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POWER XINCHEN

新 晨 动 力

XINCHEN CHINA POWER HOLDINGS LIMITED

新 晨 中 國 動 力 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1148)

**VOLUNTARY ANNOUNCEMENT
LATEST DEVELOPMENT OF THE EXPANSION PLAN
UPGRADE OF THE CRANKSHAFT PRODUCTION LINE**

This announcement is made by the Company on a voluntary basis.

Reference is made to the Announcement and the Circular in relation to, inter alia, the acquisition of the Crankshaft Production Line from BBA pursuant to the N20 Assets Transfer Agreement and the commitment to the Expansion Plan contemplated therein by Mianyang Xincheng; and the extraordinary general meeting of the Company held on 25 March 2015 at which, inter alia, the N20 Assets Transfer Agreement (including the Expansion Plan) was approved by the Independent Shareholders. It was mentioned that BBA and Mianyang Xincheng were in negotiation on the transfer of Bx8 engines related improvements to the Crankshaft Production Line.

UPGRADE OF THE CRANKSHAFT PRODUCTION LINE

The Board is pleased to update Shareholders of the latest development of the Expansion Plan that on 6 April 2016 (after trading hours), Mianyang Xincheng entered into the Bx8 Assets Transfer Agreement with BBA for the acquisition of the Acquired Assets and the Transferred Contracts which is expected to close on 15 April 2016. The consideration is estimated to be approximately RMB401,748,565 (equivalent to approximately HK\$481,294,781).

Same as the N20 Assets Transfer Agreement, the Bx8 Assets Transfer Agreement provides for a call option (in similar terms as set out in the N20 Assets Transfer Agreement) being granted to BBA by Mianyang Xincheng to buy back all or any part of the Crankshaft Production Line (including the Acquired Assets) together with the Transferred Contracts.

REASONS FOR AND BENEFITS OF ENTERING INTO THE Bx8 ASSETS TRANSFER AGREEMENT

Following completion of acquisition of the Crankshaft Production Line from BBA in April 2015, the Group commenced supply to BBA finished crankshafts for the production of N20 engines in the second quarter of 2015. The Bx8 Assets Transfer Agreement will enable the Group to upgrade its existing Crankshaft Production Line for producing crankshafts for a more advanced engine model called Bx8 engines and is a big step forward to fulfill its long-term development plan of aiming to be a stable engine components supplier for BBA and BMW AG. The Bx8 Assets Transfer Agreement also allows the Group to enrich its product portfolio, broaden and improve its revenue stream and strengthen its collaboration with BBA.

Mianyang Xincheng and BBA has been collaborating in the negotiation, finalization and implementation of the future stages of the Expansion Plan. Further announcement will be made by the Company as and when appropriate.

DEFINITIONS

“Acquired Assets”	means the enhancement equipment and facilities and the related consumables in connection with the operation of the Crankshaft Production Line
“Announcement”	means an announcement of the Company dated 21 January 2015
“associate”	has the meaning ascribed thereto in the Listing Rules
“BBA”	means BMW Brilliance Automotive Ltd. (華晨寶馬汽車有限公司*), a sino-foreign equity joint venture company incorporated in the PRC which is owned as to 50% by Shenyang Jinbei (an indirect wholly-owned subsidiary of Brilliance China) and 50% by BMW Holding B.V.
“BMW AG”	means BAYERISCHE MOTOREN WERKE AKTIENGESELLSCHAFT, a corporation organized and existing under the Laws of the Federal Republic of Germany
“Board”	means the board of Directors
“Brilliance China”	means Brilliance China Automotive Holdings Limited (華晨中國汽車控股有限公司*), a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange, and a controlling shareholder of the Company

“Bx8 Assets Transfer Agreement”	means an assets transfer agreement entered into between BBA and Mianyang Xincheng on 6 April 2016, pursuant to which BBA would transfer to Mianyang Xincheng the Acquired Assets and the Transferred Contracts
“Circular”	means the circular of the Company dated 18 February 2015
“Company”	means Xincheng China Power Holdings Limited (新晨中國動力控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability
“Crankshaft Production Line”	means the crankshaft production line in Tiexi District of Shenyang City, the PRC
“Directors”	means the director(s) of the Company
“Expansion Plan”	means the expansion plan to be implemented by Mianyang Xincheng in expanding the production capacity and carrying out upgrading works to the Crankshaft Production Line
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	means Shareholder(s) other than Brilliance China and its associates
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Mianyang Xincheng”	means Mianyang Xincheng Engine Co., Ltd.* (綿陽新晨動力機械有限公司) (including its branches), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“N20 Assets Transfer Agreement”	means the assets transfer agreement entered into between BBA and Mianyang Xincheng dated 21 January 2015
“PRC”	means The People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“RMB”	means Renminbi, the lawful currency of the PRC

“Share(s)”	means the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	means the holder(s) of the Share(s)
“Shenyang Jinbei”	means Shenyang Jinbei Automotive Industry Holdings Co., Ltd.* (瀋陽金杯汽車工業控股有限公司), a company established in the PRC, and an indirect wholly-owned subsidiary of Brilliance China
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“Transferred Contracts”	means the related contracts in connection with the operation of the Crankshaft Production Line
“%”	means per cent

By order of the Board
Xinchen China Power Holdings Limited
Wu Xiao An
(also known as Ng Siu On)
Chairman

Hong Kong, 6 April 2016

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ was translated at the rate of RMB1= HK\$1.198. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

As at the date of this announcement, the Board comprises two executive Directors, Mr. Wu Xiao An (also known as Mr. Ng Siu On) (Chairman) and Mr. Wang Yunxian (Chief Executive Officer); two non-executive Directors, Mr. Qi Yumin and Mr. Tang Qiao; and four independent non-executive Directors, Mr. Chi Guohua, Mr. Wang Jun, Mr. Huang Haibo and Mr. Wang Songlin.

* for identification purposes only