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CHANGFENG AXLE (CHINA) COMPANY LIMITED

暢豐車橋（中國）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1039)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that based on information currently available, the net profit of the Group for the year ended 31 December 2011 is expected to decline significantly as compared with that of 2010.

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

This announcement is made by Changfeng Axle (China) Company 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**”).

Reference is made to the announcement of the Company dated 21 July 2011 and the interim report of the Company for the six months ended 30 June 2011. The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that the net profit of the Group for the year ended 31 December 2011 is expected to record a significant decline as compared with the corresponding year ended 31 December 2010. Based on the information currently available, the Board considers that such significant decline is primarily attributable to (1) the decrease in sales volume of the Group’s products as a result of the weak market of medium and heavy duty truck; (2) the decrease in unit selling price of the Group’s products under the keen competition in the aftermarket industry; and (3) the increase in allowance for trade receivables after having considered the deterioration of the truck industry and the operating pressure on the Group’s customers.

As the Company is still in the process of finalizing the Group's final results for the year ended 31 December 2011, the information contained in this announcement is only a preliminary assessment by the management of the Company based on the information available for the time being. Such information has not been audited or reviewed by the auditors of the Company and the actual results of the Group for the year ended 31 December 2011 may be different from what is disclosed herein. Shareholders and investors should read carefully the results announcement of the Company which is expected to be published before end of March 2012.

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

By order of the Board
Changfeng Axle (China) Company Limited
Mr. Wong Kwai Mo
Chairman

Hong Kong, 15 March, 2012

As at the date of this announcement, the executive Directors are Mr. Wong Kwai Mo, Ms. Wu Ching and Mr. Lai Fengcai; the non-executive Director is Ms. Dong Ying, Dorothy; and the independent nonexecutive Directors are Mr. Zhu Weizhou, Dr. Li Xiuqing and Mr. Chong Ching Hei.