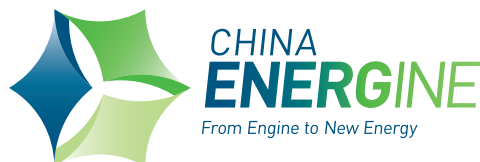


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**CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED**

**中國航天萬源國際(集團)有限公司\***

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 1185)**

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF 40% EQUITY IN AN ASSOCIATE  
BEIJING EWT-CASC DIRECTWIND MARKETING AND SALES CO. LTD.**

The Board is pleased to announce that the Company has entered into an Equity Transfer Agreement earlier on 10 February 2010 whereby EWT agreed to sell and the Company agreed to purchase a 40% equity in an associate of the Company, Directwind Sales for a consideration of RMB1.6 million (HK\$1.82 million) in cash.

The entering into of the Equity Transfer Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

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**The Equity Transfer Agreement**

Date : 10 February 2010

Parties : 1. EWT, as assignor; and  
2. The Company, as assignee.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the assignor and their ultimate beneficial owners are third parties independent of the Company and its connected persons and are not connected persons of the Group.

**Subject of the acquisition:**

Directwind Sales is a limited liability company established in Beijing, the PRC on 4 August 2008 and is principally engaged in the sales of the wind turbines manufactured by IM Turbine Manufacture, a subsidiary of the Group engaged in manufacture of direct drive turbines as to 900KW and 2MW capacities in Xinghe County, Inner Mongolia. The total registered capital of Directwind Sales amounts to RMB10 million (HK\$11.4 million) and contributions thereto attributable to EWT, the Company and Direct Energy amounted to RMB6.0 million (HK\$6.84 million), RMB2.5 million (HK\$2.85 million), and RMB1.5 million (HK\$1.71 million) respectively. EWT, the Company and Direct Energy hold 60%, 25%, and 15% equity interest in Directwind Sales respectively. As such, Directwind Sales 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 Company will hold 65% equity interest in Directwind Sales, which will then become a subsidiary of the Group. Its results will be consolidated into the accounts of the Group from the date of acquisition rather than equity accounted for as before.

According to unaudited financial statements of Directwind Sales prepared under PRC GAAP, the net loss before taxation and after taxation for the month ended 31 January 2010 amounted to RMB517,000 (HK\$589,000). According to the audited financial statements prepared under PRC GAAP, the net losses before taxation and after taxation for the period from 4 August 2008 to 31 December 2008 and the year ended 31 December 2009 amounted to RMB4,944,000 (HK\$5,637,000) and RMB7,425,000 (HK\$8,464,000) respectively. As at 31 December 2008 and 2009, the audited net assets or liabilities value of Directwind Sales amounted to net assets value of RMB1,358,000 (HK\$1,548,000) and net liabilities value of RMB2,366,000 (HK\$2,698,000) respectively. In accordance with the unaudited financial statements for the month ended 31 January 2010, the net liabilities value as at 31 January 2010 was recorded as RMB2,882,000 (HK\$3,286,000).

**Consideration and settlement:**

Pursuant to the Equity Transfer Agreement, the Company, after arm's length negotiation, agreed to acquire a 40% equity in Directwind Sales at a consideration of RMB1.60 million (HK\$1.82 million) in cash, as determined by reference to value on control of all of the entities of the supply chain of manufacture and sales of wind turbines and blades after the acquisition, fortifying the whole strategic positions of the Group's distribution of wind turbines and blades not only to the markets in China but also overseas markets. The consideration will be satisfied by the internal resources of the Company within the 10 business days in Euro or US dollar equivalent converted at the exchange rate on the date of payment following the completion of the conditions precedent mentioned below.

### **Conditions precedent for effectiveness of the Agreement:**

The Equity Transfer Agreement will become effective upon the fulfillment of the following conditions:

1. the signing of the revised joint venture contract and the revised Articles of Association of Directwind Sales between the parties and Direct Energy reflecting the equity transfer;
2. appointment of 2 more directors to Directwind Sales by the Company and removal of 2 directors by EWT such that the Company will have 3 directors assigned in the 5 director board of Directwind Sales;
3. filing for the required governmental approvals as to the equity transfer by Directwind Sales as procured by the parties.

### **Completion:**

Subject to the fulfillment of the above conditions precedent, completion will take place on the day when the valid registrations with the Beijing Administration of Industry and Commerce in relation to the ownership transfer of 40% equity interest in Directwind Sales is completed.

### **Reasons for and benefit of further investing in the Joint Venture**

The Group is principally engaged in the businesses of manufacturing and sales of wind turbines and blades, operation of wind farm, intelligent transportation systems, broadband wireless access systems and equipment, manufacturing and sale of telecommunications products and of hi-tech rare-earth permanent magnetic motors for elevators as well as investment in businesses of automotive component parts.

The acquisition of Directwind Sales is a Group's strategic move in completing development of wind energy project in terms of controlling all of the entities in the whole supply chain of sales and manufacture of wind turbine businesses, thereby enabling the Group to account for the whole profit out of the supply chain in the course of sales and manufacture of wind turbines and blades with the application of advanced direct-drive techniques as to 900KW direct drive turbines supplied by EWT rather than sharing of the profit in equity accounting at the sales company (Directwind Sales) in the supply chain.

The terms of the Equity Transfer Agreement are negotiated after arm's length negotiation. The board of directors (including the independent non-executive directors) of the Company considers that the transaction was entered into on normal commercial terms such that the terms thereof are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

## Information on the parties

EWT is a company established in Netherlands and is the second largest directwind turbine manufacturer possessing the comprehensive and advanced direct-drive techniques as to capacities of 750 KW and 900 KW on production of wind turbines and its main components such as turbine generators and blades.

EWT is one of the strategic partners of the wind energy project of the Group in that EWT is also one of the shareholders of the Group's subsidiaries, IM Turbine Manufacture as to 5% equity and IM composite Material as to 2.56% equity and was the major shareholder of Directwind Sales as to 60% equity before the acquisition. It also was the turbine components supplier supplying turbine components to the assembling plant of IM Turbine Manufacture.

## General

The entering into of the Equity Transfer Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

### Terms used in this announcement

“associate(s)”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CALT”	China Academy of Launch Vehicle Technology, the Company's major controlling shareholder of a state-owned entity established in the PRC and wholly-owned by China Aerospace Science and Technology Corporation, the ultimate controlling shareholder of the Company
“Company”	China Energinet 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
“Connected person(s)”	having the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Direct Energy”	Beijing Direct Energy Corp., a company established in Beijing, the PRC, holding 15% equity interest in Directwind Sales

“Directwind Sales”	Beijing EWT-CASC Directwind Marketing and Sales Co. Ltd., an associate of the Company as to 25% equity incorporated in Beijing, the PRC
“Equity Transfer Agreement”	the equity transfer agreement dated 10 February 2010 and entered into between the Company and EWT in relation to purchase and sales of 40% equity interest in Directwind Sales
“EWT”	Emergya Wind Technologies B.V., a company incorporated in Netherlands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IM Composite Material”	Inner Mongolia CASC Energiner Composite Material Co. Ltd., a subsidiary of the Company as to 56.41% equity established in Wulangchabu City, Inner Mongolia, the PRC
“IM Turbine Manufacture”	Inner Mongolia CASC Energiner Wind Turbine Manufacture Co. Ltd., a subsidiary of the Company as to 95% equity established in Wulangchabu City, Inner Mongolia, the PRC
“independent third party(ies)”	party(ies) who is(are) independent of and not connected nor acting in concert with the Directors, chief executive or substantial Shareholders of the Company or its subsidiaries, or any of their respective associates, or parties acting in concert with it
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the legal currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”                    having the meaning ascribed thereto in the Listing Rules  
“%”                                        per cent

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

By order of the board of directors of  
**China Engine International (Holdings) Limited**  
**Han Shuwang**  
*Chairman*

Hong Kong, 10 February 2010

*\* For identification purpose only*

*As at the date of this announcement, the Board comprises Mr. Han Shuwang and Mr. Wang Xiaodong as Executive Directors, Mr. Wu Jiang, Mr. Tang Guohong and Mr. Li Guang as Non-executive Directors and Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice, and Mr. Gordon Ng as Independent Non-executive Directors.*