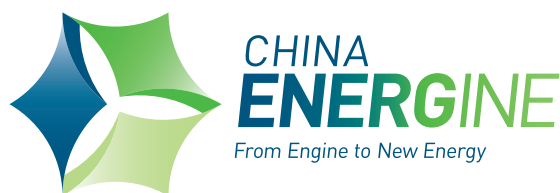


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

中國航天萬源國際(集團)有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1185)

**CONNECTED TRANSACTION
CONTRACTING AGREEMENT
ON SOURCING 3 MW WIND TURBINE BLADE MOULD
AND
CONTINUING CONNECTED TRANSACTION
PROPERTY LEASING AGREEMENT**

IM Composite Material, a subsidiary of the Company, entered into a Contracting Agreement with Aerospace Material on 27 December 2013 in relation to sourcing of 3MW wind turbine blade mould as commissioned by Aerospace Material at a contract sum of RMB11,832,300 (HK\$14,850,000).

Two subsidiaries of the Company, IM New Energy and IM Composite Material entered into a Property Leasing Agreement on 27 December 2013 whereby IM New Energy is to lease the premises in Xinghe County, Inner Mongolia to IM Composite Material at an annual rental of RMB5,181,413 (HK\$6,503,000) for a 2 year term from 1 January 2014 to 31 December 2015.

Since Aerospace Material is a subsidiary of the Company's major controlling shareholder of CALT, Aerospace Material is a connected person of the Company. In addition, since one of the shareholders of IM Composite Material as to 41.03% shareholding is also Aerospace Material. IM Composite Material is a connected person of the Company because of being a non wholly-owned subsidiary with the said more than 10% shareholding held by CALT's subsidiary. IM Composite Material's sourcing of 3MW wind turbine blade mould as commissioned by Aerospace Material under the Contracting Agreement constitutes a connected transaction under the Listing Rules. IM New Energy's leasing property to IM Composite Material is a continuing connected transaction thereunder.

Since the applicable percentage ratio under the Listing Rules in respect of contract sum for the contracting of wind turbine blade mould and the annual rental for the property leasing are less than 5%, the 2 connected transactions are exempt from the Independent Shareholders' approval at a general meeting under the Listing Rules.

CONTRACTING AGREEMENT

Date

27 December 2013

Parties

1. IM Composite Material, the contractor;
2. Aerospace Material, the commissioning party.

Principal Terms

Scope of contract: to source sub-contractor to produce 1 set of 3MW 58.8-metre turbine blade mould and supervise their mould production in meeting the diagram papers and technical specifications as required.

Contract sum: RMB11,832,300 (HK\$14,849,000)

Payment term: payable on such a schedule of 40% down payment (RMB4,732,920) within 5 days after entering into the Contracting Agreement; 30% progress payment (RMB3,549,690) on delivery of yang mould to venue specified by Aerospace Material on or before 10 January 2014; 20% payment (RMB2,366,460) on delivery of all contracted blade mould with passing of inspection test for delivery on or before 31 March 2014; 10% payment of retention monies (RMB1,183,230) after the warranty period with no issues of quality arising therein on or before 31 October 2014.

REASONS FOR ENTERING INTO THE CONTRACTING AGREEMENT

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.

By entering into the Contracting Agreement, IM Composite Material will assume the contracting service for sourcing and supervising production of 3 MW 58.8-metre wind turbine blade mould for Aerospace Material's possession of ownership of the intelligent property of 3 MW 58.8-metre wind turbine blade. IM Composite Material has the right to employ the technologies relating to the patent right to produce 58.8-metre blades of 3MW wind turbines.

Aerospace Material is a state-owned institution established in PRC, controlled by CALT and is the leading research centre engaging research on aerospace material application and processing as well as fibers, fabric and composite material, with possession of recognition award of GJB 9001.

The contract sum of the contracting which is unique by nature represented all of the costs of the project plus a margin of the market ratio in the industry. The Directors (including the independent non-executive directors) are of the view that the terms of the Contracting Agreement are fair and reasonable and that the transaction are on normal commercial terms and in the interests of the subsidiaries and the Company's Shareholders as a whole, and that it is beneficial to the subsidiaries to enter into the transactions. No Directors personally have a material interest in the connected transaction. Yet by reason that all of the Directors other than the independent non-executive directors are representatives of CALT, they have abstained from voting on the board resolution.

PROPERTY LEASING AGREEMENT

Date

27 December 2013

Parties

1. IM New Energy;
2. IM Composite Material

Principal Terms

Pursuant to the Property Leasing Agreement, IM New Energy, a wholly-owned subsidiary of the Company, is to lease its premises of No.1 Hangtian Road, Xingwangjiao Industrial Area, Xinghe County, Inner Mongolia to IM Composite Material as industrial plant, office, warehouse and associated facilities for manufacture of turbine blades and other composite materials for a 2 year term from

1 January 2014 to 31 December 2015 at an annual rental of RMB5,181,413 (HK\$6,503,000) in total, 50% thereof payable in advance within the 3 days after the signing of the agreement with the balance of 50% payable before the end of each year.

The Property Leasing Agreement was entered into on normal commercial terms with the rental being at market prices or prices no less favourable to IM New Energy than those available from Independent Third Parties.

REASONS FOR ENTERING INTO THE PROPERTY LEASING AGREEMENT

By entering into the Property Leasing Agreement, IM Composite Material will be enabled to occupy and use the Leased Premises for its principal activities of manufacture of wind turbine blades of composite materials to its customers, primarily IM Turbine Manufacture. This leasing of Leased Premises contemplated under the Property Leasing Agreement is to be of a recurrent revenue nature that it will occur on a regular and continuing basis in the ordinary and usual course of businesses of the two subsidiaries.

The Directors (including the independent non-executive directors) are of the view that the terms of the leasing of Leased Premises under the Property Leasing Agreement are fair and reasonable and that the transactions are on normal commercial terms in the ordinary and usual course of businesses of the subsidiaries and in the interests of the subsidiaries and the Company's Shareholders as a whole, and that it is beneficial to IM New Energy to enter into the transactions. No Directors have a material interest in the transactions. Yet by reason that all of the Directors other than the independent non-executive directors are representatives of CALT, they have abstained from voting on the board resolution.

IMPLICATIONS UNDER THE LISTING RULES

Since Aerospace Material is a subsidiary of the Company's major controlling shareholder of CALT, Aerospace Material is a connected person of the Company. In addition, since one of the shareholders of IM Composite Material as to 41.03% shareholding is also Aerospace Material. IM Composite Material is a connected person of the Company because of being a non wholly-owned subsidiary with the said more than 10% shareholding held by CALT's subsidiary. IM Composite Material's sourcing and supervising production of 3MW wind turbine blade mould as commissioned by Aerospace Material under the Contracting Agreement constitutes a connected transaction under the Listing Rules. IM New Energy's leasing property to IM Composite Material is a continuing connected transaction thereunder.

Since the applicable percentage ratio under the Listing Rules in respect of contract sum for the contracting of wind turbine blade mould and the annual rental for the property leasing are less than 5%, the 2 connected transactions are exempt from the Independent Shareholders' approval at a general meeting under the Listing Rules.

The Contracting Agreement and Property Leasing Agreement are not inter-conditional to each other.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Aerospace Material”	Aerospace Research Institute of Materials & Processing Technology (航天材料及工藝研究所), a state-owned institute incorporated in the PRC and controlled by CALT
“Board”	the board of Directors
“CALT”	China Academy of Launch Vehicle Technology (中國運載火箭技術研究院), 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 Enginere 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
“Contracting Agreement”	the contracting agreement dated 27 December 2013 and entered into between the IM Composite Material and Aerospace Material in relation to contracting of sourcing 3MW wind turbine blade mould
“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. (內蒙古航天萬源複合材料有限公司), a subsidiary of the Company as to 56.41% equity established in Ulanqab City, Inner Mongolia, the PRC
“IM New Energy”	Inner Mongolia Energiner New Energy Development Co. Ltd., a wholly-owned subsidiary of the Company established in Ulanqab 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 Ulanqab City, Inner Mongolia, the PRC
“Independent Shareholders”	All shareholders of the Company excluding CALT and its associates
“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
“Leasing Premises”	premises of No. 1 Hangtian Road, Xingwangjiao Industrial Area, Xinghe County, Inner Mongolia as industrial plant, office, warehouse and associated facilities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property Leasing Agreement”	the property leasing agreement dated 27 December 2013 and entered into between the IM New Energy and IM Composite Material in relation to leasing of Leased Premises
“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 information purpose of this announcement, the exchange rate of RMB:HK\$ is RMB1.00:HK\$1.255.

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

Hong Kong, 31 December 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.*