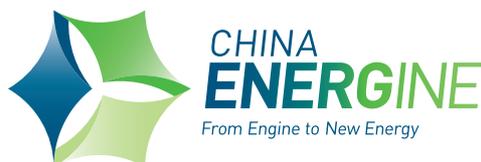


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

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
TOP-UP SUBSCRIPTION OF NEW SHARES
AND
RESUMPTION OF TRADING**

Placing Agent



ORIENTAL PATRON SECURITIES LIMITED

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES

On 10 November 2009, the Placing and Subscription Agreement was entered into between the Vendor, the Company and the Placing Agent, pursuant to which (i) the Placing Agent has agreed to place, on a best effort basis, up to 300 million Initial Placing Shares held by the Vendor to the placees who are Independent Third Parties at HK\$0.80 per Placing Share, and (ii) (upon exercise of certain option granted by the Vendor to the Placing Agent under the Placing and Subscription Agreement, if so exercised, and on a best effort basis) up to 45 million Option Placing Shares (in addition to the Initial Placing Shares) held by the Vendor to the placees who are Independent Third Parties at HK\$0.80 per Placing Share. The said option was exercised in full on 10 November 2009.

Under the Placing and Subscription Agreement, the Vendor has conditionally agreed to subscribe for the Subscription Shares (the number of which is equal to the number of Placing Shares actually sold under the Placing Agreement) at HK\$0.80 per Subscription Share. The Subscription is subject to various conditions set out below under the section headed “Conditions of the Subscription”.

The price per Placing Share represents (i) a discount of approximately 14.9% to the closing price of HK\$0.940 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 10.3% to the average closing price of HK\$0.892 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 10.9% to the average closing price of HK\$0.898 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The total number of 345 million Placing Shares (comprising both the Initial Placing Shares and the Option Placing Shares) represents (i) approximately 9.52% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

If all the 345 million Placing Shares (comprising both the Initial Placing Shares and the Option Placing Shares) are placed under the Placing, the shareholding of the Vendor will decrease from approximately 73.10% to approximately 63.58% immediately after completion of the Placing, and will increase to approximately 66.75% immediately after completion of the Subscription.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 9 June 2009. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Upon completion of the Placing (and assuming all the 345 million Placing Shares are sold), the gross proceeds and net proceeds arising from the Subscription are estimated to be approximately HK\$276 million and HK\$266 million respectively. The Company intends to use the net proceeds as general working capital of the Group for developing wind-energy projects in Inner Mongolia.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9.30 a.m. on 10 November 2009 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 11 November 2009.

THE PLACING

On 10 November 2009, the Placing and Subscription Agreement was entered into between the Vendor, the Company and the Placing Agent.

Vendor:

The Vendor is Astrotech Group Limited. It is a company incorporated in the British Virgin Islands, which is wholly owned by China Academy of Launch Vehicle Technology which in turn is wholly owned by China Aerospace Science & Technology Corporation. As at the date of this announcement, the Vendor is a controlling Shareholder (within the meaning of the Listing Rules) holding 2,649,244,000 Shares (including the Placing Shares), representing approximately 73.10% of the entire issued share capital of the Company as at the date of this announcement.

Placing Agent:

Oriental Patron Securities Limited

Number of Placing Shares:

The Placing Agent has agreed to procure, on a best effort basis, Places for the purchase of up to 345 million Placing Shares owned by the Vendor, comprising:

- (i) up to initially 300 million Initial Placing Shares, and
- (ii) (upon exercise of certain option granted by the Vendor to the Placing Agent under the Placing and Subscription Agreement, if so exercised) up to 45 million Option Placing Shares (in addition to the Initial Placing Shares). The option is exercisable by the Placing Agent for a period of two days commencing on 10 November 2009. The said option was exercised in full on 10 November 2009.

The aggregate nominal value of the Placing Shares (comprising both the Initial Placing Shares and the Option Placing Shares) is HK\$34.5 million. Such maximum number of Placing Shares represents approximately 9.52% of the issued share capital of the Company as at the date of this announcement and approximately 8.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Placing price:

HK\$0.80 per Placing Share (whether the Initial Placing Shares or the Option Placing Shares). The net price per Placing Share is estimated to be approximately HK\$0.77.

This price was agreed after arm's length negotiations between the Vendor, the Company and the Placing Agent with reference to recent market prices of the Shares. This price represents (i) a discount of approximately 14.9% to the closing price of HK\$0.940 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 10.3% to the average closing price of HK\$0.892 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 10.9% to the average closing price of HK\$0.898 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

Placees:

The Placing Shares (comprising both the Initial Placing Shares and the Option Placing Shares) will be placed on a best effort basis. It is expected that the Placing Shares will be placed to not less than six independent professional institutional or other investors, who are Independent Third Parties.

Independence of the Placees and the Placing Agent:

To the best knowledge of the Directors:

- (a) the Placees, (where applicable) their ultimate beneficial owners, the Placing Agent and its beneficial owners are Independent Third Parties;
- (b) the Placees, (where applicable) their ultimate beneficial owners, the Placing Agent and its beneficial owners are not connected persons of the Company and are Independent Third Parties; and
- (c) none of the placees will become substantial Shareholders (as defined under the Listing Rules) immediately following the Placing.

Completion of the Placing:

The completion of the Placing will take place on the third Business Day immediately after (and exclusive of) the date of the Placing and Subscription Agreement, or such other time as the Vendor and the Placing Agent shall agree.

Rights of the Placing Shares:

The Placing Shares will be sold by the Vendor free and clear from all liens, charges and encumbrances, claims, options and third party rights and with all rights attaching thereto as at the date of completion of the Placing, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Placing Shares if the record date therefor shall fall on or after the date of completion of the Placing.

Termination:

The Placing Agent shall have the right to terminate the Placing and Subscription Agreement by notice in writing given to the Vendor and the Company at any time prior to 10:00 a.m. on the date of completion of the Placing if any of the following occurs:

- (A) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Vendor contained herein or any failure by any of the Vendor to perform its undertakings in the Placing and Subscription Agreement;
- (B) in the sole judgment of the Placing Agent, there shall have been such a change in the national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its judgment be likely to prejudice the success of the Placing or trading in the of the Shares in the secondary market;
- (C) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or

(D) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing and Subscription Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

and that the right to terminate the Placing and Subscription Agreement under paragraphs (A) to (D) above shall be a separate and independent right.

THE SUBSCRIPTION

The Subscription is provided under the Placing and Subscription Agreement.

Subscriber: The Vendor

Issuer: The Company

Number of Subscription Shares:

The Company has agreed to allot and issue and the Vendor has agreed to subscribe for such number of new Shares as equal to the number of Placing Shares actually sold under the Placing. Assuming that all 345 million Placing Shares (comprising both the Initial Placing Shares and the Option Placing Shares) are sold under the Placing, they have an aggregate nominal value of HK\$34.5 million, and represent approximately 9.52% of the issued share capital of the Company as at the date of this announcement, and approximately 8.69% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares.

Subscription price:

HK\$0.80 per Subscription Share, which is equivalent to the price per Placing Share.

Mandate to allot and issue new Shares:

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 9 June 2009. The Company is authorised to issue 724,799,133 Shares under such mandate. The Company has not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the Placing and the Subscription. Accordingly, the issue of the Subscription Shares is not subject to Shareholders' approval.

Ranking:

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of completion of the Subscription.

Conditions of the Subscription:

The Subscription is conditional upon:

- (A) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Subscription Shares (either unconditionally or subject to conditions which are acceptable to the Company);
- (B) completion of the Placing having occurred pursuant to the Placing and Subscription Agreement.

If all the Placing Shares are to be placed under the Placing, the shareholding of the Vendor will decrease from approximately 73.10% to approximately 63.58% immediately after completion of the Placing and will increase to approximately 66.75% immediately after completion of the Subscription.

Completion of the Subscription:

Completion of the Subscription will take place on the Business Day immediately after the date of fulfillment of all the conditions referred to above.

If the conditions to the Subscription are not fulfilled on or prior to 23 November 2009, all rights, obligations and liabilities of the parties to the Placing and Subscription Agreement in relation to the Subscription shall cease and determine and none of the parties shall have any claim against any other in respect of the Subscription. In any event, if the Subscription is not completed on or before 24 November 2009, the Subscription will constitute a connected transaction and will be subject to the approval by the independent Shareholders.

CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

The shareholding of the Vendor in the Company (a) immediately before the Placing; (b) immediately after the Placing (on the basis that and assuming all the 345 million Placing Shares are placed) but before the Subscription; and (c) immediately after the Placing and the Subscription (on the basis that and assuming all the 345 million Placing Shares are sold) are as follows:

Shareholders	Existing Shareholding		Immediately after the Placing but before the Subscription		Immediately after the Placing and the Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Vendor	2,649,244,000	73.10	2,304,244,000	63.58	2,649,244,000	66.75
Placees	—	—	345,000,000	9.52	345,000,000	8.69
Public (excluding the Placees)	<u>974,751,668</u>	<u>26.90</u>	<u>974,751,668</u>	<u>26.90</u>	<u>974,751,668</u>	<u>24.56</u>
Total:	<u>3,623,995,668</u>	<u>100.00</u>	<u>3,623,995,668</u>	<u>100.00</u>	<u>3,968,995,668</u>	<u>100.00</u>

As disclosed in the above shareholding table, immediately after the completion of the Placing as well as immediately after the completion of the Placing and the Subscription, over 25% of the then issued share capital of the Company will be in public hands (including the Placees).

REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that it is in the interests of the Company to raise capital from the equity market in order to increase working capital of the Group and to enhance the capital base of the Company. The Directors consider the terms of each of the Placing and Subscription Agreement to be fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

Upon completion of the Placing (and assuming all the 345 million Placing Shares are placed):

- (i) the gross proceeds arising from the Subscription are estimated to be approximately HK\$276 million; and

(ii) the net proceeds, after deducting related placing commission, professional fees and all related expenses, arising from the Subscription are estimated to be approximately HK\$266 million.

The Company intends to use the net proceeds as general working capital of the Group developing wind energy project in Inner Mongolia.

GENERAL INFORMATION

The Group is principally engaged in the businesses of manufacture and sales of wind turbines and blades, operation of wind farm, intelligent transportation systems, 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.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the past 12 months before the date of this announcement.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9.30 a.m. on 10 November 2009 at the request of the Company pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 11 November 2009.

DEFINITIONS

The following defined terms are used in this announcement:

“associates”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors

“Business Day”	any day (excluding a Saturday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“Company”	China Engene 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 persons”	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
“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 associated companies, or any of their respective associates, or the Vendor or parties acting in concert with it
“Initial Placing Shares”	up to 300 million Shares beneficially owned by the Vendor to be placed pursuant to the Placing and Subscription Agreement (and on and subject to their terms and conditions)
“Last Trading Day”	9 November 2009, being the last trading day immediately prior to the date of the Placing and Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Option Placing Shares”	up to 45 million Shares beneficially owned by the Vendor and to be placed by the Placing Agent (upon its exercise of the Option) as agent of the Vendor pursuant to this Agreement, pursuant to the Placing and Subscription Agreement (and on and subject to their terms and conditions), which are exclusive of and in addition to the Initial Placing Shares
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	Oriental Patron Securities Limited, a licensed corporation to carry out Types 1 and 4 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 10 November 2009 and made between the Vendor, the Company and the Placing Agent in relation to the Placing and the Subscription
“Placing Shares”	collectively, the Initial Placing Shares and the Option Placing Shares
“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
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Shares”	such number of new Shares as equal to the number of Placing Shares actually sold under the Placing and Subscription Agreement, which shall not be more than 345 million
“Vendor”	Astrotech Group Limited, a company incorporated in the British Virgin Islands and a controlling Shareholder as at the date of this announcement

% per cent.

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

Hong Kong, 10 November 2009

As at the date hereof, the Board comprises Mr Han Shuwang and Mr Wang Xiaodong as Executive Directors, Mr Wu Jiang, Mr Tang Guohong and Mr Li Guang as Non-executive Directors and Mr Wang Dechen, Ms Kan Lai Kuen, Alice and Mr Gordon Ng as Independent Non-executive Directors.

** for identification purpose only*