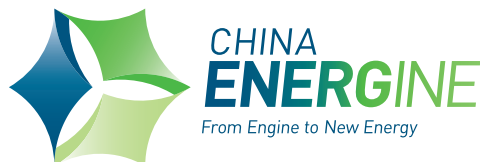


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

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 FORMATION OF A JOINT VENTURE ON WIND ENERGY PROJECT

The board of directors is pleased to announce that Beijing Energin, a wholly-owned subsidiary of the Company, has entered into a shareholder agreement for establishing Suzhou Wind Energy earlier on 16 December 2011 in relation to manufacture and sales of directdrive wind turbines whereby all the joint venture parties including Beijing Energin have agreed to make their investments for their respective share of capitals of Suzhou Wind Energy.

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

SHAREHOLDER AGREEMENT

The board of directors is pleased to announce that Beijing Energin, a wholly-owned subsidiary of the Company, has entered into a shareholder agreement for establishing Suzhou Wind Energy earlier on 16 December 2011 in relation to manufacture and sales of directdrive wind turbines whereby all the joint venture parties including Beijing Energin has agreed to make their investments for their respective shares of capital of Suzhou Wind Energy.

Shareholder Agreement dated 16 December 2011

Parties:

1. Beijing Energin, a wholly-owned subsidiary of the Company

2. Suzhou Tepu, an independent third party of the Company
3. Suzhou Startup, an independent third party of the Company
4. Suzhou Sanke, an independent third party of the Company
5. Suzhou Sanhuan, an independent third party of the Company

Total registered capital: RMB200 million (HK\$244 million)

	Beijing Energine <i>RMB'000</i>	Suzhou Tepu <i>RMB'000</i>	Suzhou Startup <i>RMB'000</i>	Suzhou Sanke <i>RMB'000</i>	Suzhou Sanhuan <i>RMB'000</i>
Share of registered capital: (in HK\$'000 equivalent)	70,000 (85,400)	60,000 (73,200)	30,000 (36,600)	30,000 (36,600)	10,000 (12,200)
Percentage of total registered capital:	35%	30%	15%	15%	5%
Mode of capital injection:	cash	land & building*	cash	cash	cash
Directors to be assigned:	3	1	1	nil	nil

* land and building at valuation of RMB 60 million to be assessed by an independent valuer

The capital injections to be made by Beijing Energine, Suzhou Startup and Suzhou Sanke are to be made within 5 days from the date of agreement whereas those by Suzhou Tepu and Suzhou Sanhuan are within 20 days therefrom.

Other terms:

After incorporation of Suzhou Wind Energy, the Joint Venture company, Suzhou Wind Energy, is to enter into:

1. a 1.5MW excitation wind turbine technology transfer agreement with Beijing Energine to purchase the right to 1.5MW excitation wind turbine technology from Beijing Energine at a price equal to valuation thereof on completion of its current development to be assessed by an independent valuer within 10 days from the date of incorporation with prepayment of RMB40 million (HK\$48.8 million) thereof to be paid by Suzhou Wind Energy within 7 days of entering into the agreement.

2. a 1.5MW excitation wind turbine technology permission agreement with Beijing Energene to grant the permission to employ and apply the 1.5MW excitation wind turbine technology globally to Beijing Energene at nil price plus the permission to employ and apply the 3MW excitation wind turbine technology being developed by Beijing Energene.
3. a 2MW double-fed wind energy technology transfer agreement with Suzhou Tepu to purchase the right to 2MW double-fed wind energy technology from Suzhou Tepu at a price equal to the valuation to be assessed by an independent accounting firm.
4. a purchase and sale agreement with Suzhou Tepu to purchase Suzhou Tepu's assets and liabilities other than that part of land and building apportioned for capital injection and the 2MW double-fed wind energy technology to be transferred by Suzhou Tepu as abovementioned at a consideration to be further agreed upon.

Business of Suzhou Wind Energy

Suzhou Wind Energy is to be engaged in the manufacture and sales of wind turbines of MW capacity in Suzhou, Jiansu in production of 2MW double-fed and 1.5MW excitation magnet directdrive wind turbines. The capacity of the annual production of the plant of Suzhou Wind Energy will reach 500 sets of 2MW double-fed directdrive wind turbines and 200 sets of 1.5MW excitation magnet directdrive wind turbines.

Reasons for and benefit of investing in the joint venture

The Group is principally engaged in the businesses of manufacture and sales of wind turbines and blades, operation of wind farm, trading of materials, 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 investment in businesses of automotive components parts.

The Directors considered that the Group would benefit from entering into of the Shareholder Agreement in reflecting the Group's expansion of its core business in terms of markets in Jiangsu and the East China region and of wind turbine makes offering to customers.

The terms of the Shareholder Agreement were negotiated after arm's length negotiation. The Directors including the independent non-executive directors consider that the terms of the Shareholder Agreement are on normal commercial terms which are fair and reasonable and the entering into the Shareholder Agreement is in the interests of the Company and its Shareholders as a whole.

Funding

Pursuant to the Shareholder Agreement, the amount of investment made by each of joint venture parties is restricted to their respective contribution in the registered capital of the joint venture.

The share of registered capital to be contributed by Beijing Energine in relation to the Shareholder Agreement amounts to RMB70 million (HK\$85.4 million) and will be satisfied by internal resources of the Group, payable within 5 days from the date of the Shareholder Agreement. The Joint Venture will be a non-wholly owned subsidiary of the Group with 35% equity by virtue of assignment of 3 directors out of the total 5-director board ie more than 50% directorship therein of the subsidiary; and the revenue, profits, assets and liabilities of the Joint Venture will be consolidated into the accounts of the Group accordingly.

Information on the joint venture parties

Suzhou Tepu is engaged in manufacture and sales of self-developed wind turbines and the related components. Suzhou Tepu is also one of the shareholders of another joint venture company, Gaizhou Wind Power whose 40% equity is to be held by Beijing Energine under a joint venture agreement dated 9 December 2011, the details of which were announced by the Company thereon. Suzhou Tepu is a subsidiary of the Gaizhou Wind Power's ultimate controlling shareholder, Jinhao Qianding.

Suzhou Startup is engaged in making investments on startup business, enterprise investment, management advisory and asset management in Suzhou. The scope of investments covers new energy, new materials, electronic information, optic-electrical assimilation, biotechnology, medicine health care, contemporary services, and etc.

Both Suzhou Sanke and Suzhou Sanhuan are engaged in investment management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Suzhou Tepu, Suzhou Startup, Suzhou Sanke and Suzhou Sanhuan and their ultimate beneficial owners are third parties independent of the Group and connected persons of the Company.

LISTING RULES IMPLICATION

The capital commitment in form of the share capital contributed of the Joint Venture amounted to RMB70 million (HK\$85.4 million). As the relevant percentage ratio calculated under Chapter 14 of the Listing Rules in relation thereto exceeds 5% but are less than 25%, the entering into of the Shareholder Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The forthcoming entering into two agreements with Suzhou Tepu as aforesaid will be connected transactions under the Listing Rules since Suzhou Tepu, one of the substantial shareholders of the incorporating subsidiary, Suzhou Wind Energy, by virtue of their 30% equity holding becomes a Connected Person after the incorporation under Chapter 14A of the Listing Rules. The Company will make separate announcements thereon on the days of entering into the agreements, where appropriate.

Terms used in this announcement

“Beijing Energiner”	北京萬源工業有限公司 (Beijing Energiner Industry Co. Limited), a wholly-owned subsidiary of the Company established in Beijing, the PRC;
“Board”	the board of Directors;
“CALT”	中國運載火箭技術研究院 (China Academy of Launch Vehicle Technology), a state-owned entity established in the PRC and wholly-owned by China Aerospace Science and Technology Corporation;
“Company”	China Energiner 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”	having the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“Discloseable Transaction”	the transaction contemplated under the Shareholder Agreement;

“Gaizhou Wind Power”	蓋州航天萬源風力發電有限公司 (Gaizhou Energene Wind Power Co. Ltd.), a company being established in Gaizhou, Liaoning, the PRC;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the legal currency of the Hong Kong Special Administrative Region of the PRC;
“Jinhao Qianding”	金好錢鼎投資有限公司 (Jinhao Qianding Investment Co. Ltd.), a company established in Zhejiang, the PRC;
“Joint Venture”	Suzhou Wind Energy;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (but, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
“RMB”	Renminbi, the legal currency of the PRC;
“Shareholder Agreement”	Shareholder agreement in respect of establishment of Suzhou Wind Energy of 16 December 2011;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suzhou Sanhuan”	蘇州三環投資管理有限公司 (Suzhou Sanhuan Investment Management Co. Ltd.), a company established in Suzhou, Jiangsu, the PRC;
“Suzhou Sanke”	蘇州三科投資管理有限公司 (Suzhou Sanke Investment Management Co. Ltd.), a company established in Suzhou, Jiangsu, the PRC;
“Suzhou Startup”	蘇州科技城創業投資有限公司 (Suzhou Technology Town Start-up Business Investment Co. Ltd.), a company established in Suzhou, Jiangsu, the PRC;
“Suzhou Tepu”	蘇州特譜風能技術有限公司 (Suzhou Tepu Wind Energy Technology Co. Ltd.), a company established in Suzhou, Jiangsu, the PRC;

“Suzhou Wind Energy” 蘇州航天特譜風能技術有限公司 (Suzhou Energin
Tepu Wind Energy Technology Ltd.), a company to be
established in Suzhou, the PRC under the Shareholder
Agreement;

“%” per cent.

*The translation of RMB into HK\$ throughout this announcement are based on the
exchange rate of RMB1 to HK\$1.22 and are provided for information purpose only.*

By Order of the Board
China Energin International (Holdings) Limited
Han Shuwang
Chairman

Hong Kong, 16 December 2011

*As at the date of this announcement, the Board comprise Mr. Han Shuwang (Chairman), Mr. Wang
Xiaodong (Vice-Chairman), Mr. Zang Wei and Mr. Wang Lijun as Executive Directors; Mr. Li Guang
and Mr. Fang Shili as Non-executive Directors; Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice and Mr.
Gordon Ng as Independent Non-executive Directors.*

* *for identification purpose only.*