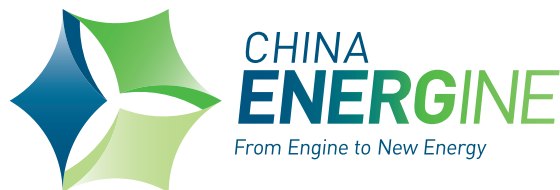


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

中國航天萬源國際(集團)有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1185)

**VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF ALL 40% EQUITY IN A JOINT VENTURE
BEIJING WANYUAN-HENNIGES SEALING SYSTEMS CO. LTD.**

Beijing EnerGINE, a wholly-owned subsidiary of the Company, entered into a share purchase agreement pursuant to which, Beijing EnerGINE agreed to sell, and Henniges agreed to purchase, all 40% equity of the joint venture, Wanyuan Henniges for a consideration of RMB217,000,000 payable in cash.

Since the applicable percentage ratio under the Chapter 14 of the Listing Rules in respect of the Disposal is more than 75%, the Disposal constitutes to be a very substantial disposal thereunder.

INTRODUCTION

Reference is made to the Company's announcement on 30 October 2013 and the Company's circular of 6 December 2013 in relation thereon and the Company's poll result of the EGM in relation thereto published on 24 December 2013.

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, entered into a share purchase agreement pursuant to which, Beijing EnerGINE agreed to sell, and Henniges agreed to purchase, all 40% equity of the joint venture, Wanyuan Henniges for a consideration of RMB217,000,000 payable in cash after the open tender process in Beijing Equity Exchange ended on 23 December 2013.

The Share Purchase Agreement

Date: 24 December 2013

Parties:

1. Beijing Energine, as seller, a wholly-owned subsidiary of the Company; and
2. Henniges, as purchaser, an independent third party of the Company

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 escrow agent 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 RMB217,000,000 (HK\$272,335,000) higher than RMB207,137,000 (HK\$259,957,000), the initial bidding price in the bidding process. The purchaser has made a deposit amounting to RMB54,250,000 to the Escrow Account. Within 3 days of entering into the Share Purchase Agreement, the purchaser will make the balance of RMB217,000,000 in US\$ at the middle exchange rate RMB against US\$ announced by People's Bank of China one day prior to purchaser's remittance date.

The Consideration is the only bid price offered by the successful bidder in the tender process, which is higher than the initial bidding price that is based on a Asset Valuation Report as to valuation base date of 31 August 2013 produced by a PRC qualified independent valuer, PC Appraisal, whose summary with details of assumption in relation thereto is set out in Appendix of the Circular of 6 December 2013.

Conditions precedent:

The Transfer Equity is subject to the following preconditions unless the purchaser specifically waives the fulfillment of any of the conditions precedent in writing.

- a) The seller shall under the supervision of SASAC or its authorized authorities have organized Assets and Capital Verification of Wanyuan Henniges and have obtained the prior approval of the SASAC or its authorized authorities for the contemplated purchase of the Transfer Equity and completed the public listing and/or auction procedures at Beijing Equity Exchange for the equity transfer in accordance with relevant laws, regulations and policies.
- b) The contemplated equity transfer thereunder has been approved by the SASAC and the Ministry of Commerce of PRC or its authorized local authority and registered with relevant administration for industry and commerce.
- c) The contemplated equity transfer thereunder has been listed in Beijing Equity Exchange on 26 November 2013 and only the purchaser appeared during the listing period.
- d) Other than as contemplated in a) to c) above, no statute, rule or regulation shall have been enacted, entered, promulgated or enforced by any competent court or any government entity having jurisdiction over the parties that prohibits the acquisition of the Transfer Equity by the purchaser in accordance with the terms of the agreement; and
- e) There shall not be in effect any judgement, order, injunction or decree of any court or statutory authority of competent jurisdiction which is brought about that prohibits acquisition of the Transfer Equity by the purchaser in accordance with the terms of the agreement other than as a result of any gross negligence or willful default of 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 and share of net assets 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 reviewed financial statements of Wanyuan Henniges prepared under Hong Kong Financial Reporting Standards as set out in the Appendix II to the Circular, the profits before and after taxation for the year 2011 were HK\$28,471,000 and HK\$24,080,000 respectively; and those for the year 2012 were HK\$36,804,000 and HK\$32,953,000 respectively. As at 31 August 2013, the reviewed net asset value of Wanyuan Henniges prepared under Hong Kong Financial Reporting Standards amounted to HK\$326,876,000.

Information on Henniges:

Henniges provides world class vehicle sealing and anti-vibration solutions for the global automotive industry. Since its inception in 2007, Henniges has been committed to its strategy of flawless execution, driving innovative solutions for its customers through flexibility, agility and transparency. Headquartered in Auburn Hills, Michigan, Henniges utilizes the talents of their associates located in six countries and across three continents to meet their customers' growing global needs.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Henniges and their ultimate beneficial owners are third parties independent of the Group and connected persons of the Company.

REASONS AND BENEFITS FOR THE 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 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 in making purchases of the components of wind turbines.

The unaudited pro forma gain arising out of the Disposal for the Company, representing the difference between the Consideration of the Disposal of RMB217,000,000 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 less the estimated cost relating to the Disposal of HK\$1,500,000 will amount to approximately HK\$143,868,000.

Upon disposal, the total asset value or net asset value of the Group (with no change of total liabilities) will increase by approximately HK\$143,868,000 and gain of HK\$143,868,000 will be recognized in the accounts of the Group.

The Directors, including the independent non-executive directors, consider that the terms of the 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 Disposal is more than 75%, the Disposal constitutes to be a very substantial disposal thereunder. The Disposal is subject to the approval of the Company's Shareholders at an EGM. In this connection, the Company has sought a Mandate from the Shareholders to authorize the Directors to proceed with the open tender process of the Disposal in the EGM of 24 December 2013 as indicated in the poll result in relation thereto announced thereon.

DEFINITIONS

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

“Asset Valuation Report”	the Asset Valuation Report of Wanyuan Henniges as of 31 August 2013 prepared by PC Appraisal
“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
“Beijing Equity Exchange”	China Beijing Equity Exchange Co. Ltd., an approved equity exchange
“Board”	the board of Directors

“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 CASC
“CASC”	China Aerospace Science and Technology Corporation, a state-owned entity established in the PRC and the ultimate controlling shareholder of the Company
“Circular”	the Company’s circular of 6 December 2013 on possible mandate for very substantial disposal of all 40% equity in Wanyuan Henniges
“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
“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
“Disposal”	disposal of Transfer Equity pursuant to the Share Purchase Agreement
“EGM”	extraordinary general meeting to be held for granting Proposed Mandate to Directors
“Escrow Agent”	the escrow agent in the tender process, which is Beijing Equity Exchange acting as the escrow agent to collect the consideration monies on behalf of seller through an escrow account and release the monies to seller when all the procedures for change of owner of the Transfer Equity completes under escrow agreements entered into between Beijing Equity Exchange, China Zheshang Bank Co. Ltd. Beijing Branch, with which the escrow account is opened, Beijing Energiner and 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate”	a mandate to be granted to the Directors to enter into and complete the Disposal by Shareholders at EGM
“PRC”	the People’s Republic of China
“PC Appraisal”	Beijing Pan-China Assets Appraisal Co. Ltd., the PRC independent asset valuer for appraisal of asset value of Wanyuan Henniges
“RMB”	Renminbi, the legal currency of the PRC
“Share Purchase Agreement”	the share purchase agreement to be entered into at end of the tender process between Beijing Energine and the successful bidder in relation to equity transfer of all 40% equity in Wanyuan Henniges held by Beijing Energine
“SASAC”	the States Assets Supervise and Administrate Commissiion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 Ltd.
“subsidiary(ies)”	having the meaning ascribed thereto in the Listing Rules
“Transfer Equity”	40% equity of Wanyuan Henniges

“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 1.255.

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

Hong Kong, 27 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.*