the Company, as assignee

### **Subject of the acquisition**

Liaoning Benxi is a limited liability company established in Liaoning, PRC on 13 June 2006 and is principally engaged in the sales of electricity generated through 29 850KW windmills installed in Mount Niuniao in Liaoning with total capacity of 24.65MW at electricity rate of RMB0.61 each kilowatt-hour to Liaoning Province Electric Corporation (遼寧省電力公司) and sales of Certified Emission Reductions ("CER") to European companies in fulfilling their obligations under CDM by virtue of the company's wind energy power generation with nil emission of carbon dioxide. The company planned to install 36 850KW windmills with final capacity reaching 30.6MW and total investment amounting to RMB230 million (approximately HK\$262 million) pursuant to its joint venture agreement as approved by LPDRC.

The total registered capital of Liaoning Benxi amounts to RMB93.8 million (approximately HK\$106.93 million) and contributions thereto from Longyuan Electric, Crownplus (a wholly-owned subsidiary of the Group) and WY Science and Technology amount to RMB42.21 million (approximately HK\$48.12 million), RMB37.52 million (approximately HK\$42.77 million) and RMB14.07 million (approximately HK\$16.04 million) respectively. Longyuan Electric, Crownplus and WY Science and Technology hold 45%, 40% and 15% equity interest in Liaoning Benxi respectively. As such, Liaoning Benxi is an associate of the Group and its results have been equity accounted for in the accounts of the Group. After completion of the acquisition, the Group through Crownplus's 40% and WY Industry's 15%, will hold 55% equity interest in total in Liaoning Benxi, which will then become a subsidiary of the Group. Its results will be consolidated into the accounts of the Group from the date of obtaining the effective control of Liaoning Benxi when the number of directors assigned by the Group will occupy more than half (four out of seven) of the board composition of Liaoning Benxi.

According to unaudited financial statements of Liaoning Benxi prepared under PRC GAAP, the net profit before taxation and after taxation for the 9 months ended 30 September 2008 amounted to RMB3,306,000 (approximately HK\$3,769,000). According to the audited financial statements prepared under PRC GAAP, the net profits before taxation and after taxation for the year 2007 amounted to RMB25,000 (approximately HK\$29,000) and there was no operating result for the period from date of incorporation to 31 December 2006. As at 31 December 2006 and 2007, the audited net assets value of Liaoning Benxi amounted to RMB37,903,000 (approximately HK\$43,209,000) and RMB93,826,000 (approximately HK\$106,962,000) respectively. In accordance with the unaudited financial statements for the 9 months ended 30 September 2008, the net assets value as at 30 September 2008 was recorded as RMB97,132,000 (approximately HK\$110,730,000).

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## LETTER FROM THE BOARD

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### **Consideration and settlement**

The consideration under the Equity Transfer Contract of RMB17.06 million (approximately HK\$19.45 million) in cash is determined after arm's length negotiation between WY Industry and WY Science and Technology on normal commercial terms by reference to the historical financial performance and future prospects of Liaoning Benxi and the outlook of the renewable energy of the industry under state policy in the long term.

The Directors including the independent non-executive Directors after taking into account the advice from the Independent Financial Adviser consider that the terms of the Discloseable and Connected Transaction including the consideration are on normal commercial terms which are fair and reasonable and the entering into the transaction is in the interests of the Company and its Shareholders as a whole.

The consideration will be satisfied by internal resources of the Group within the 5 days of the Equity Transfer Contract becoming effective.

### **Completion**

The Equity Transfer Contract is effective conditional upon (i) the obtaining of the Independent Shareholders' approval and (ii) the obtaining of the relevant approvals from PRC authorities.

### **Reasons for and benefit of the entering into of the Equity Transfer Contract**

The Group is principally engaged in the businesses of intelligent transportation systems, broadband wireless access systems and equipment, manufacture and sale of telecommunications products, and of hi-tech rare-earth permanent magnetic motors for elevators as well as investments in businesses of automotive components parts and wind energy.

The Directors considered that the Group would benefit from the entering into of the Equity Transfer Contract, as the transaction will not only strengthen the Group's investment in wind energy project, but enable the Group's direct management of the acquiree, Liaoning Benxi, in terms of a subsidiary of the Group such that the Group's revenue and profits will include Liaoning Benxi's revenue and profits, rather than the share of profits accounted for under equity accounting. In light of the strong demand of electricity in the PRC in the course of PRC's economic growth and the state policy on stressing development of renewable energy with merit of environmental conservation as boosted by 2006 Renewable Energy Law, the acquisition of Liaoning Benxi is also fulfilling the Group's corporate social responsibility whilst grasping the opportunity of growth of power consumption.

### **Financial effect of the acquisition**

There will be no material effect on earnings of the Group immediately after acquisition in this year. Taking the pro forma net asset position of Liaoning Benxi at the date of acquisition as that of 30 September 2008, the current assets of the Group immediately after acquisition will be decreased by approximately RMB6,111,000 (approximately HK\$6,937,000) representing the cash consideration

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## LETTER FROM THE BOARD

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of RMB17,060,000 (approximately HK\$19,448,000) less Liaoning Benxi's current assets. The non-current assets, non-current borrowing and current liabilities of the Group will be increased by Liaoning Benxi's respective items of approximately RMB184,518,000 (approximately HK\$210,351,000), RMB97,000,000 (HK\$110,580,000) and approximately RMB1,335,000 (approximately HK\$1,522,000) respectively. There will be a goodwill arising of approximately HK\$2,839,000.

### **Information on the party**

The assignor, WY Science and Technology, is a state-owned enterprise established in Beijing and engages in business of manufacture of package machinery, tobacco equipment and electronic control equipment.

### **Discloseable and Connected Transaction**

WY Science and Technology, a state-owned enterprise and wholly-owned by CALT which is also the controlling shareholder of the Company, is a connected person of the Company under the Listing Rules. As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in relation to Equity Transfer Contract exceed 5% but are less than 25%, the entering into of the Equity Transfer Contract constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the listing Rules and is subject to the approval of Independent Shareholders at the EGM.

### **EGM**

Set out on pages 27 to 28 is a notice convening the EGM to be held at Hall 1B, G/F., No.1 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 1 December 2008 at 11:00 a.m. at which an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Equity Transfer Contract.

A form of proxy is enclosed with this document for use at the EGM. Whether or not you intend to be present at the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the meeting. Completion of a form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting in person if you so wish.

Astrotech Group Limited, a wholly-owned subsidiary of CALT, which holds 73.10% equity interest in the Company as at the Latest Practicable Date, and those with a material interest in the Discloseable and Connected Transaction and their respective associates shall abstain from voting at the EGM.



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## LETTER FROM THE BOARD

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### **Independent Board Committee**

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice and Mr. Gordon Ng, all of whom have no material interest in the Equity Transfer Contract, has been formed to advise the Independent Shareholders on the terms of the Discloseable and Connected Transaction. As all non-executive Directors, namely Mr. Wu Jiang and Mr. Tang Guohong, are representatives of CALT, they are considered not to be independent for appointment as members of the Independent Board Committee.

Your attention is drawn to the advice from the Independent Board Committee set out in their letter dated 14 November 2008 on pages 8 to 9 of this circular.

### **Independent Financial Adviser**

Mitsubishi UFJ Securities (HK) Capital, Ltd. has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Discloseable and Connected Transaction.

The appointment of Mitsubishi UFJ Securities (HK) Capital, Ltd. as the independent adviser has been approved by the Independent Board Committee. Your attention is drawn to the advice from the Independent Financial Adviser set out in its letter dated 14 November 2008 on pages 10 to 22 of this circular.

### **Recommendation**

The Directors believe that the Discloseable and Connected Transaction contemplated under the Equity Transfer Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Equity Transfer Contract in respect of the transaction.

### **Further information**

Your attention is drawn to the information set out in the Appendices to this circular.

By order of the Board of  
**CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED**  
**Han Shuwang**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter received from the Independent Board Committee setting out their advice to the Independent Shareholders for the purpose of inclusion in this circular.*



### CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

中國航天萬源國際(集團)有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code : 1185)

14 November 2008

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF 15% REGISTERED CAPITAL IN AN ASSOCIATE  
AEROSPACE LONG YUAN (BENXI) WIND POWER CO. LTD.**

We refer to the circular of the Company dated 14 November 2008 (the “Circular”) of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular.

We, being the Directors constituting the Independent Board Committee, have been appointed by the Board to advise you as to whether the terms of the Discloseable and Connected Transaction are fair and reasonable insofar as the Independent Shareholders are concerned.

We wish to draw your attention to the letter from the Board, which is set out on pages 3 to 7 of the Circular, and the letter of advice from the Independent Financial Adviser appointed by the Company to advise the Independent Board Committee, setting out its advice to us in respect of the terms of the Discloseable and Connected Transaction, as set out on pages 10 to 22 of the Circular.

\* For identification purpose only

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Discloseable and Connected Transaction and the advice of the Independent Financial Adviser, we are of the opinion that the terms of the Discloseable and Connected Transaction are fair and reasonable insofar as the Independent Shareholders are concerned and the Discloseable and Connected Transaction is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Discloseable and Connected Transaction.

Yours faithfully,

**Wang Dechen**

**Kan Lai Kuen, Alice**

**Gordon Ng**

*Independent Board Committee*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Mitsubishi UFJ Securities

Mitsubishi UFJ Securities (HK) Capital, Limited

14 November 2008

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Discloseable and Connected Transaction, particulars of which are set out in the letter from the Board (the “Letter from the Board”) of this circular to the Shareholders dated 14 November 2008 (the “Circular”) and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the letter from the Board, a wholly-owned subsidiary of the Company (as assignee) entered into an Equity Transfer Contract with WY Science and Technology (as assignor) on 27 October 2008 in relation to the transfer of a 15% registered capital in Liaoning Benxi at a cash consideration of RMB17.06 million. In this connection, the Group is to submit shortly a bid for the said acquisition which was put for open tender on China Beijing Equity Exchange on 7 November 2008. As the bidding process is in progress, the equity transfer may or may not proceed. Pursuant to the Listing Rules, the transaction contemplated under the Equity Transfer Contract is subject to the approval of the Independent Shareholders at a general meeting.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Group and the respective terms and conditions of the Discloseable and Connected Transaction, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of Liaoning Benxi, the Group, CALT, WY Science and Technology, Longyuan Electric and their respective associates nor have we carried out any independent verification of the information supplied.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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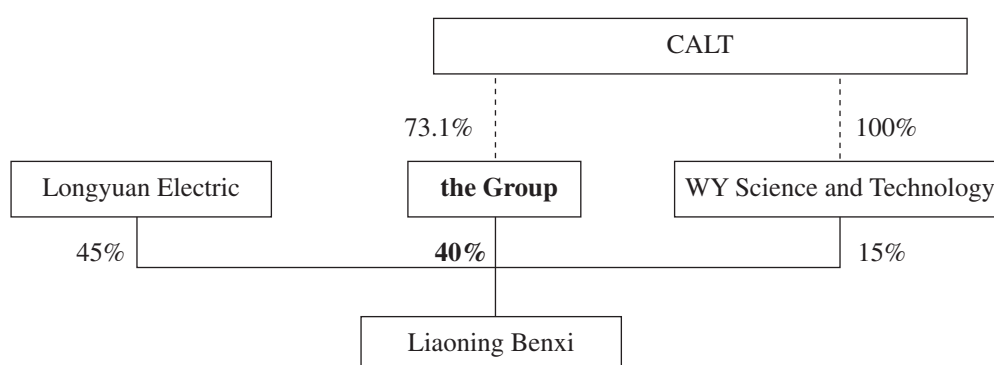
### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Discloseable and Connected Transaction, we have considered the following principal factors and reasons:

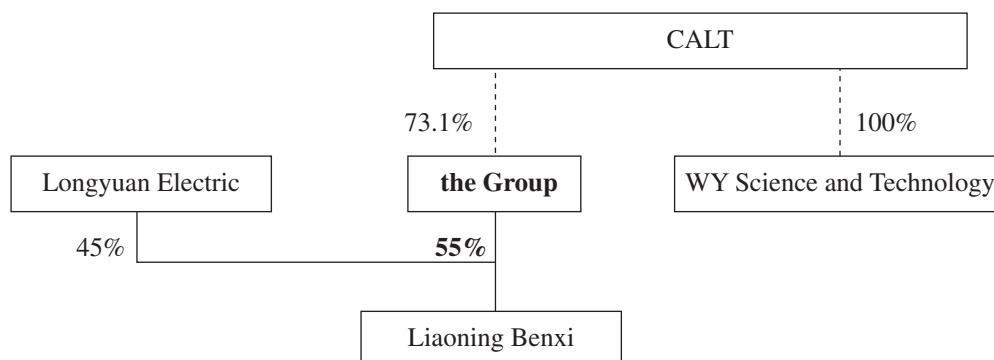
#### 1. Background of and reasons for the Discloseable and Connected Transaction

We summarise below the shareholding structure of Liaoning Benxi, which is the target to be assigned to the Group pursuant to the Discloseable and Connected Transaction:

- *Existing*



- *Assuming completion of the Discloseable and Connected Transaction*



We note that Longyuan Electric, being the 45%-held joint venture partner of Liaoning Benxi, is the wind energy power operating arm of China Guodian Corporation, a state-owned enterprise. According to [www.cgdc.com.cn](http://www.cgdc.com.cn), China Guodian Corporation is one of the five largest power generation groups in the PRC with a registered capital of RMB12,000 million. According to [www.clypg.com.cn](http://www.clypg.com.cn), Longyuan Electric is also one of the leading wind energy power plant operators in the PRC, with a market share of over 35% of the total wind energy power generation capacity of the PRC at the end of 2006.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(i) *Financial performance of the Company*

The Group is principally engaged in the businesses of intelligent transportation systems, broadband wireless access systems and equipment, manufacture and sale of telecommunications products, and of hi-tech rare-earth permanent magnetic motors for elevators as well as investments in businesses of automotive components parts and wind energy.

We summarise the financial results of the Group for the three most recent financial years and the most recent interim period:

	<b>Year ended 31 December</b>			<b>Six months ended</b>
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>30 June</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
Turnover	185,784	156,199	178,755	63,770
Gross profit/(loss)	65,077	12,079	(10,374)	10,079
Share of results of associates & jointly controlled entities	(259)	(1,300)	25,001	53,630
(Loss) attributable to Shareholders	(29,781)	(64,562)	(573,901)	(21,430)
Dividend	—	—	—	—
 Net assets (including minority interests)	 154,630	 92,286	 1,571,843	 1,682,959

*Source: annual/interim reports of the Company*

As illustrated in the above table, the Group had been loss-making for the three most recent financial years and the most recent interim period, with no dividend payout for the same years/period under review. As discussed with the Company, we note that the sizeable loss attributable to Shareholders for the year ended 31 December 2007 was mainly attributable to impairment loss recognised in respect of interests in an associate and jointly controlled entities arising on acquisition of Advanced Grade Holdings Ltd. amounting to HK\$484.0 million (representing the excess of the carrying amount (which was inflated due to a substantial increase in the market share price of the Company between the date of the signing of the relevant agreement and the date of completion of the acquisition) over the recoverable amount as determined from value-in-use calculation). We also note that net assets of the Group as at 31 December 2007 increased significantly on a year-on-year basis as a result of the completion of a very substantial acquisition and an open offer in 2007.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We further summarise the audited or reviewed segment results of the Group for the three most recent financial years and the most recent interim period as follows:

		Year ended 31 December			Six months ended 30 June
		2005	2006	2007	2008
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Communication products</b>	Segment turnover	39,284	55,506	69,144	37,078
	Segment result (Note)	(904)	5,043	(11,679)	(16,831)
<b>Intelligent transport system</b>	Segment turnover	35,399	32,073	45,397	18,173
	Segment result (Note)	(1,152)	(1,786)	1,160	1,537
<b>Broadband wireless access</b>	Segment turnover	98,795	53,696	64,214	8,519
	Segment result (Note)	23,209	(63,614)	(76,651)	(26,824)
<b>Wind energy facilities</b>	Segment turnover	—	—	—	—
	Segment result (Note)	—	—	—	16,244

*Note:* after including “share of result of associates / jointly controlled entities”

*Source:* annual/interim reports of the Company

As illustrated in the above table, we note that both the communication products segment and the broadband wireless access segment of the Group recorded negative segment results for the most recent financial years/period. Meanwhile, the intelligent transport system segment of the Group recorded inconsistent segment results for the financial years/period under review. However, the wind energy facilities segment of the Group achieved positive segment results for the most recent interim period, notwithstanding that it was not a business line of the Group until the Group has embarked to diversify into since 2005 (by way of investing in Jiangsu Longyuan project and Jilin Longyuan project in April 2005, and by way of establishing Liaoning Benxi as a 40%-held joint venture partner in April 2006).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(ii) *Financial performance of Liaoning Benxi*

As set out in the Letter from the Board, Liaoning Benxi is principally engaged in the sales of electricity generated through 29 850KW windmills installed in Mount Niumao in Liaoning with total capacity of 24.65MW at electricity rate of RMB0.61 each kilowatt-hour to Liaoning Province Electric Corporation (遼寧省電力公司) and sales of certified emission reductions to European companies in fulfilling their obligations under CDM by virtue of the company's wind energy power generation with nil emission of carbon dioxide.

The following is a summary of the financial results of Liaoning Benxi for the two most recent financial years and the most recent period:

	Year ended 31 December		Nine months ended
	2006	2007	30 September
	RMB'000	RMB'000	RMB'000
	Audited	Audited	Unaudited
Turnover	—	15,617	19,103
Gross profit	—	11,541	12,374
Finance charges	—	(6,544)	(5,047)
Other income	—	3,050	1,623
Net profit after tax	—	25	3,306
Net assets	37,903	93,826	97,132

Source: *financial statements prepared under PRC GAAP*

As illustrated in the above table, for the year ended 31 December 2007 and for the nine months ended 30 September 2008, Liaoning Benxi recorded improving trend of net profit margin (2007: 0.2%; 2008: 17.3%), although Liaoning Benxi experienced a declining trend of gross profit margin (2007: 73.9%; 2008: 64.8%) which was attributable to increase in depreciation expenses after installation of a total of 29 850KW windmills for full-fledged operation commencing from August 2007 according to the Company. In this connection, we have cross-referenced with the annual report of the Company for the year ended 31 December 2007, noting that Liaoning Benxi completed its final phase of implementation in the first half of 2007 and has since started to generate revenue in preparation for making profit contribution.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(iii) *Industry overview of the PRC wind energy market*

According to the Global Wind 2007 Report issued by Global Wind Energy Council:

- (a) PRC is the world's fastest growing wind energy market, with an average annual growth rate of 56% in the past seven years;
- (b) PRC has now reached the fifth place for installed wind energy capacity, with 5.9 GW at the end of 2007;
- (c) The government target of installing 5 GW of wind power by 2010 was already exceeded in 2007;
- (d) Chinese Renewable Energy Industry Association (CREIA) forecasts a capacity of around 50 GW by 2015;
- (e) PRC is exceptionally rich in wind energy potential with its large land mass and long coastline (on-shore : off-shore technically feasible wind resource = 1,000 GW : 300 GW);
- (f) Major areas for wind energy development in PR China in the next 5 to 10 years are poised to be Inner Mongolia, Jiangsu, Hebei and Jilin; and
- (g) Since 2005, 90% of the non-concession wind projects in China have applied for registration under the Kyoto Protocol's Clean Development Mechanism (CDM). More than 150 projects have already received approval of the PRC Government (including Liaoning Benxi).

In relation to policy support for wind energy sector, we note that the Renewable Energy Law entered into force on 1 January 2006. While the law set a target for renewable energy development in PR China, the relevant regulations offer a number of favourable policies to encourage the construction and operation of the renewable energy power generation facilities, including:

- (a) Operators of electricity grid should purchase all the electricity generated by power plants using renewable energy sources;
- (b) Preferential tax treatment for renewable energy power generation projects; and
- (c) Favourable interest rate of loan for financing the construction of renewable energy power generation project.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Notwithstanding the foregoing, the recent global financial crisis might inevitably affect the PRC wind energy sector. However, the effect should be relatively limited when compared with traditional fossil fuel energy sector, as the PRC government continues to advocate the policy of clean energy, low emission and environmental protection.

(iv) *Reasons for the Discloseable and Connected Transaction*

As set out in the Letter from the Board, the Discloseable and Connected Transaction will not only strengthen the Group's investment in wind energy project, but enable the Group's direct management of the acquiree, Liaoning Benxi, in terms of a subsidiary of the Group such that the Group's revenue and profits will include Liaoning Benxi's revenue and profits, rather than the share of profits accounted for under equity accounting. In light of the strong demand of electricity in the PRC in the course of PRC's economic growth and the state policy on stressing development of renewable energy with merit of environmental conservation as boosted by 2006 Renewable Energy Law, the acquisition of Liaoning Benxi is also fulfilling the Group's corporate social responsibility whilst grasping the opportunity of growth of power consumption.

Against the above background, especially in light of the unsatisfactory financial performance of the Group in recent years and the favourable PRC government's policy leaning towards renewable energy sector, we consider it commercially sensible for the Group to strengthen its investment in wind energy project (especially that with a profitable track record as in the case of Liaoning Benxi) by way of the Discloseable and Connected Transaction, which is also in line with the corporate strategy of the Group to grasp the precious opportunity arising from the state policy propositioning on development of the relevant renewable energy business.

## 2. Terms of the Discloseable and Connected Transaction

(i) *Consideration*

As set out in the Letter from the Board, the consideration under the Equity Transfer Contract of RMB17.06 million is determined after arm's length negotiation between WY Industry and WY Science and Technology on normal commercial terms by reference to the historical financial performance and future prospects of Liaoning Benxi and the outlook of the renewable energy industry under state policy in the long term.

For the purpose of assessing the fairness and reasonableness of the consideration payable under the Equity Transfer Contract, the following approaches are adopted:

- *EV/EBITDA multiple*

As Liaoning Benxi is principally engaged in wind power generation and sale of electricity, reference to price/earnings multiple is the most common approach adopted by the investment community in valuing such kind of revenue-generating entities.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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However, upon our due diligence meeting with the management of Liaoning Benxi, we note that the net profit data of Liaoning Benxi for the year ended 31 December 2007 (which is the input parameter for arriving at price/earnings multiple) might not be fully representative of its operating performance. This is because the same net profit data was distorted by an one-off other income which was recognised from compensation from Liaoning Benxi's supplier of wind turbines due to delay in installation. In order to arrive at a more meaningful assessment, we resort to adopt EV/EBITDA multiple. For comparison purpose, we have identified (to the best of our knowledge) a total of four companies listed on Asia-Pacific stock exchanges and engaging principally in wind power industry (the "Comparables"), details of which are set out below:

Name	Ticker	Principal business	Market Capitalisation (USD million)	Net Profit (million)	EV (Current) (million)	EBITDA (million)	EV/EBITDA (times)	P/B (times)
Xinjiang Goldwin Sci&Tech-A	002202CH Equity	Manufactures wind generator sets, builds and operates middle-sized wind generating plants	2,250.3	CNY629.6	CNY13,921.1	CNY645.8	21.6	5.3
China High Speed Transmission Equipment	658 HK Equity	Production and sale of gear transmission equipment products	754.7	HKD306.7	HKD7,367.0	HKD342.2	21.5	1.6
JAPAN WIND DEVEL	2766 JP Equity	Provides integrated services for windmill power and develops land for windmill power stations, and generates and distributes electricity	213.2	JPY656.3	JPY65,937.2	JPY2,713.9	24.3	1.6
CHINA WINDPOWER	182 HK Equity	Wind farm investment and operation and related business (amongst others)	100.0	HKD100.1	HKD591.2	HKD101.4	5.8	0.3
						<b>Median=</b>	<b>21.5</b>	<b>1.6</b>
						<b>Mean=</b>	<b>18.3</b>	<b>2.2</b>
Target					RMB207.2 (Note 1)	RMB12.5 (Note 2)	<b>16.6</b>	<b>1.2</b>

Source: Bloomberg

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note:*

1. being the sum of
  - a. deemed market capitalisation of RMB113.7 million (representing the consideration payable under the Equity Transfer Contract of RMB17.06 million as divided by 15%); and
  - b. net debt of RMB93.5 million (representing long-term debt of RMB97 million as deducted by cash of RMB3.5 million, both as at 30 September 2008).
  
2. being the sum of
  - a. operating income (before interest) of RMB4.1 million; and
  - b. depreciation and amortization of RMB8.4 million, both for the year ended 31 December 2007.

Upon comparison, we note that the EV/EBITDA multiple represented by the consideration payable under the Equity Transfer Contract of 16.6 times is within the range of the Comparables from 5.8 times to 24.3 times and is lower than the median and mean of the Comparables of 21.5 times and 18.3 times, which were calculated with reference to the respective current enterprise value of the Comparables and the latest EBITDA as published by Bloomberg on 27 October 2008 (being the date of the Equity Transfer Contract). On such basis, we consider that the consideration payable under the Equity Transfer Contract is acceptable to the Group as purchaser from the perspective of EV/EBITDA multiple with reference to the Comparables, especially taking into further account that the recent EBITDA of Liaoning Benxi for the nine months ended 30 September 2008 could actually be even higher than that for the year ended 31 December 2007.

- ***Price/book multiple***

In addition to EV/EBITDA multiple, we also assess Liaoning Benxi by reference to its net asset value. To this end, the price/book multiples of the Comparables as published by Bloomberg on 27 October 2008 (being the date of the Equity Transfer Contract) have been set out in the above table.

Upon comparison, we note that the price/book multiple represented by the consideration payable under the Equity Transfer Contract of 1.2 times (being the deemed market capitalisation of RMB113.7 million (representing the consideration payable under the Equity Transfer Contract of RMB17.06 million as divided by 15%) as divided by the unaudited net assets of Liaoning Benxi as at 30 September 2008 of approximately RMB97.1 million as prepared in accordance with the PRC accounting standards) is within the range of the Comparables from 0.3 times to 5.3 times and is lower than the median and mean of the Comparables of 1.6 times and 2.2 times.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the above analysis which was made from the perspective of price/book multiples with reference to the Comparables, we consider that the consideration payable under the Equity Transfer Contract is fair and reasonable so far as the Group as purchaser is concerned. In any event, it may not be most relevant in general to value a company principally engaged in energy business by reference solely to its net assets.

### 3. Financial effects of the Acquisition on the Group

#### (i) Cashflow

- *Impact from the settlement of the consideration*

As discussed with the Company, the amount of the consideration payable under the Equity Transfer Contract will be settled fully in cash by internal resources of the Group within the 5 days of the Equity Transfer Contract becoming effective. On such basis, the Discloseable and Connected Transaction is expected to have a negative impact on the cashflow position of the Group immediately upon Completion (without yet to account for possible operational cash inflow arising from Liaoning Benxi following Completion).

As set out in the latest published interim report of the Company for the six months ended 30 June 2008, we note that the unaudited bank balance and cash of the Group amounted to approximately HK\$330.16 million as at 30 June 2008, which was much more than the consideration payable under the Equity Transfer Contract. On such basis, and taking into account the cash inflow of the Group subsequent to 30 June 2008 and the capital commitment of the Group as at 30 June 2008 (totaling approximately HK\$455.4 million, which payment however does not have a definite timetable according to the Company), the Directors expect that the Group would have sufficient working capital for meeting the settlement obligation of the consideration payable under the Equity Transfer Contract.

- *Impact from the funding requirements of Liaoning Benxi*

Upon enquiry, we have been advised by the Directors that Liaoning Benxi can basically be self-sustained in securing its own financial resources for ongoing development, and hence no material CAPEX nor OPEX commitment on the part of the Group is expected to arise upon and after Completion for supporting Liaoning Benxi. In this connection, we understand that Liaoning Benxi will seek for bank borrowings (to be secured by assets of Liaoning Benxi) to attain its total investment amount. Up to 30 September 2008, we note that Liaoning Benxi had already procured long-term bank loan of RMB97 million. Meanwhile, the registered capital of Liaoning Benxi of RMB93.8 million had been paid-up in full by each of its joint venture partners.

As set out in the Letter from the Board, Liaoning Benxi planned to install 36 850KW windmills (actual installed up to the Latest Practicable Date: 29) with final capacity reaching 30.6MW. Other than the forgoing, we have been advised by the Directors that Liaoning Benxi itself has no material capital commitment (nor contingent liabilities).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Upon further enquiry, to their best knowledge, the Directors advise that no related party transactions/balances prevail between Liaoning Benxi and the Group.

(ii) *Net Asset*

According to the latest published interim report of the Company for the six months ended 30 June 2008, the unaudited consolidated net assets (excluding minority interests) of the Group as at 30 June 2008 were approximately HK\$1,678.5 million.

Upon discussion, the Directors expect that a positive goodwill might arise on acquisition of Liaoning Benxi, which will represent the excess of the consideration cost payable under the Equity Transfer Contract (of RMB17.06 million) over 15% share of the fair value of the identifiable assets, liabilities and contingent liabilities of Liaoning Benxi at the date of acquisition. For reference purpose, 15% share of the unaudited net assets of Liaoning Benxi as at 30 September 2008 was RMB14.6 million as prepared in accordance with the PRC accounting standards.

On the above basis, the Discloseable and Connected Transaction is expected to have a negative impact on the net tangible asset position of the Group. A cash-generating unit to which the said goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. When the recoverable amount of the cash-generating unit of Liaoning Benxi is less than its carrying amount, the impairment loss for goodwill is recognised directly in the consolidated income statement, which would in turn impact negatively on the net asset position (whether tangible or not) of the Group.

(iii) *Gearing*

According to the latest published interim report of the Company for the six months ended 30 June 2008, the unaudited total borrowings of the Group were approximately HK\$669.3 million as at 30 June 2008, whereas the unaudited consolidated net assets (including minority interests) of the Group as at 30 June 2008 were approximately HK\$1,683.0 million. As at 30 June 2008, the gearing ratio of the Group (as measured by total borrowings over shareholders' equity) was 40%.

As discussed with the Company, the amount of the consideration payable under the Equity Transfer Contract is not to be funded by new borrowings of the Group. However, Liaoning Benxi will become a 55%-owned subsidiary of the Group upon Completion and, hence, the Group will fully consolidate the total borrowings (and other liabilities) of Liaoning Benxi (including long-term debt of RMB97 million as at 30 September 2008). Based on the foregoing, the Discloseable and Connected Transaction is expected to have a negative impact on the gearing ratio of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(iv) *Earnings*

Given that Liaoning Benxi has been an associated company of the Company, its financial results have been equity accounted for in the accounts of the Group as “share of results of associates” (40%). Upon Completion, Liaoning Benxi will become a 55%-owned subsidiary of the Group and, hence, the Group will fully consolidate the financial results (in terms of turnover and all relevant subsequent items of income statement) of Liaoning Benxi (to be netted off by 45% minority interests). As set out in the Letter from the Board, the net profit after tax of Liaoning Benxi amounted to approximately RMB0.03 million and RMB3.3 million for the year ended 31 December 2007 and for the nine months ended 30 September 2008 respectively.

We consider that the effect of the Discloseable and Connected Transaction on the earnings of the Group will depend on the actual profit and loss performance of Liaoning Benxi after Completion, in the context of full consolidation instead of equity accounting. As the Equity Transfer Contract is effective conditional upon (i) the obtaining of the Independent Shareholders’ approval and (ii) the obtaining of the relevant approvals from PRC authorities, which are not expected to take place before November or December 2008, the effect of the Discloseable and Connected Transaction on the earnings of the Group for the year ending 31 December 2008 is not expected to be material.

In summary, notwithstanding that the Discloseable and Connected Transaction is expected to have negative effects on the net tangible asset and the gearing position of the Group, the Discloseable and Connected Transaction has its own merits, such as enabling the Group to better capture the growth potential of the wind energy market in the PRC by way of further investment in a project company held since 2006 with a profitable track record.

#### 4. Risk factors

During our due diligence exercise, we observe the following key risk factors for the Discloseable and Connected Transaction:

- (i) Revenue of Liaoning Benxi could be adversely affected by any reduction in the subsidised on-grid tariffs by 遼寧省電力公司
- (ii) Liaoning Benxi is over-reliant on its sole customer of 遼寧省電力公司
- (iii) Sale of electricity generated by of Liaoning Benxi is subject to the magnitude and direction of natural wind entering the wind farm from time to time, which varies subject to the mother nature and the changing global climate
- (iv) The operation of Liaoning Benxi is capital intensive in nature, thereby incurring sizable fixed depreciation expenses arising from installation of a number of wind turbines

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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However, given that the Group has embarked on carrying out PRC wind energy business since 2005, and in view that the Company has been the founder of Liaoning Benxi as a 40%-held joint venture partner since 2006, the above risk factors should already be in line with the ongoing risk exposure of the Company and the risk profile of Shareholders.

### RECOMMENDATION

Having considered the principal factors and reasons, we are of the opinion that the terms of the Discloseable and Connected Transaction are on normal commercial terms, in the ordinary course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and we recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM for approving the Discloseable and Connected Transaction.

Yours faithfully,  
For and on behalf of  
**Mitsubishi UFJ Securities (HK) Capital, Limited**  
**Eddy Chick**  
*Chief Executive*



### 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

### 2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY AND ANY ASSOCIATED CORPORATION

As at the Latest Practicable Date, none of the Directors and chief executive of the Company or their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or to be recorded in the registrar required to be maintained pursuant to Section 352 of the SFO, or otherwise to be notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of the Listed Issuers in the Listing Rules.

### 3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

As at the Latest Practicable Date, so far as is known to the Directors, the persons/entities had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group and the amount of each of such person's interest in such securities or in any options in respect of such capital were as follows:

Name	Capacity	Number of shares (note 1)	Percentage of shareholding
CASC	Interest of a controlled corporation (note 2)	2,649,244,000 (L)	73.10%
CALT	Interest of a controlled corporation (note 3)	2,649,244,000 (L)	73.10%
Astrotech	Beneficial Owner	2,649,244,000 (L)	73.10%

Note:

- The letter "L" denotes the shareholder's long position in the shares.
- CASC is deemed to be interested in 2,649,244,000 shares as it holds 100% of the equity of CALT.

3. Astrotech is a wholly owned subsidiary of CALT. Accordingly, CALT is deemed to be interested in all the shares held by Astrotech.

Save as disclosed herein, as at Latest Practicable Date, as is known to the Directors or the chief executive of the Company, there is no other persons/entities (including the Directors or chief executive of the Company) who had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Enlarged Group and the amount of each of such person's interest in such securities or in any options in respect of such capital.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into any service contract with the Company or any member of the Enlarged Group (except those expiring or determinable by the Company within a year without payment of compensation other than statutory compensation).

#### **5. MATERIAL ADVERSE CHANGE**

Save for an allowance for bad and doubtful debts of HK\$34 million made, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Company were made up.

#### **6. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES**

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

#### **7. DIRECTORS' INTERESTS IN ASSETS/ CONTRACTS AND OTHER INTERESTS**

None of the directors is materially interested in any contract or arrangement entered into by any member of the Enlarged Group subsisting at the date of this circular which is significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect in any assets which had been, since the date to which the latest published audited accounts of the Company was made up, acquired or disposed up by or leased to the Enlarged Group, or were proposed to be acquired or disposed of or leased to the Enlarged Group.

**8. EXPERT AND CONSENT**

- (a) The Independent Financial Adviser is a registered institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.
- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Enlarged Group, nor did they have any interest, direct or indirect, in any assets which had been since the date to which the latest published audited financial statements of the Company was made up, acquired or disposed of by or leased to the Enlarged Group, or were proposed to be acquired or disposed of or leased to the Enlarged Group.
- (c) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

**9. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

Pursuant to Article 80 of the Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote; or
- (c) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which they have been paid up sums in aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Pursuant to Article 85 of the Articles of Association of the Company, at any general meeting on a show of hands every member who is present in person or by proxy (or, in the case of a member being a corporation by its duly authorized representative) shall have one vote, and on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register. On a poll a member entitled to more than one vote is under no obligation to cast all his votes in the same way.

An announcement will be made by the Company following the conclusion of the EGM to inform the Shareholders of the results of the EGM.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Enlarged Group within 14 days from the date of this circular:

- (a) the Equity Transfer Contract dated 27 October 2008;
- (b) the letter from the Independent Financial Adviser as set out in this circular; and
- (c) the written consent from the Independent Financial Adviser referred to in the section headed “Expert and consent” in this circular.

**11. LITIGATION**

As at the Latest Practicable Date, no members of the Enlarged Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the directors to be pending or threatened against the Company or any of its subsidiaries.

**12. GENERAL**

- (a) The secretary of the Company is Mr. Au-Yeung Keung Steve LLB LLM, who is a fellow member of Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Chartered Institute of Management Accountants.
- (b) Mr. Wang Lijun (“Mr. Wang”), having a professional accounting qualification in PRC, is the qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules. Mr Wang is able to meet all the requirements set out in Rule 3.24 of the Listing Rules, except that he is not a fellow or associate member of HKICPA or a similar body of accountants recognised by HKICPA for the purpose of granting exemptions from the examination requirement for membership of HKICPA; and the Company has in place arrangements providing Mr. Wang with access to the assistance of Ms. Shiu Lo Shan, Rosana (“Ms. Shiu”) who is an associate member of the HKICPA. The Stock Exchange has agreed to grant a three-year conditional waiver to the Company from strict compliance with Rule 3.24 of the Listing Rules to 9 May 2011 on the condition of Ms. Shiu’s assistance for the waiver period.
- (c) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The principal place of business of the Company is Suite 4701, 47th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (e) The English texts of this circular shall prevail over the Chinese texts.

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## NOTICE OF THE EGM

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### CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

### 中國航天萬源國際(集團)有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code : 1185)

### NOTICE OF THE EGM

**NOTICE IS HEREBY GIVEN** that an EGM of China Energin International (Holdings) Limited (the “**Company**”) will be held at Hall 1B, G/F., No.1 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 1 December 2008 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the ordinary resolution set out as follows:—

### ORDINARY RESOLUTION

**“THAT:**

- (a) the equity transfer contract (the “**Equity Transfer Contract**”) dated 27 October 2008 entered into between 北京航天萬源科技公司 (Beijing CASC Wan Yuan Science and Technology Corporation) (“**WY Science and Technology**”) and 北京萬源工業有限公司 (Beijing Wanyuan Industry Corporation Limited) (“**WY Industry**”) (a copy of the Equity Transfer Contract is tabled at the meeting and marked “**A**” and initialed by the chairman of the meeting for identification purposes) pursuant to which WY Industry will acquire from WY Science and Technology a 15% registered capital in 航天龍源 (本溪) 風力發電有限公司 (Aerospace Long Yuan (Benxi) Wind Power Co. Ltd.) for a consideration of RMB17,060,000 (the “**Acquisition**”), be and is hereby approved, confirmed and ratified; and
- (b) the execution of the Equity Transfer Contract be and is hereby confirmed and ratified and any one director of the Company, or any two directors of the Company if the affixation of the common seal of the Company is necessary, be and is hereby authorised to do all such things and take all other steps which, in his/her opinion, may be necessary or desirable in connection with the matters contemplated in and for completion of the Acquisition.”

By order of the board of directors of  
**China Energin International (Holdings) Limited**  
**Au-Yeung Keung Steve**  
*Secretary*

Hong Kong, 14 November 2008

\* For identification purpose only

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## NOTICE OF THE EGM

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**Note:**

1. Any member of the Company entitled to attend and vote at the meeting of the Company by the above notice shall be entitled to appoint another person as his/her proxy to attend and vote instead of such member. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be delivered to the office of Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by way of notice to or in any document accompanying the notice convening the meeting not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
6. The votes to be taken at the meeting of the Company by the above notice will be taken by poll. As at the date of this notice, the Board comprises Mr. Han Shuwang, Mr. Wang Xiaodong and Mr. Li Guang as Executive Directors, Mr. Wu Jiang and Mr. Tang Guohong as Non-executive Directors and Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice and Mr. Gordon Ng as Independent Non-executive Directors.