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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 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 2017 will record a decrease comparable to the level of decrease mentioned in the interim profit warning published on 28 July 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 Inside Information Provisions 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 2017 will record a decrease comparable to the level of decrease mentioned in the interim profit warning published on 28 July 2017. Such decrease was mainly due to a decrease in the sales of N20 engines as the production of N20 engines was discontinued in 2017 for BMW vehicles and the intensifying price competition for the Group's traditional engines resulting in a lower profit margin. The decrease in government grants recognized and increase in amortization of intangible assets also accounted for the decrease in profits.

A more precise percentage of decrease is not yet available due to the Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2017 along with the completion of the annual audit. 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 2017 to be published in late March 2018.

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, 12 March 2018

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.