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山西長城微光器材股份有限公司

SHANXI CHANGCHENG MICROLIGHT EQUIPMENT CO. LTD.*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8286)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

The Board wishes to inform the shareholders and potential investors of the Company that based on the management accounts, the unaudited net profit of the Company for the six months ended 30 June 2011 is expected to be reduced when compared to the same period in 2010.

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

This announcement is made by Shanxi Changcheng Microlight Equipment Co. Ltd. (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that based on the management accounts, the unaudited net profit of the Company for the six months ended 30 June 2011 is expected to be reduced when compared to the same period in 2010. The management of the Company considered that (1) continued appreciation of Renminbi; (2) increase in the cost of certain raw materials substantially and the cost of production; (3) increase in the research and development costs substantially for the preparation of the launch of a new product line; (4) increase in the overheads generally; and (5) increase in the finance costs were the main factors to lead to the decrease in the profit of the Company for the six months ended 30 June 2011.

* For identification purpose only

The information contained in this announcement is only the preliminary assessment by the Company based on the management accounts which has not been confirmed nor audited by the auditors of the Company.

Shareholders and potential investors of the Company should read the interim results announcement for the six months ended 30 June 2011 carefully, which is expected to be published on 8 August 2011.

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

By order of the Board
Shanxi Changcheng Microlight Equipment Co. Ltd.
Zhang Xiu Sheng
Chairman

Taiyuan City, Shanxi Province, the PRC, 2 August 2011

As at the date of this announcement, the Board comprises nine directors, of which three are executive directors, namely Mr. Zhang Xiu Sheng, Mr. Wang Wen Sheng, and Mr. Tian Qun Xu; two non-executive directors, namely Mr. Zhang Shao Hui and Mr. Yuan Guo Liang; and four independent non-executive directors, namely Mr. Ni Guo Qiang, Mr. Li Li Cai, Mr. Duan Zhong and Ms. Zhang Zhi Hong.

This announcement, for which the directors of Shanxi Changcheng Microlight Equipment Co. Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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