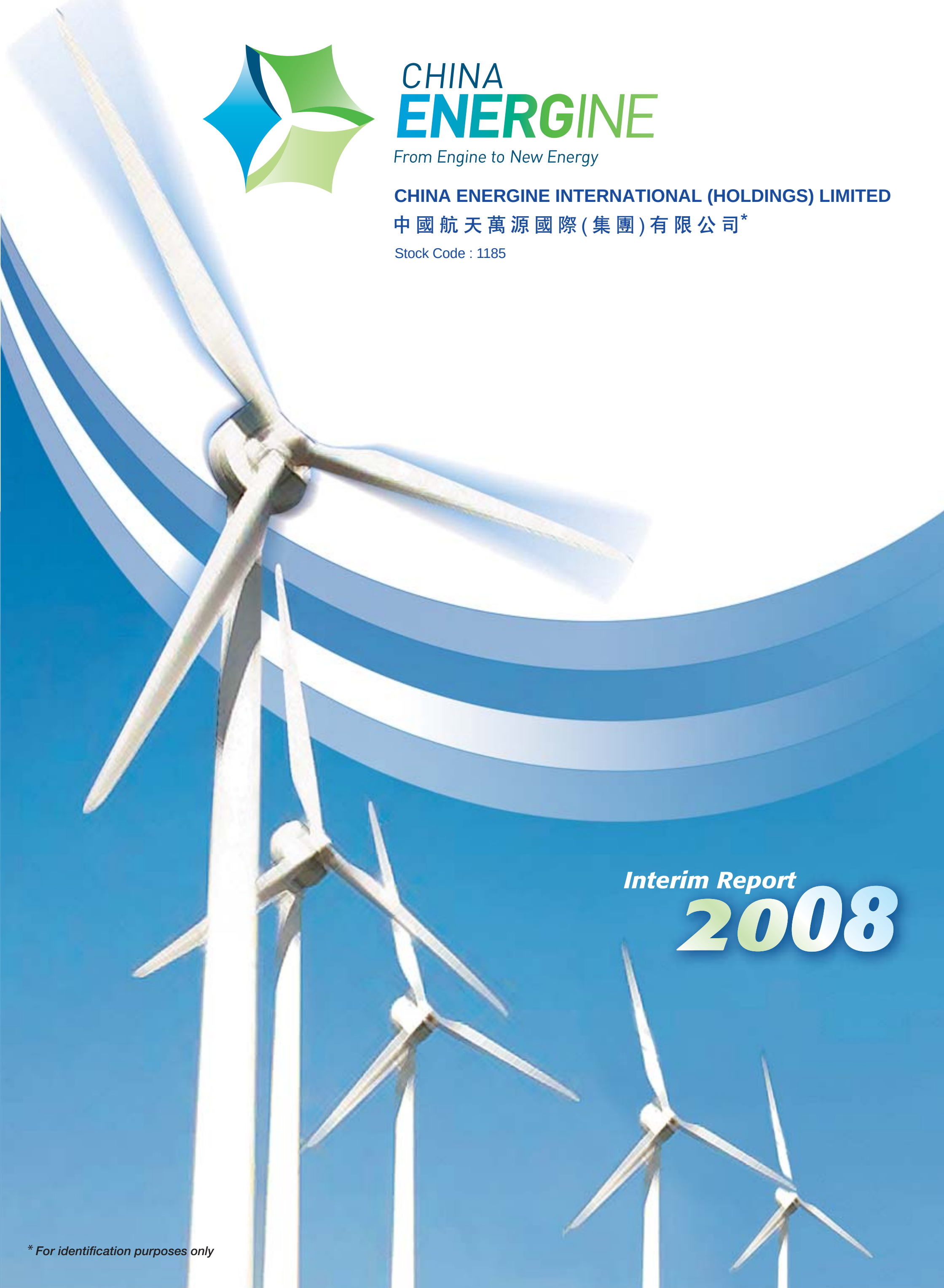
CHINA ENERGINE

From Engine to New Energy

CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED

中國航天萬源國際(集團)有限公司*

Stock Code : 1185



Interim Report 2008

* For identification purposes only

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CORPORATE INFORMATION

Directors	*Executive Directors* Mr. Han Shuwang *(Chairman)* Mr. Wang Xiaodong Mr. Li Guang *Non-executive Directors* Mr. Wu Jiang Mr. Tang Guohong *Independent Non-executive Directors* Mr. Wang Dechen Ms. Kan Lai Kuen, Alice Mr. Gordon Ng
Company Secretary	Mr. Au-Yeung Keung, Steve
Audit Committee	Ms. Kan Lai Kuen, Alice *(Chairman)* Mr. Wang Dechen Mr. Wu Jiang Mr. Gordon Ng
Remuneration Committee	Mr. Tang Guohong *(Chairman)* Ms. Kan Lai Kuen, Alice Mr. Gordon Ng
Development and Investment Committee	Mr. Han Shuwang *(Chairman)* Mr. Wang Xiaodong Mr. Wang Dechen Mr. Tang Guohong
Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands

Principal Place of Business	Suite 4701, 47/F, Central Plaza 18 Harbour Road Wanchai, Hong Kong
Auditor	Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queenway, Hong Kong
Principal Share Registrar	Butterfield Fund Services (Cayman) Limited Butterfield House 68 Fort Street, P.O. Box 705 Grand Cayman KY1-1107 Cayman Islands
Branch Share Registrar	Tricor Standard Limited Share Registration Public Office 26/F., Tesbury Centre 28 Queen's Road East, Hong Kong
Principal Bankers	Bank of China (Hong Kong) Limited The Hongkong and Shanghai Banking Corporation Limited DBS Bank (Hong Kong) Limited
Legal Advisers	Sidley Austin Sit, Fung, Kwong & Shum Conyers Dill & Pearman
Website	www.energine.hk
Email Address	energine@energine.hk
Stock Code	1185

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS SUMMARY

As of 30 June 2008, the Group's turnover for the first half of 2008 amounted to HK$63.77 million with a loss of HK$20.96 million in contrast to those for the year 2007 of HK$97.08 million with a loss of HK$2.69 million respectively. The loss for the period was attributable to an allowance for bad and doubtful debts of HK$34.00 million and interests on shareholder loans regarding finances on wind energy projects of HK$16.19 million albeit shares of profits from businesses of automotive component parts amounting to HK$37.07 million and of wind energy projects amounting to HK$16.27 million.

BUSINESS REVIEW

Change of Company name

The Company changed its name to China Energine International (Holdings) Ltd. from CASIL Telecommunications Holdings Ltd. on 15 May 2008, marking the milestone in stepping into a new era with diversification of business to businesses in respect of automotive component parts, wind energy, new material and telecommunications.

Business of automotive component parts

The jointly controlled entities, Beijing Delphi and Wanyuan GDX performed well as expected, contributing share of profits amounting to HK$37.07 million in total. While maintaining the sales level to its 10 top customers including Shanghai GM, and Brilliance, Beijing Delphi is also achieving sales growth from its other customers. Wanyuan GDX has been positioning as the leading distinguished supplier supplying sealing systems to key customers of medium to high end sedan market such as FAW-VW, Shanghai VW and Shanghai GM with leading edge of engineering techniques, realizing various tailored-made sealing systems to them.

Business of wind energy projects

With capacity of annual production of 400 wind energy generation units and provision of incidental services such as assessment of wind resource, and fine-review on field selection to suppliers of electricity generated from wind energy, Nantong Acciona performed well above expected, contributing share of profit amounting to HK$4.42 million.

Jilin Longyuan had sold electricity generated of 150 million kwh from 176 windmills installed in Tongyu County, giving the share of profit amounting to HK$6.94 million. The Group will enjoy more share of profits from the total capacity of 200.6 MW in terms of 236 windmills to be further reached in lieu of the original 100.3 MW planned.

Following further investment of RMB30.43 million to Jiangsu Longyuan for development of Phase II of the project with capacity 50 MW, the project company installed 100 1.5MW windmills with capacity of 150 MW in total, becoming the first and biggest windmill field of megawatt level in PRC known as Yudong wind power field with 3 sub-fields, namely, Huangang wind power field, Dongling wind power field and Lingyang wind power field. By selling 324 million kwh through that capacity, the company had achieved revenue of more than HK$100 million, contributing the share of profit of HK$3.38 million.

Liaoning Benxi had a capacity 24.65 MW wind power field and achieved sales of electricity of 26.8 million kwh, contributing share of profits of HK$1.53 million. In furtherance of the Group's intensive development of this business, it was planned to further acquire 15% of this project from Beijing CASC Wan Yuan Science and Technology Corporation, a wholly-owned subsidiary of China Academy of Launch Vehicle Technology ("CALT") shortly, increasing the Group's shareholding to 55% for direct management of the project company, Aerospace Long Yuan (Benxi) Wind Power Co., Ltd., in terms of a subsidiary such that the Group's revenue and profits will be further increased. This transaction would be a discloseable and connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules") if entered into by the Group.

In order to focus the energy on businesses of wind power generation and wind field development, in particular further reinforcing business in Inner Mongolia with rich wind resource in terms of a special project with companies incorporated, the project relating to Beijing Acciona on business in development of renewable energy projects, research and development in relation to those of wind power marketing, blades, biomass and biofuel with strategic joint venturers, Energia Hidroelectrica de Navarra and International Commercial E. Industria S.A. was decided not to be pursued.

Business of new materials

Hangzhou REPM became the Group's subsidiary on 1 July 2008 when the Group took effective control thereon in wake of entering into an equity assignment contract with Shanghai STEP Electric Co. Ltd. ("Shanghai Electric") on 27 May 2008 whereby Beijing Wan Yuan Industry Corp. ("BJWY"), a wholly-owned subsidiary of the Group, was to acquire a 20% registered capital of Hangzhou REPM from Shanghai Electric at consideration of approximately RMB11 million such that the Group would take effective control of the board of Hangzhou REPM through its new shareholding of 49%. During the period, the company achieved revenue of HK$10.8 million and incurred loss of HK$4.07 million, resulting in Group's share of loss of HK$1.18 million due to the cost of improvement on product packages in the strategic move of production base from Beijing to Liyang County, Jiangsu, which are not recurring such that Hangzhou REPM is expected to start making profit in the second half of the year.

Telecommunication business

The Group continued the sales of communication equipment of high capacity to price value and rendering the application services of global positioning system to our customers including telecommunication operators, government authorities and system engineering companies and other public organizations.

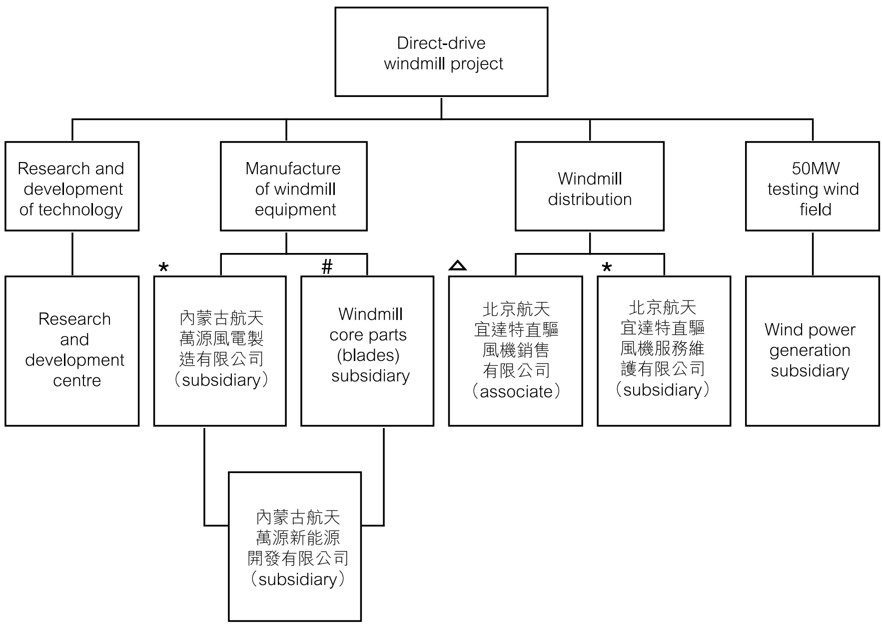
PROSPECT

Further development on wind energy projects

In grasping the precious opportunity arising from the state policy propositioning on development of wind energy projects in China and leveraging the bright prospect of tremendous demand of energy whose production is hence required to be renewable and of environment conservation in the course of continuing economic growth of China in creating long-term income streams, the Group has planned to set up an Inner Mongolia windmill general assembling plant company, an Inner Mongolia blade plant company, a distribution company and an after-sales service company in development of direct-drive windmill project of advanced energy intensively, which comprises parts of manufacture of windmill equipment, research and development of technology, 50MW testing wind field and windmill distrbution with strategic investors including Emergya Wind Technologies B.V. ("EWT") from Netherlands, Beijing Direct Energy Corp. ("BDE") and 北京航天材料與工藝研究所 ("MAI"). EWT is a Netherlands' company incorporated in February 2004 that is the second largest direct-drive windmill manufacturer possessing the comprehensive and advanced direct-drive techniques as to capacities of 750KW and 900KW on production of windmill and its main components such as generators and blades. BDE engages in business of distribution of wind measuring equipment and instruments, possessing the capacity of development of early phase of wind energy generation field and of market of distribution of windmills. MAI which is a wholly-owned subsidiary of CALT, hence a fellow subsidiary of the Group, engages in research and development of assembling materials and arts applying in production of assembling materials as well as in production thereof.

The total investments amount to about RMB739 million which are to be funded from the Group's internal resources, capital contributions from other joint venture parties and bank loans to be raised by the companies to be set up.

Direct-drive Windmill Project



* A joint venture company with EWT

\# A joint venture company with EWT, MAI

△ A joint venture company with EWT, BDE

Manufacture of windmill equipment

This part comprises a windmill general assembling subsidiary and a windmill core parts (blade) subsidiary and a property management subsidiary. The windmill general assembling subsidiary is a joint venture between BJWY and EWT with shareholding of 95% and 5% respectively; the windmill core parts (blade) subsidiary is to be another joint venture between BJWY and New Image Development Ltd. (another wholly-owned subsidiary of the Group) and MAI and EWT with shareholding of 35%, 20%, 40% and 5% respectively. The windmill general assembling subsidiary is to engage in the business of windmill assembling, test and delivery, organizing logistics in production of windmill and of components domestically and purchasing of components locally and from overseas. The windmill core parts (blade) subsidiary is to engage in the business of production of tailored-made blades for the division's windmill general assembling subsidiary and other windmill manufacturers and undergoing research and developments and quality recognition of blades with the technology research and development center. The annual production upon completion is expected to reach 300 direct-drive windmills of 900KW and 50 permanent-magnetic direct-drive windmills of 2MW. The property management subsidiary is to hold the property for the production base in Xinghe County, Inner Monogolia and leases the production base to the other 2 companies of this part with provision of professional estate management service to them. The total investments for this part amount to about RMB280 million.

In May 2008, the joint venture agreement for setting up of the windmill general assembling subsidiary, 內蒙古航天萬源風電製造有限公司 was entered into by BJWY and EWT. The registered capital and total investment of this company amount to RMB50 million and RMB100 million respectively. The Group's share of capital contribution amounts to RMB47.5 million.

As of 30 June 2008, the wholly-owned property management subsidiary, 內蒙古航天萬源新能源開發有限公司, has been incorporated with registered capital injected amounting to RMB30 million.

Research and development of technology

This part comprises a wind energy research and development center being to handle the technical issues on local mass production of direct-drive windmills and core parts such as techniques on windmill general assembling, blade and generator as well as issues on local production in China; and to conduct research and development of patentable new-make windmills and their quality recognition.

50MW testing wind field

This part comprises a subsidiary being to engage in generation of electricity from 55 windmills of 900KW being installed in a windmill electricity generation field of total capacity of 49.5MW in Xinghe County, Inner Mongolia in provision of electricity to the public at large at more than 110 million kwh per annum in northern China. The total investment for this part amounts to about RMB438 million.

Windmill distribution

This part comprises a distribution company, which is a joint venture associate between the Company and EWT and BDE with their respective shareholding of 25%, 60% and 15% and a service support subsidiary whose shareholding between BJWY and EWT is 51% and 49% respectively. The distribution company is to engage in business of market exploitation and distribution of windmills produced from windmill general assembling subsidiary domestically and globally and coordination of sales support services to be provided by the service support subsidiary covering transportation and installation of windmills and testing in relation to delivery thereof as well as after-sales supports in terms of maintenance for windmill operations in generation of electricity. The total investments for this part amount to about RMB21 million.

In May 2008, the joint venture agreements for setting up of the distribution company, 北京航天宜達特直驅風機銷售有限公司 and of the service support subsidiary, 北京航天宜達特直驅風機服務維護有限公司 were entered into by the said joint venture parties. The registered capital and total investment as to the distribution company amount to RMB10 million and RMB14 million respectively. The Company's share of capital contribution amounts to RMB2.5 million. The registered capital and total investment as to the service support subsidiary amount to RMB5 million and RMB7 million respectively. The Group's share of capital contribution amounts to RMB2.55 million.

Other developments

In the meantime, the Group is also exploring other opportunities in the diversified businesses for our Group's further development thereon.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2008, the Group had 40 employees (2007: 41 employees) in the Hong Kong offices and 408 employees (2007: 409 employees) in the China Mainland offices. Remuneration of employees is determined according to individual employee's performance and the prevailing trends in different areas and reviewed on an annual basis. The Group also provides Mandatory Provident Fund and medical insurance to its employees. In addition, discretionary performance bonus is available and is at the discretion of the Directors.

FINANCIAL REVIEW

Liquidity and Financial Resources

Total borrowings of the Group as at 30 June 2008 were HK$669,332,000 (31 December 2007: HK$583,005,000), which were fixed rate borrowings. All borrowings of the Group were determined at market interest rate. The Group has not issued any financial instruments for hedging or other purposes.

Gearing ratio (total borrowings over shareholders' equity) as at 30 June 2008 was 40% (31 December 2007: 37%).

Exchange and Other Exposures

Most of the Group's business transactions were conducted in Hong Kong dollars, Renminbi and United States dollars. The Group expected that the exposure to exchange rate fluctuation was not significant and therefore has not engaged in any hedging activities.

The Group did not have any contingent liabilities as at 30 June 2008.

ADDITIONAL INFORMATION

INTERIM DIVIDEND

The Board of the Company did not recommend any interim dividend for the six months ended 30 June 2008 (2007: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2008, none of the Directors and chief executives of the Company or their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 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 SFO), or to be recorded in the register 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 Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, its subsidiaries or any of its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangements to enable the Directors of the Company or their associates (as defined in the "Listing Rules") to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, 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:

Name	Capacity	Number of shares *(Note 1)*	Percentage of shareholding
China Aerospace Science & Technology Corporation ("CASC")	Interest of a controlled corporation *(Note 2)*	2,649,244,000(L)	73.10%
China Academy of Launch Vehicle Technology ("CALT")	Interest of a controlled corporation *(Note 3)*	2,649,244,000(L)	73.10%
Astrotech Group Limited ("Astrotech")	Beneficial owner	2,649,244,000(L)	73.10%

Notes:

1. The letter "L" denotes the shareholder's long position in the shares.

2. CASC is deemed to be interested in 2,649,244,000 shares as it holds 100% 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, according to the register of interests kept by the Company under Section 336 of the SFO and so far as was known to the Directors, there is no other person/entity who, as at 30 June 2008, had any interest or short position in the shares of underlying shares of the Company which would fall to be disclosed to the Company under Divisions 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 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.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Group has complied with all principles as set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules (the "Code"), which became applicable to the Group in respect of the year under review, and complied with the relevant code provisions in the Code throughout the six month period ended 30 June 2008, with the exception of one deviation from the Code Provision A.4.1 of the Code which stipulates that Non-executive Directors should be appointed for a specific term subject to re-election.

All of the Non-executive Directors of the Company except the Independent Non-executive Directors appointed on 23 January 2008 are not appointed for a specific term but are subject to retirement and rotation and re-election at the Company's Annual General Meeting in accordance with the retirement provisions under the Articles of Association of the Company. The Company considers that sufficient measures have been taken in this regard to ensure that the Group's corporate governance practices are no less exacting than those in the Code.

Model Code for Securities Transactions by Directors

Throughout the six month period ended 30 June 2008, the Group has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Group by the Directors. Having made specific enquiry, all the Directors confirmed that they have complied with the Model Code.

Independent Non-executive Directors

Throughout the six month period ended 30 June 2008, the Board at all times met the requirements of the Rules 3.10(1) and 3.10(2) of the Listing Rules in appointment of a sufficient number of three Independent Non-executive Directors, one of whom has appropriate professional qualifications, accounting and financial management expertise.

The appointment of Independent Non-executive Directors adheres to the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Group has received in writing confirmation of their independence from each of the Independent Non-executive Director and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgment. The Board considers that each of the Non-executive Director and Independent Non-executive Director brings his own relevant expertise to the Board.

Audit Committee

The Audit Committee of the Company set up comprises all of three Independent Non-executive Directors, Ms. Kan Lai Kuen, Alice, Mr. Wang Dechen and Mr. Gordon Ng and a Non-executive Director, Mr. Wu Jiang. The principal duties of the Audit Committee include the review of the Company's financial reporting procedure, internal controls and results of the Group. The unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee and Deloitte Touche Tohmatsu, the external auditors of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six month period ended 30 June 2008.

By Order of the Board
Han Shuwang
Chairman

Hong Kong, 18 September 2008

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF
CHINA ENERGINE INTERNATIONAL (HOLDINGS) LIMITED
(FORMERLY KNOWN AS CASIL TELECOMMUNICATIONS HOLDINGS LIMITED)

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 36, which comprises the condensed consolidated balance sheet of China Energine International (Holdings) Limited as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 September 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	NOTES	1.1.2008 to 30.6.2008 HK$'000 (Unaudited)	1.1.2007 to 30.6.2007 HK$'000 (Unaudited)
Turnover	3	**63,770**	97,078
Cost of sales		**(53,691)**	(80,691)
Gross profit		**10,079**	16,387
Other income		**4,459**	7,951
Distribution costs		**(3,845)**	(4,361)
Administrative expenses		**(67,839)**	(20,565)
Increase in fair value of investment properties		**—**	5,010
Finance costs	4	**(16,189)**	(3,734)
Share of results of associates		**12,146**	(3,815)
Share of results of jointly controlled entities		**41,484**	—
Loss before taxation	5	**(19,705)**	(3,127)
Taxation (charge) credit	6	**(1,252)**	439
Loss for the period		**(20,957)**	(2,688)
Attributable to:			
Equity holders of the Company		**(21,430)**	(4,294)
Minority interests		**473**	1,606
		(20,957)	(2,688)
Loss per share – Basic	8	**HK(0.59) cents**	HK(0.42) cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	NOTES	30.6.2008	31.12.2007
		HK$'000	*HK$'000*
		(Unaudited)	*(Audited)*
Non-current assets			
Property, plant and equipment	9	**54,959**	30,602
Investment properties	9	**22,800**	21,000
Prepayment for acquisition of property, plant and equipment		**114,572**	105,526
Intangible assets		**2,450**	4,900
Interest in associates	10	**226,953**	170,828
Interest in jointly controlled entities	11	**1,389,937**	1,241,996
		1,811,671	1,574,852
Current assets			
Inventories		**25,818**	24,867
Trade and other receivables	12	**182,651**	368,407
Amounts due from associates	16(b)	**34,254**	54,960
Amounts due from related companies	16(b)	**15,291**	15,291
Pledged bank deposits	13	**1,079**	1,400
Bank balances and cash		**330,132**	174,871
		589,225	639,796
Current liabilities			
Trade and other payables	14	**39,423**	49,591
Amounts due to associates	16(b)	**2,444**	3,656
Amounts due to related companies	16(b)	**4,407**	4,407
Borrowings – amount due within one year	16(c), (d) & (e)	**183,122**	135,180
		229,396	192,834

	NOTES	30.6.2008	31.12.2007
		HK$'000	HK$'000
		(Unaudited)	(Audited)
Net current assets		**359,829**	446,962
Total assets less current liabilities		**2,171,500**	2,021,814
Non-current liabilities			
Borrowings – amount due after one year	16(c), (d) & (e)	**486,210**	447,825
Deferred taxation		**2,331**	2,146
		488,541	449,971
Net assets		**1,682,959**	1,571,843
Capital and reserves			
Share capital		**362,400**	362,400
Reserves		**1,316,101**	1,205,458
Equity attributable to equity holders of the Company		**1,678,501**	1,567,858
Minority interests		**4,458**	3,985
Total equity		**1,682,959**	1,571,843

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to the equity holders of the Company									
	Share capital HK$'000	Special reserve HK$'000 (Note a)	Share premium account HK$'000	Exchange reserve HK$'000	General reserve HK$'000 (Note b)	Property revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2008 (audited)	**362,400**	**117,554**	**2,251,771**	**15,622**	**14,772**	**1,399**	**(1,195,660)**	**1,567,858**	**3,985**	**1,571,843**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**117,327**	**–**	**–**	**–**	**117,327**	**–**	**117,327**
Share of reserve of associates	**–**	**–**	**–**	**14,746**	**–**	**–**	**–**	**14,746**	**–**	**14,746**
Net income recognised directly in equity	**–**	**–**	**–**	**132,073**	**–**	**–**	**–**	**132,073**	**–**	**132,073**
(Loss) profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(21,430)**	**(21,430)**	**473**	**(20,957)**
Total recognised income (expense) for the period	**–**	**–**	**–**	**132,073**	**–**	**–**	**(21,430)**	**110,643**	**473**	**111,116**
At 30 June 2008 (unaudited)	**362,400**	**117,554**	**2,251,771**	**147,695**	**14,772**	**1,399**	**(1,217,090)**	**1,678,501**	**4,458**	**1,682,959**
At 1 January 2007(audited)	101,714	117,554	473,093	4,900	3,430	–	(610,417)	90,274	2,012	92,286
Exchange differences arising on translation of foreign operations	–	–	–	573	–	–	–	573	22	595
Share of reserve of associates	–	–	–	1,263	–	–	–	1,263	–	1,263
Increase in fair value of leasehold land and buildings transferred to investment properties	–	–	–	–	–	1,776	–	1,776	–	1,776
Deferred tax liabilities arising on revaluation of properties	–	–	–	–	–	(444)	–	(444)	–	(444)
Net income recognised directly in equity	–	–	–	1,836	–	1,332	–	3,168	22	3,190
(Loss) profit for the period	–	–	–	–	–	–	(4,294)	(4,294)	1,606	(2,688)
Total recognised income (expense) for the period	–	–	–	1,836	–	1,332	(4,294)	(1,126)	1,628	502
At 30 June 2007(unaudited)	101,714	117,554	473,093	6,736	3,430	1,332	(614,711)	89,148	3,640	92,788

Notes:

a. The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of the subsidiaries acquired by the Company and the aggregate amount of HK$116,025,000 transferred from other reserves pursuant to the Group's reorganisation on 11 August 1997.

b. Included in general reserve is reserve fund of a subsidiary in the People's Republic of China (the "PRC") used to i) make up prior year losses or ii) expand production operations.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	1.1.2008 to 30.6.2008 HK$'000 (Unaudited)	1.1.2007 to 30.6.2007 HK$'000 (Unaudited)
Net cash generated from (used in) operating activities		
Decrease (increase) in trade and other receivables	**160,278**	(5,229)
Other operating cash flows	**(33,946)**	(2,358)
	126,332	(7,587)
Net cash used in investing activities		
Investment in associates	**—**	(60,471)
Repayment (to) from associates	**(10,027)**	8,509
Purchase of property, plant and equipment	**(26,024)**	(1,157)
Other investing cash flows	**3,109**	337
	(32,942)	(52,782)
Net cash generated from financing activities		
New borrowings raised	**340,800**	53,036
Repayment to associates	**(1,448)**	(11,448)
Repayment of bank loans	**(277,740)**	—
Other financing cash flows	**(12,225)**	(3,548)
	49,387	38,040
Net increase (decrease) in cash and cash equivalents	**142,777**	(22,329)
Effect of foreign exchange rate changes	**12,484**	403
Cash and cash equivalents at the beginning of the period	**174,871**	81,777
Cash and cash equivalents at the end of the period, representing bank balances and cash	**330,132**	59,851

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard (the "HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Pursuant to a special resolution dated 15 May 2008, the Company changed its name from CASIL Telecommunications Holdings Limited to China Energine International (Holdings) Limited with effect from 15 May 2008.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2008.

HK(IFRIC)* – INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC)* – INT 12	Service concession arrangements
HK(IFRIC)* – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The adoption of the new interpretations has no material effect on how the results and financial position for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new, revised and amended HKASs and Hong Kong Financial Reporting Standards ("HKFRSs") or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual report period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new, revised and amended standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [1]
HKFRS 3 (Revised)	Business combinations [2]
HKFRS 8	Operating segments [1]
HK(IFRIC)* – INT 13	Customer loyalty programmes [3]
HK(IFRIC)* – INT 15	Agreements for the construction of real estate [1]
HK(IFRIC)* – INT 16	Hedges of a net investment in a foreign operation [4]

1 Effective for annual periods beginning on or after 1 January 2009.

2 Effective for annual periods beginning on or after 1 July 2009.

3 Effective for annual periods beginning on or after 1 July 2008.

4 Effective for annual periods beginning on or after 1 October 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

3. SEGMENT INFORMATION

Business segments

The Group's primary format for reporting segment information is business segment. During the period, the Group included wind energy facilities as one of its business segments so as to align with the Group's business expansion and development. Comparative figures have been restated to comply with the current period's presentation.

Six months ended 30 June 2008

	Communication products HK$'000	Intelligent transportation system ("ITS") HK$'000	Broadband wireless access HK$'000	Wind energy facilities HK$'000	Consolidated HK$'000
Turnover					
External sales	37,078	18,173	8,519	–	63,770
Result					
Segment result	(16,540)	1,537	(28,590)	(24)	(43,617)
Unallocated corporate income					4,190
Unallocated corporate expenses					(17,719)
Finance costs					(16,189)
Share of results of associates					
– Communication products	(291)	–	–	–	(291)
– Broadband wireless access	–	–	1,766	–	1,766
– Elevator products	–	–	–	–	(1,179)
– Wind energy facilities	–	–	–	11,850	11,850
Share of results of jointly controlled entities					
– Automotive system and products	–	–	–	–	37,066
– Wind energy facilities	–	–	–	4,418	4,418
Loss before taxation					(19,705)
Taxation					(1,252)
Loss for the period					(20,957)

3. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Six months ended 30 June 2007

	Communication products HK$'000	Intelligent transportation system HK$'000	Broadband wireless access HK$'000	Wind energy facilities HK$'000	Consolidated HK$'000
Turnover					
External sales	27,803	19,586	49,689	—	97,078
Result					
Segment result	3,837	2,439	(484)	(22)	5,770
Unallocated corporate income					757
Unallocated corporate expenses					(7,115)
Finance costs					(3,734)
Share of results of associates					
– Communication products	(2,071)	—	—	—	(2,071)
– ITS	—	(481)	—	—	(481)
– Broadband wireless access	—	—	(1,222)	—	(1,222)
– Wind energy facilities	—	—	—	(41)	(41)
Increase in fair value of investment properties					5,010
Loss before taxation					(3,127)
Taxation					439
Loss for the period					(2,688)

4. FINANCE COSTS

	1.1.2008 to 30.6.2008 HK$'000	1.1.2007 to 30.6.2007 HK$'000
Interest on other loan wholly repayable within five years	**16,189**	3,734

5. LOSS BEFORE TAXATION

	1.1.2008 to 30.6.2008 HK$'000	1.1.2007 to 30.6.2007 HK$'000
Loss before taxation has been arrived at after charging and (crediting):		
Allowance for bad and doubtful debts	**34,000**	—
Amortisation of intangible assets	**2,450**	2,450
Depreciation of property, plant and equipment	**3,473**	3,108
Loss on disposal of property, plant and equipment	**162**	19
Interest income	**(2,474)**	(191)

6. TAXATION (CHARGE) CREDIT

	1.1.2008 to 30.6.2008	1.1.2007 to 30.6.2007
	HK$'000	*HK$'000*
The tax (charge) credit comprises:		
Current tax:		
The PRC Enterprise Income Tax	**(1,252)**	(5)
Deferred taxation	**—**	444
Taxation (charge) credit attributable to the Group	**(1,252)**	439

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. No provision for Hong Kong Profits Tax has been made in the current period as the Company's subsidiaries in Hong Kong have no assessable profit. The effect of such decrease has no material effect to the Group in measuring the current and deferred tax for the six months ended 30 June 2008.

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 25% (2007: 33%) for the six months ended 30 June 2008.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC on 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Company's subsidiaries from 1 January 2008.

6. TAXATION (CHARGE) CREDIT *(Continued)*

Pursuant to relevant laws and regulations in the PRC, certain of the Company's subsidiaries registered in the PRC are entitled to exemption from Enterprise Income Tax under certain tax holidays and concessions. Enterprise Income Tax was calculated at rates given under the concessions.

7. DIVIDENDS

No dividends were paid during the period. The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008.

8. LOSS PER SHARE – BASIC

The calculation of basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	1.1.2008 to 30.6.2008 HK$'000	1.1.2007 to 30.6.2007 HK$'000
Loss for the purpose of basic loss per share	**(21,430)**	(4,294)

	Number of shares	
	2008	2007
Weighted average number of shares for the purposes of basic loss per share	**3,623,995,668**	1,017,139,763

No diluted earnings per share has been presented as there were no potential ordinary shares outstanding for both periods.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group disposed of certain plant and machinery with a carrying amount of HK$448,000 (1.1.2007 to 30.6.2007: HK$185,000) for proceeds of HK$286,000 (1.1.2007 to 30.6.2007: HK$166,000), resulting in a loss on disposal of HK$162,000 (1.1.2007 to 30.6.2007: HK$19,000).

During the period, the Group spent approximately HK$26,024,000 (1.1.2007 to 30.6.2007: HK$1,157,000) on acquisition of property, plant and equipment.

The Group's investment properties were fair valued by independent qualified professional valuers (the "Valuers") not connected with the Group at 30 June 2008. The Valuers are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in Shenzhen, the PRC. No change in fair value of investment properties (1.1.2007 to 30.6.2007: increase in fair value of HK$5,010,000) has been recognised in the condensed consolidated income statement during the period.

10. INTEREST IN ASSOCIATES

During the period, the Group has made additional capital injection of approximately HK$32,205,000 into an associate for expansion of the associate.

11. INTEREST IN JOINTLY CONTROLLED ENTITIES

Included in the interests in jointly controlled entities is goodwill of HK$680,550,000 arising on the acquisition of jointly controlled entities. The recoverable amount of interest in jointly controlled entities is determined from value in use calculation by estimating the Group's share of the present value of the estimated future cash flows expected to be generated by the jointly controlled entities, using discount rates ranging from 12% to 13% which reflects current market assessments of the time value of money and the risks specific to the investment in the jointly controlled entities. Any excess of the carrying amount of the interest in jointly controlled entities over the recoverable amount is recognised as an impairment loss. During the period, the directors reviewed its carrying amount with reference to the estimated future cash flows and considered that the carrying value of the interest is recoverable.

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK$31,631,000 (31.12.2007: HK$61,869,000). The Group allows credit periods for 90 days on average to its customers for sales of goods. At the discretion of the directors, several major customers were allowed to extend their credit terms by one year. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	30.6.2008	31.12.2007
	HK$'000	*HK$'000*
Within 30 days	**13,851**	9,327
Between 31 and 90 days	**2,935**	9,801
Between 91 and 180 days	**349**	36,491
Between 181 and 365 days	**6,829**	4,880
Over 1 year	**7,667**	1,370
	31,631	61,869

Included in the Group's other receivable balances are advance to a shareholder of an associate with carrying amount of HK$35,910,000 (31.12.2007: HK$34,637,000) and a dividend receivable from a jointly controlled entity with carrying amount of HK$90,493,000 (31.12.2007: HK$83,349,000). Both amounts are unsecured, non-interest bearing and are expected to be settled within one year.

13. PLEDGED BANK DEPOSITS

At 30 June 2008, bank deposits amounted to HK$1,079,000 (31.12.2007: HK$1,400,000) have been pledged to banks for general banking facilities granted to the Group.

14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$19,742,000 (31.12.2007: HK$13,835,000). The following is an aged analysis of trade payables:

	30.6.2008	31.12.2007
	HK$'000	*HK$'000*
Within 30 days	**4,970**	5,214
Between 31 and 90 days	**1,174**	1,520
Between 91 and 180 days	**9,466**	3,697
Between 181 and 365 days	**518**	385
Over 1 year	**3,614**	3,019
	19,742	13,835

15. CAPITAL COMMITMENTS

At 30 June 2008, the Group was committed to capital expenditure of approximately HK$23,396,000 (31.12.2007: HK$22,000,000) for further capital injection into associate in the Jilin Province of the PRC. The associate is engaged in the operation of wind energy plant and facilities power and is owned as to 15.35% by the Group as at 30 June 2008.

In addition, the Group was committed to capital expenditure of approximately HK$265,000,000 (31.12.2007: HK$238,000,000) for the acquisition of property, plant and equipment for a subsidiary in the PRC. The subsidiary is engaged in the operation of wind energy plant and facilities power in Inner Mongolia in the PRC.

At 30 June 2008, the Group was committed to capital expenditure contracted but not provided for of approximately HK$60,000,000 (31.12.2007: nil) and authorised but not contracted for of approximately HK$107,000,000 (31.12.2007: nil) for the establishment of a wholly-owned subsidiary and four sino-foreign joint venture companies in Inner Mongolia and Beijing. The newly set up companies are mainly engaged in the manufacturing and distribution of windmill and blades in Inner Mongolia and Beijing.

16. RELATED PARTY TRANSACTIONS AND BALANCES

(a) During the period, the Group had the following transactions with related parties:

	1.1.2008 to 30.6.2008	1.1.2007 to 30.6.2007
	HK$'000	*HK$'000*
Sales of goods to an associate	**2,518**	1,489

(b) The balances with associates and related companies were unsecured, non-interest bearing and were repayable within one year or repayable on demand.

The amounts due from/to related companies represent amounts due from/to China Aerospace International Holdings Limited ("CASIL") and its subsidiaries. CASIL is an associate of the Company's ultimate holding company, China Aerospace Science & Technology Corporation ("CASC").

(c) Included in borrowings was a loan from the Company's immediate holding company, Astrotech Group Limited ("Astrotech"), of HK$90,000,000 (31.12.2007: nil) which bears interest at 6% per annum and is repayable in June 2009.

(d) Included in borrowings was a loan from China Great Wall Industry Corporation, a wholly owned subsidiary of CASC amounting to HK$59,734,000 (31.12.2007: HK$58,742,000). The loan bears interest at 4.25% per annum and will be repayable on demand. Accrued interest payable as at 30 June 2008 was HK$12,934,000 (31.12.2007: HK$11,942,000).

(e) Included in borrowings was a loan advanced from the Company's intermediate holding company, China Academy of Launch Vehicle Technology ("CALT") through CASC's subsidiary, Aerospace Science & Technology Finance Co., Ltd, as the trustee amounting to HK$235,410,000 (31.12.2007: HK$216,825,000) and HK$250,800,000 (31.12.2007: nil) which bears fixed interest at 6% and 5.04% per annum respectively and is repayable in full in April 2011.

16. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(f) Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under CASC which is controlled by the PRC government.

Apart from the disclosure in (a) above, the Group also conducts business with other state-controlled entities. The directors consider those state-controlled entities are independent third parties so far as the Group's business with them are concerned:

(i) The Group has certain deposit placements and other general banking facilities with certain banks, which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

(ii) The Group also has certain sales and purchases transactions with certain customers and suppliers in which the directors are of the opinion that it is impracticable to ascertain the identity of the counterparties and accordingly whether the transactions are with other state-controlled entities.

Except as disclosed above, the directors are of the opinion that the transactions with other state-controlled entities are not significant to the Group's operations.

16. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(g) Compensation of key management personnel

The remuneration of key management during the period was as follows:

	1.1.2008 to 30.6.2008	1.1.2007 to 30.6.2007
	HK$'000	*HK$'000*
Short-term benefits	**1,829**	1,641
Post-employment benefits	**6**	18
	1,835	1,659

The remuneration of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

17. EVENTS AFTER THE BALANCE SHEET DATE

On 27 May 2008, Beijing Wan Yuan Industry Corporation ("Wan Yuan"), a wholly-owned subsidiary of the Company, entered into an equity assignment contract with Shanghai STEP Electric Co. Ltd. ("Shanghai Electric") pursuant to which Wan Yuan conditionally agreed to acquire, and Shanghai Electric conditionally agreed to sell an additional 20% registered capital of an associate, Hangzhou Aerospace Wan Yuan REPM Motor Application Technology Co., Ltd. ("HZ REPM") for a cash consideration of approximately HK$11,970,000 (RMB10,500,000). HZ REPM is principally engaged in the manufacturing of hi-tech rare-earth permanent magnet motors for elevator in Jiangsu Province and distribution in Beijing. The acquisition is the Group's strategic move in developing business of rare-earth permanent magnetic motors as the Group's one of the targets to enter into the motor industry. The transaction was completed in July 2008. Upon the completion of the acquisition, Wan Yuan was entitled to appoint up to four out of seven directors to the board of directors of HZ REPM. Accordingly, Wan Yuan has control over HZ REPM and takes it as a 49% owned subsidiary. Details of the acquisition are set out in the Company's circular dated 27 May 2008.

17. EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Acquiree's carrying amount and provisional fair value
	HK$'000
Net assets acquired	26,949
Minority interests	(13,744)
Goodwill	6,580
	19,785
Satisfied by:	
Cash	11,970
Transfer from interest in an associate	7,815
	19,785
Net cash outflow arising on acquisition:	
Cash consideration paid	(11,970)
Cash and cash equivalents acquired	1,311
	(10,659)

Goodwill arising on the acquisition of HZ REPM is determined on a provisional basis as the nature and fair value of the identifiable assets acquired can be determined on a provisional value only. The Company is in the process of obtaining valuation to assess the fair value. It may be adjusted upon the completion of initial accounting year.