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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 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 to record a loss for the six months ended 31 December 2021, which would result in a net loss of approximately RMB400.0 million attributable to its equity shareholders for the year ended 31 December 2021. Notwithstanding the decline in the Group's results in the second half of 2021, the Group is expected to record a decrease in loss attributable to its equity shareholders as compared to a loss of approximately RMB808.6 million recorded for the year ended 31 December 2020.

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 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**").

As stated in the Company's profit alert announcement dated 30 July 2021 and its interim results announcement dated 19 August 2021 which disclosed, among other things, that the Group recorded an unaudited consolidated net profit of approximately RMB32.12 million for the six months ended 30 June 2021 as compared to a loss for the same period of last year. The board (the "**Board**") of directors of the Company 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 to record a loss for the six months ended 31 December 2021, which would result in a net loss of approximately RMB400.0 million attributable to its equity shareholders for the year ended 31 December 2021. Notwithstanding the decline in the Group's results in the second half of 2021, the Group is expected to record a decrease in loss attributable to its equity shareholders as compared to the loss of approximately RMB808.6 million recorded for the year ended 31 December 2020.

The Board believes that the expected loss for the second half of 2021 as compared to a net profit for the first half of 2021 is mainly attributable to the following reasons:

- 1) a potential provision for impairment loss of approximately RMB20.9 million on property, plant and equipment and intangible assets in relation to the Group's traditional engine business;
- 2) additional amortization expense of intangible assets of approximately RMB61.6 million due to the decrease in expected saleable units of intangible assets;
- 3) provision for impairment loss of approximately RMB7.2 million on inventories due to the decrease in net realizable value of the aged inventory items; and
- 4) provision for impairment loss of approximately RMB298.9 million in relation to the Group's certain trade receivables based on the expected credit loss model.

The Company is still in the process of finalizing the annual results of the Group for the year ended 31 December 2021 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 that the announcement of the audited annual results of the Group for the year ended 31 December 2021 will be published in late March 2022.

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, 21 March 2022

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. Han Song and Mr. Yang Ming; and three independent non-executive directors, Mr. Chi Guohua, Mr. Wang Jun and Mr. Huang Haibo.