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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(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2014, it is expected that the Group will continue to record a loss for the six months ending 30 June 2014.

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(2)(a) 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) of Part XIVA of the Securities and Futures Ordinance (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2014, it is expected the Group will continue to record a loss for the six months ending 30 June 2014 in light of (i) continued weakness in demand for the products in the medium and heavy duty truck market; (ii) decrease in revenue derived from train and railway products; and (iii) the potential impairment losses to be recognised in respect of the property, plant and equipment, trade receivables and inventories of the Group subject to the final assessment of the Company.

In light of the weak performance of the market, the Board believes that the overall operation and financial position of the Group remains challenging. The Group has taken actions, including implementing cost control and diversifying our products, in order to ease the pressure on the financial resources and operation of the Group .

The information contained in this announcement is based solely on a preliminary assessment by the management of the Company with reference to the unaudited consolidated management accounts of the Group for the five months ended 31 May 2014, which have not been audited or reviewed by the auditors of the Company and the actual results of the Group for the six months ending 30 June 2014 may be different from what is disclosed herein.

Shareholders of the Company and potential investors are advised to review carefully the interim results announcement of the Company for the six months ended 30 June 2014 which is expected to be published before end of August 2014 and 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, 20 June 2014

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