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**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)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary review by the Group's management of the unaudited consolidated management accounts of the Group, the Company expects that the profit attributable to its equity shareholders for the year ended 31 December 2018 will record a substantial decrease of approximately 90.0% as compared to that for the year ended 31 December 2017.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review by the Group’s management of the unaudited consolidated management accounts of the Group, the Company expects that the profit attributable to its equity shareholders for the year ended 31 December 2018 will record a substantial decrease of approximately 90.0% as compared to that for the year ended 31 December 2017. The decrease is mainly attributable to i) a net exchange loss of approximately RMB55.0 million (2017: a net exchange gain of approximately RMB35.9 million) resulting from the impact of Renminbi depreciation on the Group’s foreign currency, especially United States dollar denominated borrowings; ii) the Group’s finance cost for the year 2018 is expected to increase by approximately RMB42.5 million as compared to that for the year 2017 due to the increase in interest rate and bank borrowings, more short term financing by discounting bills and the reduction in the amount of interest cost being capitalized; and iii) an impairment of approximately RMB33.9 million (2017: nil) on the intangible assets in relation to certain traditional engine business. Such impairment loss is primarily attributable to the financial performance of certain traditional engine business which recorded less than expected revenue over its life cycle. The Board would like to emphasize that both the net exchange loss and the impairment loss on the intangible assets are non-cash items and have no impact on the Group’s daily operations and cash flow.

The Company is still in the process of finalizing the annual results of the Group for the year ended 31 December 2018 along with the completion of the annual audit and the final figures may vary from those disclosed in this announcement. The information contained in this announcement is only based on the preliminary assessment by the Group’s management of the unaudited consolidated management accounts of the Group and information currently available, and is not based on any figures or information that have been audited or reviewed by the Company’s auditors. The Company expects the announcement of the audited annual results of the Group for the year ended 31 December 2018 to be published in late March 2019.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 22 February 2019

*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. Yang Ming; and four independent non-executive Directors, Mr. Chi Guohua, Mr. Wang Jun, Mr. Huang Haibo and Mr. Wang Songlin.*