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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)

INSIDE INFORMATION

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

In the first half of 2020, as affected by factors including quality issues of wind turbine and the COVID-19 outbreak, there were difficulties in the collection of trade receivables of wind turbine manufacture segment of the Group, which led to continued funding constraints and failure to pay relevant payables as agreed.

Since 15 May 2020, the date of the publication of audited results announcement, and up to 7 August 2020, 14 new arbitrations/litigations were raised against several subsidiaries of the Group for the payment of contractual arrears of RMB86,000,000. Among the arbitrations/litigations, 12 cases amounted to RMB120,000,000 are concluded and pending for settlement, and 6 out of the 12 cases are applied for enforcement. Preservation measures are adopted against the equity interests in a joint venture held by the Group and such equity interests are subject to the risk of being auctioned if the outstanding payments is not settled in the future. The bank accounts of three subsidiaries of the Group’s wind turbine manufacture segment have been frozen with accumulated amounts of RMB77,000,000, which results in the failure to make payments for normal operations of the wind turbine manufacture segment.

* *For identification purpose only*

Due to the grim situation as stated in the profit warning announcement issued by the Group dated 24 June 2020 and the emerging impact of the epidemic situation, the Group can hardly fully implement all of the operation improvement plans as scheduled and there is an increasing number of wind turbines being temporarily shut down due to malfunction in respect of which the wind turbines are subject to the Group's warranty obligations. Although the Group has adopted various measures to maintain the ongoing operation of the wind turbine manufacture business, such business faces serious operational difficulties. The Group will make announcements in due course depending on the development of the matters stated herein.

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

By Order of the Board
China EnginE International (Holdings) Limited
Liu Zhiwei
Chairman and Executive Director

Hong Kong, 7 August 2020

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Liu Zhiwei, Mr. Li Lei, Mr. Han Qingping, Mr. Xu Jun and Mr. Wang Guanghui; and three independent non-executive Directors, namely Mr. Lau Fai Lawrence, Mr. Gordon Ng and Mr. Li Dapeng.