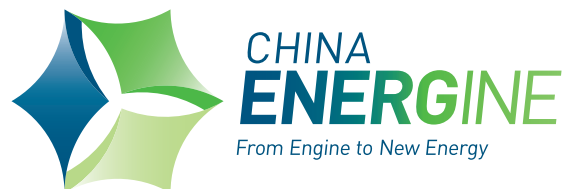


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

中國航天萬源國際(集團)有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1185)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES**

Placing Agent



On 15 December 2014 (after trading hours), the Company entered into the Placing and Subscription Agreement with the Vendor and the Placing Agent pursuant to which the Vendor agreed to place, through the Placing Agent, on a best endeavour basis, up to 400,000,000 Placing Shares to not less than six Placees at a price of HK\$0.75 per Placing Share.

Pursuant to the Placing and Subscription Agreement, the Vendor conditionally agreed to subscribe for up to 400,000,000 New Shares at a price of HK\$0.75 per New Share.

The Subscription is conditional upon, (i) completion of the Placing; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares.

Assuming all Placing Shares are placed, the Placing Shares (or the New Shares) represent (i) approximately 10.08% of the existing issued share capital of the Company of 3,968,995,668 Shares as at the date of this announcement; and (ii) approximately 9.15% of the issued share capital of the Company of 4,368,995,668 Shares as enlarged by the Subscription.

The Placing Price of HK\$0.75 represents:

- (i) a discount of approximately 17.58% to the closing price of HK\$0.91 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 10.07% to the average closing price of approximately HK\$0.834 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing and Subscription Agreement.

Assuming all Placing Shares are placed, the net proceeds of approximately HK\$291.8 million from the Subscription is intended to be used for general working capital and to finance investment projects on energy storage including the development of wind and solar power storage integration and that on electric vehicles.

Shareholders and potential investors should note that the completion of the Placing and the Subscription are subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

15 December 2014 (after trading hours)

Parties

- (1) the Placing Agent
- (2) the Vendor
- (3) the Company

THE PLACING

Placing Shares

Pursuant to the Placing and Subscription Agreement, the Placing Agent has agreed to procure, on a best endeavour basis, not less than six Placees for the purchase of up to 400,000,000 Placing Shares at the Placing Price. Assuming all Placing Shares are placed, the Placing Shares represent (i) approximately 10.08% of the existing issued share capital of the Company of 3,968,995,668 Shares as at the date of this announcement; and (ii) approximately 9.15% of the issued share capital of the Company of 4,368,995,668 Shares as enlarged by the Subscription.

Placing commission

The Placing Agent will receive a placing commission of 2.7% of the Placing Price multiplied by the number of the Placing Shares successfully placed by the Placing Agent, which was arrived at after arm's length negotiation between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares, on a best endeavour basis, to not less than six Placees who are individual, institutional or professional investors and whose ultimate beneficial owners will be (i) independent of and not connected with the Company and its connected persons; and (ii) third parties independent of and not acting in concert with the Vendor or any person acting in concert with it.

Placing Price

The Placing Price is HK\$0.75, representing:

- (i) a discount of approximately 17.58% to the closing price of HK\$0.91 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 10.07% to the average closing price of HK\$0.834 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing and Subscription Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, the Vendor and the Placing Agent. The Directors consider that the Placing Price and the placing commission are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares rank pari passu among themselves and with Shares in issue as at the date of this announcement.

Conditions of the Placing

The Placing is unconditional.

Completion

The Placing is expected to be completed on 19 December 2014, being the 4th Business Day after the date of the Placing and Subscription Agreement, or such other date as the Vendor and the Placing Agent shall agree.

THE SUBSCRIPTION

The New Shares

The New Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 793,799,133 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate. Following completion of the Subscription and assuming all Placing Shares are placed, a total number of 400,000,000 New Shares will be allotted and issued, leaving a balance of 393,799,133 Shares to be allotted and issued under the General Mandate.

The Subscription Price

The Subscription Price is HK\$0.75 per New Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

Number of New Shares

The number of New Shares is equivalent to the number of Placing Shares.

Ranking of New Shares

The New Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of allotment and issue of the New Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the completion of the Placing; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the New Shares.

Completion of the Subscription will not take place if any of the above conditions are not fulfilled.

Completion

Subject to fulfillment of the above conditions, completion of the Subscription will take place on the second Business Day following the satisfaction of the above conditions or such other date as the Vendor and the Company shall agree.

The Subscription constitutes a connected transaction under the Listing Rules but it falls within the exemption under Rule 14A.92(4) of the Listing Rules if the Subscription is completed within 14 days from the date of the Placing and Subscription Agreement (i.e. 29 December 2014).

In the event that the conditions of the Placing and Subscription Agreement are not fulfilled by 29 December 2014, or such later date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Company and the Vendor in relation to the Subscription shall be null and void and the Vendor and the Company shall be released from all rights and obligations pursuant to the Subscription.

REASONS FOR THE PLACING AND SUBSCRIPTION

Assuming all the Placing Shares are placed, the gross proceeds from the Subscription will be HK\$300 million. The net proceeds of approximately HK\$291.8 million from the Subscription is intended to be used for general working capital and to finance investment projects on energy storage including the development of wind and solar power storage integration and that on electric vehicles.

The Directors had considered various ways of raising funds and consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

Completions of the Placing and the Subscription are subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities for the twelve months immediately before the date of this announcement

EFFECTS ON SHAREHOLDING STRUCTURE

	As at the date of this announcement		Immediately after the Placing but before the Subscription		Immediately after the completion of the Placing and Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Vendor (<i>Note 1</i>)	2,649,244,000	66.75	2,249,244,000	56.67	2,649,244,000	60.64
Placees (<i>Notes 2 and 3</i>)	—	—	400,000,000	10.08	400,000,000	9.15
Public Shareholders	<u>1,319,751,668</u>	<u>33.25</u>	<u>1,319,751,668</u>	<u>33.25</u>	<u>1,319,751,668</u>	<u>30.21</u>
Total	<u>3,968,995,668</u>	<u>100.00</u>	<u>3,968,995,668</u>	<u>100.00</u>	<u>4,368,995,668</u>	<u>100.00</u>

Notes:

1. The Vendor is a company incorporated in the British Virgin Islands.
2. It is expected that the Placees will be individual, institutional or professional investors and whose ultimate beneficial owners will be (i) independent of and not connected with the Company and its connected persons; and (ii) third parties independent of and not acting in concert with the Vendor or its concert parties.
3. Assuming all the Placing Shares are placed.

GENERAL

The Group is principally engaged in the (i) manufacture and sale of wind energy related products; (ii) sales of electricity from operation of wind farm; (iii) manufacture and distribution of elevator motors; (iv) provision of distributed energy renewal solutions by wind and solar power storage integration, and (v) development, manufacture and distribution of communication products, ITS, broadband, equipment and accessories.

As at the date of this announcement, the authorised share capital of the Company consisted of 10,000,000,000 Shares out of which 3,968,995,668 Shares are issued and fully paid up.

The New Shares will be allotted and issued pursuant to the General Mandate passed at the AGM. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the New Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 29 May 2014
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means any day (excluding Saturdays, Sundays and public holidays) on which commercial banks generally are open for business in Hong Kong
“Company”	China Energine International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 1185)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	15 December 2014, being the last full trading day for the Shares on the date of this announcement
“Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited
“New Shares”	up to 400,000,000 new Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to acquire any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement
“Placing”	the placing of Placing Shares
“Placing Agent”	Industrial Securities (Hong Kong) Capital Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the placing and subscription agreement dated 15 December 2014 entered into among the Company, the Vendor and the Placing Agent
“Placing Price”	HK\$0.75 per Placing Share, exclusive of Hong Kong stamp duty, Stock Exchange trading fees and SFC transaction levy
“Placing Share(s)”	up to 400,000,000 existing Shares legally and beneficially owned by the Vendor and to be placed by or on behalf of the Placing Agent pursuant to the Placing and Subscription Agreement

“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for New Shares
“Subscription Price”	HK\$0.75 per New Share
“Vendor”	Astrotech Group Limited, being the owner of 2,649,244,000 Shares at the date of this announcement
“%”	per cent

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

Hong Kong, 15 December 2014

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

** For identification purposes only*