

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION WITH BBA IN RELATION TO ACQUISITION OF CRANKSHAFT PRODUCTION LINE IN TIEXI DISTRICT, SHENYANG CITY;

(2) MAJOR TRANSACTION AND CONNECTED TRANSACTION WITH BBA IN RELATION TO CALL OPTION OVER CRANKSHAFT PRODUCTION LINE IN TIEXI DISTRICT, SHENYANG CITY;

(3) CONTINUING CONNECTED TRANSACTION WITH BBA IN RELATION TO THE LEASE RELATED TO THE ACQUIRED CRANKSHAFT PRODUCTION LINE;

(4) CONTINUING CONNECTED TRANSACTIONS WITH BBA IN RELATION TO CONSULTANCY SERVICES, SUPPLY AND PURCHASE ARRANGEMENTS RELATED TO THE ACQUIRED CRANKSHAFT PRODUCTION LINE; AND

(5) REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS WITH BBA

Reference is made to the Company's circular dated 28 May 2014 and the Company's announcements dated 23 May 2014 and 28 May 2014. As described therein, BMW, BBA and Mianyang Xincheng have entered into an N20 Supply Arrangement for supply of N20 engines by Mianyang Xincheng to BBA, as well as related mutual supply arrangements in relation to the manufacture and supply by Mianyang Xincheng of connection rods for use in the assembly of N20 engines.

Reference is further made to the Company's announcements dated 23 June 2014 and 15 August 2014 in relation to the Company's acquisition of Shenyang Xincheng and resulting continuing connected transaction with BBA in respect of a lease. BBA currently owns and operates a crankshaft production line in Tiexi District, Shenyang City, the PRC (the "**Crankshaft Production Line**"), in the property which is the subject of such lease. Through the Crankshaft Production Line, BBA produces crankshafts for the sole purpose of use in the assembly of N20 engines, and eventually for use in the newer Bx8 engines.

On 21 January 2015 (after trading hours), Mianyang Xincheng entered into the following agreements, including the Assets Transfer Agreement, the Agreement on Operation Site, the Consulting Service and Technical Support Agreement, the Raw Materials Supply Agreement and the Purchase Agreement on Finished Crankshaft, with BBA in connection with the acquisition by Mianyang Xincheng of the Crankshaft Production Line, and subsequent arrangements for the operation of the Crankshaft Production Line and supply of finished crankshafts to BBA (the "**Transaction Agreements**"):

1) MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF CRANKSHAFT PRODUCTION LINE

On 21 January 2015 (after trading hours), Mianyang Xincheng and BBA entered into an assets transfer agreement (the "**Assets Transfer Agreement**") pursuant to which BBA will transfer to Mianyang Xincheng the Crankshaft Production Line, the supporting equipment and facilities, the related spare parts (the "**Acquired Assets**") and related contracts in connection with the operation of the Crankshaft Production Line (the "**Transferred Contracts**").

The consideration under the Assets Transfer Agreement shall consist of (i) the fair market value of the Acquired Assets and the Transferred Contracts, which shall not be higher than the book value of the Acquired Assets and the Transferred Contracts plus a reasonable margin of 5% based on arm's length negotiations, (ii) value added tax, and (iii) customs related tax, if any. The consideration for the Acquired Assets is estimated to be approximately RMB391,428,336.83 (equivalent to approximately HK\$483,805,424.32), after taking account of the book value of the Crankshaft Production Line and supporting equipment and facilities of approximately RMB288,863,882.81 (equivalent to approximately HK\$357,035,759.15) as at 31 December 2014, book value of spare parts of approximately RMB17,095,101.99 (equivalent to approximately HK\$21,129,546.06) as at 31 October 2014, customs/duties that may be incurred by BBA for the transfer of imported equipment and facilities under the customs custody of approximately RMB12,664,000.00 (equivalent to approximately HK\$15,652,704.00), 5% margin on the sum of the book value of the Acquired Assets and the Transferred Contracts and customs/duties of approximately RMB15,931,149.24 (equivalent to approximately HK\$19,690,900.46) and value added tax of approximately RMB56,874,202.79 (equivalent to approximately HK\$70,296,514.65). The consideration under the Assets Transfer Agreement will be settled by internal resources and bank borrowing.

A further determination of the consideration in respect of spare parts to be acquired and to be transferred as at Closing shall be made five days before Closing. The original purchase costs of the Crankshaft Production Line and supporting equipment and facilities and spare parts were approximately RMB356,727,100.50 (equivalent to approximately HK\$440,914,696.22) and RMB17,095,101.99 (equivalent to approximately HK\$21,129,546.06), respectively. The parties will sign a confirmation letter whereby the final consideration to be paid by Mianyang Xincheng to BBA will be stated. Mianyang Xincheng shall, no later than the Closing, pay BBA the total consideration and related taxes.

As part of the acquisition, Mianyang Xincheng will commit to an expansion plan for expanding the production capacity of and upgrading the Crankshaft Production Line (the “**Expansion Plan**”) and to make certain investments in respect of the Expansion Plan from 2015 to 2018 (the “**Investment Plan**”). The Expansion Plan and Investment Plan (including the total commitment amount) may be amended and updated solely by BBA provided that BBA gives notice to Mianyang Xincheng of such amendments. As at the date of this announcement, the total aggregate commitment anticipated under the Expansion Plan is approximately RMB791,000,000 (equivalent to approximately HK\$977,676,000), and the Investment Plan envisages the Company’s commitment of approximately RMB424,000,000 (equivalent to approximately HK\$524,064,000) in 2015, approximately RMB145,000,000 (equivalent to approximately HK\$179,220,000) in 2016, approximately RMB122,000,000 (equivalent to approximately HK\$150,792,000) in 2017 and approximately RMB100,000,000 (equivalent to approximately HK\$123,600,000) in 2018.

Performance guarantees will be issued by bank(s) in favour of BBA to secure Mianyang Xincheng’s payment obligations under the Investment Plan from 2015 to 2018. The actual performance guarantee amount will be subject to change with reference to the original Investment Plan and the actual investment amounts that Mianyang Xincheng will end up spending each year. The initial performance guarantee is estimated to amount to approximately RMB424,000,000 (equivalent to approximately HK\$524,064,000) for 2015 and will be issued on or before 15 April 2015. The estimated bank related charges in relation to the performance guarantee is approximately RMB17,000,000 (equivalent to approximately HK\$21,012,000). The performance guarantee is a commitment by Mianyang Xincheng such that in the event Mianyang Xincheng fails to settle its payment obligations in relation to the Investment Plan, BBA will draw upon the performance guarantee for payment.

Subject to the satisfaction or waiver (by the party or parties who have the right to do so) of the Conditions Precedents, the parties agree that closing is expected to take place on 30 April 2015 or any other date as agreed between the parties in writing (the “**Closing**”).

BBA has been in the process of upgrading the Crankshaft Production Line to enable it to produce crankshafts for the newer Bx8 engines and expanding the production capacity of the Crankshaft Production Line. BBA and Mianyang Xincheng are in negotiations for the transfer of Bx8 engines related improvements to the Crankshaft Production Line and the potential supply of Bx8 finished crankshaft. Once the arrangements in relation to Bx8 finished crankshaft supply have been finalised, a separate agreement will be entered into between the Group and BBA for the acquisition of these additional equipment and facilities, and the Company will comply with the requirements of the Listing Rules in relation to such acquisition and related transaction (if any) in due course.

2) MAJOR TRANSACTION AND CONNECTED TRANSACTION: CALL OPTION

Pursuant to the Assets Transfer Agreement, the Company has granted BBA a call option to buy back all or any part of the Acquired Assets together with the Transferred Contracts, and the equipment, facilities and related services resulting from the implementation of the Expansion Plan (the “**Call Option**”). The Call Option is exercisable at the discretion of BBA from the date when the title of the Acquired Assets is transferred to Mianyang Xincheng to the end of production date of Bx8 engines, which is estimated to be 31 December 2023, upon the occurrence of certain specified events. The Call Option exercise price shall be determined based on the fair market value of assets and the contracts to be repurchased, but shall not be higher than the book value of the assets and the contracts plus a reasonable margin of 5% based on arm’s length negotiations.

3) CONTINUING CONNECTED TRANSACTION: AGREEMENT ON OPERATION SITE

On 28 August 2012, Shenyang Xincheng and BBA entered into a lease agreement (“**Original Lease Agreement**”) whereby Shenyang Xincheng agreed to lease to BBA the premises located at No. 19, Road 13, Shenyang Economic and Technological Development Zone, Tiexi District, Shenyang City (the “**Land and Properties**”) for a lease term of 66 months, which will expire on 27 February 2018.

Part of the leased area includes the site which is used for the operation of the Crankshaft Production Line (the “**Operation Site**”). Shenyang Xincheng, BBA and Mianyang Xincheng have agreed that the lease for the Operation Site will be assumed by Mianyang Xincheng, and the remaining leased area other than the Operation Site (the “**Remaining Area**”) will continue to be leased by BBA.

On 21 January 2015 (after trading hours), Mianyang Xincheng, Shenyang Xincheng and BBA entered into an agreement on operation site (the “**Agreement on Operation Site**”).

Mianyang Xincheng agrees to lease from Shenyang Xincheng the Operation Site for the operation, future expansion and upgrading of the Crankshaft Production Line. BBA and Shenyang Xincheng agree to terminate the Original Lease Agreement to the extent in relation to the Operation Site. Upon the execution of the Agreement on Operation Site, BBA and Shenyang Xincheng shall ensure that there are no outstanding issues and claims with respect to the lease of the Operation Site under the Original Lease Agreement. The Agreement on Operation Site will be effective as of the Closing of the Assets Transfer Agreement.

BBA shall continue to lease from Shenyang Xincheng the Remaining Area and shall continue to pay monthly rental of approximately RMB2,568,165 (equivalent to approximately HK\$3,174,252) to Shenyang Xincheng pursuant to the terms of the Original Lease Agreement, based on the reduced leased area.

BBA shall pay the public utilities fees and facilities management fees for the Operation Site and the Remaining Area, and BBA will charge Mianyang Xincheng for its share of the public utilities fees and facilities management fees in relation to the Operation Site. The total public utilities fees and facilities management fees contemplated under the Agreement on Operation Site for each of the three financial years ending 31 December 2015, 2016 and 2017 and the period from 1 January 2018 to 27 February 2018 are approximately RMB16,660,554 (equivalent to approximately HK\$20,592,445), RMB32,607,303 (equivalent to approximately HK\$40,302,627), RMB32,607,303 (equivalent to approximately HK\$40,302,627) and RMB5,434,550 (equivalent to approximately HK\$6,717,104), respectively.

As the remaining term of the Original Lease Agreement, which is the term of the Agreement on Operation Site, exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged an Independent Financial Adviser to explain the reasons for requiring a duration longer than three years and to confirm whether this is normal business practice for similar types of agreement.

4) CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's circular dated 28 May 2014 and the Company's announcements dated 23 May 2014 and 28 May 2014. As described therein, Mianyang Xincheng, the Company and BBA entered into a compliance agreement in relation to the sale and purchase of engines, engine parts and components and raw materials for manufacturing engines and engine parts and components and the provision of related services (the "**BBA Compliance Agreement**").

On 21 January 2015 (after trading hours), further to the BBA Compliance Agreement, Mianyang Xincheng and BBA entered into the following operational agreements:

(A) CONSULTING SERVICE AND TECHNICAL SUPPORT AGREEMENT

On 21 January 2015 (after trading hours), Mianyang Xincheng and BBA entered into a consulting service and technical support agreement (the “**Consulting Service and Technical Support Agreement**”) pursuant to which BBA agrees to provide a variety of services to Mianyang Xincheng in relation to the operation and maintenance of the Crankshaft Production Line and the implementation of the Expansion Plan (the “**Services**”).

The transactions contemplated under the Consulting Service and Technical Support Agreement will be subject to the BBA Compliance Agreement with the initial term of 3 years from the effective date of the BBA Compliance Agreement, which is until 17 June 2017, unless it is terminated before the expiration of the term by any party serving at least 3 months’ prior written notice to the other parties. Subject to the compliance with the requirements of the Listing Rules (including the independent shareholders’ approval requirement), upon the expiration of the initial three-year term of the BBA Compliance Agreement, the Consulting Service and Technical Support Agreement will be automatically renewed for successive periods of 3 years.

The parties will review the qualification of Mianyang Xincheng’s personnel working in the relevant positions in connection with the operation of the Crankshaft Production Line quarterly. Based on such quarterly review, the parties shall mutually determine the necessity of the Services.

Consultants who are production associates of BBA will be paid on the basis of a monthly rate (including tax) and other consultants will be paid on the basis of a working day rate (including tax) (the “**Consultancy Fees**”). BBA will issue quarterly invoices to Mianyang Xincheng based on a list specifying the monthly working time records and the related costs accrued.

BBA may from time to time share certain function, facilities and services with Mianyang Xincheng that BBA provides and/or engages third party providers to provide, including but not limited to logistics, information technology, human resource, finance, quality metrology, laboratory, facility management (the “**Shared Services**”). BBA and Mianyang Xincheng may enter into separate agreements which contain particulars pertaining to the details of the shared functions, facilities and services (including provisions relating to the price, quantity, service scope and payment method). BBA will charge Mianyang Xincheng for the cost actually incurred by BBA plus a reasonable margin of 5% in respect of the functions shared by Mianyang Xincheng. The terms of these Shared Services must be consistent with and subject to the terms of the Transaction Agreements and on normal commercial terms.

(B) RAW MATERIALS SUPPLY AGREEMENT

On 21 January 2015 (after trading hours), Mianyang Xincheng and BBA entered into a raw materials supply agreement (the “**Raw Materials Supply Agreement**”) pursuant to which BBA agrees to supply Mianyang Xincheng with the raw materials for the production of crankshafts for the production of N20 engines or Bx8 engines or for the development and testing in relation to the production of Bx8 engines.

The transactions contemplated under the Raw Materials Supply Agreement will be subject to the BBA Compliance Agreement with the initial term of 3 years from the effective date of the BBA Compliance Agreement, which is until 17 June 2017, unless it is terminated before the expiration of the term by any party serving at least 3 months’ prior written notice to the other parties. Subject to the compliance with the requirements of the Listing Rules (including the independent shareholders’ approval requirement), upon the expiration of the initial three-year term of the BBA Compliance Agreement, the Raw Materials Supply Agreement will be automatically renewed for successive periods of 3 years.

(C) PURCHASE AGREEMENT ON FINISHED CRANKSHAFT

On 21 January 2015 (after trading hours), Mianyang Xincheng and BBA entered into a purchase agreement for finished crankshafts (the “**Purchase Agreement for Finished Crankshafts**”) pursuant to which BBA agrees to purchase and Mianyang Xincheng agrees to sell the finished crankshafts which are to be produced by Mianyang Xincheng in accordance with the Transaction Agreements by using the Crankshaft Production Line and for the sole purpose of supplying to BBA for its assembly of N20 engines and Bx8 engines.

The transactions contemplated under the Purchase Agreement on Finished Crankshafts will be subject to the BBA Compliance Agreement with initial term of 3 years from the effective date of the BBA Compliance Agreement, which is until 17 June 2017, unless it is terminated before the expiration of the term by any party serving at least 3 months’ prior written notice to the other parties. Subject to the compliance with the requirements of the Listing Rules (including the independent shareholders’ approval requirement), upon the expiration of the initial three-year term of the BBA Compliance Agreement, the Purchase Agreement on Finished Crankshafts will be automatically renewed for successive periods of 3 years.

5) REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS WITH BBA

The original annual caps set for the sales of engine parts and components and raw materials for manufacturing engines and engine parts and components and the provision of the related consulting and advisory services by BBA and its subsidiaries to the Group contemplated under the BBA Compliance Agreement for the three financial years ending 31 December 2014, 2015 and 2016 were approximately RMB447,976,479 (equivalent to approximately HK\$553,698,928), RMB1,247,388,395 (equivalent to approximately HK\$1,541,772,056) and RMB1,405,570,122 (equivalent to approximately HK\$1,737,284,671), respectively. The original annual caps set for the sales of engines, engine parts and components and raw materials for manufacturing engines and engine parts and components by the Group to BBA or its subsidiaries contemplated under the BBA Compliance Agreement for the three financial years ending 31 December 2014, 2015 and 2016 were approximately RMB518,326,709 (equivalent to approximately HK\$640,651,812), RMB1,261,489,369 (equivalent to approximately HK\$1,559,200,860), and RMB1,321,661,349 (equivalent to approximately HK\$1,633,573,427), respectively.

Upon completion of the Asset Transfer Agreement, the Group will supply finished crankshafts to BBA pursuant to the Purchase Agreement on Finished Crankshaft. On the other hand, the Group will procure raw materials from BBA pursuant to the Raw Materials Supply Agreement and consultancy service and technical support for the production of crankshafts from BBA pursuant to the Consulting Service and Technical Support Agreement. The Group expects the existing annual caps in relation to the transactions contemplated under the BBA Compliance Agreement for the two financial years ending 31 December 2015 and 2016 will be exceeded. Therefore, the Group proposes to revise the existing annual caps under the BBA Compliance Agreement.

The revised annual caps for the sales of engine parts and components and raw materials for manufacturing engines and engine parts and components and the provision of the related consulting and advisory services by BBA and its subsidiaries to the Group for the two financial years ending 31 December 2015 and 2016 are approximately RMB1,646,970,239 (equivalent to approximately HK\$2,035,655,215) and RMB1,525,467,133 (equivalent to approximately HK\$1,885,477,376), respectively. The revised annual caps for the sales of engines, engine parts and components and raw materials for manufacturing engines and engine parts and components by the Group to BBA or its subsidiaries for the two financial years ending 31 December 2015 and 2016 are approximately RMB1,646,872,071 (equivalent to approximately HK\$2,035,533,880) and RMB1,743,150,632 (equivalent to approximately HK\$2,154,534,181), respectively (collectively, the “**Revised Annual Caps**”).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Brilliance China, a controlling shareholder of the Company, is indirectly interested in 50% of the issued share capital of BBA. As BBA is an associate of Brilliance China, it is a connected person of the Company. Mianyang Xincheng, on the other hand is an indirect wholly-owned subsidiary of the Company. Shenyang Xincheng, is an indirect wholly-owned subsidiary of the Company.

As the highest applicable percentage ratio in respect of both the acquisition of the Crankshaft Production Line and the grant of the Call Option pursuant the Assets Transfer Agreement is more than 25% but less than 100% and the consideration is more than HK\$10 million, each of the acquisition of the Crankshaft Production Line and the grant of the Call Option pursuant to the Assets Transfer Agreement constitutes a major transaction and a connected transaction of the Company and is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the transactions contemplated under the Agreement on Operation Site exceed 0.1% but are less than 5%, the transactions contemplated under the Agreement on Operation Site is subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the Revised Annual Caps exceed HK\$10 million, the revision of the annual caps under the BBA Compliance Agreement and the entering into of the Consulting Service and Technical Support Agreement, the Raw Materials Supply Agreement and the Purchase Agreement on Finished Crankshaft are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee, comprising Mr. Chi Guohua, Mr. Wang Jun, Mr. Huang Haibo and Mr. Wang Songlin, being the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Transaction Agreements (except for the Agreement on Operation Site which does not require approval by the Independent Shareholders) are fair and reasonable and whether the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole, after taking into account the recommendations of the Independent Financial Adviser. The Company has appointed the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Transaction Agreements (except for the Agreement on Operation

Site) and the Revised Annual Caps are fair and reasonable and whether the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole. The Board (including the independent non-executive Directors except for Mr. Wu Xiao An and Mr. Qi Yumin who had abstained from voting on the Board resolutions) is of the view that the transactions contemplated under the Agreement on Operation Site are on normal commercial terms, in the ordinary and usual course of business of the Company and such terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

A general meeting will be convened and held by the Company as soon as practicable to consider and if thought fit, to pass the resolutions in relation to the Transaction Agreements (except for the Agreement on Operation Site) and the transactions and Revised Annual Caps contemplated thereunder. A circular containing, among other things, (i) further details of the Transaction Agreements (except for the Agreement on Operation Site) and the transactions and Revised Annual Caps contemplated thereunder, (ii) recommendations from the Independent Board Committee to the Independent Shareholders, (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders together with (iv) a notice convening the general meeting will be despatched within 15 business days after the date of this announcement. Brilliance China and its associates are required to abstain from voting at the general meeting.

Reference is made to the Company's circular dated 28 May 2014 and the Company's announcements dated 23 May 2014 and 28 May 2014. As described therein, BMW, BBA and Mianyang Xincheng have entered into an N20 Supply Arrangement for supply of N20 engines by Mianyang Xincheng to BBA, as well as related mutual supply arrangements in relation to the manufacture and supply by Mianyang Xincheng of connection rods for use in the assembly of N20 engines.

Reference is further made to the Company's announcements dated 23 June 2014 and 15 August 2014 in relation to the Company's acquisition of Shenyang Xincheng and resulting continuing connected transaction with BBA in respect of a lease. BBA currently owns and operates a crankshaft production line in Tiexi District, Shenyang City, the PRC (the "**Crankshaft Production Line**"), in the property which is the subject of such lease. Through the Crankshaft Production Line, BBA produces crankshafts for the sole purpose of use in the assembly of N20 engines, and eventually for use in the newer Bx8 engines.

On 21 January 2015 (after trading hours), Mianyang Xincheng entered into the following agreements, including the Assets Transfer Agreement, the Agreement on Operation Site, the Consulting Service and Technical Support Agreement, the Raw Materials Supply Agreement and the Purchase Agreement on Finished Crankshaft, with BBA in connection with the acquisition by Mianyang Xincheng of the Crankshaft Production Line, and subsequent arrangements for the operation of the Crankshaft Production Line and supply of finished crankshafts to BBA (the "**Transaction Agreements**"):

1) MAJOR TRANSACTION AND CONNECTED TRANSACTION: ACQUISITION OF CRANKSHAFT PRODUCTION LINE

On 21 January 2015 (after trading hours), Mianyang Xincheng and BBA entered into an assets transfer agreement (the “**Assets Transfer Agreement**”) pursuant to which BBA will transfer to Mianyang Xincheng the Crankshaft Production Line, the supporting equipment and facilities, the related spare parts (the “**Acquired Assets**”) and related contracts in connection with the operation of the Crankshaft Production Line (the “**Transferred Contracts**”).

Key terms:

(a) Consideration

The consideration under the Assets Transfer Agreement shall consist of (i) the fair market value of the Acquired Assets and the Transferred Contracts, which shall not be higher than the book value of the Acquired Assets and the Transferred Contracts plus a reasonable margin of 5% based on arm’s length negotiations, (ii) value added tax, and (iii) customs related tax, if any. The consideration for the Acquired Assets is estimated to be approximately RMB391,428,336.83 (equivalent to approximately HK\$483,805,424.32), after taking account of the book value of the Crankshaft Production Line and supporting equipment and facilities of approximately RMB288,863,882.81 (equivalent to approximately HK\$357,035,759.15) as at 31 December 2014, book value of spare parts of approximately RMB17,095,101.99 (equivalent to approximately HK\$21,129,546.06) as at 31 October 2014, customs/duties that may be incurred by BBA for the transfer of imported equipment and facilities under the customs custody of approximately RMB12,664,000.00 (equivalent to approximately HK\$15,652,704.00), 5% margin on the sum of the book value of the Acquired Assets and the Transferred Contracts and customs/duties of approximately RMB15,931,149.24 (equivalent to approximately HK\$19,690,900.46) and value added tax of approximately RMB56,874,202.79 (equivalent to approximately HK\$70,296,514.65). The consideration under the Assets Transfer Agreement will be settled by internal resources and bank borrowing.

A further determination of the consideration in respect of spare parts to be acquired and to be transferred as at Closing shall be made five days before Closing. The original purchase costs of the Crankshaft Production Line and supporting equipment and facilities and spare parts were approximately RMB356,727,100.50 (equivalent to approximately HK\$440,914,696.22) and RMB17,095,101.99 (equivalent to approximately HK\$21,129,546.06), respectively. The parties will sign a confirmation letter whereby the final consideration to be paid by Mianyang Xincheng to BBA will be stated. Mianyang Xincheng shall, no later than the Closing, pay BBA the total consideration and related taxes.

Pricing has been agreed upon between BBA and Mianyang Xincheng through arm’s length negotiations.

(b) Expansion Plan

As part of the acquisition, Mianyang Xincheng will commit to an expansion plan for expanding the production capacity of and upgrading the Crankshaft Production Line (the “**Expansion Plan**”) and to make certain investments in respect of the Expansion Plan from 2015 to 2018 (the “**Investment Plan**”). The Expansion Plan and Investment Plan (including the total commitment amount) may be amended and updated solely by BBA provided that BBA gives notice to Mianyang Xincheng of such amendments. As at the date of this announcement, the total aggregate commitment anticipated under the Expansion Plan is approximately RMB791,000,000 (equivalent to approximately HK\$977,676,000), and the Investment Plan envisages the Company’s commitment of approximately RMB424,000,000 (equivalent to approximately HK\$524,064,000) in 2015, approximately RMB145,000,000 (equivalent to approximately HK\$179,220,000) in 2016, approximately RMB122,000,000 (equivalent to approximately HK\$150,792,000) in 2017 and approximately RMB100,000,000 (equivalent to approximately HK\$123,600,000) in 2018.

Performance guarantees will be issued by bank(s) in favour of BBA to secure Mianyang Xincheng’s payment obligations under the Investment Plan from 2015 to 2018. The actual performance guarantee amount will be subject to change with reference to the original Investment Plan and the actual investment amounts that Mianyang Xincheng will end up spending each year. The initial performance guarantee is estimated to amount to approximately RMB424,000,000 (equivalent to approximately HK\$524,064,000) for 2015 and will be issued on or before 15 April 2015. The estimated bank related charges in relation to the performance guarantee, is approximately RMB17,000,000 (equivalent to approximately HK\$21,012,000). The performance guarantee is a commitment by Mianyang Xincheng such that in the event Mianyang Xincheng fails to settle its payment obligations in relation to the Investment Plan, BBA will draw upon the performance guarantee for payment.

(c) Conditions Precedent to the Assets Transfer Agreement

The completion of the Assets Transfer Agreement will occur upon the satisfaction of the following conditions precedents (the “**Conditions Precedent**”):

- (i) the consideration being fully paid by or on behalf of Mianyang Xincheng to BBA;
- (ii) evidential documentation being produced to BBA indicating that Mianyang Xincheng has been the sole shareholder of Shenyang Xincheng;
- (iii) performance guarantees being issued by bank(s) in favour of BBA to secure Mianyang Xincheng’s payment obligations under the Investment Plan from 2015 to 2018. The actual performance guarantee amount will be subject to change with reference to the original Investment Plan and the actual investment amounts that Mianyang Xincheng will end up spending each year;

- (iv) BBA having obtained the approval from the relevant customs authority in relation to the relevant duty and tax for the transfer of imported Acquired Assets (if any);
- (v) the Assets Transfer Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders;
- (vi) the Transaction Agreements having been duly executed by the parties; and
- (vii) all necessary approvals, permits, licenses, registrations and filings from relevant commissions and related government authorities regarding environment protection and urban planning in relation to production of crankshafts being obtained by Mianyang Xincheng (if any).

(d) Closing

Subject to the satisfaction or waiver (by the party or parties who have the right to do so) of the Conditions Precedents, the parties agree that closing is expected to take place on 30 April 2015 or any other date as agreed between the parties in writing (the “**Closing**”).

Further Acquisition

BBA has been in the process of upgrading the Crankshaft Production Line to enable it to produce crankshafts for the newer Bx8 engines and expanding the production capacity of the Crankshaft Production Line. BBA and Mianyang Xincheng are in negotiations for the transfer of Bx8 engines related improvements to the Crankshaft Production Line and the potential supply of Bx8 finished crankshaft. Once the arrangements in relation to Bx8 finished crankshaft supply have been finalised, a separate agreement will be entered into between the Group and BBA for the acquisition of these additional equipment and facilities, and the Company will comply with the requirements of the Listing Rules in relation to such acquisition and related transaction (if any) in due course.

2) MAJOR TRANSACTION AND CONNECTED TRANSACTION: CALL OPTION

Pursuant to the Assets Transfer Agreement, the Company has granted BBA a call option to buy back all or any part of the Acquired Assets together with the Transferred Contracts, and the equipment, facilities and related services resulting from the implementation of the Expansion Plan (the “**Call Option**”).

Key terms:

Call Option exercise period:	The period commencing from the date when the title of the Acquired Assets is transferred to Mianyang Xincheng to the end of production date of Bx8 engines, which is estimated to be 31 December 2023.
------------------------------	--

- Triggering events for exercise:
- (i) after the Closing, Mianyang Xincheng undergoes a Change of Control, or any mergers, split-up, transfer or other similar reorganizations that may involve BBA's or BMW's competitors or have a material negative impact on the performance of the Asset Transfer Agreement and/or any other Transaction Agreements;
 - (ii) Mianyang Xincheng fails to supply to BBA with finished crankshafts as needed by BBA in accordance with the Purchase Agreement on Finished Crankshafts except for the following two conditions :
 - a) During the Transitional Period, Mianyang Xincheng fails to supply to BBA with finished crankshafts as needed by BBA in accordance with the Purchase Agreement on Finished Crankshaft due to BBA's intentional misconduct or gross negligence;
 - b) During the Transitional Period, Mianyang Xincheng fails to supply to BBA with finished crankshafts as needed by BBA in accordance with the Purchase Agreement on Finished Crankshaft due to BBA's minor negligence;
 - (iii) Mianyang Xincheng commits a breach of any of its post-closing obligations and fails to correct the same within 45 days from written notice being sent by BBA requiring the breach to be remedied;
 - (iv) after the Closing, any Transaction Agreements other than the Assets Transfer Agreement is terminated by BBA in accordance with the terms and conditions stated in the Transaction Agreements and applicable laws; or
 - (v) after the Closing, Mianyang Xincheng becomes insolvent, files a petition for bankruptcy or insolvency, is subject to the appointment of a receiver or administrator over any of its assets, or other bankruptcy or insolvency proceedings are commenced by or against it.
- Exercise price of the Call Option:
- The Call Option exercise price shall be determined based on the fair market value of assets and the contracts to be repurchased, but shall not be higher than the book value of the assets and the contracts plus a reasonable margin of 5% based on arm's length negotiations.

The Company is unable to estimate the Call Option exercise price at this stage, as the fair market value of the assets will depend on various factors such as when the Call Option is exercised which in turn will affect how much of the Expansion Plan has been implemented, and the amount of depreciation on the assets. As stated above, the Company currently estimates that the total consideration under the Assets Transfer Agreement for the initial acquisition will be approximately RMB391,428,336.83 (equivalent to approximately HK\$483,805,424.32). As at the date of this announcement, the total commitment amount anticipated under the Expansion Plan from 2015 to 2018 is approximately RMB791,000,000 (equivalent to approximately HK\$977,676,000). Therefore, the maximum exercise price of the Call Option is estimated to be approximately RMB1,181,831,840.74 (equivalent to approximately HK\$1,460,744,155.15), being the aggregated amount of initial acquisition consideration (excluding value added tax) and committed investment amount under the Expansion Plan plus a reasonable margin of 5% on the book value of the relevant assets, which is considered to be fair and reasonable and in the interests of the Company and its Shareholders as a whole. The assumption that the Company has taken into account in calculating the estimated maximum exercise price of the Call Option is that there will not be substantial changes to the aggregate estimated investment amount under the Expansion Plan. If and when the Call Option is exercised, the Company will make an announcement of the final exercise price.

If the Call Option is exercised, the parties shall, by signing a new asset transfer agreement, complete the transaction in relation to the Call Option within 60 days after BBA's written notice is provided to Mianyang Xincheng. Liquidated damages of 50% of the Call Option consideration is payable in the event of default unless the failure to complete is primarily attributable to BBA.

3) CONTINUING CONNECTED TRANSACTION: AGREEMENT ON OPERATION SITE

On 28 August 2012, Shenyang Xincheng and BBA entered into a lease agreement ("**Original Lease Agreement**") whereby Shenyang Xincheng agreed to lease to BBA the premises located at No. 19, Road 13, Shenyang Economic and Technological Development Zone, Tiexi District, Shenyang City (the "**Land and Properties**") for a lease term of 66 months, which will expire on 27 February 2018.

Part of the leased area includes the site which is used for the operation of the Crankshaft Production Line (the "**Operation Site**"). Shenyang Xincheng, BBA and Mianyang Xincheng have agreed that the lease for the Operation Site will be assumed by Mianyang Xincheng, and the remaining leased area other than the Operation Site (the "**Remaining Area**") will continue to be leased by BBA.

On 21 January 2015 (after trading hours), Mianyang Xincheng, Shenyang Xincheng and BBA entered into an agreement on operation site with the following terms (the “**Agreement on Operation Site**”):

Key terms:

Mianyang Xincheng agrees to lease from Shenyang Xincheng the Operation Site for the operation, future expansion and upgrading of the Crankshaft Production Line. BBA and Shenyang Xincheng agree to terminate the Original Lease Agreement to the extent in relation to the Operation Site. Upon the execution of the Agreement on Operation Site, BBA and Shenyang Xincheng shall ensure that there are no outstanding issues and claims with respect to the lease of the Operation Site under the Original Lease Agreement. The Agreement on Operation Site will be effective as of the Closing of the Assets Transfer Agreement.

BBA shall continue to lease from Shenyang Xincheng the Remaining Area and shall continue to pay monthly rental of approximately RMB2,568,165 (equivalent to approximately HK\$3,174,252) to Shenyang Xincheng pursuant to the terms of the Original Lease Agreement, based on the reduced leased area.

BBA shall pay the public utilities fees and facilities management fees for the Operation Site and the Remaining Area, and BBA will charge Mianyang Xincheng for its share of the public utilities fees and the facilities management fees in relation to the Operation Site. The facility management fee shall be apportioned based on the relative leased areas. The public utilities fees shall be apportioned based on usage, with different calculation methods specified depending on type of utilities.

BBA shall invoice Mianyang Xincheng on a quarterly basis and payment shall be made by Mianyang Xincheng within 45 days of receipt of the invoice (in the case of facilities management fees) and 30 days of receipt of the invoice (in the case of public utilities fees).

The total public utilities fees and facilities management fees contemplated under the Agreement on Operation Site for each of the three financial years ending 31 December 2015, 2016 and 2017 and the period from 1 January 2018 to 27 February 2018 are approximately RMB16,660,554 (equivalent to approximately HK\$20,592,445), RMB32,607,303 (equivalent to approximately HK\$40,302,627), RMB32,607,303 (equivalent to approximately HK\$40,302,627) and RMB5,434,550 (equivalent to approximately HK\$6,717,104), respectively.

In determining the annual caps for the transaction contemplated under the Agreement on Operation Site, the Board has primarily taken into account the following:

- (i) the actual facilities management fees to be incurred by BBA;
- (ii) applicable rates and the estimated usage of public utilities;
- (iii) leased area used for the operation of Crankshaft Production Line; and
- (iv) a reasonable margin of 5% based on arm’s length negotiations.

Opinion from the Independent Financial Adviser

Rule 14A.52 of the Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances where the nature of the transaction requires a longer period.

As the remaining term of the Original Lease Agreement, which is the term of the Agreement on Operation Site, exceeds three years, the Company has appointed the Independent Financial Adviser to explain why a longer period is required and to confirm that it is normal business practice for lease arrangement of similar business to be of such duration.

In arriving at its opinion of why the arrangement contemplated under the Agreement on Operation Site has to be contemplated, the Independent Financial Adviser discussed with the management of the Company and has taken into account the reasons as follows:

1. the Operation Site has been leased by BBA since 28 August 2012 for production and ancillary purposes;
2. the area to be occupied by BBA would reduce accordingly upon completion of the Assets Transfer Agreement and the Agreement on Operation Site would clearly delineate the actual occupancy of the Remaining Area and the Operation Site by BBA and Mianyang Xinchun respectively;
3. the public utilities fees and facilities management fees for the Operation Site and the Remaining Area shall be apportioned based on the actual leased areas by BBA and Mianyang Xinchun respectively and such arrangement is a fair treatment to both BBA and Mianyang Xinchun;
4. the recurrent rental income from BBA to be received by the Group; and
5. the Directors consider that the close proximity among the Operation Site and the Remaining Area, the existing production lines of the Group and other production bases of BBA would enhance the business relationship between the Group and BBA.

In considering whether it is normal business practice for the arrangement contemplated under the Agreement on Operation Site of similar business to be of such duration, the Independent Financial Adviser has taken the following steps:

1. reviewed the floor plan of the Operation Site and the Remaining Area and the calculation of the estimated rental, public utilities fees and facilities management fees during the term of Agreement on Operation Site;
2. reviewed the latest published annual reports (or prospectus) of 19 companies listed on the Stock Exchange of which are principally engaged in the sale and manufacture of automobiles and related products in the PRC and the Independent

Financial Adviser noted that it is common for the relevant listed companies to lease properties for their operations. Among these 19 listed companies, only six companies (the “**Comparable Companies**”) disclosed the term of leases of factories and/or warehouses in their respective latest published annual reports (or prospectus). The Independent Financial Adviser noted from the relevant disclosures of the Comparable Companies that (i) three companies lease properties for the term of up to five years; (ii) one company leases properties for the term within one to two years; (iii) one company leases properties for the initial term of three years subject to renewal and (iv) the remaining company leases properties for the term of 50 years;

3. assessed the fairness of the level of rent under the Original Lease Agreement by comparing (i) the annual rental yield of the Original Lease Agreement with the rental yield of similar properties in the PRC as set out in the valuation report prepared by an independent valuer (the “**Independent Valuer**”) in respect of the Land and Properties (the “**Valuation Report**”); and (ii) the rents under the Original Lease Agreement with the market rents of similar properties in the PRC adopted by the Independent Valuer (the “**Market Rents**”). The Independent Financial Adviser noted that the rent under the Original Lease Agreement is comparable to the Market Rents, and the annual rental yield of the Original Lease Agreement is comparable to the level of market rental yield of similar properties in the PRC as stated in the Valuation Report; and
4. conducted interviews with the Independent Valuer to assess the bases for adopting the Market Rents and the range of market rental yield.

Having considered the abovementioned, the Independent Financial Adviser is of the view that (i) it is a normal business practice for the arrangement contemplated under the Agreement on Operation Site of similar business to be of such duration; and (ii) it is commercially justifiable for the Company to honour a pre-existing lease arrangement with the remaining term slightly longer than three years in order to secure the recurrent rental income, public utilities and facilities management services for its operation and enhance the business relationship between the Group and BBA especially in light of the recent growth of the PRC automobile industry.

BBA Lease Back Option

BBA has the option to notify Mianyang Xinchun and Shenyang Xinchun in writing to lease the whole or part of the Operation Site from Shenyang Xinchun pursuant to the same terms and conditions of the Original Lease Agreement (the “**BBA Lease Back Option**”) in the event that:

- (i) BBA exercises the Call Option in accordance with the Asset Transfer Agreement;

- (ii) after Closing, Shenyang Xincheng undergoes Change of Control or any merger, split-up, transfer or other similar reorganization that may involve BBA's or BMW's competitors or have a material negative impact on the performance of the Agreement on Operation Site and/or any Transaction Agreements;
- (iii) Shenyang Xincheng breaches any of its obligations under the Agreement on Operation Site and fails to remedy the default within 45 days from receipt of written notice from BBA requiring the breach to be remedied; or
- (iv) after Closing, Shenyang Xincheng is or becomes bankrupt, liquidated or insolvent, files a petition for bankruptcy, liquidation or insolvency, is subject to the appointment of a receiver or administrator over any of its assets, or other bankruptcy, liquidation or insolvency proceedings are commenced by or against it.

Mianyang Xincheng agrees to waive its right of first refusal or any other preemptive right at law or based on any contracts or agreements to lease or buy the Operation Site in the event that BBA exercises its right under the BBA Lease Back Option.

4) CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's circular dated 28 May 2014 and the Company's announcements dated 23 May 2014 and 28 May 2014. As described therein, Mianyang Xincheng, the Company and BBA entered into a compliance agreement in relation to the sale and purchase of engines, engine parts and components and raw materials for manufacturing engines and engine parts and components and the provision of related services (the "**BBA Compliance Agreement**").

On 21 January 2015 (after trading hours), further to the BBA Compliance Agreement, Mianyang Xincheng and BBA entered into the following operational agreements:

(A) CONSULTING SERVICE AND TECHNICAL SUPPORT AGREEMENT

On 21 January 2015 (after trading hours), Mianyang Xincheng and BBA entered into a consulting service and technical support agreement (the "**Consulting Service and Technical Support Agreement**") pursuant to which BBA agrees to provide the following services to Mianyang Xincheng (the "**Services**"):

- (a) in relation to the operation and maintenance of the Crankshaft Production Line:
 - (i) advisory, consultancy, assistance, technical training, review of personnel qualification or technical support in connection with the operation of the Crankshaft Production Line for manufacturing the crankshafts;

- (ii) advisory, consultancy, assistance, technical training, review of personnel qualification, negotiation support with third party service provides or technical support in connection with the maintenance and repairing of the Crankshaft Production Line;
 - (iii) other advisory, consultancy, assistance or technical support, as otherwise explicitly agreed by both parties in writing, to facilitate the crankshaft supply to BBA;
- (b) in relation to the implementation of the Expansion Plan:
- (i) advisory and consultancy on the implementation schedule and timeline control of the Investment Plan with respect to the Expansion Plan;
 - (ii) steering and participating in the implementation of the Investment Plan and the Expansion Plan;
 - (iii) selecting suppliers of the related equipment and tools and appropriate service providers;
 - (iv) defining standards and specifications of relevant equipment and tools;
 - (v) providing engineering services and related technical support; and
 - (vi) advising on alteration, addition, improvement, validation or other technical support to the implementation and execution of the Expansion Plan.

Key terms:

(a) *Service Orders*

BBA may issue service orders for the services to be provided by each consultant or group of consultants to Mianyang Xincheng (the “**Service Orders**”) which contain particulars pertaining to the related consulting and advisory services to be provided by BBA (including provisions relating to the price, quantity, service standards and payment method). Mianyang Xincheng shall agree with all the terms and conditions provided in the Service Orders, unless notice with reasons for objection by Mianyang Xincheng is served on BBA within five business days of receipt of the Service Order. The Service Orders will be reviewed quarterly.

The parties may further determine and agree on the content, scope and requirements of the Services according to the actual requirements of the finished crankshafts supply from Mianyang Xincheng to BBA pursuant to the Purchase Agreement on Finished Crankshaft and will be documented in the Service Orders. The terms of the Service Orders must be consistent with and subject to the terms of the Transaction Agreements and on normal commercial terms.

(b) Service Fees

Consultants who are production associates of BBA will be paid on the basis of a monthly rate (including tax) and other consultants will be paid on the basis of a working day rate (including tax) (the “**Consultancy Fees**”). BBA will issue quarterly invoices to Mianyang Xincheng based on a list specifying the monthly working time records and the related costs accrued.

BBA may from time to time share certain function, facilities and services with Mianyang Xincheng that BBA provides and/or engages third party providers to provide, including but not limited to logistics, information technology, human resource, finance, quality metrology, laboratory, facility management (the “**Shared Services**”). BBA and Mianyang Xincheng may enter into separate agreements which contain particulars pertaining to the details of the shared functions, facilities and services (including provisions relating to the price, quantity, service scope and payment method). BBA will charge Mianyang Xincheng for the cost actually incurred by BBA plus a reasonable margin of 5% in respect of the functions shared by Mianyang Xincheng. The terms of these Shared Services agreements must be consistent with and subject to the terms of the Transaction Agreements and on normal commercial terms.

(c) Term

As the transactions contemplated under the Consulting Service and Technical Support Agreement will be subject to the BBA Compliance Agreement (which is effective until 17 June 2017), the Consulting Service and Technical Support Agreement will be effective from the Closing of the Assets Transfer Agreement to 17 June 2017, unless it is terminated before the expiration of the term by any party serving at least 3 months’ prior written notice to the other parties. Subject to the compliance with the requirements of the Listing Rules (including the independent shareholders’ approval requirement), upon the expiration of the initial three-year term of the BBA Compliance Agreement, the Consulting Service and Technical Support Agreement will be automatically renewed for successive periods of 3 years.

The parties will review the qualification of Mianyang Xincheng’s personnel working in the relevant positions in connection with the operation of the Crankshaft Production Line quarterly. Based on such quarterly review, the parties shall mutually determine the necessity of the Services.

(d) *Payment terms*

The quarterly invoice, which is based on a list specifying the monthly working time records and the related costs accrued, shall be provided to Mianyang Xincheng prior to the 10th day of the following month and confirmed within the following three business days by Mianyang Xincheng. Mianyang Xincheng shall then make payment to BBA within 45 days of receipt of the original invoice. Taxes payable by BBA in connection with the Services shall be added to the Consultancy Fees.

Mianyang Xincheng may, with written notice to BBA, setoff its receivables from or payables to BBA arising from Mianyang Xincheng's rights, obligations or liabilities under the Transaction Agreements (excluding the Assets Transfer Agreement).

(e) *Pricing*

For the pricing policy in relation to the Consultancy Fees and the Shared Services, please refer to the paragraph below "Pricing Policy" under "5) Revision of Annual Caps for the Continuing Connected Transactions with BBA".

(B) RAW MATERIALS SUPPLY AGREEMENT

On 21 January 2015 (after trading hours), Mianyang Xincheng and BBA entered into a raw materials supply agreement (the "**Raw Materials Supply Agreement**") pursuant to which BBA agrees to supply Mianyang Xincheng with the raw materials for the production of crankshafts for the production of N20 engines or Bx8 engines or for the development and testing in relation to the production of Bx8 engines.

Key terms:

Invoices shall be issued by BBA within the first 10 days of each month for raw materials delivered during the previous month and payment shall be made by Mianyang Xincheng within 45 days after receipt of the relevant invoices.

Mianyang Xincheng may, with written notice to BBA, setoff its receivables from or payables to BBA arising from Mianyang Xincheng's rights, obligations or liabilities under the Transaction Agreements (excluding the Assets Transfer Agreement).

As the transactions contemplated under the Raw Materials Supply Agreement will be subject to the BBA Compliance Agreement (which is effective until 17 June 2017), the Raw Materials Supply Agreement will be effective from the Closing of the Assets Transfer Agreement to 17 June 2017, unless it is terminated before the expiration of the term by any party serving at least 3 months' prior written notice to the other parties. Subject to the compliance with the requirements of the Listing

Rules (including the independent shareholders' approval requirement), upon the expiration of the initial three-year term of the BBA Compliance Agreement, the Raw Materials Supply Agreement will be automatically renewed for successive periods of 3 years.

For the pricing policy in relation to the procurement of raw materials from BBA by Mianyang Xincheng, please refer to the paragraph below "Pricing Policy" under "5) Revision of Annual Caps for the Continuing Connected Transactions with BBA".

(C) PURCHASE AGREEMENT ON FINISHED CRANKSHAFT

On 21 January 2015 (after trading hours), Mianyang Xincheng and BBA entered into a purchase agreement for finished crankshafts (the "**Purchase Agreement for Finished Crankshafts**") pursuant to which BBA agrees to purchase and Mianyang Xincheng agrees to sell the finished crankshafts which are to be produced by Mianyang Xincheng in accordance with the Transaction Agreements by using the Crankshaft Production Line and for the sole purpose of supplying to BBA for its assembly of N20 engines and Bx8 engines.

Key terms:

The parties may enter into purchase orders approximately every three months which contain particulars pertaining to the sale and purchase of finished crankshafts (including provisions relating to the price, quantity, quality and payment method). The terms of the purchase orders must be consistent with and subject to the terms of the Transaction Agreements and on normal commercial terms.

Upon receiving the purchase orders, Mianyang Xincheng will issue compliance invoices to notify BBA of the timely delivery of the finished crankshafts. BBA shall then make payment within 45 days from the 25th day of the month when the compliance invoices are received from Mianyang Xincheng, that is by the 10th day of the second month following the receiving month. In the event Mianyang Xincheng issues the compliance invoices to BBA on a date between 26th and 31st of the month, BBA shall then make payment within 45 days from the 25th day of the month following the receiving month.

Mianyang Xincheng may, with written notice to BBA, setoff its receivables from or payables to BBA arising from Mianyang Xincheng's rights, obligations or liabilities under the Transaction Agreements (excluding the Assets Transfer Agreement).

As the transactions contemplated under the Purchase Agreement on Finished Crankshafts will be subject to the BBA Compliance Agreement (which is effective until 17 June 2017), the Purchase Agreement on Finished Crankshafts will be effective from the Closing of the Assets Transfer Agreement to 17 June 2017, unless it is terminated before the expiration of the term by any party

serving at least 3 months' prior written notice to the other parties. Subject to the compliance with the requirements of the Listing Rules (including the independent shareholders' approval requirement), upon the expiration of the initial three-year term of the BBA Compliance Agreement, the Purchase Agreement on Finished Crankshafts will be automatically renewed for successive periods of 3 years.

For the pricing policy in relation to the sale of finished crankshafts by Mianyang Xincheng to BBA, please refer to the paragraph below "Pricing Policy" under "5) Revision of Annual Caps for the Continuing Connected Transactions with BBA".

5) REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS WITH BBA

Upon completion of the Asset Transfer Agreement, the Group will supply finished crankshafts to BBA pursuant to the Purchase Agreement on Finished Crankshaft. On the other hand, the Group will procure raw materials from BBA pursuant to the Raw Materials Supply Agreement and consultancy service and technical support for the production of crankshafts from BBA pursuant to the Consulting Service and Technical Support Agreement. The Group expects the existing annual caps in relation to the transactions contemplated under the BBA Compliance Agreement for the two financial years ending 31 December 2015 and 2016 will be exceeded. Therefore, the Group proposes to revise the existing annual caps under the BBA Compliance Agreement.

Summary of the annual caps

Details of the relevant continuing connected transactions	Existing annual caps				Revised annual caps	
	Actual amounts (up to 30 November 2014) <i>(note)</i>	For the year ending 31 December 2014	For the year ending 31 December 2015	For the year ending 31 December 2016	For the year ending 31 December 2015	For the year ending 31 December 2016
(1) Sale of engine parts and components and raw materials for manufacturing engines and engine parts and components and the provision of the related consulting and advisory services by BBA or its subsidiaries to the Group	RMB261,514,967 (equivalent to approximately HK\$323,232,499)	RMB447,976,479 (equivalent to approximately HK\$553,698,928)	RMB1,247,388,395 (equivalent to approximately HK\$1,541,772,056)	RMB1,405,570,122 (equivalent to approximately HK\$1,737,284,671)	RMB1,646,970,239 (equivalent to approximately HK\$2,035,655,215)	RMB1,525,467,133 (equivalent to approximately HK\$1,885,477,376)
(2) Sale of engines, engine parts and components and raw materials for manufacturing engines and engine parts and components by the Group to BBA or its subsidiaries	RMB371,824,052 (equivalent to approximately HK\$459,574,528)	RMB518,326,709 (equivalent to approximately HK\$640,651,812)	RMB1,261,489,369 (equivalent to approximately HK\$1,559,200,860)	RMB1,321,661,349 (equivalent to approximately HK\$1,633,573,427)	RMB1,646,872,071 (equivalent to approximately HK\$2,035,533,880)	RMB1,743,150,632 (equivalent to approximately HK\$2,154,534,181)

Note: the actual figures include the historical transaction amounts in respect of purchase of engine parts and components and raw materials for manufacturing engines and engine parts and components directly and indirectly (via Huachen) from BBA and the sale of N20 engines and/or finished connection rods directly and indirectly (via Huachen) to BBA.

Basis of the proposed revised annual caps

The Revised Annual Caps are primarily based on the following:

- (i) the estimated volume of engines, engine parts and components and raw materials for manufacturing the engines and engine parts and components required by the Group and by BBA with reference to the expected market demand for products of BBA and Shenyang Automotive;
- (ii) the designed annual production capacity of the Group and the planned upgrade of and expansion in the production capacity of the Crankshaft Production Line;
- (iii) the expected unit prices for the engines, engine parts and components and raw materials for manufacturing the engines and engine parts and components; and
- (iv) the estimated total consultancy fees and shared service fees payable to BBA.

Pricing policy for the continuing connected transactions

Pricing for the continuing connected transactions with BBA as contemplated under the BBA Compliance Agreement has been agreed upon between BBA and Mianyang Xinchun through arm's length negotiations. The prices for the mutual supplies and purchases between the Group and BBA are negotiated on a holistic arm's length basis, taking into account each party's overall costs of production and anticipated reasonable returns.

In respect of the purchase prices of engine parts and components and raw materials for manufacturing engines and engine parts and components, the Group will assess the reasonableness of the purchase prices of engine parts and components for assembling N20 engines as a proportion of the total production costs, which is expected to be comparable to the historical production costs structure of engines sold by the Group (including engines sold to independent third parties) in the latest financial year. In respect of the assessment of the reasonableness of the purchase prices of connection rod roughcasts and related parts and crankshaft roughcasts, the Group will make reference to, among others, the market prices of similar products produced in the PRC, the difference in the production costs incurred by PRC and overseas suppliers (if applicable), the quality and specification of connection rod roughcasts and related parts and crankshaft roughcasts to be procured from BBA, the transportation costs and other related transaction costs.

The consultancy fees to be incurred for supporting the operation of the Crankshaft Production Line is based on the estimated number of production associates and consultants required, estimated working hours and relevant applicable charging rates. The estimated amount payable to BBA by sharing BBA's certain function, facilities and services, such as laboratory related testing, general administrative costs, and is based on actual costs to be incurred by BBA and shall be primarily apportioned based on routing time for producing one unit of crankshaft and number of production associates and consultants of BBA working on the Crankshaft Production Line under the Consulting Service and Technical Support Agreement. The Group will make reference to, among others, internal remuneration guidance for the Group's employees, academic background and technical knowledge of BBA's production associates and consultants and difference in remuneration package for PRC-based company and international company, to assess the reasonableness of the applicable charging rate of BBA's production associates and consultants.

The Group will price the N20 engines and the engine parts and components (including the connection rods and crankshafts) to be sold to BBA by reference to the raw material costs provided by BBA, production costs to be incurred by the Group and its 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 gasoline engines to independent third parties in the latest financial year but it may vary depending on factors such as the expected quantity, quality and specifications of the products to be sold, market competition from other supplier(s) of BBA and strategic collaboration with BBA.

The project directors in charge of the Group's production lines for producing the relevant products and BBA will communicate on semi-annual basis to discuss, among other things, the raw material and procurement costs of BBA from its suppliers and its production costs in processing any components before on-sale to the Group (if any), as well as the Group's production costs in assembling the N20 engines and producing connection rods and crankshafts. The parties monitor the prices for raw materials constantly and normally reconfirm the prices of engine parts and components and raw materials for manufacturing engines and engine parts and components on semi-annual basis. Should there be any changes in the purchase prices, the parties may adjust the sale prices of relevant products. The purchase prices and sale prices proposed by the Group's project directors based on negotiations with BBA will then be reviewed by the Group's Chief Financial Officer and acknowledged by the Group's Chief Executive Officer.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION AGREEMENTS

Reference is made to the Company's circular dated 28 May 2014 and the Company's announcements dated 23 May 2014 and 28 May 2014. As described therein, BMW, BBA and Mianyang Xincheng have entered into an N20 Supply Arrangement for supply of N20 engines by Mianyang Xincheng to BBA, as well as related mutual supply arrangements in relation to the manufacture and supply by Mianyang Xincheng of connection rods for use in the assembly of N20 engines. Crankshafts are another integral engine component used in the assembly of N20 engines and Bx8 engines.

Other than connection rods, as stated in the 2014 interim report of the Company, the Group has been focusing and allocating more resources on the development of core engine parts and components business for foreign-branded auto manufacturer(s), especially for BBA in order to benefit from the rapid growth in foreign-branded auto segment. Crankshaft is considered as another core engine part and component. The acquisition of the Crankshaft Production Line would allow the Group to further diversify its business and enrich its product portfolio, broaden its revenue stream and deepen its collaboration with BBA. More importantly, the acquisition will be a key milestone in the Group's long term development plan of aiming to be a stable engine and engine components supplier of BBA.

As crankshaft production will be a new business line for the Group, and BBA has stringent product quality and technical requirements applicable across its supply and manufacturing chain, Mianyang Xinchen has agreed to accept BBA's guidance and assistance in the initial operational period following the acquisition. The Consulting Service and Technical Support Agreement will allow BBA to provide such assistance to Mianyang Xinchen in order to facilitate the smooth operation of the Crankshaft Production Line, and the gradual expansion and upgrading of the Crankshaft Production Line. Mianyang Xinchen will benefit from BBA's support in its consulting service and technical support.

The Raw Materials Supply Agreement and the Purchase Agreement on Finished Crankshafts are structured similarly to the arrangements for the raw material supply and finished product supply arrangements for connection rods.

VIEW OF THE DIRECTORS

Mr. Wu Xiao An, an executive Director, is also the chairman and an executive director of Brilliance China. Mr. Qi Yumin, a non-executive Director, is also a 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 under Rule 14A.06 of the Listing Rules by the Stock Exchange). As Brilliance China is indirectly interested in 50% of the issued share capital of BBA, BBA is an associate of Brilliance China. Accordingly, Mr. Wu Xiao An and Mr. Qi Yumin had abstained from voting on the Board resolutions in respect of the transactions contemplated under the Transaction Agreements. The Board confirms that except for Mr. Wu Xiao An and Mr. Qi Yumin, none of the other Directors has any material interest in the transactions contemplated under the Transaction Agreements. Accordingly, none of the other Directors, except for Mr. Wu Xiao An and Mr. Qi Yumin, were required to abstain from voting on the Board resolutions in relation to the transactions contemplated under the Transaction Agreements.

The Board, excluding Mr. Wu Xiao An and Mr. Qi Yumin who had abstained from voting on the Board resolutions and the independent non-executive Directors whose view will be given after considering the opinion from the Independent Financial Adviser in relation to the Transaction Agreements (except for the Agreement on Operation Site), is of the view that the transactions contemplated under the Transaction Agreements are on normal commercial terms, in the ordinary and usual course of business of the Company and such terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board (including the independent non-executive Directors except for Mr. Wu Xiao An and Mr. Qi Yumin who had abstained from voting on the Board resolutions) is of the view that the transactions contemplated under the Agreement on Operation Site are on normal commercial terms, in the ordinary and usual course of business of the Company and such terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES INVOLVED

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

BBA is a sino-foreign equity joint venture company incorporated in the PRC and is owned as to 50% by Shenyang Jinbei, an indirect wholly-owned subsidiary of Brilliance China, and 50% by BMW Holding B.V. The principal activities of BBA include but not limited to manufacture and sale of BMW vehicles.

LISTING RULES REQUIREMENTS

As at the date of this announcement, Brilliance China, a controlling shareholder of the Company, is indirectly interested in 50% of the issued share capital of BBA. As BBA is an associate of Brilliance China, it is a connected person of the Company. Mianyang Xinchun, on the other hand is an indirect wholly-owned subsidiary of the Company. Shenyang Xinchun, is an indirect wholly-owned subsidiary of the Company.

As the highest applicable percentage ratio in respect of both the acquisition of the Crankshaft Production Line and the grant of the Call Option pursuant the Assets Transfer Agreement is more than 25% but less than 100% and the consideration is more than HK\$10 million, each of the acquisition of the Crankshaft Production Line and the grant of the Call Option pursuant to the Assets Transfer Agreement constitutes a major transaction and a connected transaction of the Company and is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the transactions contemplated under the Agreement on Operation Site exceed 0.1% but are less than 5%, the transactions contemplated under the Agreement on Operation Site is subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the Revised Annual Caps exceed HK\$10 million, the revision of the annual caps under the BBA Compliance Agreement and the entering into of the Consulting Service and Technical Support Agreement, the Raw Materials Supply Agreement and the Purchase Agreement on Finished Crankshaft are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee, comprising Mr. Chi Guohua, Mr. Wang Jun, Mr. Huang Haibo and Mr. Wang Songlin, being the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Transaction Agreements (except for the Agreement on Operation Site which does not require approval by the Independent Shareholders) are fair and reasonable and whether the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole, after taking into account the recommendations of the Independent Financial Adviser. The Company has appointed the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Transaction Agreements (except for the Agreement on Operation Site) and the Revised Annual Caps are fair and reasonable and whether the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

A general meeting will be convened and held by the Company as soon as practicable to consider and if thought fit, to pass the resolutions in relation to the Transaction Agreements (except for the Agreement on Operation Site) and the transactions and Revised Annual Caps contemplated thereunder. A circular containing, among other things, (i) further details of the Transaction Agreements (except for the Agreement on Operation Site) and the transactions and Revised Annual Caps contemplated thereunder, (ii) recommendations from the Independent Board Committee to the Independent Shareholders, (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders together with (iv) a notice convening the general meeting will be despatched within 15 business days after the date of this announcement. Brilliance China and its associates are required to abstain from voting at the general meeting.

DEFINITIONS

“Acquired Assets”	means the Crankshaft Production Line, the supporting equipment and facilities and the related spare parts in connection with the operation of the Crankshaft Production Line
“Agreement on Operation Site”	means an Agreement on Operation Site entered into between BBA, Mianyang Xinchun and Shenyang Xinchun on 21 January 2015, pursuant to which the Original Lease Agreement in relation to the Operation Site will be transferred to Mianyang Xinchun
“Assets Transfer Agreement”	means an assets transfer agreement entered into between BBA and Mianyang Xinchun on 21 January 2015, pursuant to which BBA would transfer to Mianyang Xinchun the Acquired Assets and Transferred Contracts
“associates”	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 Holdings B.V.
“BBA Compliance Agreement”	means the compliance agreement dated 23 May 2014 entered into between BBA, the Company and Mianyang Xinchun in relation to the sale and purchase of engines, engine parts and components and raw materials for manufacturing engines and engine parts and components and the provision of related services
“BBA Lease Back Option”	means BBA’s option to lease the whole or part of the Operation Site from Shenyang Xinchun pursuant to the same terms and conditions of the Original Lease Agreement
“BMW”	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
“business day”	means any day on which the Stock Exchange is open for the business of dealing in securities
“Call Option”	means BBA’s right to buy all or any part of the Acquired Assets together with the Transferred Contracts, and the equipment, facilities and related services as a result of the implementation of the Expansion Plan and the Investment Plan
“Change of Control”	means any transaction or series of related transactions involving (i) a merger, consolidation, amalgamation, scheme of arrangement, reorganization, or other similar transaction of a party, (ii) a direct or indirect transfer or pledge of more than 50% of the equity interest or voting power of a party, or (iii) sale, transfer, lease or other disposition of all or substantially all of the assets of a party

“Closing”	means the closing date for the Assets Transfer Agreement, which is expected to take place on 30 April 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
“Comparable Companies”	means the six out of the 19 listed companies that the Independent Financial Adviser used for comparison in relation to the arrangement contemplated under the Agreement on Operation Site
“Conditions Precedent”	means the conditions which need to be satisfied before the Assets Transfer Agreement will become effective
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Consultancy Fees”	means the fees paid to the consultants who are production associates of BBA will be paid on the basis of a monthly rate (including tax) and other consultants will be paid on the basis of a working day rate (including tax)
“Consulting Service and Technical Support Agreement”	means a consulting service and technical support agreement entered into between BBA and Mianyang Xincheng on 21 January 2015, pursuant to which BBA agrees to provide a list of services to Mianyang Xincheng in relation to the operation and maintenance of the Crankshaft Production Line and the implementation of the Expansion Plan
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Crankshaft Production Line”	means the crankshaft production line in Tiexi District of Shenyang City, the PRC which is currently owned and operated by BBA
“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”	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
“Huachen”	means 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
“Independent Board Committee”	means the independent committee of the Board comprising all the independent non-executive Directors, being Mr. Chi Guohua, Mr. Wang Jun, Mr. Huang Haibo and Mr. Wang Songlin
“Independent Financial Adviser”	means Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Transaction Agreements (except for the Agreement on Operation Site)
“Independent Shareholders”	means Shareholder(s) other than Brilliance China and its associates
“Independent Valuer”	means the independent valuer who prepared the Valuation Report in respect of the Land and Properties
“Investment Plan”	means the agreed investment plan between BBA and Mianyang Xinchun in relation to the Expansion Plan
“Land and Properties”	means the premises located at No. 19, Road 13 Shenyang Economic and Technological Development Zone, Tiexi District, Shenyang
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Market Rents”	means the market rents of similar properties in the PRC adopted by the Independent Valuer

“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 Supply Arrangement”	means the arrangement among BMW, BBA and Mianyang Xincheng in relation to the assembly of N20 engines and the provision of related engine parts and components and services
“Operation Site”	means the site which is used for the operation of the Crankshaft Production Line
“Original Lease Agreement”	means the lease agreement entered into between Shenyang Xincheng and BBA on 28 August 2012 in relation to the premises located at No. 19, Road 13, Shenyang Economic and Technological Development Zone, Tiexi District, Shenyang City
“Purchase Agreement on Finished Crankshaft”	means a purchase agreement for finished crankshafts entered into between BBA and Mianyang Xincheng on 21 January 2015, pursuant to which BBA agrees to purchase and Mianyang Xincheng agrees to sell the finished crankshafts
“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)
“Raw Materials Supply Agreement”	means a raw materials supply agreement entered into between BBA and Mianyang Xincheng on 21 January 2015, pursuant to which BBA agrees to supply Mianyang Xincheng with the raw materials for the production of crankshafts for the production of N20 engines or Bx8 engines or for the development and testing in relation to the production of Bx8 engines
“Remaining Area”	means the remaining leased area other than the Operation Site, which will continue to be leased by BBA, pursuant to the Agreement on Operation Site
“Revised Annual Caps”	means the revised annual caps for the continuing connected transactions contemplated under the BBA Compliance Agreement for the two financial years ending 31 December 2015 and 2016

“RMB”	means Renminbi, the lawful currency of the PRC
“Services”	means the services to be provided by BBA to Mianyang Xincheng pursuant to the Consulting Service and Technical Support Agreement
“Service Orders”	means the service orders to be issued by BBA for the services to be provided by each consultant or group of consultants to Mianyang Xincheng
“Share(s)”	means the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shared Services”	means the shared services between BBA and Mianyang Xincheng which include certain function, facilities and services that BBA provides and/or engages third party providers to provide, including but not limited to logistics, information technology, human resource, finance, quality metrology, laboratory, facility management pursuant to the Consulting Service and Technical Support Agreement
“Shareholder(s)”	means the holder(s) of the Share(s)
“Shenyang Automotive”	means 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 an indirect non wholly-owned subsidiary of Brilliance China
“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
“Shenyang Xincheng”	means Xincheng Engine Shenyang Co., Ltd* (新晨動力機械(瀋陽)有限公司) (previously named CMT International Logistics Group Shenyang Co., Ltd.* (中床國際物流集團瀋陽有限公司)), a company established in the PRC, and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules

“Transaction Agreements”	means the Assets Transfer Agreement, the Raw Materials Supply Agreement, the Consulting Service and Technical Support Agreement, the Agreement on Operation Site and the Purchase Agreement on Finished Crankshaft
“Transferred Contracts”	means the related contracts in connection with the operation of the Crankshaft Production Line
“Transitional Period”	means a target transitional period of consecutive 30 months commencing from the date of the Transaction Agreements
“Valuation Report”	means the valuation report prepared by the Independent Valuer in relation to the Land and Properties
“%”	means per cent

* *for identification purposes only*

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

Hong Kong, 21 January 2015

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\$1,236. 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.