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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)

ANNOUNCEMENT IN RELATION TO INSIDE INFORMATION AND UNDER RULE 13.19 OF THE LISTING RULES

This announcement is made by China EnerGINE International (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) and Rule 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 14 September 2020, 23 September 2020 and 5 November 2020 (the “**Announcements**”) in relation to the event of default of loans from ASTF amounting to RMB220 million (with guarantee from CALT and counter guarantee by the Company). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Company received a notice from CALT that ASTF has deducted approximately RMB190 million representing the outstanding balance of the above aggregate due loans of Beijing EnerGINE of RMB220 million from the account of CALT. Accordingly, the loans are reclassified to debts to CALT. CALT has issued a letter of collection to the Company and Beijing EnerGINE regarding the above-mentioned amount.

* *For identification purpose only*

Apart from the above, aggregate principal of due loans from ASTF amounting to approximately RMB211 million has fallen due. Aggregate principal of loans from ASTF amounting to approximately RMB172 million, RMB300 million and RMB30 million will also fall due in December 2020, January 2021 and February 2021, respectively.

RMB152 million out of the principal of aggregate loans of RMB172 million which will fall due this month is secured by the share charge over all the shares held by the Group in the joint venture, Beijing Delphi Wan Yuan Engine Management Systems Co., Ltd (“**Beijing Delphi**”), and the remaining amounts are guaranteed by CALT and counter guaranteed by the Company.

The entrusted loans of CALT amounting to RMB400 million and RMB250 million obtained by Beijing Energene from ASTF will also fall due on April 2021 and December 2021, respectively.

In view of the current financial position of Beijing Energene, the Group expects that it will not be able to fulfill its repayment obligations, which will continue to lead to the deduction from account of CALT and trigger the disposal procedure of pledged equity of Beijing Delphi.

A working capital loan of RMB50 million from a commercial bank which Beijing Energene provided guarantees for a fellow subsidiary was overdue on 18 November 2020. Another working capital loan of RMB30 million of the subsidiary will expire on 12 December 2020, and it is expected that there will be difficulty in repayment. The subsidiary has received a collection notice from the bank, and it is expected that the bank will initiate subsequent legal procedures in the near future.

In addition, the Company recently received a letter from a commercial bank that there might be a situation where an associate of the Group may fail to timely repay the aggregated loans of approximately RMB358 million, and two letters dated 22 April 2016 with the chop of the Company (the “**Project Finance Letters**”) were attached, requesting the Company to fulfill its commitment to allocate its capital to ensure the full repayment of the bank loans in the future.

For the time being, the Group has reservation on the legal validity of the Project Finance Letters and the related legal implication, the Group is seeking assistance from legal advisor regarding the legal validity of this matter and will continue to monitor the subsequent progress, reserve the right to defend, in order to protect the legal rights and interests of the Company and will inform its shareholders and other investors of any material development in relation to the above issues by way of announcements as and when appropriate.

Shareholders of the Company 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 Zhiwei
Chairman and Executive Director

Hong Kong, 9 December 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.