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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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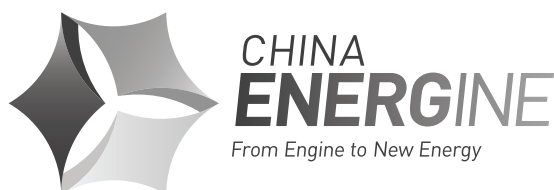
If you are in any doubt as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Energin International (Holdings) Limited (the "Company"), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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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 BLADES

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



博大資本國際有限公司

**Partners Capital International Limited**

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A letter from the Board is set out on pages 4 to 7 of this circular.

A letter from the Independent Board Committee is set out on pages 8 to 9 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 17 of this circular.

A notice convening the EGM to be held at Hall 1B, G/F., No.1 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 1 February 2010 at 12:00 noon is set out on pages 21 to 22 of this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

\* *For identification purpose only*

15 January 2010

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings, unless the context otherwise requires:*

“Aerospace Material”	Aerospace Research Institute of Materials & Processing Technology, a state-owned institute incorporated in the PRC and controlled by CALT
“Announcement”	the announcement made by the Company dated 29 December 2009 in relation to, among other things, the Continuing Connected Transactions
“Annual Cap”	the maximum annual purchase cost payable by IM Turbine Manufacture to IM Composite Material under the Framework Agreement
“associate(s)”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“CALT”	China Academy of Launch Vehicle Technology, 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 Energinet 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
“EGM”	extraordinary general meeting
“Continuing Connected Transactions”	continuing connected transactions to be entered into between the IM Turbine Manufacture and IM Composite Material in relation to the supply of wind turbine blades under the Framework Agreement
“Framework Agreement”	the framework agreement dated 29 December 2009 and entered into between the IM Turbine Manufacture and IM Composite Material in relation to the supply of wind turbine blades
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IM Composite Material”	Inner Mongolia CASC Energiner Composite Material Co. Ltd., a subsidiary of the Company as to 56.41% equity established in Wulangchabu City, Inner Mongolia, the PRC
“IM Turbine Manufacture”	Inner Mongolia CASC Energiner Wind Turbine Manufacture Co. Ltd., a subsidiary of the Company as to 95% equity established in Wulangchabu City, Inner Mongolia, the PRC
“Independent Board Committee”	An independent committee of the board of directors comprising Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice, and Mr. Gordon Ng, being all the independent non-executive directors;
“Independent Financial Adviser” or “Partners Capital”	Partners Capital International Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions;
“Independent Shareholders”	All shareholders of the Company excluding CALT and its associates
“independent third party(ies)”	party(ies) who is(are) independent of and not connected nor acting in concert with the Directors, chief executive or substantial Shareholders of the Company or its subsidiaries, or any of their respective associates, or parties acting in concert with it
“Latest Practicable Date”	13 January 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the legal currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares

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## DEFINITIONS

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“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 circular, the exchange rate of RMB:HK\$ is RMB1.00:HK\$1.14.*

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**LETTER FROM THE BOARD**

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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)**

*Executive Directors:*

Mr. Han Shuwang (*Chairman*)

Mr. Wang Xiaodong

*Non-executive Directors:*

Mr. Wu Jiang

Mr. Tang Guohong

Mr. Li Guang

*Independent Non-executive Directors:*

Mr. Wang Dechen

Ms. Kan Lai Kuen, Alice

Mr. Gordon Ng

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Principal Place of Business:*

Suite 4701, 47th Floor

Central Plaza

18 Harbour Road

Wanchai

Hong Kong

15 January 2010

*To the shareholders of the Company*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
FRAMEWORK AGREEMENT  
IN RELATION TO SUPPLY OF WIND TURBINE BLADES**

**INTRODUCTION**

It was announced on 29 December 2009 that two subsidiaries of the Company, IM Turbine Manufacture and IM Composite Material entered into a framework agreement whereby IM Composite Material is to supply wind turbine blades to IM Turbine Manufacture.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### Framework Agreement dated 29 December 2009

#### Parties

1. IM Turbine Manufacture;
2. IM Composite Material

#### Principal Terms

Pursuant to the Framework Agreement, IM Composite Material is to supply wind turbine blades for wind turbines as to 900KW and 2MW to IM Turbine Manufacture from time to time in accordance with the terms of the Framework Agreement for the three financial years ending 31 December 2011. Save for the purchase for 2009, 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 before delivery.

Detailed terms of each purchase and sales agreement will be determined on an arm's length basis and according to the prevailing fair and usual market practice. The purchase prices will be determined in accordance with the prevailing market rate for such purchases or, if there is no prevailing market rate available, by reference to the prevailing rate for the supply of similar blades offered within the same industry. Such purchase costs will be funded by the internal resources of the Group (excluding IM Composite Material on the current occasion).

#### ANNUAL CAPS

It is expected that the maximum purchase costs payable by IM Turbine Manufacture under the Framework Agreement for the three years ending 31 December 2011 are as follows:

	During the financial year ending		
	31 December		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Purchase of wind turbine blades	41,160	86,420	176,780
(in HK\$'000 equivalent)	(46,922)	(98,519)	(201,529)

The Annual Caps are determined by reference to the internal projection of the purchases of wind turbine blades to be incurred having regard to (i) the latest wind energy project development plan in Inner Mongolia having regard to the sales to China Huadian New Energy Development Co. Ltd. as for development and construction of wind farm in Jiuquan area, Gansu; (ii) the expected increase in sales of wind turbines for the Mainland China for the three years ending 31 December 2011; (iii) the prevailing market prices as to wind turbine blades; and (iv) inflation and on the basis that the revenue for 2009 could be recognized and the Independent Shareholders' approval could be sought.

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## LETTER FROM THE BOARD

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### 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, intelligent transportation systems, 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 will obtain its requisite supply of wind turbine blades with state-of-the-art composite materials of glass fabrics for manufacture and sales of its wind turbines as to 900KW and 2MW from IM Composite Material whose principal activity is to manufacture wind turbine blades of composite materials to its customers, primarily IM Turbine Manufacture.

The purchases and sales of wind turbine blades contemplated under the Framework Agreement are to be of a recurrent revenue nature that they will occur on a regular and continuing basis in the ordinary and usual course of businesses of the two subsidiaries. The Framework Agreement provides a framework for the supplies of wind turbine blades which are being made by IM Composite Material from time to time on a non-exclusive basis and regulates the future possible business relationship between the two subsidiaries in relation to supply of wind turbine blades.

### Continuing Connected Transactions

Since one of the shareholders of IM Composite Material as to 41.03% shareholding is Aerospace Material, which is a subsidiary of the Company major controlling shareholder of CALT, IM Composite Material is a connected person of the Company by virtue of being a non wholly-owned subsidiary with the said more than 10% shareholding. The supplies of wind turbine blades by IM Composite Material under the Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Since the applicable percentage ratio calculated under Chapter 14 of the Listing Rules in respect of maximum transaction value on an annual basis relating to the Continuing Connected Transactions for the supply of wind turbine blades are more than 25%, the Continuing Connected Transactions are subject to the approval of Independent Shareholders at the EGM.

### EGM

Set out on pages 21 to 22 is a notice convening the EGM to be held at Hall 1B, G/F., No.1 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 1 February 2010 at 12:00 noon at which one ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Framework Agreement.

A form of proxy is enclosed with this document for use at the EGM. Whether or not you intend to be present at the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the meeting. Completion of a form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting in person if you so wish.



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## LETTER FROM THE BOARD

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Astrotech Group Limited, a wholly-owned subsidiary of CALT, which holds 66.75% equity interest in the Company as at the Latest Practicable Date, and their respective associates shall abstain from voting at the EGM.

### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice and Mr. Gordon Ng, all of whom have no material interest in the Framework Agreement has been formed to advise the Independent Shareholders on the terms of the Continuing Connected Transactions. As all non-executive Directors, namely Mr. Wu Jiang Mr. Tang Guohong, and Mr. Li Guang are representatives of CALT, they are considered not to be independent for appointment as members of the Independent Board Committee.

Your attention is drawn to the advice from the Independent Board Committee set out in their letter dated 15 January 2010 on pages 8 to 9 of this circular.

### INDEPENDENT FINANCIAL ADVISER

Partners Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Continuing Connected Transactions and the Annual Caps.

The appointment of Partners Capital International Limited as the independent adviser has been approved by the Independent Board Committee. Your attention is drawn to the advice from the Independent Financial Adviser set out in its letter dated 15 January 2010 on pages 10 to 17 of this circular.

### RECOMMENDATION

The Directors believe that the Continuing Connected Transactions contemplated under the Framework Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Framework Agreement in respect of the transactions and the Annual Caps.

### FURTHER INFORMATION

Your attention is drawn to the information set out in the Appendices to this circular.

By order of the Board of  
**China Energine International (Holdings) Limited**  
**Han Shuwang**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter received from the Independent Board Committee setting out their advice to the Independent Shareholders for the purpose of inclusion in this circular.*



### 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)**

15 January 2010

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENT IN RELATION TO SUPPLY OF WIND TURBINE BLADES**

We refer to the circular of the Company dated 15 January 2010 (the “Circular”) of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular.

We, being the Directors constituting the Independent Board Committee, have been appointed by the Board to advise you as to whether the terms of the Continuing Connected Transactions are fair and reasonable insofar as the Independent Shareholders are concerned.

We wish to draw your attention to the letter from the Board, which is set out on pages 4 to 7 of the Circular, and the letter of advice from the Independent Financial Adviser appointed by the Company to advise the Independent Board Committee, setting out its advice to us in respect of the terms of the Continuing Connected Transactions, as set out on pages 10 to 17 of the Circular.

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Continuing Connected Transactions and the advice of the Independent Financial Adviser, we are of the opinion that the terms of the Continuing Connected Transactions and the Annual Caps are fair and reasonable insofar as the Independent Shareholders are concerned and the Continuing Connected Transactions are in the interests of the Company and the Company's shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and the Annual Caps.

Yours faithfully,  
**Wang Dechen**                      **Kan Lai Kuen, Alice**                      **Gordon Ng**  
*Independent Board Committee*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter received from Partners Capital setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for inclusion in this circular.*



博大資本國際有限公司  
**Partners Capital International Limited**

Partners Capital International Limited  
Unit 3906, 39/F, COSCO Tower  
183 Queen's Road Central  
Hong Kong

15 January 2010

*To the Independent Board Committee and the Independent Shareholders*

*Dear Sirs,*

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Framework Agreement and the Continuing Connected Transactions and the Annual Caps, particulars of which are set out in the letter from the Board (the "Letter from the Board") of the circular to the Shareholders dated 15 January 2010 (the "Circular") and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, two subsidiaries of the Company, IM Turbine Manufacture and IM Composite Material have entered into a Framework Agreement on 29 December 2009 pursuant to which IM Composite Material is to supply wind turbine blades to IM Turbine Manufacture from time to time in accordance with the terms of the Framework Agreement for the three financial years ending 31 December 2011. Since one of the shareholders of IM Composite Material, which is interested in 41.03% shareholding, is Aerospace Material which, in turn, is a subsidiary of the Company's major controlling shareholder of CALT, IM Composite Material is a connected person of the Company by virtue of being a non wholly-owned subsidiary with the said more than 10% shareholding. The supply of wind turbine blades by IM Composite Material under the Framework Agreement constitutes continuing connected transaction 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 Transactions for the supply of wind turbine blades is more than 25%, the Continuing Connected Transactions are subject to the Independent Shareholders' approval at a general meeting under the Listing Rules. The Company will convene the EGM to seek Independent Shareholders' approval for the Continuing Connected Transactions. In view of the interest of CALT in the Continuing Connected Transactions, CALT and its associates (as defined in the Listing Rules) will abstain from voting at the EGM on the resolution to approve the Framework Agreement, the Continuing Connected Transactions and the Annual Caps. Accordingly, the Independent Board Committee has been established to advise whether the terms of the Framework Agreement and the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Continuing Connected Transactions and the Annual Caps are fair and reasonable and whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole. In this regard, Partners Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

We are not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Group and the Continuing Connected Transactions, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Company, CALT, IM Turbine Manufacture, IM Composite Material and their respective associates nor have we carried out any independent verification of the information supplied.

### THE CONTINUING CONNECTED TRANSACTIONS

#### Principal factors and reasons considered

In arriving at our opinion regarding the terms of the Framework Agreement and the Continuing Connected Transactions and the Annual Caps, we have considered the following principal factors and reasons:

- 1. Background of and reasons for the Continuing Connected Transactions and the Annual Caps**

The Group is principally engaged in the businesses of manufacture and sales of wind turbines and blades, operation of wind farm, intelligent transportation systems, broadband wireless access systems and equipment, manufacture and sale of telecommunications products and hi-tech rare-earth permanent magnetic motors for elevators as well as investment in businesses of automotive components parts.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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By entering into the Framework Agreement, IM Turbine Manufacture will obtain its requisite supply of wind turbine blades with state-of-the-art composite materials of glass fabrics for manufacture and sales of its wind turbines as to 900KW and 2MW. The purchases and sales of wind turbine blades contemplated under the Framework Agreement are to be of a recurrent revenue nature in the sense that they will occur on a regular and continuing basis in the ordinary and usual course of businesses of the two subsidiaries. The Framework Agreement provides a framework for the supplies of wind turbine blades which are being made by IM Composite Material from time to time on a non-exclusive basis and regulates the future possible business relationship between the two subsidiaries in relation to supply of wind turbine blades.

The Directors (excluding the independent non-executive Directors) are of the view that (i) the terms of the purchases and sales of wind turbine blades under the Framework Agreement are fair and reasonable; (ii) 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 (iii) it is beneficial to IM Turbine Manufacture to enter into the transactions.

As advised by the Company, the Directors consider that it is one of the main focuses of the PRC Government towards environmental protection and renewable energy according to the Eleventh Five Year Plan, the Medium and Long-Term Development Plan for Renewable Energy and the Eleventh Five Year Plan for Renewable Energy and the Directors are of the view that there are great business opportunities in these areas and the Group has been all along identifying opportunities in these areas.

According to the World Wind Energy Report 2008 published by World Wind Energy Association<sup>1</sup> in February 2009, wind energy has continued as the most dynamically growing energy source worldwide in the year 2008. Since 2005, the global wind installations more than doubled. The global wind installations reached 121,188 MW, after 59,024 MW in 2005, 74,151 MW in 2006, and 93,927 MW in 2007. World Wind Energy Association estimated that the global wind installations would reach approximately 152,000 MW and 190,000 MW by 2009 and 2010 respectively. The PRC continues its role as the most dynamic wind market in the year 2008, more than doubling the installations for the third time in a row, with more than 12,000 MW of wind turbines installed.

According to the annual report of the Company for the year ended 31 December 2008, the Group underwent a reorganisation in May 2008 and the business of the Group has diversified into wind energy, new material application, automotive component parts and telecommunications. The wind energy segment soon became a significant contributor to the operations of the Group. According to the interim report of the Company for the six months ended 30 June 2009, it is the Group's plan to further expand its energy saving and environmental-friendly business activities.

<sup>1</sup> World Wind Energy Association is an international non-profit association embracing the wind sector worldwide, with members in 90 countries. World Wind Energy Association works for the promotion and worldwide deployment of wind energy technology.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to the announcement of the Company dated 20 October 2009, Gansu Industries and Information Management Committee, Jiuquan City People's Government ("Jiuquan Government"), the Company and China Huadian New Energy Development Co. Ltd. ("Huadian New Energy") entered into a Strategic Framework Agreement on 20 October 2009 which provides, inter alia, that Jiuquan Government of Gansu Province will plan to grant wind resource development rights as to 200,000 KW in the "eleventh five" period and 200,000 KW each year in the "twelfth five" period to China Huadian New Energy Development Co. Ltd., an independent third party, for its development and construction of wind farm in Jiuquan area; Huadian New Energy will apply the 900KW and 2MW direct-wind turbines of the Group to develop the said wind farm.

We were advised by the Company that the Continuing Connected Transactions represent an interim production step of IM Turbine Manufacture for its production of the wind turbines. As further advised by the Company, in light of the fact that both IM Turbine Manufacture and IM Composite Material are located at Xingwangjiao Industrial Area, Xinghe County, Inner Mongolia, the PRC, the Continuing Connected Transactions enables IM Turbine Manufacture to purchase the blades from a manufacturer within close proximity to the production facilities to reduce cost and to enhance competitiveness of the wind turbines produced by the Group. In addition, given IM Composite Material is a subsidiary of the Company where the Group has management presence, the Continuing Connected Transactions enable the Group to have more control over quality and technology of blades used in its production.

Against all the background as stated above, we consider that there is a commercial rationale for the Company to enter into the Framework Agreement.

### **2. Proposed maximum amounts for Annual Caps**

Pursuant to the Framework Agreement, IM Composite Material, a subsidiary of the Company, is to supply wind turbine blades for wind turbines as to 900KW and 2MW to IM Turbine Manufacture, another subsidiary of the Company, from time to time in accordance with the terms of the Framework Agreement for the three financial years ending 31 December 2011. Detailed terms of each purchase and sales agreement will be determined on an arm's length basis and according to the prevailing fair and usual market practice. The purchase prices will be determined in accordance with the prevailing market rate for such purchases or, if there is no prevailing market rate available, by reference to the prevailing rate for the supply of similar blades offered within the same industry.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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It is expected that the maximum purchase costs payable by IM Turbine Manufacture under the Framework Agreement for the three years ending 31 December 2011 are as follows:

	During the financial year ending		
	31 December		
	2009	2010	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of wind turbine blades	41,160	86,420	176,780
(in HK\$'000 equivalent)	(46,922)	(98,519)	(201,529)

The Annual Caps were determined by reference to the internal projection of the purchases of wind turbine blades to be incurred having regard to (i) the latest wind energy project development plan in Inner Mongolia having regard to the sales to Huadian New Energy as for development and construction of wind farm in Jiuquan area, Gansu; (ii) the expected increase in sales of wind turbines for the Mainland China for the three years ending 31 December 2011; (iii) the prevailing market prices as to wind turbine blades; and (iv) inflation and on the basis that the revenue for 2009 could be recognized and the Independent Shareholders' approval could be sought.

As advised by the Company, there are only limited suppliers who can provide blades with similar specifications (such as size and manufacturing materials) of those provided by IM Composite Material to IM Turbine Manufacture at similar price. However, IM Composite Material is the only supplier located at Xingwangjiao Industrial Area, Xinghe County, Inner Mongolia, the PRC where IM Turbine Manufacture is located and the Continuing Connected Transactions enable IM Turbine Manufacture to reduce shipping and transportation costs as compared to other suppliers due to close proximity.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Upon enquiry, we were confirmed by the Directors that the Continuing Connected Transactions were new transactions to IM Turbine Manufacture and there was no historical transaction for comparison. Meanwhile, we have obtained and reviewed information in relation to the pricing offered by other suppliers of blades. Upon review, we note that the pricing for the proposed transactions of the Continuing Connected Transactions is comparable to the pricing that the Group could obtain from independent third party blade suppliers. In addition, we were advised by the Company that the Annual Caps under the Framework Agreement can be further broken down into the following categories:

	During the financial year ending		
	31 December		
	2009	2010	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of blades for wind turbine with 900KW output	41,160	82,320	123,480
Purchase of blades for wind turbine with 2MW output	—	4,100	53,300
Total	41,160	86,420	176,780

As regard the Annual Caps to be sought of the Continuing Connected Transactions for the three financial years ending 31 December 2011 of RMB41,160,000, RMB86,420,000 and RMB176,780,000 respectively, we have obtained from the Company a list of estimated purchase of blades summing roughly up to the Annual Caps. We understand from the Directors that such list of estimate was prepared on the basis of multiplying the estimated price per unit of the individual components by the estimated quantity of the corresponding components. The estimated quantity of the corresponding components was arrived at after taking into account the preliminary production plan and the anticipated growth in sales of IM Turbine Manufacture during 2009 to 2011. For instance, we were advised by the Company that the purchase order of blades for wind turbines in 2009 has been received for the testing wind farm at Xinghe County, Inner Mongolia. In addition, the Group intends to supply the required wind turbines to two new wind farms in the PRC in 2010, one of which will be the new wind farm of Huadian New Energy in Gansu Province to be established pursuant to the Strategic Framework Agreement on 20 October 2009 as stated above. We note that the number of wind turbines required for setting up of these two wind farms roughly matches the blades to be purchased by IM Turbine Manufacture from IM Composite Material in 2010. Moreover, the Group plans to supply the required wind turbines to a few new wind farms in the PRC in 2011. We consider that the basis of such assumption is acceptable. Meanwhile, we note that the estimated price per unit of the individual components adopted in the list of estimate was primarily based on the recent quotations from independent suppliers. We consider such basis of preparation to be in line with market practice.

On the above basis, we are of the view that the bases on which the Annual Caps were determined are fair and reasonable and in the interests of the Shareholders and the Company as a whole and the Annual Caps are fair and reasonable and we consider that the Continuing Connected Transactions are to be carried out on normal commercial terms and in the ordinary course of business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. The conditions

As the Annual Caps will exceed HK\$10 million and the relevant applicable ratios under the Listing Rules exceed 25%, the Annual Caps for the Continuing Connected Transactions are subject to reporting, announcement, and the Independent Shareholders' approval requirements under the Listing Rules.

The Company will therefore seek the approval by the Independent Shareholders of the Annual Caps for the three years ending 31 December 2011 subject to the following conditions pursuant to the Listing Rules:

1. The Continuing Connected Transactions will be:
  - (i) entered into by the Company in the ordinary and usual course of its business;
  - (ii) conducted on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available from independent third parties; and
  - (iii) entered into in accordance with the terms of the relevant framework agreements governing such Continuing Connected Transactions that are fair and reasonable and in the interests of the Shareholders as a whole;
2. The transacted amount of the transactions under the Framework Agreement for each of the three years ending 31 December 2011 shall not exceed the Annual Caps as stated above;
3. The Company will comply with all other relevant requirements under the Listing Rules.

Taking into account of the conditions attached to the Continuing Connected Transactions, in particular (i) the restriction by way of setting the Annual Caps; and (ii) the compliance with all other relevant requirements under the Listing Rules (which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the Continuing Connected Transactions), we consider that the Company has taken appropriate measures to govern the Company in carrying out the Continuing Connected Transactions, thereby safeguarding the interests of the Shareholders thereunder.

### **Recommendation**

Having considered the above principal factors, we are of the opinion that the terms of the Framework Agreement and the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and the Annual Caps are fair and reasonable. We consider that the Continuing Connected Transactions are to be carried out on normal commercial terms and in the ordinary course

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of business of the Company. Accordingly, we recommend the Independent Shareholders to, and we recommend the Independent Board Committee to advise the Independent Shareholders to, vote in favour of the ordinary resolutions to be proposed at the EGM for approving the Framework Agreement and the Continuing Connected Transactions and the Annual Caps.

Yours faithfully,  
For and on behalf of  
**Partners Capital International Limited**  
**Alan Fung**  
*Managing Director*

### 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

### 2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY AND ANY ASSOCIATED CORPORATION

As at the Latest Practicable Date, none of the Directors and chief executive of the Company or their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or to be recorded in the registrar required to be maintained pursuant to Section 352 of the SFO, or otherwise to be notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of the Listed Issuers in the Listing Rules.

### 3. SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE COMPANY

As at the Latest Practicable Date, so far as is known to the Directors, the persons/entities had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities or in any options in respect of such capital were as follows:

<b>Name</b>	<b>Capacity</b>	<b>Number of shares (note 1)</b>	<b>Percentage of shareholding</b>
CASC	Interest of a controlled corporation (note 2)	2,649,244,000(L)	66.75%
CALT	Interest of a controlled corporation (note 3)	2,649,244,000(L)	66.75%
Astrotech	Beneficial owner	2,649,244,000(L)	66.75%

*Note:*

- The letter "L" denotes the shareholder's long position in the shares.
- CASC is deemed to be interested in 2,649,244,000 shares as it holds 100% of the equity of CALT.

3. Astrotech is a wholly owned subsidiary of CALT. Accordingly, CALT is deemed to be interested in all the shares held by Astrotech.

Save as disclosed herein, as at Latest Practicable Date, as is known to the Directors or the chief executive of the Company, there is no other persons/entities (including the Directors or chief executive of the Company) who had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities or in any options in respect of such capital.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into any service contract with the Company or any member of the Group (except those expiring or determinable by the Company within a year without payment of compensation other than statutory compensation).

#### **5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2008, the date to which the latest published audited consolidated financial statements of the Company were made up.

#### **6. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES**

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

#### **7. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS**

None of the directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since the date to which the latest published audited accounts of the Company was made up, acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of or leased to the Group.

#### **8. EXPERT AND CONSENT**

- (a) The Independent Financial Adviser is a registered institution under the SFO to conduct type 1 (dealing in securities), and type 6 (advising on corporate finance) regulated activities under the SFO.

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group, nor did they have any interest, direct or indirect, in any assets which had been since the date to which the latest published audited financial statements of the Company was made up, acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of or leased to the Group.
- (c) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company within 14 days from the date of this circular:

- (a) the Framework Agreement dated 29 December 2009;
- (b) the letter from the Independent Board Committee as set out in this circular;
- (c) the letter from the Independent Financial Adviser as set out in this circular; and
- (d) the written consent from the Independent Financial Adviser referred to in the section headed “Expert and consent” in this circular.

## **10. GENERAL**

- (a) The secretary of the Company is Mr. Au-Yeung Keung Steve LLB LLM, who is a fellow member of Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.
- (b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The principal place of business of the Company is Suite 4701, 47th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (d) The English texts of this circular shall prevail over the Chinese texts.

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## NOTICE OF THE EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an EGM of China Energin International (Holdings) Limited (the “**Company**”) will be held at Hall 1B, G/F., No.1 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 1 February 2010 at 12:00 noon for the purposes of considering and, if thought fit, passing the ordinary resolution set out as follows:-

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the framework agreement in relation to supply of wind turbine blades (the “**Framework Agreement**”) dated 29 December 2009 entered into between Inner Mongolia CASC Energin Composite Material Co. Ltd. and Inner Mongolia CASC Energin Wind Turbine Manufacture Co. Ltd. (a copy of the Framework Agreement is tabled at the meeting and marked “**A**” and initialed by the chairman of the meeting for identification purposes) be and is hereby approved, confirmed and ratified; and
- (b) the execution of the Framework Agreement be and is hereby confirmed and ratified and any one director of the Company or any two directors of the Company if the affixation of the common seal of the Company is necessary, be and is hereby authorised to do all such things and take all other steps which, in his/her opinion, may be necessary or desirable in connection with the matters contemplated in and for giving effect to the Framework Agreement.”

By order of the board of directors of  
**China Energin International (Holdings) Limited**  
**Steve Au-Yeung**  
*Secretary*

Hong Kong, 15 January 2010

\* *For identification purpose only*

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## NOTICE OF THE EGM

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**Note:**

1. The votes to be taken at the meeting of the Company by the above notice will be taken by poll.
2. Any member of the Company entitled to attend and vote at the meeting of the Company by the above notice shall be entitled to appoint another person as his/her proxy to attend and vote instead of such member. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
4. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must be delivered to the office of Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or by way of notice to or in any document accompanying the notice convening the meeting not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
5. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In the case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
7. As at the date of this notice, the Board comprises Mr. Han Shuwang, Mr. Wang Xiaodong as Executive Directors, Mr. Wu Jiang, Mr. Tang Guohong and Mr. Li Guang as Non-executive Directors and Mr. Wang Dechen, Ms. Kan Lai Kuen, Alice and Mr. Gordon Ng as Independent Non-executive Directors.