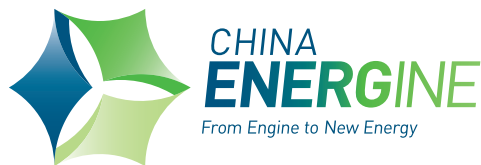


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

中國航天萬源國際(集團)有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1185)

**RENEWAL OF CONTINUING CONNECTED TRANSACTION
PROPERTY LEASING AGREEMENT**

Two subsidiaries of the Company, IM New Energy and IM Composite Material entered into a Property Leasing Agreement on 18 December 2017 whereby IM New Energy is to renew the lease in relation to the premises in Xinghe County, Inner Mongolia to IM Composite Material at an annual rental of RMB5,181,413 (equivalent to approximately HK\$6,103,705) for a 2-year term from 1 January 2018 to 31 December 2019.

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 New Energy's leasing property to IM Composite Material is a continuing connected transaction under the Listing Rules.

Since the applicable percentage ratios under the Listing Rules in respect of the annual rental for the property leasing are less than 5%, the continuing connected transaction is exempt from the Independent Shareholders' approval at a general meeting under the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 15 December 2015, where the Company announced that, among other things, IM New Energy and IM Composite Material entered into a property leasing agreement on 15 December 2015 whereby IM New Energy was to lease the premises in Xinghe County, Inner Mongolia to IM Composite Material for a 2-year term expiring on 31 December 2017.

The Board announces that on 18 December 2017, IM New Energy, as landlord, entered into the Property Leasing Agreement with IM Composite Material, as tenant, to renew the lease of the premises in Xinghe County, Inner Mongolia.

PROPERTY LEASING AGREEMENT

Date

18 December 2017

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 2018 to 31 December 2019 at an annual rental of RMB5,181,413 (equivalent to approximately HK\$6,103,705) in total. The annual rental will be payable quarterly with RMB1,300,000 (equivalent to approximately HK\$1,531,400) payable on 15 January, 15 April, 15 July, and RMB1,281,413 (equivalent to approximately HK\$1,509,505) payable on 15 October in 2018 and 2019.

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

REASONS FOR ENTERING INTO THE PROPERTY LEASING AGREEMENT

The Group is principally engaged in the businesses of manufacture and sales of wind turbines and blades, energy storage related products, operation of wind farm, manufacture and sale of telecommunications products as well as investment in businesses of automotive components parts.

By entering into the Property Leasing Agreement, IM Composite Material will continue to occupy and use the Leased Premises for its principal activities of manufacture of wind turbine blades of composite materials to its customers. 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 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.

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 New Energy's leasing property to IM Composite Material is a continuing connected transaction under the Listing Rules.

Since the applicable percentage ratios under the Listing Rules in respect of the annual rental for the property leasing are less than 5%, the continuing connected transaction is exempt from the Independent Shareholders' approval at a general meeting under the Listing Rules.

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 Energin 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
“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 Energin 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 Energin New Energy Development Co. Ltd., a wholly-owned subsidiary of the Company 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 18 December 2017 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
“Shareholder(s)”	holder(s) of shares of the Company
“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\$1.178.

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

Hong Kong, 18 December 2017

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. Liu Xiaowei as Non-executive Director; Ms. Kan Lai Kuen, Alice, Mr. Gordon Ng, and Mr. Li Dapeng as Independent Non-executive Directors.

* *for identification purpose only.*