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POWER XINCHEN

新 晨 動 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)

CONTINUING CONNECTED TRANSACTIONS

AND

RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

On 13 October 2015, Mianyang Xincheng, a wholly-owned subsidiary of the Company, entered into (a) the Wuliangye Logistics Services Agreement with certain subsidiaries of Wuliangye; and (b) the Wuliangye Cleaning and Greening Services Agreement with Xinhua Combustion Engine, a non wholly-owned subsidiary of Wuliangye, as to the continued conduct of the Continuing Connected Transactions 2015-2017 for a term commencing from 13 October 2015 to 31 December 2017.

RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

On 13 October 2015, (a) the Company or its subsidiary entered into the Framework Agreements 2016-2018 with Huachen, Brilliance China and certain subsidiaries of Wuliangye; and (b) Mianyang Xincheng, a wholly-owned subsidiary of the Company, entered into (i) the New Lease Agreement with Shenyang Brilliance Power, a non wholly-owned subsidiary of Huachen; and (ii) the Wuliangye Construction Services Agreement with Mianyang Jianmen Real Estate, a non wholly-owned subsidiary of Wuliangye, as to the continued conduct of the Continuing Connected Transactions 2016-2018 for the three financial years commencing from 1 January 2016 to 31 December 2018.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Brilliance China and Wuliangye is interested in 400,000,000 and 400,000,000 Shares, representing approximately 31.17% and 31.17% of the issued share capital of the Company, respectively. Accordingly, each of Brilliance China and Wuliangye is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Huachen is interested in approximately 42.48% of the issued share capital of Brilliance China and a controlling shareholder of Brilliance China. It is deemed as a connected person of the Company by the Stock Exchange under Rule 14A.07(6) of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Continuing Connected Transactions 2015-2017 falling within the categories A1 to A2 under the section headed “Continuing Connected Transactions” are, on an annual basis, over 0.1% but less than 5%, the Continuing Connected Transactions 2015-2017 falling within the categories A1 to A2 under the section headed “Continuing Connected Transactions” are subject to the reporting, announcement, annual review requirements but exempt from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Continuing Connected Transactions 2016-2018 falling within the categories B1 to B4 under the section headed “Renewal of the Continuing Connected Transactions” are, on an annual basis, over 0.1% but less than 5%, the Continuing Connected Transactions 2016-2018 falling within the categories B1 to B4 under the section headed “Renewal of the Continuing Connected Transactions” are subject to the reporting, announcement, annual review requirements but exempt from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Continuing Connected Transactions 2016-2018 falling within the categories C1 to C3 under the section headed “Renewal of the Continuing Connected Transactions” are, on an annual basis, over 5%, the Continuing Connected Transactions 2016-2018 falling within the categories C1 to C3 under the section headed “Renewal of the Continuing Connected Transactions” are subject to reporting, announcement, annual review and Independent Shareholders’ approval requirements as set out in Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the Non-exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-exempted Continuing Connected Transactions.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Non-exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-exempted Continuing Connected Transactions.

A circular containing, amongst other things, details of the Non-exempted Continuing Connected Transactions and the Proposed Caps for the Non-exempted Continuing Connected Transactions, letter from the Independent Board Committee and the letter from the Independent Financial Adviser and a notice to Shareholders convening the Extraordinary General Meeting to approve (i) the Non-exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-exempted Continuing Connected Transactions, in accordance with the requirements of the Listing Rules, will be dispatched to Shareholders on or before 4 November 2015.

I. CONTINUING CONNECTED TRANSACTIONS

On 13 October 2015, Mianyang Xincheng, a wholly-owned subsidiary of the Company, entered into (a) the Wuliangye Logistics Services Agreement with certain subsidiaries of Wuliangye; and (b) the Wuliangye Cleaning and Greening Services Agreement with Xinhua Combustion Engine, a non wholly-owned subsidiary of Wuliangye, as to the continued conduct of the Continuing Connected Transactions 2015-2017 for a term commencing from 13 October 2015 to 31 December 2017.

A. Exempted Continuing Connected Transactions

1. *Provision of logistics services by An Shiji and Sichuan Anji*

Background

On 13 October 2015, Mianyang Xincheng, a wholly-owned subsidiary of the Company, entered into (a) the An Shiji Logistics Services Agreement with An Shiji, a wholly-owned subsidiary of Wuliangye; and (b) the Sichuan Anji Logistics Services Agreement with Sichuan Anji, a wholly-owned subsidiary of Wuliangye.

(a) An Shiji Logistics Services Agreement

Date	:	13 October 2015
Parties	:	(1) Mianyang Xincheng, as the service recipient; and (2) An Shiji, as the service provider
Term	:	The An Shiji Logistics Services Agreement shall be for a term commencing from 13 October 2015 and ending on 31 December 2017. Unless the An Shiji Logistics Services Agreement is terminated prior to its expiry date, the agreement is renewable for additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.
Nature of transactions	:	Pursuant to the agreement, An Shiji will provide logistics services to Mianyang Xincheng.
Consideration	:	The price for the logistics services to be provided by An Shiji is determined by reference to the prevailing market price.

Pricing policy

Prevailing market price means the price at which the same type of services is obtained from independent third party suppliers within the proximity on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, Mianyang Xincheng will make reference to the price quotations obtained from other independent suppliers for services of comparable quality, quantity and specifications. In any event, terms of each procurement of services from An Shiji will be no less favourable than the terms which can be obtained from independent third party suppliers for providing logistics services of comparable quality, quantity and specifications.

(b) Sichuan Anji Logistics Services Agreement

Date	:	13 October 2015
Parties	:	(1) Mianyang Xincheng, as the service recipient; and (2) Sichuan Anji, as the service provider
Term	:	The Sichuan Anji Logistics Services Agreement shall be for a term commencing from 13 October 2015 and ending on 31 December 2017. Unless the Sichuan Anji Logistics Services Agreement is terminated prior to its expiry date, the agreement is renewable for additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.
Nature of transactions	:	Pursuant to the agreement, Sichuan Anji will provide logistics services to Mianyang Xincheng.
Consideration	:	The price for the logistics services to be provided by Sichuan Anji is determined by reference to the prevailing market price.

Pricing policy

Prevailing market price means the price at which the same type of services is obtained from independent third party suppliers within the proximity on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, Mianyang Xincheng will make reference to the price quotations obtained from other independent suppliers for services of comparable quality, quantity and specifications. In any event, terms of each procurement of services from Sichuan Anji will be no less favourable than the terms which can be obtained from independent third party suppliers for providing logistics services of comparable quality, quantity and specifications.

2. *Procurement of cleaning and greening services from Xinhua Combustion Engine*

Background

On 13 October 2015, Mianyang Xincheng, a wholly-owned subsidiary of the Company, entered into the Wuliangye Cleaning and Greening Services Agreement with Xinhua Combustion Engine, a non wholly-owned subsidiary of Wuliangye.

Wuliangye Cleaning and Greening Services Agreement

Date	:	13 October 2015
Parties	:	(1) Mianyang Xincheng, as the service recipient; and (2) Xinhua Combustion Engine, as the service provider
Term	:	The Wuliangye Cleaning and Greening Services Agreement shall be for a term commencing from 13 October 2015 and ending on 31 December 2017. Unless the Wuliangye Cleaning and Greening Services Agreement is terminated prior to its expiry date, the agreement shall be renewable for an additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.
Nature of transactions	:	Pursuant to the agreement, Mianyang Xincheng agreed to procure cleaning and greening services from Xinhua Combustion Engine.

Consideration : The price for the cleaning and greening services to be provided by Xinhua Combustion Engine is determined by reference to the prevailing market price.

Pricing policy

Prevailing market price means the price at which the same type of service is obtained from independent third party service provider within the proximity of the relevant production site on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, Mianyang Xincheng will make reference to the price quotations obtained from other independent service providers for services of comparable quality and specifications. In any event, terms of each procurement of services from Xinhua Combustion Engine will be no less favourable than the terms which can be obtained from independent third party service provider for providing cleaning and greening services of comparable quality and specifications.

II. RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

On 13 October 2015, (a) the Company or its subsidiary entered into the Framework Agreements 2016-2018 with Huachen, Brilliance China and certain subsidiaries of Wuliangye; and (b) Mianyang Xincheng, a wholly-owned subsidiary of the Company, entered into (i) the New Lease Agreement with Shenyang Brilliance Power, a non wholly-owned subsidiary of Huachen; and (ii) the Wuliangye Construction Services Agreement with Mianyang Jianmen Real Estate, a non wholly-owned subsidiary of Wuliangye, as to the continued conduct of the Continuing Connected Transactions 2016-2018 for the three financial years commencing from 1 January 2016 to 31 December 2018.

B. Exempted Continuing Connected Transactions

1. *Purchase of engine components from Huachen*

Background

Reference is made to the announcement made by the Company dated 18 November 2014, relating to, among others, the Procurement Agreement. Pursuant to the Procurement Agreement, Mianyang Xincheng agreed to purchase from Huachen the Remaining Materials, for a total consideration of up to RMB19,897,278 which will expire on 31 December 2015. The Company expects that the Remaining Materials will not be fully consumed by 31 December 2015. The Company intends to continue to purchase the Remaining Materials from Huachen. In addition, the Group intends to procure engine components from overseas suppliers via Huachen.

Huachen Purchase Agreement

Date	:	13 October 2015
Parties	:	(1) The Company, as the purchaser; and (2) Huachen, as the seller
Term	:	The Huachen Purchase Agreement shall be for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Unless the Huachen Purchase Agreement is terminated prior to its expiry date, the agreement shall be renewable for an additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.
Nature of transactions	:	Pursuant to the agreement, the Group agreed to purchase various engine components from Huachen Group.
Consideration	:	The price for each purchase of the Remaining Materials and engine components from Huachen Group is determined by reference to the actual costs of the Remaining Materials and engine components procured or to be procured by Huachen plus 1% management fee to be charged by Huachen.

Basis for determining the price for the Remaining Materials and engine components

The 1% management fee is agreed upon between Huachen and Mianyang Xincheng through arm's length negotiations, taking into account that Mianyang Xincheng will be able to utilise the Remaining Materials located in the E2 Factory and therefore save storage related costs and also additional time and costs for procuring the relevant materials from other third party suppliers. Also, the Group will be able to save certain operating costs, such as additional costs to be incurred for hiring additional staff to handle import matters and establishing direct relationship with Huachen's existing overseas supplier(s), by sourcing engine components from overseas supplier(s) via Huachen.

2. *Rental of factory premises from Shenyang Brilliance Power*

Background

As stated in the announcement made by the Company dated 16 December 2013, Shenyang Brilliance Power and Mianyang Xinchun entered into the Existing Lease Agreement in relation to the Factory Premises for a term expiring on 31 December 2015. The Factory Premises is part of the E2 Factory, which is primarily for the accommodation of the E3 engine production lines, the connection rod productions lines and other related assets in the E2 Factory.

New Lease Agreement

Date	:	13 October 2015
Parties	:	(1) Mianyang Xinchun, as the lessee; and (2) Shenyang Brilliance Power, as the lessor
Term	:	The New Lease Agreement shall be for a term of three years commencing on 1 January 2016 and expiring on 31 December 2018. Mianyang Xinchun may, with the approval of Shenyang Brilliance Power, renew the term of the New Lease Agreement by giving three months' written notice to Shenyang Brilliance Power prior to the expiry of the term of the New Lease Agreement or terminate the New Lease Agreement by three months' prior written notice to Shenyang Brilliance Power.

Pursuant to the New Lease Agreement, if Shenyang Brilliance Power intends to sell the Factory Premises during the term of the New Lease Agreement, Shenyang Brilliance Power shall give Mianyang Xinchun three months' prior written notice and Mianyang Xinchun has the right of first refusal to purchase the Factory Premises.

Subject of the lease : Pursuant to the New Lease Agreement, Shenyang Brilliance Power agreed to lease to Mianyang Xincheng the premises with a total area of 20,833 square metres which is part of the E2 Factory situated in No. 12, the 8 Road, Economic and Technological Development Zone, Shenyang, PRC, the related land use right and ancillary assets.

Consideration : The rental for the Factory Premises which is calculated on the basis of RMB288 per square metre, is RMB5,999,904 per year.

Basis for determining the rental for the Factory Premises

The rental is determined after arm's length negotiations between Shenyang Brilliance Power and Mianyang Xincheng based on market rates of factory premises of comparable size in the same district in Shenyang.

3. *Purchase of engine components from Mianyang Ruian*

Background

As stated in the Prospectus, the Group has been purchasing engine components from Mianyang Ruian, a wholly-owned subsidiary of Brilliance China, for the production of the Group's products.

Brilliance China Purchase Agreement

Date : 13 October 2015

Parties : (1) The Company, as the purchaser; and
(2) Brilliance China, as the seller

Term : The Brilliance China Purchase Agreement shall be for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Unless the Brilliance China Purchase Agreement is terminated prior to its expiry date, the agreement shall be renewable for an additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.

Nature of transactions	:	Pursuant to the agreement, the Group agreed to purchase various engine components from Brilliance China Group.
Consideration	:	The price for each purchase of engine components from Brilliance China Group is determined by reference to the prevailing market price.

Pricing policy

Prevailing market price means the price at which the same type of products is obtained from independent third party suppliers within the proximity on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, the Group will make reference to the price quotations obtained from other independent suppliers for products of comparable quality, quantity and specifications. In any event, terms of each purchase from Brilliance China Group will be no less favourable than the terms which can be obtained from independent third party suppliers for purchasing products of comparable quality, quantity and specifications.

4. *Procurement of construction and building maintenance services from Mianyang Jianmen Real Estate*

Background

As stated in the Prospectus, the Group procured construction services for the real properties at the production site, including roads and wall, as well as the maintenance of the same from Mianyang Jianmen Real Estate.

Wuliangye Construction Services Agreement

Date	:	13 October 2015
Parties	:	(1) Mianyang Xinchun, as the service recipient; and (2) Mianyang Jianmen Real Estate, as the service provider

Term	:	The Wuliangye Construction Services Agreement shall be for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Unless the Wuliangye Construction Services Agreement is terminated prior to its expiry date, the agreement shall be renewable for an additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.
Nature of transactions	:	Pursuant to the agreement, Mianyang Xincheng agreed to procure construction and building maintenance services from Mianyang Jianmen Real Estate.
Consideration	:	The price for provision of construction and building maintenance services from Mianyang Jianmen Real Estate is determined by reference to the prevailing market price.

Pricing policy

Prevailing market price means the price at which the same type of service is obtained from independent third party service provider within the proximity of the relevant production site on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, Mianyang Xincheng will make reference to the price quotations obtained from other independent service providers for services of comparable quality and specifications. In any event, terms of each procurement of services from Mianyang Jianmen Real Estate will be no less favourable than the terms which can be obtained from independent third party service provider for providing services of comparable quality and specifications.

C. Non-exempted Continuing Connected Transactions

1. Sale of engines and engine components to Huachen Group

Background

As stated in the Prospectus, the Group supplied different types of gasoline engines to Huachen, Shenyang Brilliance Power, Mianyang Huarui and Mianyang Huaxiang. The Group also supplied engine components to Huachen, Mianyang Huarui and Mianyang Huaxiang.

Huachen Sale Agreement

Date	:	13 October 2015
Parties	:	(1) The Company, as the seller; and (2) Huachen, as the purchaser
Term	:	The Huachen Sale Agreement shall be for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Unless the Huachen Sale Agreement is terminated prior to its expiry date, the agreement shall be renewable for an additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.
Nature of transactions	:	Pursuant to the agreement, the Group agreed to sell engines and engine components to Huachen Group.
Consideration	:	The price for each sale of engine and engine components to Huachen Group is determined by reference to the prevailing market price.

Pricing policy

Prevailing market price means the price at which the same type of products is sold to independent third party customers on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, the Group will make reference to the price quotations to other independent customers for products of comparable quality, quantity and specifications. In any event, terms of each sale to Huachen Group will be no less favourable than the terms which can be obtained from independent third party customers for selling products of comparable quality, quantity and specifications.

2. Sale of engines and engine components to Brilliance China Group

Background

As stated in the Prospectus, the Group supplied gasoline engines and various types of engine components to Shenyang Jinbei and/or Xing Yuan Dong.

Brilliance China Sale Agreement

Date	:	13 October 2015
Parties	:	(1) The Company, as the seller; and (2) Brilliance China, as the purchaser
Term	:	The Brilliance China Sale Agreement shall be for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Unless the Brilliance China Sale Agreement is terminated prior to its expiry date, the agreement shall be renewable for an additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.
Nature of transactions	:	Pursuant to the agreement, the Group agreed to sell engines and engine components to Brilliance China Group.
Consideration	:	The price for each sale of engine and engine components to Brilliance China Group is determined: (i) by reference to the prevailing market price; or (ii) where (i) is not appropriate or applicable, at a price to be agreed between the Group and Brilliance China Group upon the basis of the principle of “cost plus”.

Pricing policy

Where the price is determined by reference to the prevailing market price, prevailing market price means the price at which the same type of products is sold to independent third party customers on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, the Group will make reference to the price quotations to other independent customers for products of comparable quality, quantity and specifications. In any event, terms of each sale to Brilliance China Group will be no less favourable than the terms which can be obtained from independent third party customers for selling products of comparable quality, quantity and specifications.

Under pricing term (ii), cost plus is determined based on the raw material costs and production costs to be incurred for the production of engines and engine components plus anticipated reasonable profits. The margin to be charged by the Group is expected to be comparable with the level of profits derived from the sale of similar engines and engine components to independent third parties.

The cost plus method applies to cases where the relevant product of the Group is tailor made for use by Brilliance China Group for further processing for manufacturing automobiles and thus no prevailing market price of the same product is available. Save for the sale of N20 engines to Shenyang Jinbei where the pricing will be based on cost plus approach, the pricings of all other transactions under the Brilliance China Sale Agreement will be determined on prevailing market price approach.

3. Purchase of engine components from Sichuan Pushi and Xinhua Combustion Engine

Background

As stated in the Prospectus, the Group purchased various gasoline and diesel engine components such as crankshafts, exhaust manifolds, cylinder chambers and cylinder heads from Sichuan Pushi and/or Xinhua Combustion Engine.

(a) Sichuan Pushi Purchase Agreement

Date	:	13 October 2015
Parties	:	(1) Mianyang Xinchun, as the purchaser; and (2) Sichuan Pushi, as the seller
Term	:	The Sichuan Pushi Purchase Agreement shall be for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Unless the Sichuan Pushi Purchase Agreement is terminated prior to its expiry date, the agreement shall be renewable for an additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.

- Nature of transactions : Pursuant to the agreement, Mianyang Xincheng agreed to purchase various gasoline and diesel engine components such as crankshafts, exhaust manifolds, cylinder chambers and cylinder heads from Sichuan Pushi.
- Consideration : The price for each purchase of engine components from Sichuan Pushi is determined by reference to the prevailing market price.

Pricing policy

Prevailing market price means the price at which the same type of products is obtained from independent third party suppliers on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, Mianyang Xincheng will make reference to the price quotations obtained from other independent suppliers for products of comparable quality, quantity and specifications. In any event, terms of each purchase from Sichuan Pushi will be no less favourable than the terms which can be obtained from independent third party suppliers for purchasing products of comparable quality, quantity and specifications.

(b) Xinhua Combustion Engine Purchase Agreement

- Date : 13 October 2015
- Parties : (1) Mianyang Xincheng, as the purchaser; and
(2) Xinhua Combustion Engine, as the seller
- Term : The Xinhua Combustion Engine Purchase Agreement shall be for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Unless the Xinhua Combustion Engine Purchase Agreement is terminated prior to its expiry date, the agreement shall be renewable for an additional term of three years subject to fulfillment of all necessary statutory and regulatory requirements including but not limited to any applicable requirement under the Listing Rules.

Nature of transactions	:	Pursuant to the agreement, Mianyang Xincheng agreed to purchase various gasoline and diesel engine components such as crankshafts, exhaust manifolds, cylinder chambers and cylinder heads from Xinhua Combustion Engine.
Consideration	:	The price for each purchase of engine components from Xinhua Combustion Engine is determined by reference to the prevailing market price.

Pricing policy

Prevailing market price means the price at which the same type of products is obtained from independent third party suppliers on normal commercial terms in the ordinary course of business. For the purpose of obtaining market prices, Mianyang Xincheng will make reference to the price quotations obtained from other independent suppliers for products of comparable quality, quantity and specifications. In any event, terms of each purchase from Xinhua Combustion Engine will be no less favourable than the terms which can be obtained from independent third party suppliers for purchasing products of comparable quality, quantity and specifications.

III. PROPOSED CAPS AND HISTORICAL TRANSACTION VALUE

Existing Caps and historical transaction value

Resolution(s) in respect of the Non-exempted Continuing Connected Transactions and the Proposed Caps for the Non-exempted Continuing Connected Transactions shall be put forward to the Independent Shareholders at the Extraordinary General Meeting seeking their approval for the Non-exempted Continuing Connected Transactions and the Proposed Caps for the Non-exempted Continuing Connected Transactions set opposite to each of the Continuing Connected Transactions falling within the categories C1 to C3 set out in the table headed “The Proposed Caps” below. The Company shall comply with the applicable requirements under the Listing Rules in the event that (i) any of the Exempted Continuing Connected Transactions falling within the categories A1 to A2 under section headed “Continuing Connected Transactions” and B1 to B4 under the section headed “Renewal of the Continuing Connected Transactions” ceases to be exempted from the shareholders’ approval requirements under the Listing Rules in the future; and (ii) any of the monetary value exceeds the Proposed Caps for the Continuing Connected Transactions set out in the table headed “The Proposed Caps” below.

The following table sets out (i) the Existing Caps of the Continuing Connected Transactions 2016-2018 for the period from the Listing Date to 31 December 2013 and each of the two financial years ending 31 December 2015; and (ii) the actual sales/purchases/rental of the Continuing Connected Transactions 2016-2018 for the period from the Listing Date to 31 December 2013, the financial year ended 31 December 2014 and the six months ended 30 June 2015:

		For the period from 13 March 2013 to 31 December 2013		For the financial year ended 31 December 2014		For the financial year ending 31 December 2015	For the six months ended 30 June 2015	
Continuing Connected Transactions	Major type of products/services	Existing Cap <i>(RMB'000)</i>	Actual sales/ purchases/ rental <i>(RMB'000)</i>	Existing Cap <i>(RMB'000)</i>	Actual sales/ purchases/ rental <i>(RMB'000)</i>	Existing Cap <i>(RMB'000)</i>	Actual sales/ purchases/ rental <i>(RMB'000)</i>	
B. Continuing Connected Transactions which are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements set out in Chapter 14A of the Listing Rules								
1.	Purchase of Remaining Materials from Huachen	Certain materials, tools, equipments and repair parts and products for production of E3 engines	–	–	13,320	12,278	6,577	0
2.	Rental of factory premises from Shenyang Brilliance Power	Factory Premises	–	–	5,000	5,000	5,000	5,000
3.	Purchase of engine components from Mianyang Ruian	Engine components	55,800	48,764	65,600	45,329	78,000	12,236
4.	Procurement of construction and building maintenance services from Mianyang Jianmen Real Estate	Construction services for the real properties at the production sites, including roads and wall, as well as maintenance of the same	12,700	3,339	10,800	4,374	10,800	10
C. Continuing Connected Transactions which are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules								
1.	Sale of engines and engine components to Huachen Group	Engines and engine components	774,100	763,982	868,600	682,984	1,044,300	293,403
2.	Sale of engines and engine components to Brilliance China Group	Engines and engine components	501,000	372,645	574,900	337,699	667,600	242,781
3.	Purchase of engine components from Sichuan Pushi and Xinhua Combustion Engine	Engine components	192,900	184,572	231,800	183,172	268,700	42,350

The Proposed Caps

The following table sets out the Proposed Caps for the Continuing Connected Transactions 2015-2017 for the three financial years ending 31 December 2017:

			For the financial year ending 31 December			
			2015	2016	2017	
Continuing	Connected	Major type of	Proposed	Proposed	Proposed	
Transactions		products/services	Cap	Cap	Cap	
			(RMB'000)	(RMB'000)	(RMB'000)	
A. Continuing Connected Transactions which are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements set out in Chapter 14A of the Listing Rules						
1.	(a)	Provision of logistics services by An Shiji	Logistics services	4,000	3,500	3,000
	(b)	Provision of logistics services by Sichuan Anji	Logistics services	2,100	4,500	4,500
		Subtotal of 1(a) and 1(b)	6,100	8,000	7,500	
2.		Procurement of cleaning and greening services from Xinhua Combustion Engine	Cleaning and greening services	2,600	2,600	2,600

The following table sets out the Proposed Caps for the Continuing Connected Transactions 2016-2018 for the three financial years ending 31 December 2018:

		For the financial year ending 31 December			
Continuing Connected Transactions	Major type of products/services	2016	2017	2018	
		Proposed Cap (RMB'000)	Proposed Cap (RMB'000)	Proposed Cap (RMB'000)	
B. Continuing Connected Transactions which are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements set out in Chapter 14A of the Listing Rules					
1.	Purchase of Remaining Materials and engine components from Huachen	Remaining Materials and engine components	4,022	3,893	3,895
2.	Rental of factory premises from Shenyang Brilliance Power	Factory Premises	6,000	6,000	6,000

Continuing Connected Transactions	Major type of products/services	For the financial year ending 31 December		
		2016 Proposed Cap (RMB'000)	2017 Proposed Cap (RMB'000)	2018 Proposed Cap (RMB'000)
3. Purchase of engine components from Mianyang Ruian	Engine components	55,919	58,714	61,650
4. Procurement of construction and building maintenance services from Mianyang Jianmen Real Estate	Construction services for the real properties at the production sites, including roads and wall, as well as maintenance of the same	15,307	11,495	11,495
C. Continuing Connected Transactions which are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules				
1. Sale of engines and engine components to Huachen Group	Engines and engine components	1,374,440	1,442,263	2,118,086
2. Sale of engines and engine components to Brilliance China Group	Engines and engine components	769,997	808,991	848,781
3. (a) Purchase of engine components from Sichuan Pushi	Engine components	28,550	30,000	31,500
(b) Purchase of engine components from Xinhua Combustion Engine	Engine components	180,850	186,870	193,180
<i>Subtotal of 3(a) and 3(b)</i>		<u>209,400</u>	<u>216,870</u>	<u>224,680</u>

Basis for determining the Proposed Caps

The Proposed Caps are primarily based on the following:

- (i) the estimated logistic services required by the Group based on the estimated sale of the Group and the historical delivery requirements of potential customers;

- (ii) the expected need for the construction and the maintenance of the production sites and the cleaning and greening services in the production sites of the Group;
- (iii) the historical rentals of the Factory Premises and the estimated increment in the rentals with reference to the prevailing market price of factory properties in the same district;
- (iv) the estimated volume of engines and engine components required by the Group's connected customers with reference to their internal sales targets and expected market demand for their products;
- (v) the estimated volume of engines components required by the Group based on the estimated demand for the Group's engines from both connected and independent customers; and
- (vi) the expected unit sale and purchase prices for the engines and engine components.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

In the ordinary course of business of the Group, the Group purchases various types of engine components from Huachen Group, Brilliance China Group and Wuliangye Group for production of the Group's engines. The Group sells engines produced by it and also engine components to Huachen Group and Brilliance China Group. The Group also procures construction and building maintenance services from Mianyang Jianmen Real Estate, logistics services from certain subsidiaries of Wuliangye, and cleaning and greening services from Xinhua Combustion Engine.

The Continuing Connected Transactions are entered into for the following reasons:

- Wuliangye Group is familiar with the Group's delivery requirement and able to provide quality and timely delivery services to the Group. The Group will be able to diversify operating risks by allocating delivery orders to a number of reliable transportation services providers, including Wuliangye Group.
- Mianyang Jianmen Real Estate and Xinhua Combustion Engine have been providing construction and building maintenance services and cleaning and greening services to the Group, respectively. Mianyang Jianmen Real Estate and Xinhua Combustion Engine are familiar with the requirement of the Group and able to provide better services to the Group.
- The Remaining Materials are materials and equipments for use in the production of E3 engines. As Mianyang Xinchun has acquired the E3 engines production lines, Huachen no longer has any use for the Remaining Materials located in the E2 Factory. The purchase of the Remaining Materials from Huachen will save time and cost for procuring the relevant materials from other third party suppliers. On the other hand, the Group will be able to save certain operating costs, such as additional costs to be incurred for hiring additional staff to handle import matters and establishing direct relationship with Huachen's existing overseas supplier(s), by sourcing engine components from overseas supplier(s) via Huachen.

- Mianyang Xincheng acquired an E3 engines and a connection rod production lines and certain inventory in the E2 Factory from Huachen in January 2014. The Factory Premises is part of the E2 Factory where the E3 engines and connection rod production lines are situated. Hence, the Factory Premises is required for the accommodation of the production lines.
- Engine components supplied by certain members of the Brilliance China Group and Wuliangye Group are produced based on specifications provided by the Group and used for the production of engines of the Group or for sale to customers of the Group for repair and maintenance purposes.
- The Group sells its engines to Huachen Group for use in manufacturing Zhonghua autos, a wholly-owned business operated by Huachen Group. Such engines are developed and produced according to the specification required by Huachen.
- The Group sells its engines to Brilliance China Group for use in manufacturing Jinbei minibuses, a non wholly-owned business operated by Brilliance China Group. Such engines are developed and produced according to the specification required by Brilliance China.
- The Group sells N20 engines to Brilliance China Group for use in manufacturing new premium MPV, which broadens the customer base and increases the demand for this engine.

In the premises, the Directors (excluding directors who had abstained from voting on certain resolutions but including the independent non-executive Directors) consider the Exempted Continuing Connected Transactions to be in the interests of the Company and the Shareholders as a whole; on normal commercial terms or better and in the ordinary and usual course of business of the Group; and that the terms of the relevant agreements (including the relevant caps) governing the Exempted Continuing Connected Transactions to be fair and reasonable.

The Directors (excluding directors who had abstained from voting on certain resolutions and the independent non-executive Directors whose view will be given after considering the opinion from Independent Financial Adviser) consider the Non-exempted Continuing Connected Transactions to be in the interests of the Company and the Shareholders as a whole; on normal commercial terms or better and in the ordinary and usual course of business of the Group; and that the terms of the relevant agreements (including the relevant caps) governing the Non-exempted Continuing Connected Transactions to be fair and reasonable.

V. INFORMATION OF THE PARTIES INVOLVED

The Group

The Group is principally engaged in the development, manufacture and sale of automotive engines for passenger vehicles and light duty commercial vehicles and manufacture of engine parts and components of the passenger vehicles in the PRC.

The Huachen Group

Huachen

Huachen is a state-owned limited liability company established under the laws of the PRC and is wholly and beneficially owned by the People's Government of Liaoning Province of the PRC. The principal activities of the Huachen Group include but not limited to investment holding, and manufacture and sale of Zhonghua (中華) branded sedans.

As at the date of this announcement, Huachen owned approximately 42.48% of the issued share capital of Brilliance China and is deemed as a connected person of the Company by the Stock Exchange.

Shenyang Brilliance Power

Shenyang Brilliance Power is owned as to 51% by Huachen and as to 49% by Brilliance China, respectively and a connected person of the Company. The principal activities of Shenyang Brilliance Power include the research and development, manufacture and sale of automotive engine powertrains and components, and wholesale of automotive components.

Mianyang Huarui

Mianyang Huarui is a wholly-owned subsidiary of Huachen and a connected person of the Company. The principal activities of Mianyang Huarui include the manufacture and sale of automotive components, sale of vehicles and provision of maintenance and repair services for vehicles.

Mianyang Huaxiang

Mianyang Huaxiang is a wholly-owned subsidiary of Huachen and a connected person of the Company. The principal activities of Mianyang Huaxiang include the manufacture and sale of automotive components.

The Brilliance China Group

Brilliance China

Brilliance China is a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange. It is an investment holding company.

As at the date of this announcement, Brilliance China, through its wholly-owned subsidiary, owned approximately 31.17% of the issued share capital of the Company and is a connected person of the Company.

Shenyang Jinbei

Shenyang Jinbei is a non wholly-owned subsidiary of Brilliance China and a connected person of the Company. The principal activities of Shenyang Jinbei include the manufacture, assembly and sale of minibuses and automotive components.

Xing Yuan Dong

Xing Yuan Dong is a wholly-owned subsidiary of Brilliance China and a connected person of the Company. The principal activities of Xing Yuan Dong include the manufacture and trading of automotive components.

Mianyang Ruian

Mianyang Ruian is a wholly-owned subsidiary of Brilliance China and a connected person of the Company. The principal activities of Mianyang Ruian include the manufacture and trading of automotive components.

The Wuliangye Group

Wuliangye

Wuliangye primarily engages in the production and sale of a series of wine. It also engages in a wide range of businesses including industrial packaging, optical glass, logistics, rubber products and pharmacy.

As at the date of this announcement, Wuliangye, through its non wholly-owned subsidiary, owned approximately 31.17% of the issued share capital of the Company and is a connected person of the Company.

An Shiji

An Shiji is a wholly-owned subsidiary of Wuliangye and a connected person of the Company. The principal activities of An Shiji are warehousing and storing, distribution, logistics and freight transportation.

Sichuan Anji

Sichuan Anji is a wholly-owned subsidiary of Wuliangye and a connected person of the Company. The principal activities of Sichuan Anji are freight transportation via road, rail and ocean, trade and transportation of dangerous goods, and trade of plastics goods.

Sichuan Pushi

Sichuan Pushi is a wholly-owned subsidiary of Wuliangye and a connected person of the Company. The principal activities of Sichuan Pushi are machinery manufacturing (including automotive components and engine components) and polymer raw materials and deep processing.

Mianyang Jianmen Real Estate

Mianyang Jianmen Real Estate is a non wholly-owned subsidiary of Wuliangye and a connected person of the Company. The principal activities of Mianyang Jianmen Real Estate are development of real estate and civil construction and services.

Xinhua Combustion Engine

Xinhua Combustion Engine is a joint-stock company established in the PRC and a non wholly-owned subsidiary of Wuliangye and a connected person of the Company. The principal activities of Xinhua Combustion Engine are manufacture and sales of engine components, vehicles sales and provision of ancillary services and logistic services.

VI. LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Brilliance China and Wuliangye is interested in 400,000,000 and 400,000,000 Shares, representing approximately 31.17% and 31.17% of the issued share capital of the Company, respectively. Accordingly, each of Brilliance China and Wuliangye is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Huachen is interested in approximately 42.48% of the issued share capital of Brilliance China and a controlling shareholder of Brilliance China. It is deemed as a connected person of the Company by the Stock Exchange under Rule 14A.07(6) of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Continuing Connected Transactions 2015-2017 falling within the categories A1 to A2 under the section headed “Continuing Connected Transactions” are, on an annual basis, over 0.1% but less than 5%, the Continuing Connected Transactions 2015-2017 falling within the categories A1 to A2 under the section headed “Continuing Connected Transactions” are subject to the reporting, announcement, annual review requirements but exempt from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Continuing Connected Transactions 2016-2018 falling within the categories B1 to B4 under the section headed “Renewal of the Continuing Connected Transactions” are, on an annual basis, over 0.1% but less than 5%, the Continuing Connected Transactions 2016-2018 falling within the categories B1 to B4 under the section headed “Renewal of the Continuing Connected Transactions” are subject to the reporting, announcement, annual review requirements but exempt from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Continuing Connected Transactions 2016-2018 falling within the categories C1 to C3 under the section headed “Renewal of the Continuing Connected Transactions” are, on an annual basis, over 5%, the Continuing Connected Transactions 2016-2018 falling within the categories C1 to C3 under the section headed “Renewal of the Continuing Connected Transactions” are subject to reporting, announcement, annual review and Independent Shareholders’ approval requirements as set out in Chapter 14A of the Listing Rules.

Mr. Wu Xiao An, an executive Director, is also the chairman and an executive director of Brilliance China and a director of Huachen (which is a controlling shareholder of Brilliance China and a deemed connected person of the Company by the Stock Exchange). Mr. Qi Yumin, a non-executive Director, is also an executive director of Brilliance China and the chairman and president of Huachen (which is a controlling shareholder of Brilliance China and a deemed connected person of the Company by the Stock Exchange). Accordingly, Mr. Wu Xiao An and Mr. Qi Yumin had abstained from voting on the Board resolutions in respect of the Continuing Connected Transactions contemplated under the Huachen Purchase Agreement, the Huachen Sale Agreement, the New Lease Agreement, the Brilliance China Purchase Agreement and the Brilliance China Sale Agreement. Mr. Wang Yunxian, an executive Director, is also a director of Mianyang Huarui (which is a wholly-owned subsidiary of Huachen) and a director of Xinhua Investment Holdings Limited (which is a wholly-owned subsidiary of Xinhua Combustion Engine). Accordingly, Mr. Wang Yunxian had abstained from voting on the Board resolutions in respect of the Continuing Connected Transactions contemplated under the Huachen Purchase Agreement, the Huachen Sale Agreement, the Wuliangye Logistics Services Agreement, the Wuliangye Cleaning and Greening Services Agreement, the Wuliangye Construction Services Agreement and the Wuliangye Purchase Agreement. Mr. Tang Qiao, a non-executive Director, is also director and president of Wuliangye. Accordingly, Mr. Tang Qiao had abstained from voting on the Board resolutions in respect of the Continuing Connected Transactions contemplated under the Wuliangye Logistics Services Agreement, the Wuliangye Cleaning and Greening Services Agreement, the Wuliangye Construction Services Agreement and the Wuliangye Purchase Agreement.

The Board confirms that (i) except for Mr. Wu Xiao An, Mr. Qi Yumin and Mr. Wang Yunxian, none of the Directors has any material interest in the Continuing Connected Transactions contemplated under the Huachen Purchase Agreement and the Huachen Sale Agreement; (ii) except for Mr. Wu Xiao An and Mr. Qi Yumin, none of the Directors has any material interest in the Continuing Connected Transactions contemplated under the New Lease Agreement, the Brilliance China Purchase Agreement and the Brilliance China Sale Agreement; and (iii) except for Mr. Wang Yunxian and Mr. Tang Qiao, none of the Directors has any material interest in the Continuing Connected Transactions contemplated under the Wuliangye Logistics Services Agreement, the Wuliangye Cleaning and Greening Services Agreement, the Wuliangye Construction Services Agreement and the Wuliangye Purchase Agreement. Accordingly, (i) none of the Directors, except for Mr. Wu Xiao An, Mr. Qi Yumin and Mr. Wang Yunxian, was required to abstain from voting on the Board resolutions in relation to the Continuing Connected Transactions contemplated under the Huachen Purchase Agreement and the Huachen Sale Agreement; (ii) none of the Directors, except for Mr. Wu Xiao An and Mr. Qi Yumin, was required to abstain from voting on the Board resolutions in relation to the Continuing Connected Transactions contemplated under the New Lease Agreement, the Brilliance China Purchase Agreement and the Brilliance China Sale Agreement; and (iii) none of the Directors, except for Mr. Wang Yunxian and Mr. Tang Qiao, was required to abstain from voting on the Board resolutions in relation to the Continuing Connected Transactions contemplated under the Wuliangye Logistics Services Agreement, the Wuliangye Cleaning and Greening Services Agreement, the Wuliangye Construction Services Agreement and the Wuliangye Purchase Agreement.

VII. GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) the Non-exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-exempted Continuing Connected Transactions.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Non-exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-exempted Continuing Connected Transactions.

A circular containing, amongst other things, details of the Non-exempted Continuing Connected Transactions, and the Proposed Caps for the Non-exempted Continuing Connected Transactions, letter from the Independent Board Committee and the letter from the Independent Financial Adviser and a notice to Shareholders convening the Extraordinary General Meeting to approve (i) the Non-exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-exempted Continuing Connected Transactions, in accordance with the requirements of the Listing Rules, will be dispatched to Shareholders on or before 4 November 2015.

As at the date of this announcement, each of Brilliance China and Wuliangye is interested in 400,000,000 and 400,000,000 Shares, representing approximately 31.17% and 31.17% of the issued share capital of the Company, respectively. Huachen is interested in approximately 42.48% of the issued share capital of Brilliance China and a controlling shareholder of Brilliance China. Brilliance China and its associates will abstain from voting on the ordinary resolutions to be proposed at the Extraordinary General Meeting in respect of the Non-exempted Continuing Connected Transactions between the Group and Brilliance China Group and Huachen Group, respectively and the Proposed Caps in respect of the Non-exempted Continuing Connected Transactions between the Group and Brilliance China Group and Huachen Group, respectively. Wuliangye and its associates will abstain from voting on the ordinary resolutions to be proposed at the Extraordinary General Meeting in respect of the Non-exempted Continuing Connected Transactions between the Group and Wuliangye Group and the Proposed Caps in respect of the Non-exempted Continuing Connected Transactions between the Group and Wuliangye Group.

VIII. DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“An Shiji”	An Shiji Logistic Co., Ltd. Sichuan* (四川安仕吉物流有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Wuliangye;
“An Shiji Logistics Services Agreement”	the framework agreement entered into between Mianyang Xincheng and An Shiji on 13 October 2015 in relation to the procurement of logistics services from An Shiji;
“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Brilliance China”	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;
“Brilliance China Group”	Brilliance China and its subsidiaries;
“Brilliance China Purchase Agreement”	the framework agreement entered into between the Company and Brilliance China on 13 October 2015 in relation to the purchase of engine components from Brilliance China Group;

“Brilliance China Sale Agreement”	the framework agreement entered into between the Company and Brilliance China on 13 October 2015 in relation to the sale of engine and engine components to Brilliance China Group;
“Company”	Xinchen China Power Holdings Limited (新晨中國動力控股有限公司), an exempted company incorporated in the Cayman Islands;
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“Continuing Connected Transactions”	Continuing Connected Transactions 2015-2017 and Continuing Connected Transactions 2016-2018;
“Continuing Connected Transactions 2015-2017”	the transactions between the Company and Wuliangye as set out in the section headed “Continuing Connected Transactions”;
“Continuing Connected Transactions 2016-2018”	the transactions between members of the Group and the connected persons as set out in the section headed “Renewal of the Continuing Connected Transactions”;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“E2 Factory”	the factory located in No. 12, the 8 Road, Economic and Technological Development Zone, Shenyang, PRC;
“Exempted Continuing Connected Transactions”	for the purpose of this announcement, the Continuing Connected Transactions falling within the categories A1 to A2 under the section headed “Continuing Connected Transactions” and the categories B1 to B4 under section headed “Renewal of the Continuing Connected Transactions” and subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders’ approval requirements under Chapter 14A of the Listing Rules;
“Existing Caps”	the existing annual caps of the Continuing Connected Transactions 2016-2018 as stated in the Prospectus and the announcements of the Company dated 16 December 2013 and 18 November 2014;

“Existing Lease Agreement”	the lease entered into between Shenyang Brilliance Power and Mianyang Xinchun on 16 December 2013 in respect of the Factory Premises;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened for the purpose of approving (i) the Non-Exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-Exempted Continuing Connected Transactions;
“Factory Premises”	the factory premises with a total area of 20,833 square metres which is part of the E2 Factory, the related land use right and ancillary assets;
“Framework Agreements 2016-2018”	the Huachen Purchase Agreement, the Brilliance China Purchase Agreement, the Huachen Sale Agreement, the Brilliance China Sale Agreement and the Wuliangye Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Huachen”	Huachen Automotive Group Holdings Company Limited* (華晨汽車集團控股有限公司), a state-owned company incorporated in the PRC and a controlling shareholder of Brilliance China;
“Huachen Group”	Huachen and its subsidiaries;
“Huachen Purchase Agreement”	the framework agreement entered into between the Company and Huachen on 13 October 2015 in relation to the purchase of engine components from Huachen Group;
“Huachen Sale Agreement”	the framework agreement entered into between the Company and Huachen on 13 October 2015 in relation to the sale of engine and engine components to Huachen Group;

“Independent Board Committee”	the independent committee of the Board, comprising Mr. Chi Guohua, Mr. Wang Jun, Mr. Huang Haibo and Mr. Wang Songlin, all of whom are independent non-executive Directors, formed to advise the Independent Shareholders as to (i) the Non-exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-exempted Continuing Connected Transactions;
“Independent Financial Adviser”	Octal Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Non-exempted Continuing Connected Transactions; and (ii) the Proposed Caps for the Non-exempted Continuing Connected Transactions;
“Independent Shareholders”	Shareholder(s) other than Brilliance China and its associates in respect of the Non-exempted Continuing Connected Transactions between the Group and Brilliance China Group and Huachen Group or shareholder(s) other than Wuliangye and its associates in respect of the Non-exempted Continuing Connected Transactions between the Group and Wuliangye Group;
“Listing Date”	13 March 2013, the date the Shares first commenced dealing on the Stock Exchange;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Mianyang Huarui”	Mianyang Huarui Automotive Company Limited* (綿陽華瑞汽車有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Huachen;
“Mianyang Huaxiang”	Mianyang Huaxiang Machinery Manufacturing Co., Ltd.* (綿陽華祥機械製造有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Huachen;
“Mianyang Jianmen Real Estate”	Mianyang Jianmen Real Estate Development and Construction Co., Ltd.* (綿陽劍門房地產開發建設有限公司), a company incorporated in the PRC and a non wholly-owned subsidiary of Wuliangye;

“Mianyang Ruian”	Mianyang Brilliance Ruian Automotive Components Co., Ltd.* (綿陽華晨瑞安汽車零部件有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Brilliance China;
“Mianyang Xincheng”	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 a wholly-owned subsidiary of the Company;
“New Lease Agreement”	the lease entered into between Mianyang Xincheng and Shenyang Brilliance Power on 13 October 2015 in respect of the Factory Premises;
“Non-exempted Continuing Connected Transactions”	for the purpose of this announcement, the Continuing Connected Transactions falling within the categories C1 to C3 under the section headed “Renewal of the Continuing Connected Transactions” and subject to reporting, announcement, annual review and Independent Shareholders’ approval requirements as set out in Chapter 14A of the Listing Rules;
“PRC”	The People’s Republic of China and only for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Procurement Agreement”	the framework agreement entered into between Mianyang Xincheng and Huachen on 18 November 2014 in relation to the purchase of the Remaining Materials;
“Proposed Caps”	the estimated annual monetary value of the Continuing Connected Transactions 2015-2017 for the three financial years ending 31 December 2017 and the Continuing Connected Transactions 2016-2018 for the three financial years ending 31 December 2018;
“Prospectus”	the prospectus issued by the Company dated 28 February 2013 relating to the global offering of the Shares and the listing of the Shares on the Main Board of the Stock Exchange;
“Remaining Materials”	certain materials, tools, equipments and repair parts and products for production of E3 engines purchased and to be purchased by Mianyang Xincheng from Huachen pursuant to the Procurement Agreement;

“Share(s)”	ordinary share(s) in the Company with a nominal value of HK\$0.01 each;
“Shareholder(s)”	holder(s) of Share(s);
“Shenyang Brilliance Power”	Shenyang Brilliance Power Train Machinery Co., Ltd.* (瀋陽華晨動力機械有限公司), a company established in the PRC and a non wholly-owned subsidiary of Huachen;
“Shenyang Jinbei”	Shenyang Brilliance JinBei Automobile Co., Ltd.* (瀋陽華晨金杯汽車有限公司), a company established in the PRC and a non wholly-owned subsidiary of Brilliance China;
“Sichuan Anji”	Sichuan Province Yibin Wuliangye Group Anji Logistic Co.* (四川省宜賓五糧液集團安吉物流公司), a company incorporated in the PRC and a wholly-owned subsidiary of Wuliangye;
“Sichuan Anji Logistics Services Agreement”	the framework agreement entered into between Mianyang Xincheng and Sichuan Anji on 13 October 2015 in relation to the procurement of logistics services from Sichuan Anji;
“Sichuan Pushi”	Sichuan Yibin Pushi Automotive Components Co., Ltd.* (四川省宜賓普什汽車零部件有限公司), a company established in the PRC and a wholly-owned subsidiary of Wuliangye;
“Sichuan Pushi Purchase Agreement”	the framework agreement entered into between Mianyang Xincheng and Sichuan Pushi on 13 October 2015 in relation to the purchase of engine components from Sichuan Pushi;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wuliangye”	Sichuan Province Yibin Wuliangye Group Co., Ltd.* (四川省宜賓五糧液集團有限公司), a state-owned company incorporated in the PRC and a controlling shareholder of the Company;
“Wuliangye Cleaning and Greening Services Agreement”	the framework agreement entered into between Mianyang Xincheng and Xinhua Combustion Engine on 13 October 2015 in relation to the procurement of cleaning and greening services from the Xinhua Combustion Engine;

“Wuliangye Construction Services Agreement”	the framework agreement entered into between the Company and Mianyang Jianmen Real Estate on 13 October 2015 in relation to the procurement of construction and building maintenance services from Mianyang Jianmen Real Estate;
“Wuliangye Group”	Wuliangye and its subsidiaries;
“Wuliangye Logistics Services Agreement”	the An Shiji Logistics Services Agreement and the Sichuan Anji Logistics Services Agreement;
“Wuliangye Purchase Agreement”	the Sichuan Pushi Purchase Agreement and the Xinhua Combustion Engine Purchase Agreement;
“Xing Yuan Dong”	Shenyang XingYuanDong Automobile Component Co., Ltd.* (瀋陽興遠東汽車零部件有限公司), a company established in the PRC and a wholly-owned subsidiary of Brilliance China;
“Xinhua Combustion Engine”	Mianyang Xinhua Internal Combustion Engine Joint Stock Company Limited* (綿陽新華內燃機股份有限公司), a joint-stock company established in the PRC and a non wholly-owned subsidiary of Wuliangye;
“Xinhua Combustion Engine Purchase Agreement”	the framework agreement entered into between Mianyang Xincheng and Xinhua Combustion Engine on 13 October 2015 in relation to the purchase of engine components from Xinhua Combustion Engine;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

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

Hong Kong, 13 October 2015

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