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POWER XINCHEN

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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 –
EQUITY ACQUISITION AGREEMENT;
AND
(2) RESUMPTION OF TRADING**

THE EQUITY ACQUISITION AGREEMENT

On 16 October 2025, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Company (as the Subscriber), entered into the Equity Acquisition Agreement with the Vendor and the Target Company, pursuant to which (i) the Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser, the Sale Interest for up to approximately RMB147.1 million (i.e. the Equity Transfer); and (ii) the Subscriber has agreed to make a contribution of the Renminbi equivalent of US\$5 million (i.e. the Capital Increase) to the Target Company, following the completion of the Equity Transfer.

Upon Completion (i.e. upon completion of the Equity Transfer), Target Company will become a subsidiary of the Purchaser and an indirect non-wholly owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the transactions contemplated under the Equity Acquisition Agreement exceed 25% but are less than 100%, the Equity Acquisition Agreement constitutes a major transaction of the Company and is subject to the notification, publication and shareholders' approval requirements under the Listing Rules.

GENERAL

A circular containing, among other things, further details of the Equity Acquisition Agreement and the transactions contemplated thereunder, and a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 14 November 2025 as additional time is required to prepare the information for inclusion in the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Thursday, 16 October 2025 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on Thursday, 16 October 2025.

INTRODUCTION

The Board is pleased to announce that on 16 October 2025, the Purchaser (a wholly-owned subsidiary of the Company) and the Company (as the Subscriber), entered into the Equity Acquisition Agreement with the Vendor and the Target Company, pursuant to which (i) the Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser, the Sale Interest for up to approximately RMB147.1 million (i.e. the Equity Transfer); and (ii) the Subscriber has agreed to make a contribution of the Renminbi equivalent of US\$5 million (i.e. the Capital Increase) to the Target Company, following the completion of the Equity Transfer.

Upon Completion (i.e. upon completion of the Equity Transfer), Target Company will become a subsidiary of the Purchaser and an indirect non-wholly owned subsidiary of the Company.

THE EQUITY ACQUISITION AGREEMENT

The principal terms of the Equity Acquisition Agreement are summarised as follows:

Date

16 October 2025 (Hong Kong time)

Parties

- (i) Mianyang Xincheng Engine Co., Ltd. (an indirect wholly owned subsidiary of the Company, as the Purchaser)
- (ii) the Company (as the Subscriber)
- (iii) Shanxi Lantian Industrial Group Co., Ltd. (as the Vendor)
- (iv) Zhonghang Lantian Equipment Manufacturing Co., Ltd. (as the Target Company)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, the Target Company and their ultimate beneficial owners is a party independent of the Company and its connected person (as defined under the Listing Rules).

Subject Matter

Equity Transfer

The Purchaser shall purchase from the Vendor the Sale Interest for up to approximately RMB147.1 million. Upon completion of the Equity Transfer, assuming there is no change to the shareholding structure of the Target Company, the Purchaser shall hold a 53% interest in the Target Company.

Capital Increase

Following the completion of the Equity Transfer, the Subscriber shall make a contribution of the Renminbi equivalent of US\$5 million (the “**Capital Increase Consideration**”) to the Target Company. After the completion of the Capital Increase, assuming there is no change to the shareholding structure of the Target Company, the Purchaser shall hold an approximately 60% interest in the Target Company.

Consideration

The aggregate amount payable by the Group to the Vendor and the Target Company for the Transaction is up to approximately RMB183.1 million, and is payable in cash.

Equity Transfer

The amount payable by the Purchaser to the Vendor for the Equity Transfer comprises (i) the Equity Transfer Consideration A of approximately RMB48.9 million; (ii) the Equity Transfer Consideration B of up to approximately RMB60.5 million; and (iii) Equity Transfer Premium of up to approximately RMB37.7 million.

Capital Increase

The Capital Increase Consideration shall be the Renminbi equivalent of US\$5 million, to be calculated at the exchange rate based on the central parity rate of RMB to US\$ published by the People's Bank of China on the day when the Subscriber pays the Capital Increase Consideration (for the purpose of illustration, approximately RMB36 million based on an exchange rate of US\$:RMB = 1:7.2).

The Group intends to finance the amount payable to the Vendor and the Target Company for the Transaction through internal financial resources.

Basis of the Consideration and Payment Terms

Equity Transfer

The Equity Transfer Consideration A and the Equity Transfer Consideration B were determined after arm's length negotiations between the Purchaser and the Vendor with reference to (i) the appraised value of the entire equity of the Target Company of RMB215,231,600 with a reference date of 30 June 2025 using asset-based approach and income approach by an independent valuer; (ii) the value of the entire equity of the Target Company of approximately RMB206.3 million as agreed by the parties to the Equity Acquisition Agreement (the "**Agreed Value**") which comprises (a) the audited net asset value of the Target Company as at 30 June 2025 of approximately RMB178.1 million and (b) the amount of project subsidy under the relevant scheme of the local government that has been received by the Target Company, which remains available as cash but is currently recorded as deferred income within the liability section of the balance sheet of the Target Company; and (iii) the amount receivable by the Target Company relating to an earlier land resumption by the local government of the 86.41 mu of commercial land of the Target Company of approximately RMB114.1 million (the "**Land Proceeds Receivable**").

The Equity Transfer Consideration A of approximately RMB48.9 million was determined as the product of (i) the Agreed Value of the Target Company less the amount of Land Proceeds Receivable and (ii) a 53% equity interest in the Target Company. The Equity Transfer Consideration A shall be paid by the Purchaser within 10 Business Days after the satisfaction and/or waiver of the relevant conditions precedent in the paragraph headed "Conditions" in this announcement.

The Equity Transfer Consideration B shall be the amount equal to the product of (i) the net proceeds (i.e. the proceeds of the Land Proceeds Receivable received by the Target Company after the Completion Date after deduction of applicable taxes) and (ii) a 53% equity interest in the Target Company. The Equity Transfer Consideration B shall be up to approximately RMB60.5 million, which was determined as the product of (i) the amount of Land Proceeds Receivable and (ii) a 53% equity interest in the Target Company. The Equity Transfer Consideration B shall be paid by the Purchaser to the Vendor within 5 Business Days after the Target Company receives the proceeds of the Land Proceeds Receivable after the Completion Date.

The Equity Transfer Premium shall be paid by the Purchaser to the Vendor if the Target Company receives the project subsidy to be granted by the local government relating to a project entry zone investment agreement of RMB62.9 million (the "**Project Subsidy**") within two years after the Completion Date. The Purchaser and the Subscriber shall cause the Target Company to settle the amount of the subsidy within six months after the receipt of the Project Subsidy, including to offset losses of the Target Company. Within 30 days after the settlement, the Purchaser shall transfer to the Vendor the amount equivalent to the product of (i) the net proceeds (i.e. the proceeds of the Project Subsidy received by the Target Company after offsetting losses and deduction of applicable taxes) and (ii) the then aggregate shareholding of the Purchaser and the Subscriber. The Equity Transfer Premium shall be up to approximately RMB37.7 million based on the product of (i) the total amount of subsidy applicable to the Target Company under the relevant scheme of the local government of RMB62.9 million and (ii) the maximum aggregate equity interest to be held by the Purchaser and the Subscriber in the Target Company of approximately 60% following the Completion and the completion of the Capital Increase.

Capital Increase

The Capital Increase Consideration of the Renminbi equivalent of US\$5 million was determined after arm's length negotiations between the Subscriber and Target Company with reference to (i) the overall capital needs of the Target Company and (ii) guidance from the local government regarding the need for foreign capital to facilitate the Target Company's business development. The Capital Increase Consideration shall be paid after the Completion Date and after the satisfaction and/or waiver of the relevant conditions precedent in the paragraph headed "Conditions" in this announcement, but no later than 12 August 2026.

The Directors are of the view that the amount payable by the Group to the Vendor and the Target Company for the Transaction is fair and reasonable.

Conditions

The payment of the Equity Transfer Consideration A and the Completion are subject to the fulfilment and/or waiver of the items (i) to (xi) below, and the payment of the Capital Increase Consideration is subject to the fulfilment and/or waiver of the items (i) to (xiii) below:

- (i) the Purchaser and the Subscriber having completed satisfactory legal, financial, commercial, tax, and intellectual property due diligence, audits, and third-party assessments, and the results have not revealed any adverse impact on the Transaction;
- (ii) the Purchaser and the Subscriber having obtained approval from its internal decision-making body for the Transaction;
- (iii) the representations and warranties in the Equity Acquisition Agreement remaining true, accurate, complete and non-misleading from the date of signing of the Equity Acquisition Agreement to the Completion Date;
- (iv) the Vendor having delivered to the Purchaser and the Subscriber the Equity Acquisition Agreement and other transaction documents duly signed by all signatories;
- (v) the Target Company having obtained all approvals and consents required to complete the Transaction, including but not limited to the Target Company's shareholders' meeting and board of directors having formally approved the Transaction and provided the Purchaser and the Subscriber with scanned copies of the resolutions;
- (vi) the Vendor having fulfilled the commitments, obligations and agreements under the Equity Acquisition Agreement that it is required to perform or comply with before the Completion Date;
- (vii) there having been no circumstances that would have a material adverse effect on any business operation, financial condition or assets of the Target Company;
- (viii) there having been no applicable laws, judgments, rulings, orders, or injunctions issued by any court, arbitration institution, or relevant government agency that restrict, prohibit, or annul the Transaction. There having been no pending or reasonably known potential lawsuits, arbitrations, judgments, awards, orders, or injunctions that have or will have a material adverse effect on the Transaction;

- (ix) the Target Company has released the pledge on the Sale Interest and the manner of release complies with legal requirements;
- (x) the Target Company's employment arrangements have been adjusted in accordance with the mutual agreement;
- (xi) the Vendor having issued a letter of confirmation to the Purchaser and the Subscriber in the form and content set forth in the Equity Acquisition Agreement, stating that all of the conditions precedent (i) to (x) herein have been met;
- (xii) the Vendor having completed all approval procedures for the payment of the Capital Increase Consideration in accordance with applicable laws and regulations; and
- (xiii) the competent government department in the Target Company's location has agreed to grant the Target Company preferential investment attraction policies.

As at the date of this announcement, none of the aforementioned conditions have been fulfilled.

If any of the conditions precedent have not been fulfilled on or before 30 June 2026, or such later date as agreed by the Purchaser and the Subscriber in writing, the Purchaser and the Subscriber have the right to terminate the Equity Acquisition Agreement.

Completion

Completion of the Equity Acquisition Agreement takes place on the date on which the Vendor has received the Equity Transfer Consideration A.

INFORMATION OF THE COMPANY AND THE PURCHASER

The principal activity of the Company is investment holding.

The Purchaser is an indirect wholly-owned subsidiary of the Company which is principally engaged in 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.

INFORMATION OF THE VENDOR AND TARGET COMPANY

The Vendor is principally engaged in businesses including production and sale of automotive components, industrial automation control systems, electromechanical equipment, and coal mining machinery. As at the date of this announcement, the Vendor is wholly owned by 上海蘭田實業集團有限公司 (Shanghai Lantian Industrial Group Co., Ltd.*) which is in turn held as to 38%, 21.15%, 20.48% and 20.37% by Tian Yucheng (田玉成), Tian Long (田龍), Cao Chunmei (曹春梅) and Tian Liang (田亮), respectively.

The Target Company is principally engaged in businesses including manufacturing of motor vehicles, special equipment, and mining machinery, as well as the production of automotive parts, industrial robots, and intelligent material handling equipment. As at the date of this announcement, the Target Company is wholly owned by the Vendor.

Set out below is the audited financial information of the Target Company for the two financial years ended 31 December 2023 and 2024 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended	
	31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before taxation	5,255	28,499
Net loss after taxation	18,872	23,413

As at 31 December 2024 and 30 June 2025, the audited net asset value of the Target Company was approximately RMB170.1 million and approximately RMB178.1 million, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY ACQUISITION AGREEMENT

The Group is specialising in developing, manufacturing and sale of automotive engines and components for passenger vehicles and light duty commercial vehicles in the PRC and is actively seeking ways to grow its primary business operations. Acquiring the Target Company aligns with the Group's strategy to achieve growth through the integration of complementary businesses with synergistic operations. By capitalizing the Target Company's established track record and reputation in the special purpose and off-road vehicle industry, the Group anticipates improved operational integration, a more diverse product lineup, and stronger market positioning in the engine and components industry.

The acquisition of the Target Company will enable the Group to widen its product supply capabilities and position itself for a wider range of markets, including those of special purpose and off-road vehicles. This expansion is expected to generate extra value for Shareholders by optimizing business resources and facilitating sustainable growth.

In addition to the above, the Directors believe that the acquisition will offer the following additional benefits and strategic advantages:

- (1) **Expansion of Customer Base and Market Presence:** The Target Company's existing customer relationships and business network will immediately broaden the Group's client base. This will provide access to new projects and enable mutual promotion of services across both companies' customers.

- (2) **Achieving Cost Savings and Operational Efficiencies:** Through the integration of certain administration, research and development, procurement, and project management functions, the enlarged Group expects to achieve economies of scale, reduce duplicated costs, and improve overall operational efficiency.
- (3) **Potential for Future Business Development:** The combined resources, expertise, and client networks of the Group and the Target Company are expected to create a solid platform for pursuing new business opportunities.

Based on the above, the Directors considered that the terms and conditions of the Equity Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the transactions contemplated under the Equity Acquisition Agreement exceed 25% but are less than 100%, the Equity Acquisition Agreement constitutes a major transaction of the Company and is subject to the notification, publication and shareholders' approval requirements under the Listing Rules.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Equity Acquisition Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders or any of their close associates have a material interest in the Transaction. Accordingly, no Shareholders are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Equity Acquisition Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, further details of the Equity Acquisition Agreement and the transactions contemplated thereunder, and a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 14 November 2025 as additional time is required to prepare the information for inclusion in the circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Thursday, 16 October 2025 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on Thursday, 16 October 2025.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors;
“Business Day(s)”	any day other than Saturdays, Sundays and other national holidays declared by the Chinese government;
“Capital Increase”	the capital contribution of the Renminbi equivalent of US\$5 million to the Target Company to be made by the Subscriber;
“Capital Increase Consideration”	US\$5 million, which is approximately RMB36 million (on an exchange rate of US\$:RMB = 1:7.2), being the amount of capital payable by the Subscriber to the Target Company for the Capital Increase;
“Company”	Xinchen China Power Holdings Limited (新晨中國動力控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of Stock Exchange (stock code: 1148);
“Completion”	the date on which the Vendor has received the Equity Transfer Consideration A and the Completion shall take place accordingly;
“Completion Date”	the date on which Completion takes place;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held, to consider and, if thought fit, approve the Equity Acquisition Agreement and the transactions contemplated thereunder;
“Equity Acquisition Agreement”	the Equity Acquisition Agreement dated 16 October 2025 entered into by the Purchaser, the Subscriber, the Vendor and the Target Company in relation to, among others, the Transaction;
“Equity Transfer”	the transfer of the Sale Interest from the Vendor to the Purchaser;

“Equity Transfer Consideration A”	approximately RMB48.9 million, being the part of the consideration for the Equity Transfer that shall be paid by the Purchaser to the Vendor;
“Equity Transfer Consideration B”	the amount equivalent to the portion of the net proceeds of the Land Proceeds Receivable proportionate to a 53% equity interest in the Target Company that shall be paid by the Purchaser to the Vendor after the receipt of the proceeds by the Target Company from the local government, as part of the consideration for the Equity Transfer, up to approximately RMB60.5 million;
“Equity Transfer Premium”	the amount equivalent to the portion of the net proceeds of the project subsidy to be received by the Target Company proportionate to the then aggregate shareholding of the Purchaser and the Subscriber that shall be paid by the Purchaser to the Vendor after the receipt of the proceeds by the Target Company from the local government, as a premium to the consideration for the Equity Transfer, up to approximately RMB37.7 million;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Land Proceeds Receivable”	approximately RMB114.1 million, being the amount receivable by the Target Company from the local government for an earlier land resumption, as defined in the paragraph headed “Basis of the Consideration” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;
“Purchaser”	綿陽新晨動力機械有限公司 (Mianyang Xinchen Engine Co., Ltd.*), an indirect wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;

“Sale Interest”	equity interest in the Target Company held by the Vendor that corresponds to RMB159,000,000 of the Target Company’s registered capital, which amounts of 53% of the total registered capital of the Target Company as at the date of the Equity Acquisition Agreement;
“Share(s)”	ordinary share(s) in the Company with a nominal value of HK\$0.01 each;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	the Company;
“Target Company”	中航蘭田裝備製造有限公司 (Zhonghang Lantian Equipment Manufacturing Co., Ltd.*);
“Transaction”	the Equity Transfer and the Capital Increase pursuant to the Equity Acquisition Agreement;
“US\$”	United States dollars, the lawful currency of United States of America;
“Vendor”	山西蘭田實業集團有限公司 (Shanxi Lantian Industrial Group Co., Ltd.*); and
“%”	per cent.

By order of the Board
Xinchen China Power Holdings Limited
Zhang Wei
Chairman

Hong Kong, 16 October 2025

As at the date of this announcement, the Board comprises two executive Directors, Mr. Zhang Wei (Chairman) and Mr. Deng Han (Chief Executive Officer); one non-executive Director, Mr. Yang Ming; and three independent non-executive Directors, Mr. Chi Guohua, Mr. Wang Jun and Ms. Dong Yan.

* for identification purpose only