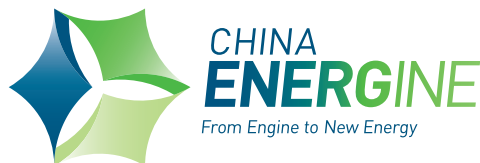


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

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
INVESTMENT IN A JOINT VENTURE
ON WIND POWER PROJECT**

The board of directors is pleased to announce that Beijing Energin, a wholly-owned subsidiary of the Company, has entered into an equity joint venture agreement for establishing Gaizhou Wind Power earlier on 9 December 2011 in relation to development and operation of wind farms whereby all the joint venture parties including Beijing Energin have agreed to make their investments for their respective share of capitals of Gaizhou Wind Power.

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

JOINT VENTURE AGREEMENT

The board of directors is pleased to announce that Beijing Energin, a wholly-owned subsidiary of the Company, has entered into an equity joint venture contract for establishing Gaizhou Wind Power earlier on 9 December 2011 in relation to development and operation of wind farms whereby all the joint venture parties including Beijing Energin has agreed to make their investments for their respective shares of capital of Gaizhou Wind Power.

Joint Venture Agreement dated 9 December 2011

- Parties:
1. Beijing Engergine, a wholly-owned subsidiary of the Company
 2. Zhongneng Huali, an independent third party of the Company
 3. Suzhou Tepu, an independent third party of the Company
 4. Liaoning Juzi, an independent third party of the Company

Total investment: RMB 855,310,000 (HK\$1,043,478,000)

Total registered capital: RMB171,070,000 (HK\$280,705,000)

	Beijing Engergine	Zhongneng Huali	Suzhou Tepu	Liaoning Juzi
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of registered capital: (in HK\$'000 equivalent)	68,428 (83,482)	51,321 (62,612)	47,899.6 (58,437)	3,421.4 (4,174)
Percentage of total registered capital:	40%	30%	28%	2%
Directors to be assigned:	2	2	1	—

Term of equity transfer:

Zhongneng Huali is obliged to purchase 30% equity out of the 40% equity of Gaizhou Wind Power to be held by Beijing Engergine within 12 months after connection of grid for electricity delivery has commenced at a consideration equal to an appraisal value but no less than the apportioned capital amount plus its capital gain to be calculated at a rate of 10% per annum from the capital injection date, leaving Beijing Engergine holding 10% equity thereafter. The board members will accordingly be changed then that one director to be assigned by Beijing Engergine will be replaced by one more director to be assigned by Zhongneng Huali.

Suzhou Tepu is also obliged to sell all its equity of Gaizhou Wind Power to Zhongneng Huali within 6 months after the commencement of connection of grid for electricity delivery.

Business of Gaizhou Wind Power

The business scope of Gaizhou Wind Power covers development and construction of wind power project; operation and maintenance of wind farm; development, investment, construction, operation and management of new energy; organisation, operation and sales of power generated; inspection and commissioning of power equipment, development and advisory service on power technology, contracting and advisory on power project, power material, power service relating to environment conservation; sales of carbon-reduction volume under CDM mechanism.

The above scope is subject to the approval from the local branch of State Administration of Industry and Commerce.

Gaizhou Wind Power is to be engaged in the construction and operation of 2 wind farms, namely, Gaizhou Xutun Aerospace Wind Farm of 48MW capacity and Gaizhou Tazigou Wind Farm of 48MW capacity in Gaizhou, Liaoning.

Reasons for and benefit of investing in the joint ventures

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 Joint Venture Contract in reflecting the Group's expansion of its core business of development wind farm in utilisation of wind turbines manufactured by the Group in Gaizhou, Liaoning in realisation of the mission of environmental conservation by reduction of carbon emission and advancing the local economic development.

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

Funding

Pursuant to the Joint Venture 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 difference between total investment and registered capital will be funded by project financing.

The share of registered capital to be contributed by Beijing Energine in relation to the Joint Venture Agreement amounts to RMB68,428,000 (HK\$83,482,000) and will be satisfied by internal resources of the Group, payable on schedule of 20% within 1 day from entering into this agreement and another 50% on or before 15 December 2011 and the remaining 30% on need basis according to the wind farm construction progress but no later than 2 years after the incorporation of the Joint Venture. The Joint Venture will be an associate of the Group with 40% equity and the results and net assets of the joint venture would be equity accounted for in the Group initially.

Information on the joint venture parties

Zhongneng Huali is a company incorporated in April 2011 in Beijing, controlled by Jinhao Qianding, to be engaged in investment in development and construction of wind farm as well as development and operation of other new energy.

Suzhou Tepu, also controlled by Jinhao Qianding, is engaged in manufacture and sales of self-developed wind turbines and the related components.

Liaoning Juzi is engaged in design, development, manufacture, machinery processing of plastic mould and plastic products in owning the trademark “巨子”.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, Zhongneng Huali, Suzhou Tepu and Liaoning Juzi 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 RMB68,428,000 (HK\$83,482,000). 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 Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Terms used in this announcement

“Beijing Energine”	北京萬源工業有限公司(Beijing Energine 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 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;
“Directors”	the directors of the Company;
“Disclosaeable Transaction”	the transaction contemplated under the Joint Venture Agreement;
“Gaizhou Wind Power”	蓋州航天萬源風力發電有限公司 (Gaizhou Energin Wind Power Co. Ltd.), a company to be 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”	Gaizhou Wind Power;
“Joint Venture Agreement”	Equity joint venture agreement in respect of establishment of Gaizhou Wind Power of 9 December 2011;
“Liaoning Juzi”	遼寧巨子實業股份有限公司 (Liaoning Juzi Industrial Co. Ltd.), a company established in Liaoning, the PRC;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“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;
“Zhongneng Huali”	中能華力投資有限公司 (Zhongneng Huali Investment Co. Ltd.), a company established in Beijing, the PRC; and
“%”	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 Engene International (Holdings) Limited
Han Shuwang
Chairman

Hong Kong, 9 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.*