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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)

**INSIDE INFORMATION
SIGNING OF PRINCE ENGINE LICENSE AGREEMENT
AND
RESUMPTION OF TRADING**

SIGNING OF THE PRINCE ENGINE LICENSE AGREEMENT

The Board is pleased to announce that on 10 June 2015, Mianyang Xincheng, an indirect wholly-owned subsidiary of the Company entered into the Prince Engine License Agreement with BMW, pursuant to which Mianyang Xincheng is authorised to assemble Prince Engines for a term commencing from the date of the Prince Engine License Agreement and ending on 31 December 2025, subject to the early termination provisions.

RESUMPTION OF TRADING

At the request of the Company, trading of the shares of the Company on the Stock Exchange was halted at 9:00 a.m. on Wednesday, 10 June 2015 pending the release of this announcement. Application has been made for resumption of trading of the shares of the Company at 1:00 p.m. on Wednesday, 10 June 2015.

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

SIGNING OF THE PRINCE ENGINE LICENSE AGREEMENT

The board of directors (the “**Board**”) is pleased to announce that on 10 June 2015, Mianyang Xincheng Engine Co., Ltd.* (綿陽新晨動力機械有限公司) (“**Mianyang Xincheng**”), an indirect wholly-owned subsidiary of the Company entered into the Prince Engine License Agreement with Bayerische Motoren Werke Aktiengesellschaft (“**BMW**”). Pursuant to the Prince Engine License Agreement, Mianyang Xincheng is granted an irrevocable non-exclusive license to enable it to assemble Prince Engines for supply to approved vehicle manufacturers for installation into approved vehicles. The Prince Engine License Agreement is for a term commencing from the date of the agreement and ending on 31 December 2025, subject to the early termination provisions. Mianyang Xincheng shall pay BMW an upfront license fee of €9.72 million (approximately HK\$85,142,340) and a fee of €100 (approximately HK\$875.95) for each Prince Engine manufactured by Mianyang Xincheng.

REASONS FOR ENTERING INTO THE PRINCE ENGINE LICENSE AGREEMENT

The Group is one of the leading independent branded engine suppliers in the People’s Republic of China (“**PRC**”). The Group has been working with its business partners to formulate its engine development strategy based on the latest industry landscape in order to maintain its competitiveness and to explore the most-effective way to achieve a breakthrough in its research and development capabilities by leveraging on the resources of its business partners. Comparing developing a new engine from scratch, the Group considers that it will be more cost-effective by obtaining license of the Prince Engine from BMW which is equipped with BMW technology and can be upgraded subsequently based on prevailing market demand in short to medium term.

The Prince Engine is equipped with advanced technology and well received in global market, the Group believes that the Prince Engine is one of the most competitive engines in the PRC. Pursuant to the Prince Engine License Agreement, the Group is authorised to assemble and supply Prince Engines to the approved vehicle manufacturers. The Prince Engines will be sold under the Group’s own brand. The Group’s product portfolio will be enriched and quality of the Group’s products will be improved. The Group intends to supply the Prince Engines to both existing and potential customers in order to enlarge its market share and achieve economies of scale. Sale of new engines will broaden the Group’s revenue base. The manufacturing capabilities of the Group will be enhanced by producing the high-tech Prince Engine, which requires more stringent requirement in the overall production process. With the support of BMW, the research and development capability of the Group will also be moved to a much higher level with subsequent modification and upgrading of the Prince Engines.

The Group has been working closely with BMW Brilliance Automotive Limited and BMW. The Group was licensed by BMW to assemble N20 engine in 2012. Prince Engine is the second engine licensed by BMW to the Group. The Group believes that the continuous cooperation among the parties may give rise to more business opportunities in the future, which will strengthen the business relationship among the parties.

The Board considers that the Prince Engine License Agreement is entered into in the ordinary course of business of the Group and on normal commercial terms after arm's length negotiation. The Board is of the view that the terms of the Prince Engine License Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

RESUMPTION OF TRADING

At the request of the Company, trading of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") was halted at 9:00 a.m. on Wednesday, 10 June 2015 pending the release of this announcement. Application has been made for resumption of trading of the shares of the Company at 1:00 p.m. on Wednesday, 10 June 2015.

This announcement contains translations between Euro and Hong Kong dollar amounts at €1 = HK\$8.7595, being the exchange rate prevailing on 10 June 2015. The translations should not be taken as a representation that the Euro could actually be converted into Hong Kong dollars at that rate or at all.

* *Included for identification purposes only and may not necessarily be the official English translation of the corresponding Chinese name. If there is any inconsistency between the English translation and the Chinese name, the Chinese name shall prevail.*

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

Hong Kong, 10 June 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.