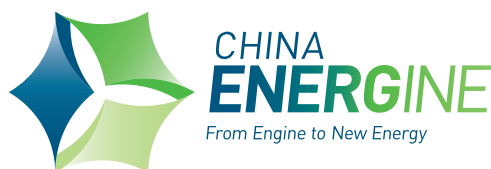


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

## **FULFILLMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING**

**Financial Adviser to the Company**



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

References are made to (i) the announcements of the Company dated 30 March 2021, 31 March 2021, 16 April 2021, 17 May 2021 and 30 July 2021 in relation to, among others, the delay in publication of audited annual results of the Group for the year ended 31 December 2020 and the suspension of trading in the Company’s shares (the “**Shares**”); (ii) the announcement of the Company dated 24 May 2021 in relation to the Stock Exchange’s guidance to the Company for the resumption of trading in the Shares (the “**Resumption Guidance**”); (iii) the announcements of the Company dated 30 June 2021, 30 September 2021, 31 December 2021, 31 March 2022 and 30 June 2022 in relation to the quarterly update on the progress of resumption of trading in the Shares; (iv) the announcement of the Company dated 31 August 2021 in relation to the audited annual results of the Group for the year ended 31 December 2020 and the annual report of the Company for the year ended 31 December

\* *For identification purpose only*

2020 published on 31 August 2021 (the “**2020 Annual Report**”); (v) the announcement of the Company dated 17 September 2021 in relation to the unaudited interim results of the Group for the six months ended 30 June 2021 and the interim report of the Company for the six months ended 30 June 2021 published on 30 September 2021 (the “**2021 Interim Report**”); (vi) the announcement of the Company dated 31 March 2022 in relation to the audited annual results of the Group for the year ended 31 December 2021 and the annual report of the Company for the year ended 31 December 2021 published on 29 April 2022 (the “**2021 Annual Report**”); and (vii) the announcement of the Company dated 30 August 2022 in relation to the unaudited interim results of the Group for the six months ended 30 June 2022 and the interim report of the Company for the six months ended 30 June 2022 published on 27 September 2022 (the “**2022 Interim Report**”). Capitalised terms used in this announcement have the same meanings as defined in the aforesaid announcements unless defined otherwise.

## **BACKGROUND OF SUSPENSION OF TRADING IN THE SHARES**

As disclosed in the announcements of the Company dated 30 March 2021 and 31 March 2021, the Company was unable to publish the 2020 Annual Report on 31 March 2021, due to additional time is required by the Company’s auditor to perform and complete the audit work.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021.

## **FULFILLMENT OF RESUMPTION CONDITIONS**

### **Resumption Conditions**

According to the Resumption Guidance, the Company must fulfill the following conditions to the satisfaction of the Listing Division of the Stock Exchange before the trading in Shares can resume:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Condition 1**”);
- (ii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (“**Condition 2**”); and
- (iii) inform the market of all material information for the Company’s shareholders and other investors to appraise its position (“**Condition 3**”, collectively with Condition 1 and Condition 2, the “**Resumption Conditions**”).

## **Fulfillment of the Resumption Conditions**

The Board is pleased to announce that the Company has fulfilled the Resumption Conditions on the following basis:

### **(i) Condition 1**

The Company has published the 2020 Annual Report, 2021 Interim Report, 2021 Annual Report and 2022 Interim Report on 31 August 2021, 30 September 2021, 29 April 2022 and 27 September 2022, respectively.

As disclosed in the 2021 Annual Report, the auditors of the Company issued a disclaimer of opinion in relation to the consolidated financial statements prepared on a going concern basis (the “**Going Concern Disclaimer**”). For more details of the disclaimer of opinion, please refer to the 2021 Annual Report.

The Going Concern Disclaimer of which suspension of trading in the Shares is not required and the Company has published all outstanding financial results required under the Listing Rules. Accordingly, the Company is of the view that it has published all outstanding financial results and addressed all audit modifications therein and it has fulfilled the Condition 1.

### **(ii) Condition 2**

The Group operates its principal businesses through two segments: (i) operation of wind farm which engages in sales of electricity from operation of wind power field; and (ii) development of new energy which engages in the provision of technical services for new energy development operation.

### *Summary of historical financial information*

The following table sets forth selected information from the Group's consolidated statement of profit or loss for the respective periods indicated:

	<b>Year ended 31 December 2020 (Audited) HK\$'000</b>	<b>Year ended 31 December 2021 (Audited) HK\$'000</b>	<b>Six months ended 30 June 2022 (Unaudited) HK\$'000</b>
Revenue			
– Operation of Wind Farm	26,151	–	13,303
– Development of New Energy	–	9,100	–
Gross profit	4,445	8,020	3,253
(Loss) profit for the year/period from continuing operations	<u>(348,421)</u>	<u>(74,140)</u>	<u>254</u>

The Group's overall revenue decreased from approximately HK\$26,151,000 for the year ended 31 December 2020 to approximately HK\$9,100,000 for the year ended 31 December 2021, primarily because no revenue was generated from the operation of wind farm during the year ended 31 December 2021 resulted from the financial results and position of Longyuan Benxi were not consolidated to those of the Group with effect from 25 December 2020 as the result of the acceptance of the application of bankruptcy liquidation and appointment of bankruptcy administrator of Beijing Energine on 25 December 2020.

The Group has regained the control over Longyuan Benxi on 28 December 2021. As a result, the financial results and position of Longyuan Benxi are consolidated to those of the Group with effect from 28 December 2021. However, since the financial results and position of Longyuan Benxi from 26 December 2020 to 27 December 2021 cannot be consolidated to those of the Group, the operating results of wind farms for the year ended 31 December 2021 decreased significantly as compared with the year ended 31 December 2020.

As far as the operation of wind farm is concerned, the revenue of approximately HK\$13,303,000 was generated from the wind farm operation during the six months ended 30 June 2022. Based on the nature of the operation of wind farm, the Company expects that the revenue from wind farm to be generated for the year ending 31 December 2022 will continue to remain stable and the profit forecast for the year ending 31 December 2022 is further elaborated below.

For the development of new energy, the technical services income is recognised upon the issue of notice of approval for power plant construction projects from the National Development and Reform Commission (the “**NDRC**”) of the People’s Republic of China (the “**PRC**”). The amount of approximately HK\$9,100,000, representing the total contract sum of the project after deduction of 6% value-added tax, was recognised as a revenue for the year ended 31 December 2021 when the notice of approval for power plant construction projects was issued.

Going forward, the Group has entered into several technical services agreements in relation to the development of new energy projects with business partners. Phased works under certain technical services agreements have been completed by the Group. In particular, the required development filing certificates for a project in Guangdong have been obtained from the local county government in April 2022 and the project is now in the next stage subject to review by the local municipal government department before the requisite filing certificate(s) at the municipal level can be obtained.

During the six months ended 30 June 2022, the Group has completed phased works under certain technical service agreements but there was no approval from the NDRC obtained during the period, thus nil income was recognised from the technical services business.

The Group is pushing forward the execution of feasibility studies and assessment on natural resources and other measures for each of the new energy projects to fulfill the requirements from relevant government bodies, and will continue to explore new opportunities from other potential new energy projects. Please refer to the section headed “Development of new energy” in this announcement for further details.

The Group's gross profit for the years ended 31 December 2020 and 2021 and the six months ended 30 June 2022 were approximately HK\$4,445,000, HK\$8,020,000 and HK\$3,253,000 respectively. The profit forecast for the year ending 31 December 2022 is further elaborated below.

The Group has successfully turned around from net losses of approximately HK\$348,421,000 and HK\$74,140,000 for the years ended 31 December 2020 and 2021 to a net profit of approximately HK\$254,000 for the six months ended 30 June 2022. The net profit for the six months ended 30 June 2022 was primarily due to (i) the Group has regained the control over Longyuan Benxi on 28 December 2021 and as a result, the financial results and position of Longyuan Benxi are consolidated to those of the Group since 28 December 2021; (ii) the Group has implemented a series of cost-cutting measures in order to reduce the administrative expenses; and (iii) the effect of cost-cutting measures was net-off by the professional expenses incurred in relation to the resumption of trading in the Shares. For further details, please refer to the 2021 Annual Report and 2022 Interim Report.

The following table sets forth selected information from the Group's consolidated balance sheet as of the respective dates indicated:

	<b>As at 31 December 2020</b> (Audited) <i>HK\$'000</i>	<b>As at 31 December 2021</b> (Audited) <i>HK\$'000</i>	<b>As at 30 June 2022</b> (Unaudited) <i>HK\$'000</i>
Current assets	29,590	87,642	82,914
Non-current assets	225,017	305,427	289,690
Total assets	254,607	393,069	372,604
Current liabilities	1,974,463	2,148,809	2,050,660
Non-current liabilities	2,152	8,153	7,852
Total liabilities	1,976,615	2,156,962	2,058,512
Net liabilities	<u>1,722,008</u>	<u>1,763,893</u>	<u>1,685,908</u>

The Group had total assets of approximately HK\$254,607,000, HK\$393,069,000 and HK\$372,604,000 as at 31 December 2020, 31 December 2021 and 30 June 2022, respectively. The improvement in the Group's total assets as at 31 December 2020 and 31 December 2021 was primarily due to the financial results and position of Longyuan Benxi are consolidated to those of the Group since 28 December 2021. The total assets of the Group remained relatively stable as there were no material changes over the business of the Group during the six months ended 30 June 2022.

As at 31 December 2021 and 30 June 2022, the non-current assets of the Group consisted of property, plant and equipment, right-of-use assets and interests in associates, and the current assets of the Group consisted mainly of trade and other receivables, deposit and prepayments and pledged bank deposits, bank balances and cash, all of which were operating in nature and hence the Group will have sufficient resources to support its ongoing operations.

The Group had total liabilities of approximately HK\$1,976,615,000, HK\$2,156,962,000 and HK\$2,058,512,000 as at 31 December 2020, 31 December 2021 and 30 June 2022, respectively. Among which approximately HK\$1,005,043,000, HK\$1,439,008,000 and HK\$1,375,756,000, representing approximately 51%, 67% and 67% of the total liabilities of the Group respectively, were the amounts due to the controlling shareholder of the Company as at 31 December 2020, 31 December 2021 and 30 June 2022, respectively.

On 21 May 2021, the controlling shareholder of the Company issued the Company a letter to undertake not to demand repayment from the Company for the aforesaid due amounts and to provide all necessary financial support to the Company. Such undertakings are effective for 18 months from the issue date of the letter. On 14 March 2022, the controlling shareholder of the Company issued the Company another letter to grant extension of the undertakings for a further 24 months ending on 20 November 2024.

For further information in relation to the Company's financial performance and position for the years ended 31 December 2020 and 2021 and six months ended 30 June 2022, please refer to the 2020 Annual Report, 2021 Annual Report and 2022 Interim Report.

## **Operation of wind farm**

Longyuan Benxi wind farm is operated by the Group and provides a capacity of 24,650kW with 29 sets of 850kW wind turbines.

The operation and financial performance of the wind farm operation of the Group have been stable and are expected to remain stable in the near future, taking into account the following factors: (i) Longyuan Benxi has been operated since 2006 and generated stable income for the past few years; (ii) Longyuan Benxi generates revenue from the sales of electricity from operation of wind power fields and its customer is mainly the State Grid Corporation of China\* (國家電網有限公司), a state-owned electric utility corporation, and no default of receivables and obsolescence of the operating assets were found; and (iii) there were no material adverse changes in the operation and financial performance of Longyuan Benxi from 26 December 2020 to 27 December 2021, a period of which the Group lost the control over Longyuan Benxi.

The revenue generated from the operation of wind farm was approximately HK\$13,303,000 for the six months ended 30 June 2022, the forecasted revenue generated from the operation of wind farm is approximately HK\$25,299,000 for the year ending 31 December 2022 as set out in the profit forecast in the later part of this announcement. Furthermore, pursuant to the forecast of management of the Company, the expected revenue generated from the operation of wind farm is approximately HK\$25,645,000 for the year ending 31 December 2023.

Given that (i) Longyuan Benxi has been operated since 2006 and generated stable income in the past three years as above-mentioned; and (ii) the sake of increasing the business scale on the sales of electricity from wind farm operations, the Company intends to carry out the acquisition of a further 15% equity interest in Longyuan Benxi in March 2024 and the implementation of capacity expansion plan by two stages between June 2024 and December 2025.

The Group has been principally engaged in the businesses in the field of new energy, among others, including the operation of wind farms for over 16 years, and thus the Company has accumulated comprehensive management expertise, experience and market resources in relation to new energy field. The Company considers that it has the management expertise to strive for the long term success of the operation of wind farm.



## **Development of new energy**

Leveraging on the experience of the Group in the development and operating the wind power fields, the Group extended its business since June 2021 for the provision of technical services on development of new energy projects for the purpose of helping the customers to streamline their project implementation process and receive the required license and permit in an effective manner.

### ***Business operation and pricing strategies***

The Group's operations mainly cover three stages: (i) project identification; (ii) project implementation; and (iii) project completion.

The Group's service scope of work generally covers advisory on project site selection and land use and grid connection planning, collection of technical parameters of new energy resources and meteorological data in target areas, liaising with relevant stakeholders including government bodies and investors, compilation of relevant documents and reports to fulfil the requirements from government bodies for the obtainment of approval or record certificate in different stages of the development of a new energy project, such as project pre-approval stage, project submission stage and project construction stage.

In addition, the Group's project team will monitor the project, provide recommendation on its customers' contractors performance (e.g. service provider for feasibility study report and contractor for on-grid connection) to ensure a proper project management, attend the meeting and/or submit documents on behalf of its customers.

*(i) Project identification*

The Group obtains its projects mainly from direct invitation for quotations from its networks or referral from its business partners. When the Group receives the invitation for quotation from a potential customer, it will perform initial screening on the scope of work and pass to its senior management and the Directors for assessment. Having assessed and confirmed that the Group is able to meet the qualifications and requirements, its project team will proceed to prepare the fee proposal and to discuss the service scope with its potential customer. In some cases, before the submission of its fee proposal or tender, the Group may also need to inform and discuss with the relevant government authority for the details of new energy projects and to conclude a framework agreement between the government authority and its side to ensure the intention of support from the government authority on the green/new energy development.

Once the customer agrees to engage the Group as the advisor on the new energy project, before the kick-off of the new energy project, a project company will be set up for the preparation of pre-approval work and project financing of the construction project (the “**Project Company**”). Subject to the commercial arrangement of the customer(s) of the Group, the Project Company could be set up by the customer(s) and/or other third party(ies) with commercial arrangement with the Group’s customer(s) who is(are) interested in the participation of the construction project. The Group would enter into contract(s) with the customers or the Project Company, specifying the scope of services and remuneration. Generally, service fees would be charged in stages according to the project progress and/or the approval from relevant governmental bodies in relation to the license or permit. The Group would provide the technical services to the Project Company, including but not limited to project site selection, collection of technical parameters of new energy resources in target areas, liaising with relevant stakeholders including government bodies and investors, preparation of relevant documents required for pre-project approval and formal submission of project resource development applications to relevant government departments, and obtaining project development permits/approvals.

***(ii) Project implementation***

As a consultancy services provider, the Group's role is to provide guidance to its customers to fulfil the statutory requirements throughout the project cycle. In the project pre-approval stage, the Group will work together with its customers' project teams to provide advice and recommendation on project design, site selection, land use planning, analysis of new energy resources and preparation of feasibility report and to assess if the construction plan could meet the statutory requirements for project approval, such as environmental effect, soil and water conservation and community effect. The Group will also assist its customers to compile required reports and project application documents in accordance with the requirements from the respective PRC governmental bodies.

After receiving the project filing certificate/approval from the Development and Reform Commission, the Group will then assist its customers to prepare relevant documents to grant the construction licenses and permits, including but not limited to planning permit for construction projects\*, construction permits for construction projects\* and official reply of grid system access plan\*. After the commencement of construction, the Group will mainly monitor and review contractors' deliverable against the project schedule, such as the building construction, facilities installation and grid-connection and the implementation of environmental measures. In addition, the Group will also help its customers to start preparing the documents and testing in order to grant the necessary permits for grid-connected power generation, such as power station grid connection agreement\*, grid connection and production document\*, approval of on-grid electricity price\* and grid connection safety assessment\*, etc.

***(iii) Project completion***

Upon the completion of building construction and facilities installation and receiving the official confirmation/approval for grid-connected power generation, the Group will assist its customers to review and provide feedback to its customers in relation to the deliverables from its customers' contractors and conduct measurement to ensure the actual performance data follows the required performance criteria.

The Group's pricing is determined on a case-by-case basis with the consideration of factors, including but not limited to (i) scope of works the Group are responsible for; (ii) project construction cost; (iii) estimated duration required and the Company's personnel to be involved; (iv) the scale, complexity and other project technical and approval requirements required; (v) the prevailing market conditions; and (vii) any special terms or requirements proposed by customers.

The Group's project completion time for the provision of technical services is mainly determined based on the sum of estimated project approval time and the construction time. If any practical deviation from the original design intent, such as delays in delivering the works by other parties, unforeseen site conditions, adverse weather conditions, or other unexpected problems and circumstances, such may lead to cost and/or time overruns. In this connection, the Group has implemented certain measures to ensure the project progress to be completed on schedule, including:

1. the Group's project team will formulate the project implementation plan on a prudent and best estimate basis and reviewed by the Director(s) which would be updated from time to time in accordance with the latest progress of project development;
2. regular meeting and site visit will be arranged during the project implementation stage in order to facilitate the communication with customers and governmental bodies;
3. request customers to arrange and prove the funding is in place under the project company; and
4. relocation of resources if deemed necessary.

### ***Sales and marketing***

The Group adopts direct marketing strategies, including but not limited to (i) visit electricity enterprise/new energy enterprise to discuss potential project and obtain direct invitation for quotation; and (ii) attend exhibition or meeting in relation to new energy business if it thinks fit. The Group also has other marketing channels, such as tendering requested by potential customers.

The Directors believe that the resource and networks from the Group and other stakeholders would be the foundation of its marketing strategies. In addition, the Group keeps contact with its existing customers and keeps its customers informed of the recent developments or policy update from the local government as well as to provide its recommendation to its customers from time to time during the project cycle. The Group is of the view that the practice of upholding its professionalism is also one of the approaches to demonstrate its experience and diversity of services on new energy market would contribute to the maintenance of its existing customers base and to receive new referral or invitation from new customers.

### **Overview of ongoing projects of the Group**

Currently, the Group has entered into two technical service agreements in relation to new energy projects in the PRC which are targeted to be completed in 2023, namely Jiange Wind Power Generation Project and Heping Photovoltaic Power Generation Project.

#### ***Jiange Wind Power Generation Project***

In September 2021, the Group and the local government of Jiange County, Sichuan Province, entered into a cooperation framework agreement for the intention of promotion and development of green and low-carbon environmental transformation and industrial revitalisation (the “**Jiange Framework Agreement**”). Such construction aims to develop 1,000,000 kW wind power project, 50,000 kW distributed photovoltaic project and 2,000,000 kW natural gas power project.

In relation to the wind power project under the Jiange Framework Agreement, in March 2022, the Group reached the agreement and entered into a technical service agreement (the “**Jiange Technical Service Agreement**”) with a company primarily engaged in operation of wind power generation, in relation to a 500,000 kW wind power project to be deployed in Jiange County (the “**Jiange Wind Power Generation Project**”). The total contract value of the Jiange Technical Service Agreement in relation to the Jiange Wind Power Generation Project is RMB50 million.

The Group is responsible for the provision of technical services during the project pre-approval stage, such as project feasibility study, project survey and demarcation, project land planning and pre-examination consultation, project application report, site selection opinion, social, geological, safety and environmental assessment, preparation of soil and water conservation scheme and land use document.

The total contract value of the Jiange Technical Service Agreement in relation to the Jiange Wind Power Generation Project, being RMB50 million, will be settled by phases. The customer should settle the outstanding payment after the receipt of formal approval from Sichuan Provincial Development and Reform Commission in relation to the respective phases of the Jiange Wind Power Generation Project. The actual project implementation and payment settlement schedule in relation to the Jiange Wind Power Generation Project will be further discussed by the parties and confirmed by the entering into of a supplemental agreement to the Jiange Technical Service Agreement.

It is expected that the Jiange Wind Power Generation Project will be implemented in five phases. The first supplemental agreement to the Jiange Technical Service Agreement in relation to the first phase (100,000 kW) of the Jiange Wind Power Generation Project is proposed to be signed in October 2022. The archival review of such 100,000 kW wind power project under the Jiange Wind Power Generation Project is targeted to be received from the Sichuan Provincial Development and Reform Commission before 31 December 2023 and the first phase of the Jiange Wind Power Generation Project will be carried out thereafter. The contract value of the first phase of the Jiange Wind Power Generation Project under the Jiange Technical Service Agreement is set to be RMB10 million and is proposed to be settled within 30 days after the receipt of the formal approval from Sichuan Provincial Development and Reform Commission. The expected completion dates of the remaining four phases of the Jiange Wind Power Generation Project will be re-assessed after the completion of the first phase of the Jiange Wind Power Generation Project. For the avoidance of doubts, the remaining contract value of RMB40 million is not subject to the re-assessment and the contract value of each of the remaining four phases will be RMB10 million.

### ***Heping Photovoltaic Power Generation Project***

In December 2021, the Group and the local government of Heping County, Guangdong Province (the “**Heping Local Government**”) entered into a cooperation framework agreement for the proposal of 800,000 kW photovoltaic power generation project in Heping County, Heyuan (the “**Heping Framework Agreement**”) for the purpose of developing photovoltaic industry and optimising the energy consumption structure of Heping County.

In February 2022, the Group entered into a technical service agreement (the “**Heping Technical Service Agreement**”) with a private company primarily engaging in engineering construction services and operation of photovoltaic power generation and wind power generation project.

The Heping Technical Service Agreement was signed for an 800,000kW photovoltaic project to be deployed in Heyuan, Guangdong Province by phases (the “**Heping Photovoltaic Power Generation Project**”). Pursuant to the Heping Technical Service Agreement, Beijing New Technology is responsible for the provision of technical services during the project pre-approval stage including the preparation of all necessary documents for the project approval from Guangdong Provincial Development and Reform Commission.

The total contract value is RMB6.0 million for the first phase of 120,000 kW under the Heping Photovoltaic Power Generation Project which will be settled by stages.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, and based on the assumptions that (i) the spread of coronavirus would not have material impact on the project approval process; (ii) no insurmountable factors would occur in the project approval process; and (iii) the second phase of 120,000kW photovoltaic project under the total of 800,000kW of Heping Photovoltaic Power Generation Project would follow the practice and progress similar to those of the first phase of 120,000kW photovoltaic project to be achieved in 2023, the Company expects that the Heping Technical Service Agreement would be completed in June 2023 and the second phase of 120,000kW photovoltaic project under the total of 800,000kW of Heping Photovoltaic Power Generation Project would be completed in 2024.

Based on the estimation of management of the Company, among others, taking into account of the latest progress of projects, there will be nil revenue from the new energy development business to be recognised for the year ending 31 December 2022 as set out in the profit forecast in the later part of this announcement. Furthermore, pursuant to the forecast of management of the Company, the expected revenue generated from the new energy development business is approximately HK\$16,754,000 for the year ending 31 December 2023, which mainly comprised of (i) the expected revenue of the supplemental agreement to the Jiange Technical Service Agreement in relation to the first phase of the Jiange Wind Power Generation Project of approximately HK\$10,471,000; and (ii) the expected revenue of the first phase of the Heping Technical Service Agreement of approximately HK\$6,283,000 with reference to the respective contract value of the technical service agreement (after deduction of 6% VAT).

### **Profit Forecast**

A profit and working capital forecast for the year ended 31 December 2022 (the “**Profit Forecast**”) has been prepared with reference to legally binding agreements, historical cost structures and other assumptions.

A summary of the Profit Forecast is set out below:

	<b>Year ending 31 December 2022 (unaudited) HK\$'000</b>
Revenue	
– Operation of Wind Farm	25,299
– Development of New Energy	–
Gross profit	3,501
Profit for the year	<u><u>595,153</u></u>



The forecasted revenue of approximately HK\$25,299,000 for the year ending 31 December 2022 represented the revenue generated from the sales of electricity from the operation of wind farm, the computation of the forecasted revenue is based on the expected on-grid electricity generated from the wind farms with reference to the past years record and multiplied by the latest price of electricity per kilowatt as sold to the State Grid Corporation of China, which is regulated by the PRC government.

The forecasted profit of approximately HK\$595,153,000 for the year ending 31 December 2022 has included two one-off non-cash gains in relation to the financial restructuring of the Group:

- (1) resulted from the liquidation of a subsidiary of the Group effective in August 2022, an one-off gain on disposal of the subsidiary of approximately HK\$185,550,000 was recognised in August 2022; and
- (2) a gain of approximately HK\$416,070,000 is expected to be recognised upon the implementation of the debt expiation in December 2022. The bankruptcy administrator of Beijing Energene is expected to convene the meeting of creditors of Beijing Energene in December 2022 for the purpose of, among others, considering and approving the debt expiation to discharge the trade payables of a PRC subsidiary of the Group of approximately HK\$416,070,000.

**While the Profit Forecast has been prepared by the Directors after due and careful enquiry, actual results or outcomes could be affected by events or circumstances after the Profit Forecast had been prepared and differed materially from those expressed in the Profit Forecast. The Company strongly cautions shareholders of the Company and potential investors against placing undue reliance on the Profit Forecast. The Company expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the Profit Forecast.**

TC Capital International Limited (“**TC Capital**”) has been engaged by the Company to act as the financial adviser of the Company to review the Profit Forecast and is of the view that the Profit Forecast was made by the Directors after due and careful enquiry. In addition, RSM Hong Kong (“**RSM**”), the auditor of the Company, has been engaged by the Company to review the accounting policies and calculations of the Profit Forecast.

### ***Experts and consents***

A letter from RSM and a letter from TC Capital are included in the appendices to this announcement. The following are the qualifications of RSM and TC Capital.

<b>Name</b>	<b>Qualification</b>
TC Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
RSM	Certified Public Accountants

Each of RSM and TC Capital has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its report/letter and all references to its name (including its qualifications) in the form and context in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of RSM and TC Capital is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither RSM and TC Capital has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the date of this announcement, neither RSM or TC Capital has any direct or indirect interests in any assets which have been, since 31 December 2021 (the date to which the latest published annual results of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Based on the above, the Company is carrying out a business with a sufficient level of operations and assets of sufficient value to support the operations of its businesses to warrant the continued listing of the Company's securities and complies with Rule 13.24 of the Listing Rules. Accordingly, the Company is of the view that it has fulfilled the Condition 2.

***(iii) Condition 3***

The Company has included all material information on its business, financial performance and operation management during relevant period in the announcements published in accordance with the Listing Rules and other applicable regulatory requirements.

To the best of knowledge of the Directors, there is no other information required to be disclosed under Part XIVA of the SFO and no other undisclosed information that is material for the Company's shareholders and other investors to appraise the Company's position. Accordingly, the Company is of the view that it has fulfilled the Condition 3.

**RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2021. As the Resumption Conditions have been fulfilled, an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 October 2022.

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

By Order of the Board  
**China Enengine International (Holdings) Limited**  
**Han Qingping**  
*Chairman and Executive Director*

Hong Kong, 7 October 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Han Qingping, Mr. Li Lei, 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.*

## APPENDIX I – LETTER FROM THE AUDITOR



**RSM Hong Kong**

29th Floor, Lee Garden Two, 28 Yun Ping Road,  
Causeway Bay, Hong Kong

T +852 2598 5123

F +852 2598 7230

[www.rsmhk.com](http://www.rsmhk.com)

**羅申美會計師事務所**

香港銅鑼灣恩平道二十八號  
利園二期二十九字樓

電話 +852 2598 5123

傳真 +852 2598 7230

[www.rsmhk.com](http://www.rsmhk.com)

30 September 2022

The Board of Directors  
China Engerine International (Holdings) Limited  
Unit 2301, 23rd Floor, Office Tower  
Convention Plaza  
1 Harbour Road  
Wanchai, Hong Kong

Dear Sirs,

**China Engerine International (Holdings) Limited (the “Company”) and its subsidiaries  
(the “Group”)**

**Profit Forecast for the Year Ending 31 December 2022**

We refer to the forecast of the consolidated profit attributable to owners of the Company for the year ending 31 December 2022 (the “**Profit Forecast**”) set forth in the profit forecast memorandum of the Group prepared by the Company and submitted to The Stock Exchange of Hong Kong Limited on 30 September 2022.

**Directors’ Responsibilities**

The Profit Forecast has been prepared by the directors of the Company based on the audited consolidated results of the Group for the year ended 31 December 2021, the unaudited consolidated results based on the management accounts of the Group for the six months ended 30 June 2022 and a forecast of the consolidated results of the Group for the remaining six months ending 31 December 2022.

The Company’s directors are solely responsible for the Profit Forecast.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Forecast in accordance with the bases and assumptions adopted by the directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

### **Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Company’s directors as set out in the profit forecast memorandum of the Group for the year ending 31 December 2022 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the Group’s annual financial statements for the year ended 31 December 2021.

Yours faithfully,  
**RSM Hong Kong**

## APPENDIX II – LETTER FROM THE FINANCIAL ADVISER



The Board of Directors  
China Energin International (Holdings) Limited  
Unit 2301, 23rd Floor, Office Tower  
Convention Plaza  
1 Harbour Road  
Wanchai, Hong Kong

30 September 2022

Dear Sirs,

### **Re: Profit Forecast for the year ending 31 December 2022**

We refer to the profit forecast of China Energin International (Holdings) Limited (the “**Company**”) and its subsidiaries for the year ending 31 December 2022 (the “**Profit Forecast**”) set forth in the profit forecast memorandum (the “**Memorandum of Profit Forecast**”) which formed part of the resumption plan prepared by the Company and submitted to The Stock Exchange of Hong Kong Limited on 30 September 2022 (the “**Resumption Plan**”).

We, TC Capital International Limited, are engaged as the financial adviser to the Company to assist the directors of the Company (the “**Directors**”) to comply with paragraph 29(2) of Appendix 1B to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the preparation of the Resumption Plan. We are not reporting on the arithmetical calculations of the Profit Forecast and the adoption of accounting policies thereof. We have reviewed the Profit Forecast for which the Directors are solely responsible, and have discussed with the Directors the information and documents provided by the Directors which formed part of the bases and assumptions, which are set out in the section headed “Assumptions” in the Memorandum of Profit Forecast. We have also considered the letter from RSM Hong Kong dated 30 September 2022 addressed to the Company regarding the calculations and accounting policies upon which the Profit Forecast has been made.

Our work has been undertaken for the purpose of reporting solely to the Directors under paragraph 29(2) of Appendix 1B to the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

On the basis of the foregoing, we are of the opinion that the Profit Forecast, for which the Directors are solely responsible, has been made by the Directors after due and careful enquiry.

Yours faithfully,

For and on behalf of

**TC Capital International Limited**

**Edith Lee**

*Director*