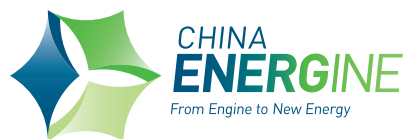


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CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

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 AND CONNECTED TRANSACTION
ACQUISITION OF 15% REGISTERED CAPITAL IN AN ASSOCIATE
AEROSPACE LONG YUAN (BENXI) WIND POWER CO. LTD.**

On 27 October 2008, WY Industry, a wholly-owned subsidiary of the Company, entered into an Equity Transfer Contract with WY Science and Technology (a connected person of the Company) whereby WY Science and Technology agreed to sell, and WY Industry agreed to acquire, a 15% registered capital in an associate of the Company, Liaoning Benxi, at a cash consideration of RMB17.06 million (approximately HK\$19.45 million).

The entering into of the transaction constitutes a Discloseable and Connected Transaction of the Company under the Listing Rules. The transaction contemplated under the Equity Transfer Contract is subject to the approval of the Independent Shareholders at a general meeting.

The Company will convene an EGM to seek the Independent Shareholders' approval for the Discloseable and Connected Transaction. A circular containing the particulars of the transaction, a letter from the Independent Board Committee and a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as required under the Listing Rules will be despatched to shareholders as soon as practicable.

The board of directors of the Company is pleased to announce that WY Industry, a wholly-owned subsidiary of the Company has entered into an Equity Transfer Contract earlier on 27 October 2008 whereby WY Science and Technology agreed to sell, and WY Industry agreed to acquire, a 15% registered capital in an associate of the Company, Liaoning Benxi, at a cash consideration of RMB17.06 million (approximately HK\$19.45 million). In this connection, the Group is to submit a bid for the acquisition which will be put for open tender on Beijing Asset Stock Exchange shortly.

As the bidding process will be in progress, the equity transfer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Company's shares.

Equity Transfer Contract dated 27 October 2008

Parties: 1. WY Science and Technology, as assignor; a connected person of the Company, and
2. WY Industry, a wholly-owned subsidiary of the Company, as assignee

Subject of the acquisition

Liaoning Benxi is a limited liability company established in Liaoning, PRC on 13 June 2006 and is principally engaged in the sales of electricity generated through 29 850KW windmills installed in Mount Niuniao in Liaoning with total capacity of 24.65MW at electricity rate of RMB0.61 each kilowatt-hour to Liaoning Province Electric Corporation (遼寧省電力公司) and sales of Certified Emission Reductions ("CER") to European companies in fulfilling their obligations under CDM by virtue of the company's wind energy power generation with nil emission of carbon dioxide. The company planned to install 36 850KW windmills with final capacity reaching 30.6MW and total investment amounting to RMB230 million (approximately HK\$262 million) pursuant to its joint venture agreement as approved by LPDRC.

The total registered capital of Liaoning Benxi amounts to RMB93.8 million (approximately HK\$106.93 million) and contributions thereto from Longyuan Electric, Crownplus (a wholly-owned subsidiary of the Group) and WY Science and Technology amount to RMB42.21 million (approximately HK\$48.12 million), RMB37.52 million (approximately HK\$42.77 million) and RMB14.07 million (approximately HK\$16.04 million) respectively. Longyuan Electric, Crownplus and WY Science and Technology hold 45%, 40% and 15% equity interest in Liaoning Benxi respectively. As such, Liaoning Benxi is an associate of the Group and its results have been equity accounted for in the accounts of the Group. After completion of the acquisition, the Group through Crownplus's 40% and WY Industry's 15%, will hold 55% equity interest in total in Liaoning Benxi, which will then become a subsidiary of the Group. Its results will be consolidated into the accounts of the Group from the date of obtaining the effective control of Liaoning Benxi when the number of directors assigned by the Group will occupy more than half (four out of seven) of the board composition of Liaoning Benxi.

According to unaudited financial statements of Liaoning Benxi prepared under PRC GAAP, the net profit before taxation and after taxation for the 9 months ended 30 September 2008 amounted to RMB3,306,000 (approximately HK\$3,769,000). According to the audited financial statements prepared under PRC GAAP, the net profits before taxation and after taxation for the year 2007 amounted to RMB25,000 (approximately HK\$29,000) and there was no operating result for the

period from date of incorporation to 31 December 2006. As at 31 December 2006 and 2007, the audited net assets value of Liaoning Benxi amounted to RMB37,903,000 (approximately HK\$43,209,000) and RMB93,826,000 (approximately HK\$106,962,000) respectively. In accordance with the unaudited financial statements for the 9 months ended 30 September 2008, the net assets value as at 30 September 2008 was recorded as RMB97,132,000 (approximately HK\$110,730,000).

Consideration and settlement

The consideration under the Equity Transfer Contract of RMB17.06 million (approximately HK\$19.45 million) in cash is determined after arm's length negotiation between WY Industry and WY Science and Technology on normal commercial terms by reference to the historical financial performance and future prospects of Liaoning Benxi and the outlook of the renewable energy of the industry under state policy in the long term.

The Directors (excluding the independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) consider that the terms of the Equity Transfer Contract, including the consideration are on normal commercial terms which are fair and reasonable and the entering into the transaction is in the interests of the Company and its Shareholders as a whole.

The consideration will be satisfied by internal resources of the Group within the 5 days of the Equity Transfer Contract becoming effective.

Completion

The Equity Transfer Contract is effective conditional upon (i) the obtaining of the Independent Shareholders' approval and (ii) the obtaining of the relevant approvals from PRC authorities.

Reasons for and benefit of the entering into of the Equity Transfer Contract

The Group is principally engaged in the businesses of 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 investments in businesses of automotive components parts and wind energy.

The Directors considered that the Group would benefit from the entering into of the Equity Transfer Contract, as the transaction will not only strengthen the Group's investment in wind energy project, but enable the Group's direct management of the acquiree, Liaoning Benxi, in terms of a subsidiary of the Group such that the Group's revenue and profits will include Liaoning Benxi's revenue and profits, rather than the share of profits accounted for under equity accounting. In light of the strong

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| “CDM” | Clean Development Mechanism, established by the Kyoto Protocol in 1997, which enables developed countries and economies in transition of the United Nations Framework Convention on Climate Change to meet their greenhouse gas reduction targets at lower cost through projects in developing countries; |
| “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; |
| “Crownplus” | Crownplus International Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands; |
| “Directors” | The directors of the Company; |
| “Discloseable and Connected Transaction” | The transaction contemplated under the Equity Transfer Contract; |
| “EGM” | Extraordinary general meeting; |
| “Equity Transfer Contract” | The equity transfer contract of 27 October 2008 entered into by WY Industry and WY Science and Technology; |
| “Group” | The Company and its subsidiaries; |
| “HK\$” | Hong Kong dollars, the legal currency of the Hong Kong Special Administrative Region of the PRC; |
| “Independent Board Committee” | An independent committee of the board of directors comprising Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice, and Mr. Gordon Ng, being all the independent non-executive directors. |
| “Independent Financial Adviser” | Mitsubishi UFJ Securities (HK) Capital, Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Discloseable and Connected Transaction; |
| “Independent Shareholders” | All shareholders of the Company excluding CALT and its associates; |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange; |
| “Liaoning Benxi” | 航天龍源（本溪）風力發電有限公司 (Aerospace Long Yuan (Benxi) Wind power Co. Ltd.), a company established in Liaoning, the PRC. |

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| “Longyuan Electric” | 龍源電力集團公司, a state-owned company established in Beijing, the PRC. |
| “LPDRC” | 遼寧省發展和改革委員會 (Liaoning Provincial Development and Reform Commission, the PRC); |
| “PRC” | The People’s Republic of China; |
| “RMB” | Reminbi, the legal currency of the PRC; |
| “Shareholders” | Holders of the Company’s shares; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “WY Industry” | 北京萬源工業有限公司 (Beijing Wan Yuan Industry Corporation Limited), a wholly-owned subsidiary of the Company established in Beijing, the PRC. |
| “WY Science and Technology” | 北京航天萬源科技公司 (Beijing CASC Wan Yuan Science and Technology Corporation), a state-owned enterprise established in the PRC and a wholly-owned subsidiary of CALT; |

For the purpose of this announcement, the exchange rate of HK\$: RMB is HK\$1.00: RMB1.14.

By order of the board of directors of
CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED
Han Shuwang
Chairman

Hong Kong, 27 October 2008

As at the date of this announcement, the board of directors of the Company comprises Mr. Han Shuwang, Mr. Wang Xiaodong and Mr. Li Guang as executive directors, Mr. Wu Jiang, and Mr. Tang Guohong, 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*