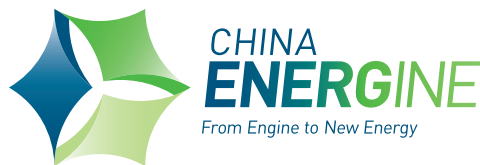


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**CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED**

**中國航天萬源國際(集團)有限公司\***

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 1185)**

**CONTINUING CONNECTED TRANSACTIONS  
FRAMEWORK AGREEMENT IN RELATION TO SUPPLY OF  
WIND TURBINE PRIMARY CONTROL SYSTEMS  
AND ASSOCIATED SERVICES**

Two subsidiaries of the Company, IM Turbine Manufacture and Beijing Energin have entered into a Framework Agreement with Shanghai Hanli on 5 September 2012 pursuant to which IM Turbine Manufacture and Beijing Energin are to supply wind turbine primary control systems and the associated services incidental thereto to Shanghai Hanli in accordance with the terms of the Framework Agreement for the period ending 31 December 2012.

Since Shanghai Hanli is a wholly-owned subsidiary of the Company's major controlling shareholder of CALT, Shanghai Hanli is a connected person of the Company. The supplies of wind turbine primary control systems and the associated services by the two subsidiaries of the Company to Shanghai Hanli under the Framework Agreement constitute continuing connected transactions under the Listing Rules.

Since the applicable percentage ratio under the Listing Rules in respect of aggregated maximum transaction value on an annual basis relating to the Continuing Connected Transactions for the supply of wind turbine primary control systems and the associated services is less than 5%, the Continuing Connected Transactions are subject to announcement and reporting yet exempt from the Independent Shareholders' approval at a general meeting under the Listing Rules.

## **FRAMEWORK AGREEMENT**

### **Date**

5 September 2012

### **Parties**

1. IM Turbine Manufacture, the supplier;
2. Beijing Energine, the supplier;
3. Shanghai Hanli, the purchaser.

### **Principal Terms**

Pursuant to the Framework Agreement, IM Turbine Manufacture and Beijing Energine, two subsidiaries of the Company, are to supply wind turbine primary control systems and the associated services incidental thereto to Shanghai Hanli in accordance with the terms of the Framework Agreement for the period ending 31 December 2012. The payment will be made on such a schedule of 20% down payment upon entering into a purchase and sales agreement with balance of 80% to be made 1 week after delivery or a schedule of progress payment upon completion of each of the phases of service rendering as to the service agreement.

Detailed terms of each of supply agreements or service agreements will be determined on an arm's length basis and according to the prevailing fair and usual market practice. The sales prices and service fees will be determined in accordance with the prevailing market rate for such sales and services or, if there is no prevailing market rate available, by reference to the prevailing rate for the supply of similar wind turbine primary control systems offered and the associated services within the same industry.

### **THE ANNUAL CAP**

It is expected that the maximum sales and fees for the associated services to be rendered to Shanghai Hanli by the two subsidiaries in aggregate under the Framework Agreement for the period ending 31 December 2012 amount to RMB1,500,000 (HK\$1,830,000).

The Cap for this financial year ending 31 December 2012 is determined by reference to the plan of the purchases of wind turbine primary control systems from Shanghai Hanli for their research and development initiatives.

## **REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT**

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.

By entering into the Framework Agreement, IM Turbine Manufacture and Beijing Energine will supply the requisite wind turbine primary control systems and the associated services for the employment in the research and development initiatives of Shanghai Hanli which is engaged in sales of metal-cutting machine tools, metal-shaping machine tools, machine tool accessories, liquid-pressured energy machinery, moulds, pumps and vacuum equipment, wires and cables. Wind turbine primary control system is the main body of the wind turbine control system (comprising primary control system, pitch control system, variable frequency system (inverter) and monitoring system), realizing master controls and self-protection functions on auto-startup, auto-steering, auto-speed tuning, auto-grid connection, auto-disconnection, stoppage auto-stop; cable auto-unreel, auto-recording and monitoring.

The Directors (including the independent non-executive Directors) are of the view that the terms of the supply of wind turbine primary control systems and the associated services under the Framework 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 the subsidiaries to enter into the transactions. No Directors personally have a material interest in the connected transactions. 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 Shanghai Hanli is a wholly-owned subsidiary of the Company's major controlling shareholder of CALT, Shanghai Hanli is a connected person of the Company. The supplies of wind turbine primary control systems and the associated services by the two subsidiaries of the Company to Shanghai Hanli under the Framework Agreement constitute connected transactions under the Listing Rules.

Since the applicable percentage ratio under the Listing Rules in respect of maximum transaction value on an annual basis relating to the Continuing Connected Transaction for the supply of wind turbine primary control systems is less than 5%, the Continuing Connected Transactions are subject to announcement and reporting yet 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:

|                     |  |
|---------------------|--|
| “Cap”               | the aggregated maximum sales and fees for services to be rendered to Shanghai Hanli from IM Turbine Manufacture and Beijing Energiner for the period ending 31 December 2012 under the Framework Agreement   |
| “Beijing Energiner” | Beijing Energiner 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   |
| “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 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  |
| “Director(s)”                       | the director(s) of the Company  |
| “Continuing Connected Transactions” | continuing connected transactions to be entered into between the IM Turbine Manufacture, Beijing Energiner and Shanghai Hanli in relation to the supply of wind turbine primary control systems and the associated services under the Framework Agreement |
| “Framework Agreement”               | the framework agreement dated 5 September 2012 and entered into between the IM Turbine Manufacture, Beijing Energiner and Shanghai Hanli in relation to the supply of wind turbine primary control systems and the associated services                    |
| “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 Turbine Manufacture”            | Inner Mongolia CASC Energiner Wind Turbine Manufacture Co. Ltd. (內蒙古航天萬源風電設備製造有限公司), a subsidiary of the Company as to 95% equity established in Wulanchabu City, Inner Mongolia, the PRC   |
| “Listing Rules”                     | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Shanghai Hanli”                    | Shanghai Hanli Machine Tool Co. Ltd. (上海翰力機床有限公司), a wholly-owned subsidiary of CALT established in Shanghai, the PRC   |
| “RMB”                               | Renminbi, the legal currency of the PRC   |
| “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   |

“subsidiary(ies)”                   having the meaning ascribed thereto in the Listing Rules  
“%”                                       per cent

*For the purpose of this announcement, the exchange rate of RMB:HK\$ is RMB1.00:HK\$1.22.*

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

Hong Kong, 5 September 2012

*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.*