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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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE N20 ENGINE ASSEMBLY LINE
AND**

(2) BBA COMPLIANCE AGREEMENT – RENEWAL OF ANNUAL CAPS

THE ASSETS TRANSFER AGREEMENT

On 13 September 2016 (after trading hours), Mianyang Xincheng, an indirect wholly-owned subsidiary of the Company, and BBA entered into the Assets Transfer Agreement pursuant to which BBA will transfer to Mianyang Xincheng the Acquired Assets at a Consideration of approximately RMB94.77 million (equivalent to approximately HK\$110.19 million).

BBA COMPLIANCE AGREEMENT

Reference is made to the announcements of the Company dated 23 May 2014 and 21 January 2015 and the circulars of the Company dated 28 May 2014 and 18 February 2015, all in relation to, inter alia, transactions contemplated under the BBA Compliance Agreement which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The first term of the BBA Compliance Agreement and the Original Annual Caps were approved at the extraordinary general meeting of the Company held on 17 June 2014. The Revised Annual Caps were approved at the extraordinary general meeting of the Company held on 25 March 2015 which will expire on 31 December 2016.

The Board wishes to seek Independent Shareholders' approval on (i) the second term of the BBA Compliance Agreement for another three-year period upon expiry of the first term of the BBA Compliance Agreement on 17 June 2017 and (ii) the Proposed Annual Caps in respect of the transactions contemplated under the BBA Compliance Agreement for each of the three years ending 31 December 2019.

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 under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable and connected transaction of the Company and is therefore subject to the reporting, announcement and Independent Shareholder's approval under Chapter 14 and Chapter 14A of the Listing Rules.

The transactions contemplated under the second term of the BBA Compliance Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the percentage ratios in respect of the Proposed Annual Caps of the transactions contemplated under the BBA Compliance Agreement are higher than 5% on an annual basis and each Proposed Annual Cap exceeds HK\$10 million, the second term of the BBA Compliance Agreement and the Proposed Annual Caps 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 in respect of the terms of the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps, 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 in respect of the terms of the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps.

A circular containing, amongst other things, (1) details of the Assets Transfer Agreement and the BBA Compliance Agreement, (2) the letter from the Independent Board Committee to the Independent Shareholders, setting out its recommendations in connection with the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps, (3) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps and (4) a notice to Shareholders convening the Extraordinary General Meeting to approve the transactions contemplated under the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps in accordance with the requirements of the Listing Rules, will be despatched to Shareholders on or before 5 October 2016.

THE ASSETS TRANSFER AGREEMENT

On 13 September 2016 (after trading hours), Mianyang Xincheng entered into the Assets Transfer Agreement with BBA in connection with the Acquisition by Mianyang Xincheng of the Acquired Assets from BBA.

Date: 13 September 2016 (after trading hours)

Transferor: BBA

Transferee: Mianyang Xincheng

Consideration:

The Consideration for the Acquired Assets is approximately RMB94.77 million (equivalent to approximately HK\$110.19 million), was agreed upon between BBA and Mianyang Xincheng through arm's length negotiations after taking account of: (a) the book value of the Acquired Assets of approximately RMB75.57 million (equivalent to approximately HK\$87.86 million) as at 31 August 2016; (b) 5% margin on the book value of the Acquired Assets of approximately RMB3.78 million (equivalent to approximately HK\$4.39 million); (c) surcharge of approximately RMB1.65 million (equivalent to approximately HK\$1.92 million; and (d) value added tax of approximately RMB13.77 million (equivalent to approximately HK\$16.01 million). The Consideration will be settled by internal resources and bank borrowing.

The original purchase costs of the Acquired Assets were approximately RMB114.48 million (equivalent to approximately HK\$133.10 million).

Conditions Precedent:

Closing of the Assets Transfer Agreement will occur after the satisfaction of the following conditions precedent:

- (i) the Consideration being fully paid by or on behalf of Mianyang Xincheng to BBA;
- (ii) BBA having obtained the approval from the competent customs authority and, if required by such customs authority, paid the relevant duty and tax in respect of the transfer of imported Acquired Assets under customs custody (if any) pursuant to the applicable laws;
- (iii) the Assets Transfer Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders;
- (iv) all necessary approvals, permits, licenses, registrations and filings from the competent development and reform commission and other related governmental authorities regarding environment protection and urban planning for the transactions contemplated under the Assets Transfer Agreement being obtained by Mianyang Xincheng (if any);
- (v) each party having obtained all necessary approvals from its shareholders or board of directors as required for the transactions contemplated under the Assets Transfer Agreement in accordance with its articles of association; and
- (vi) each related transaction document has been duly executed by the relevant parties, and there is no reasonable suspicion that any of such transaction documents may not come into effect in accordance with its terms and conditions.

Closing:

Subject to the satisfaction or waiver (by the party or parties who have the right to do so) of the conditions, the parties agree that Closing is expected to take place within five days after the Assets Transfer Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders or any other date as agreed between the parties in writing.

BBA COMPLIANCE AGREEMENT

Reference is made to the announcements of the Company dated 23 May 2014 and 21 January 2015 and the circulars of the Company dated 28 May 2014 and 18 February 2015, all in relation to, inter alia, transactions contemplated under the BBA Compliance Agreement which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The first term of the BBA Compliance Agreement and the Original Annual Caps were approved at the extraordinary general meeting of the Company held on 17 June 2014. The Revised Annual Caps were approved at the extraordinary general meeting of the Company held on 25 March 2015 which will expire on 31 December 2016.

The Board wishes to seek Independent Shareholders' approval on (i) the second term of the BBA Compliance Agreement for another three-year period upon expiry of the first term of the BBA Compliance Agreement on 17 June 2017 and (ii) the Proposed Annual Caps in respect of the transactions contemplated under the BBA Compliance Agreement for each of the three years ending 31 December 2019.

Date: 23 May 2014 (after trading hours)

Parties: BBA, the Company and Mianyang Xinchun

Nature of the Continuing Connected Transactions

Pursuant to the BBA Compliance Agreement, the parties have agreed on certain principles for the following transactions:

1. the Group will sell to BBA or its subsidiaries and BBA or its subsidiaries will purchase from the Group engines, engine parts and components and raw materials for manufacturing engines and engine parts and components from time to time;
2. BBA or its subsidiaries will sell to the Group and the Group will purchase from BBA or its subsidiaries engine parts and components and raw materials for manufacturing engines and engine parts and components from time to time; and
3. BBA or its subsidiaries will provide to the Group consulting and advisory services relating to engines or engine parts and components from time to time.

Conditions Precedent

The BBA Compliance Agreement will become effective upon the satisfaction of the following conditions:

- (1) the BBA Compliance Agreement having been duly executed by the parties and affixed with the company chop or the company seal of each party; and
- (2) the BBA Compliance Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders.

The parties cannot waive any of the above conditions.

Term

Upon the satisfaction of the above conditions, the first term of the BBA Compliance Agreement has been in effect for three (3) years from the effective date of the BBA Compliance Agreement (inclusive of the first day and the last day of the term). Subject to compliance with the requirements of the Listing Rules (including the independent shareholders' approval requirement), upon the expiration of the initial three-year term, the BBA Compliance Agreement will be automatically renewed for successive periods of three (3) years.

Operational Agreements and Purchase Orders

The parties may enter into separate operational agreements and purchase orders from time to time which contain particulars pertaining 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 consulting and advisory services (including provisions relating to the price, quantity, quality and payment method). The terms of these operational agreements and purchase orders must be consistent with and subject to the terms of the BBA Compliance Agreement, on normal commercial terms and on an arm's length basis.

Payment Terms

BBA shall issue an invoice within the first 10 days of each month for the engine parts and components delivered during the previous month, and then payment shall be made by Mianyang Xinchun within 45 days after receiving the invoice. With respect to the provision of technical consulting and advisory services, BBA shall issue a quarterly invoice to Mianyang Xinchun based on a list specifying the working time and the related costs, and then payment shall be made by Mianyang Xinchun within 45 days after receiving the invoice.

Mianyang Xinchun shall issue an invoice within the first 10 days of each month for the engines, engine parts and components delivered during the previous month. BBA shall make the payment within 45 days calculated from the 25th day of the month when it receives the invoice from Mianyang Xinchun.

Proposed Annual Caps

A summary of the Proposed Annual Caps for the continuing connected transactions contemplated under the BBA Compliance Agreement for the three years ending 31 December 2019 is set out below:

Details of the relevant continuing connected transactions	Proposed annual caps		
	For the year ending 31 December 2017 (‘000)	For the year ending 31 December 2018 (‘000)	For the year ending 31 December 2019 (‘000)
(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	RMB662,998 (equivalent to approximately HK\$770,841)	RMB588,051 (equivalent to approximately HK\$683,703)	RMB556,362 (equivalent to approximately HK\$646,860)
(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	RMB575,200 (equivalent to approximately HK\$668,762)	RMB578,975 (equivalent to approximately HK\$673,151)	RMB602,244 (equivalent to approximately HK\$700,205)

Basis of the Proposed Annual Caps

The above Proposed Annual Caps are primarily based on the following:

1. 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, by BBA and its subsidiaries and by Shenyang Automotive with reference to the expected market demand for products of BBA and Shenyang Automotive;
2. the estimated volume of engine parts and components to be exported to BMW AG;
3. the designed annual production capacity of the Group and the planned upgrade of and expansion in the production capacity of the Group to produce crankshafts;
4. the expected unit prices for the engines, engine parts and components and raw materials for manufacturing the engines and engine parts and components; and
5. estimated total consultancy fee and shared service fee payable to BBA.

Following BBA launched Bx8 engine in the PRC in 2016, it is expected that demand for the Bx8 engine parts and components will increase while demand for N20 engine parts and components will decrease in coming years. The annual cap of procuring engine parts and components and raw materials for manufacturing engines and engine parts and components and consulting and advisory services from BBA or its subsidiaries is expected to decrease gradually for the year ending 31 December 2019, which is mainly due to (i) there is a change in the supply arrangement of raw materials for producing Bx8 connection rods and Bx8 crankshafts. For instance, the Group purchases the forged parts of connection rods and crankshafts directly from a local suppliers designated by BBA while remain purchasing related parts, such as gear roughcast, bush and screw, from BBA; and (ii) the Group has been taking over the operation of crankshaft production line from BBA gradually, the Group will subsequently procure less services from BBA in stages. The annual cap of selling engine parts and components and raw materials for manufacturing engines and engine parts and components to BBA or its subsidiaries is expected to increase gradually for the year ending 31 December 2019, which is mainly due to an increase in demand for the Group's parts and components from BBA. It is expected that the purchase price of raw materials will remain relatively stable, while the selling price is expected to decrease.

Existing Caps and Historical Transaction Amounts

	For the year ended 31 December 2014		For the year ended 31 December 2015		For the year ending 31 December 2016	For the six months ended 30 June 2016
Details of the relevant continuing connected transactions	Existing Cap (‘000)	Actual amount (‘000)	Existing Cap (‘000)	Actual amount (‘000)	Existing Cap (‘000)	Actual amount (‘000)
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	RMB447,976 (equivalent to approximately HK\$520,844)	RMB275,269 (equivalent to approximately HK\$320,044)	RMB1,646,970 (equivalent to approximately HK\$1,914,866)	RMB1,165,122 (equivalent to approximately HK\$1,354,641)	RMB1,525,467 (equivalent to approximately HK\$1,773,599)	RMB408,724 (equivalent to approximately HK\$475,207)
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	RMB518,327 (equivalent to approximately HK\$602,638)	RMB405,774 (equivalent to approximately HK\$471,777)	RMB1,646,872 (equivalent to approximately HK\$1,914,752)	RMB1,339,717 (equivalent to approximately HK\$1,557,635)	RMB1,743,151 (equivalent to approximately HK\$2,026,692)	RMB633,120 (equivalent to approximately HK\$736,103)

Pricing Policies

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 the raw materials for producing engine parts and components, 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 relevant engine parts and components 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 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. 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 engine parts and components (including the connection rods and crankshafts) to be sold to BBA by reference to the raw material costs, 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 director(s) in charge of the Group's production lines for producing the relevant products and BBA will communicate on regular basis to discuss, among other things, the raw material costs and BBA's production costs in processing any components before on-sale to the Group (if any), as well as the Group's production costs in producing relevant products. 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 regular 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 director(s) 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.

The Directors consider the above pricing mechanism to be in line with the general market practice and the proposed transactions with BBA to be on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSETS TRANSFER AGREEMENT AND THE BBA COMPLIANCE AGREEMENT

Assets Transfer Agreement

As mentioned in the announcement of the Company dated 6 July 2016, the Group was licensed by BMW AG to manufacture prince engines under its own brand for its existing and potential customers. The Group decided to establish and develop its own production facilities for prince engines in Mianyang after considering, among others, the location of existing production facilities of the Group and its management team, the location of the Group's existing and potential customers and strong support from local government of Mianyang. Rather than acquiring a brand-new production line, the Group decided to acquire the Acquired Assets from BBA, which will then be modified and upgraded in order to enable it to produce prince engines which meet the specifications required by BMW AG, after considering, among others, (i) the Acquired Assets are in a good condition, (ii) the N20 Engine Assembly Line has been in operation for a few years, the production processes of which have been optimised and proved to be stable and reliable, whereas the performance of a new production line may be relatively unstable, which may delay the prince engines production commencement date, and (iii) the Group will be able to achieve certain degree of costs saving as the consideration for the N20 Engine Assembly Line and the costs that may be involved for its enhancement and upgrade are cheaper than the costs for a new production line.

The Directors (excluding directors who had abstained from voting on the resolutions and the independent non-executive Directors whose view will be given after considering the opinion from the Independent Financial Adviser) consider that the transactions contemplated under the Assets Transfer Agreement to be in the interests of the Company and the Shareholders as a whole; on normal commercial terms or better and in the ordinary and usual course of business of the Group; and that the terms of the Assets Transfer Agreement to be fair and reasonable.

BBA Compliance Agreement

As the market demand for BMW vehicles remains relatively strong and stable, a stable collaboration between Mianyang Xincheng and BBA would help the Company to diversify its revenue stream and improve its management capabilities and levels. In addition, the Company will be able to leverage on its stable and close business relationship with BBA to explore further business opportunities with BMW AG, which will help the Group to expand its business to overseas markets.

The Directors (excluding directors who had abstained from voting on the resolutions and the independent non-executive Directors whose view will be given after considering the opinion from the Independent Financial Adviser) consider the transactions contemplated under the second term of the BBA Compliance Agreement to be in the interests of the Company and the Shareholders as a whole; on normal commercial terms or better and in the ordinary and usual course of business of the Group; and that the terms of the second term of the BBA Compliance Agreement and the Proposed Annual Caps to be fair and reasonable.

INFORMATION OF THE PARTIES INVOLVED

The Group

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

BBA

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 are not limited to manufacture and sale of BMW vehicles.

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 under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable and connected transaction of the Company and is therefore subject to the reporting, announcement and Independent Shareholder's approval under Chapter 14 and Chapter 14A of the Listing Rules.

The transactions contemplated under the second term of the BBA Compliance Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the percentage ratios in respect of the Proposed Annual Caps of the transactions contemplated under the BBA Compliance Agreement are higher than 5% on an annual basis and each Proposed Annual Cap exceeds HK\$10 million, the second term of the BBA Compliance Agreement and the Proposed Annual Caps are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wu Xiao An, an executive Director, is also the chairman and an executive director of Brilliance China and a director of Huachen (which is a controlling shareholder of Brilliance China and deemed connected person of the Company by the Stock Exchange). Mr. Liu Tongfu, a non-executive Director, is also a director of Huachen (which is a controlling shareholder of Brilliance China and deemed connected person of the Company by the Stock Exchange). Accordingly, Mr. Wu Xiao An and Mr. Liu Tongfu are deemed to have a material interest in the transactions contemplated under the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps and had abstained from voting on the Board resolutions in respect of the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps. Apart from Mr. Wu Xiao An and Mr. Liu Tongfu, no Directors are required to abstain from voting on the Board resolutions approving transactions contemplated under the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps.

GENERAL

As at the date of this announcement, Brilliance China is interested in 400,000,000 Shares, representing approximately 31.20% of the issued share capital of the Company. Brilliance China and its associates will abstain from voting on the ordinary resolutions to be proposed at the Extraordinary General Meeting in respect of the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps.

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 in respect of the terms of the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps, 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 in respect of the terms of the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps.

A circular containing, amongst other things, (1) details of the Assets Transfer Agreement and the BBA Compliance Agreement, (2) the letter from the Independent Board Committee to the Independent Shareholders, setting out its recommendations in connection with the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps, (3) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in connection with the Assets Transfer Agreements, the second term of the BBA Compliance Agreement and the Proposed Annual Caps and (4) a notice to Shareholders convening the Extraordinary General Meeting to approve the transactions contemplated under the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps in accordance with the requirements of the Listing Rules, will be despatched to Shareholders on or before 5 October 2016.

DEFINITIONS

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

“Acquired Assets”	the N20 Engine Assembly Line, the Affiliated Facilities and the Spare Parts;
“Acquisition”	the acquisition of the Acquired Assets by Mianyang Xincheng as contemplated under the Assets Transfer Agreement;
“Affiliated Facilities”	the equipment and facilities in connection with the operation of the N20 Engine Assembly Line;
“Assets Transfer Agreement”	an assets transfer agreement entered into between BBA and Mianyang Xincheng on 13 September 2016, pursuant to which BBA would transfer to Mianyang Xincheng the Acquired Assets;
“associates”	has the meaning ascribed thereto in the Listing Rules;
“BBA”	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”	the compliance agreement dated 23 May 2014 entered into between BBA, the Company and Mianyang Xincheng 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;
“BMW AG”	Bayerische Motoren Werke Aktiengesellschaft;
“Board”	the board of Directors;
“Brilliance China”	Brilliance China Automotive Holdings Limited (華晨中國汽車控股有限公司*), a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange, and a controlling shareholder of the Company;
“Closing”	the closing for the Assets Transfer Agreement;

“Company”	Xinchen China Power Holdings Limited (新晨中國動力控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability;
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	the consideration for the Acquired Assets under the Assets Transfer Agreement;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	director(s) of the Company;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened for the purpose of approving the transactions contemplated under the Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huachen”	Huachen Automotive Group Holdings Company Limited* (華晨汽車集團控股有限公司), a state-owned company incorporated in the PRC and a controlling shareholder of Brilliance China;
“Independent Board Committee”	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”	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 Assets Transfer Agreement, the second term of the BBA Compliance Agreement and the Proposed Annual Caps;
“Independent Shareholder(s)”	Shareholder(s) other than Brilliance China and its associates;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mianyang Xincheng”	Mianyang Xincheng Engine Co., Ltd.* (綿陽新晨動力機械有限公司), (including its branches), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“N20 Engine Assembly Line”	the production line for assembling the components and parts of N20 engines;
“Original Annual Caps”	the original annual caps in respect of the transactions contemplated under the BBA Compliance Agreement for the three years ending 31 December 2014, 2015 and 2016;
“PRC”	The People’s Republic of China;
“Proposed Annual Caps”	the estimated annual monetary value of the transactions contemplated under the BBA Compliance Agreement for the three financial years ending 31 December 2019;
“Revised Annual Caps”	the revised annual caps in respect of the transactions contemplated under the BBA Compliance Agreement for the two years ending 31 December 2015 and 2016;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shenyang Automotive”	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”	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;
“Spare Parts”	the spare parts in connection with the operation of the N20 Engine Assembly Line;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited; and

“%”

per cent.

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

Hong Kong, 13 September 2016

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.16266. 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. Liu Tongfu and Mr. Tang Qiao; and four independent non-executive Directors, Mr. Chi Guohua, Mr. Wang Jun, Mr. Huang Haibo and Mr. Wang Songlin.

* *for identification purposes only*