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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 for the six months ended 30 June 2022, the Board expects that the Group will record an unaudited loss before income tax of approximately RMB35.1 million for such period, which compares to an unaudited profit before income tax of approximately RMB31.3 million for the six months ended 30 June 2021.

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**").

The board (the "**Board**") of directors (the "**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 for the six months ended 30 June 2022, the Board expects that the Group will record an unaudited loss before income tax of approximately RMB35.1 million for such period, which compares to an unaudited profit before income tax of approximately RMB31.3 million for the six months ended 30 June 2021. Such a loss is mainly attributable to i) a significant decrease in sales of traditional gasoline engines and engine components by the Group during the period, in particular, the sales of crankshafts owing to the suspension of operation for a few weeks during the period because of the escalation of the pandemic outbreak in Shenyang and Shanghai cities, as this disrupted the supply chain and production cycle of both the upstream suppliers and the downstream customers respectively; and ii) the record of an unrealized foreign exchange loss in respect of bank loans denominated in USD in light of the depreciation in RMB against USD during the period, whereas there was unrealized foreign exchange gain in the same period in 2021.

The Company is still in the process of finalizing the interim results of the Group for the six months ended 30 June 2022. 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 unaudited interim results of the Group for the six months ended 30 June 2022 will be published by the end of August 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, 2 August 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.