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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)

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 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 the profit attributable to its equity shareholders for the year ended 31 December 2015 will record a decrease of approximately 20% as compared to that for the year ended 31 December 2014.

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

This announcement is made by Xincheng 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 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 the profit attributable to its equity shareholders for the year ended 31 December 2015 will record a decrease of approximately 20% as compared to that for the year ended 31 December 2014. Such decrease was mainly due to:–

- i) an increase in unrealized foreign exchange loss in respect of a sizable amount of offshore bank loan denominated in USD secured by the Group in the past two years in light of the recent depreciation in RMB against USD; and

- ii) a decrease in the demand for the Group's traditional engines as the market demand for vehicles manufactured by the second and third tiers Chinese branded automobile manufacturers, which are the core customers for the Group's traditional engines, decreased.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2015. 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 audited annual results of the Group for the year ended 31 December 2015 will be published in late March 2016.

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

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

Hong Kong, 26 February 2016

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.