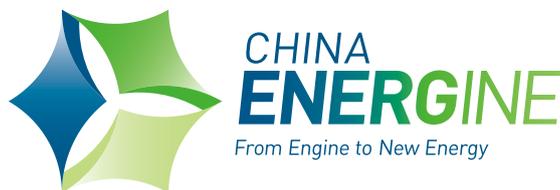


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## **CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED**

**中國航天萬源國際（集團）有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1185)**

### **UPDATE ON PROFIT WARNING**

This announcement is made by China EnerGINE International (Holdings) Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the profit warning announcement issued by the Company on 24 December 2018. The board of directors of the Company (the “**Board**”) hereby informs the shareholders of the Company (“**Shareholders**”) and potential investors that the Group has been operating in an extremely challenging market environment, and despite its efforts, the results of the operations for the year ended 31 December 2018 (the “**Year**”) have not improved. The Group’s management currently expects that the Group has a significant loss for the Year. The main reasons, amongst them, include:

1. Sales dropped during the year, resulting in an operating loss of approximately HK\$310 million, as compared to HK\$240 million for the year ended 31 December 2017, representing an increase of approximately HK\$70 million; and
2. As a result of the following, it is expected that there would be significant impairment losses on the relevant assets of approximately HK\$963 million for the Year:
  - a. due to changes in policies and market environment during the Year, the estimated impairment losses recognized in respect of property, plant and equipment and intangible assets would be approximately HK\$178 million and there would be an estimated impairment loss on inventories of approximately HK\$62 million;

- b. there would be impairment losses in respect of trade receivables and contract assets of approximately HK\$610 million. Due to the reasons set out in paragraph 3(b) below, and based on the preliminary assessment of an independent third party appraiser, the Group expected to record impairment losses on amount due from an associate and related contract assets of approximately HK\$113 million; and
3. Due to the significant decline in the results of operations of certain joint ventures and associates during the Year, the net share of loss of joint ventures and associates would be approximately HK\$54 million, amongst them, including:
  - a. the Group is expected to record the share of profit of a joint venture of approximately HK\$76 million, which was, compared to the year ended 31 December 2017, representing a decrease of approximately HK\$90 million. This was due to the structural changes in Chinese auto market, which resulted in a significant reduction in orders from major customers; and
  - b. the Group is expected to record the share of losses of associates of approximately HK\$130 million. Amongst them, the Group would record a share of loss of an associate of approximately HK\$79 million for the Year due to its debtor's default and its inability to repay debts. Another associate and its affiliates were filed for bankruptcy liquidation by creditors due to defaults of contract debt during the Year, and a bankruptcy administrator was appointed by the local court in China on 2 January 2019. The Group has engaged an independent third party appraiser to assess the value of the assets of such associate. Based on the appraiser's preliminary assessment, the Group's share of loss of such associate would be approximately HK\$47 million for the Year.

Based on the above, it is estimated that the Group's loss for the Year will be approximately HK\$1,330 million.

The information contained in this announcement is based solely on the preliminary assessments made by the Board with reference to the Group's currently available information and is not based on the final figures or information reviewed by the Company's auditor. For detailed information, please refer to the annual results announcement of the Company to be issued on 28 March 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board  
**China Engene International (Holdings) Limited**  
**Liu Xiaowei**  
*the Chairman and Executive Director*

Hong Kong, 18 March 2019

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Liu Xiaowei, Mr. Wang Xiaodong, Mr. Li Guang and Mr. Xu Jun; and three independent non-executive Directors, namely Ms. Kan Lai Kuen, Alice, Mr. Gordon Ng and Mr. Li Dapeng.*

\* *For identification purpose only*