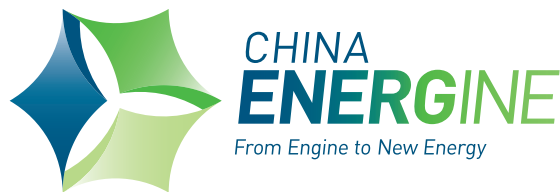


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

中國航天萬源國際(集團)有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1185)

PROPOSED MANDATE FOR VERY SUBSTANTIAL DISPOSAL POSSIBLE DISPOSAL OF JOINT VENTURE

INTRODUCTION

The board of directors (the “Board”) of China EnerGINE International (Holdings) Limited (the “Company”) announced that Beijing EnerGINE, a wholly-owned subsidiary of the Company, intends to proceed with a Possible Disposal of all its 40% equity of the joint venture, Wanyuan Henniges, through an open tender process in Beijing Equity Exchange commencing in early November 2013 for a consideration of no less than RMB207,137,000 payable in cash. The open tender process is expected to be completed in early December 2013.

The Equity Transfer Agreement (to be entered into at the end of the tender process)

Parties:

1. Beijing EnerGINE, as vendor, a wholly-owned subsidiary of the Company; and
2. successful bidder of the tender process (not yet known as of today), which is expected to be an independent third party of the Company since all Connected Persons of the Company had advised to the Company that they would not bid in the tender process

Expected Date: early December when the tender process comes to its end

Assets to be disposed:

All 40% equity of Wanyuan Henniges being held by Beijing Energine, the Transfer Equity

From the date of payment of the consideration mentioned hereinafter in full to the trustee in the tender process, the purchaser, that is the successful bidder, will be entitled to exercise 40% equity interest over Wanyuan Henniges in taking up all of the directorship of Beijing Energine as the transfer of the control relating to the 40% equity in effecting the disposal.

Consideration:

The Consideration for the Transfer Equity amounts to no less than RMB207,137,000 (HK\$260,164,000), the initial bidding price in the bidding process, which will be paid by the purchaser in cash to the trustee in the tender process within about 30 days from the date of the entering into the Equity Transfer Agreement.

The Consideration will be the highest bid price dependent upon the bid price to be offered by the successful bidder in the tender process, which will not be lower than the initial bidding price that is based on a valuation report as to valuation base date of 31 August 2013 produced by a PRC qualified independent valuer, Beijing Pan-China Assets Appraisals Co. Ltd.

The main basis for the income projection made by the Valuer for the income approach adopted in the Valuation:

Main factors taken into account in the course of forecasting income:

- i) The present capacity of production and obtaining orders and the current investment in expansion of production capacity, and taking the average selling price for selling sealing system as the standard in forecasting the change of price situation in the coming years reasonably:
- ii) The information as to future development prospect, the forecast statistic of the market prospect, corporate cost and expense management targets from the company's management;
- iii) All the premises in operation are leased. The lease terms for the company's plants in Beijing, Changchun and etc. will expire in the coming 1 to 3 years under the rental agreements. The mode of leasing premises will be continued, but the rentals in the later periods will equal the local market level.

- iv) The main raw material used for Wanyuan Henniges' production process is ethylene-propylene-diene monomer. Before July 2013, Wanyuan Henniges purchased this material mainly through Beijing Century International Trade Co. Ltd. (importer agent). After July 2013, Beijing Energine began to import ethylene-propylene-diene monomer as agent for Wanyuan Henniges. The change of purchase logistics increased the competition in the middle process, resulting in lowering purchasing price and increasing the gross profit ratio level of products. It is assumed that Wanyuan Henniges will continue to obtain the raw material through Beijing Energine.
- v) The operation premises leased in Beijing was located in Nam Yuen District. By reasons of environmental conservation and etc., the company projected to move the premises to the peripheral zones of Beijing in 2015, leading to relatively higher cost outlay and drop of production capacity in the year of move.
- vi) Matters relating to Income Tax. The company has been recognized as a high tech enterprise since 30 October 2009. In the application of reexamination of high tech enterprise in 2012, the Certificate of High Tech Enterprise no. GF201211001860 was obtained on 30 October 2012. The income tax rate of 15% is therefore adopted in this valuation.
- vii) The current state laws and regulations, corporate accounting system and the company's current financial policies.

Completion:

Completion will take place on the later of EGM to be held for grant of such Mandate to the Directors for the Disposal or payments of all Consideration to the trustee in the tender process by the purchaser.

Information on Wanyuan Henniges:

Wanyuan Henniges was established on 28 December 1995 with registered capital of RMB100 million. Its registered shareholders as of the date of this announcement are Henniges and Beijing Energine with respective shareholding of 60% and 40%, a sino-US joint venture.

Wanyuan Henniges specializes in manufacturing of medium-to-high class automotive sealing products in the domestic markets. Its products are classified into sealing systems, glass encapsulation and modular systems. The products' quality control standards are on par with the international advanced level.

Wanyuan Henniges has 5 plants located in Beijing, Tianjin, Changchun, Tieling, and Chengdu. It supplies sealing systems to the various makes of auto manufacturers including FAW-Volkswagen, Shanghai Volkswagen, Dongfeng Citroen, Shanghai General Motors, FAW, BAIC, and Geely.

Wanyuan Henniges has been a joint venture of the Company, whose results have been equity accounted for in the Company's consolidated financial statements. This equity accounting therefor will cease upon disposal of the joint venture.

According to the audited financial statements of Wanyuan Henniges prepared under PRC GAAP, the profits before and after taxation for the year 2011 were RMB24,317,000 (HK\$30,542,000) and RMB20,658,000 (HK\$25,946,000) respectively; and those for the year 2012 were RMB31,131,000 (HK\$39,101,000) and RMB28,009,000 (HK\$35,179,000) respectively. As at 31 August 2013, the unaudited net asset value of Wanyuan Henniges prepared under PRC GAAP amounted to RMB259,480,000 (HK\$325,907,000).

REASONS AND BENEFITS FOR THE POSSIBLE DISPOSAL

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 reason of the Possible Disposal is to realize the capital appreciation of Wanyuan Henniges and to procure working capital for the Group for the expansion of its core business of manufacture and sales of wind turbines.

The unaudited pro forma gain arising out of the Possible Disposal for the Company, representing the difference between the initial bidding price of the Proposed Disposal of RMB207,137,000 and the carrying value of the interest in Wanyuan Henniges of RMB101,169,000 in the unaudited consolidated financial statements of the Group as of 31 August 2013 will amount to approximately RMB105,968,000 (HK\$133,096,000) and the Group intends to utilize the sales proceeds as working capital of the Group.

Upon disposal, the net asset value of the Group will increase by approximately HK\$105,968,000 and gain of HK\$105,968,000 will be recognized in the accounts of the Group.

The Directors, including the independent non-executive directors, consider that the terms of the Possible Disposal are fair and reasonable, on normal commercial terms, and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Since the applicable percentage ratio under the Chapter 14 of the Listing Rules in respect of the Proposed Mandate is more than 75%, the Possible Disposal constitutes to be a very substantial disposal thereunder. The Possible Disposal is subject to the approval of the Company's Shareholders at an EGM. In this connection, the Company is to seek to obtain a mandate from the Shareholders to authorize the Directors to proceed with the open tender process of the Possible Disposal which is expected to commence in early November 2013.

A circular containing, among other things, (i) further information on the Possible Disposal; (ii) a notice of the EGM of the Company to be convened and held to consider to grant the Directors the Proposed Mandate; and (iii) other information required under the Listing Rules, will be dispatched to the Shareholders as soon as practicable but no later than 6 December 2013. The Company's major shareholder, CALT, holding 66.75% shareholding of the Company, had given a confirmation to the Company that they would vote for the Proposed Mandate in the EGM for grant of the Mandate in this regard.

The Company will make separate announcements at the end of the tender process for the purposes of announcing the details of the final equity transfer agreement to be signed as to the successful bidder i.e. the purchaser and the final bidding price of the tender i.e. the Consideration of the Disposal.

As the Possible Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares in the Company.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

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| “associate(s)” | having the meaning ascribed thereto in the Listing Rules |
| “Beijing Energine” | Beijing Energine Industry Co. Ltd. (北京萬源工業有限公司), a wholly-owned subsidiary of the Company established in Beijing, the PRC |
| “Board” | the board of Directors |

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| “CALT” | China Academy of Launch Vehicle Technology, the major shareholder of the Company holding 66.75% shareholding of the Company, a state-owned entity established in the PRC and wholly-owned by China Aerospace Science and Technology Corporate, the ultimate controlling shareholder of the Company. |
| “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 |
| “Completion” | Completion of the Equity Transfer pursuant to Equity Transfer Agreement |
| “Connected Person(s)” | having the meaning ascribed thereto in the Listing Rules |
| “Consideration” | the consideration for disposal of Transfer Equity |
| “Director(s)” | the director(s) of the Company |
| “EGM” | extraordinary general meeting to be held for granting Proposed Mandate to Directors |
| “Equity Transfer Agreement” | the equity transfer agreement to be entered into at end of the tender process between Beijing Energiner and the successful bidder in relation to equity transfer of 40% equity in Wanyuan Henniges |
| “Group” | the Company and its subsidiaries |
| “Henniges” | Henniges Automotive Sealing Systems North America, Inc., a company incorporated in U.S. |
| “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 |
| “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 |

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Proposed Mandate” | a mandate to be granted to the Directors to enter into and complete the Possible Disposal by Shareholders at EGM |
| “Possible Disposal” | disposal of Transfer Equity through open tender process which may or may not complete as far as open tender process in Beijing Equity Exchange is concerned |
| “RMB” | Renminbi, the legal currency of the PRC |
| “Transfer Equity” | 40% equity of Wanyuan Henniges |
| “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 |
| “Wanyuan Henniges” | Beijing Wanyuan-Henniges Sealing Systems Co. Ltd. (北京萬源瀚德汽車密封系統有限公司), a sino-foreign joint entity enterprise incorporated in Beijing, PRC |
| “%” | per cent |

For information purposes only, the exchange rate for RMB:HK\$ for translation is 1.256.

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

Hong Kong, 30 October 2013

As at the date of this announcement, the Board comprise Mr. Han Shuwang (Chairman), Mr. Wang Xiaodong (Vice-Chairman), Mr. Li Guang and Mr. Wang Lijun as Executive Directors; Mr. Fang Shili and Ms. Zhang Jianhua 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.*