



CHINA FARM EQUIPMENT LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 200605703R

Third Quarter Financial Statements Announcement
For the period ended 30 September 2008

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED COMBINED INCOME STATEMENT FOR THE THIRD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2008

	3rd Quarter			9 Months		
	2008 RMB '000 Actual	2007 RMB '000 Actual	% Differences	2008 RMB '000 Actual	2007 RMB '000 Actual	% Differences
Sales Revenue	95,675	123,696	(22.65)%	326,175	307,146	6.20%
Cost of sales	(73,603)	(91,511)	(19.57)%	(243,868)	(220,068)	10.81%
Gross profit	22,072	32,185	(31.42)%	82,307	87,078	(5.48)%
Other operating income	713	2,633	(72.92)%	5,283	5,412	(2.38)%
Selling and distribution expenses	(6,345)	(5,069)	25.17%	(14,226)	(14,024)	1.44%
Administrative expenses	(9,225)	(8,190)	12.64%	(23,702)	(18,267)	29.75%
Finance costs	(146)	(583)	(74.95)%	(773)	(2,159)	(64.20)%
Profit before taxation	7,069	20,976	(66.30)%	48,889	58,040	(15.77)%
Taxation	(4,505)	-	N.M.	(4,562)	-	N.M.
Profit after taxation	<u>2,564</u>	<u>20,976</u>	(87.78)%	<u>44,327</u>	<u>58,040</u>	(23.63)%

Notes to income statements	3rd Quarter		9 Months	
	2008 RMB '000 Actual	2007 RMB '000 Actual	2008 RMB '000 Actual	2007 RMB '000 Actual
(a) Income statement includes the following:				
Allowances for impairment losses on trade receivables	-	-	-	14
Interest paid on borrowing	146	131	773	505
(Gain)/ Loss on disposal of property, plant and equipment	-	-	-	26
Depreciation of property, plant and equipment	822	585	2,276	1,614
Minimum lease payments under operating lease for leasehold buildings	1,313	991	3,938	2,973
(b) Other operating income comprises:-				
Interest income	79	467	644	1,251
Government grant	(101)	383	1,118	383
Rental income	82	44	280	166
Sale of spare parts and components	1,054	913	2,515	2,178
Others	(401)	826	726	1,434
	<u>713</u>	<u>2,633</u>	<u>5,283</u>	<u>5,412</u>

- 1(b)(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEETS AS AT 30 SEPTEMBER 2008 AND 31 DECEMBER 2007

	The Group		The Company	
	Unaudited as at 30 September 2008	Audited as at 31 December 2007	Unaudited as at 30 September 2008	Audited as at 31 December 2007
	RMB '000	RMB '000	RMB '000	RMB '000
Non-Current assets				
Land use right	15,231	15,231	-	-
Property, Plant and Equipment	50,625	31,318	476	573
Investment in a subsidiary	-	-	76,058	76,058
	<u>65,856</u>	<u>46,549</u>	<u>76,534</u>	<u>76,631</u>
Current assets				
Inventories	41,278	42,976	-	-
Trade and bills receivables	149,932	71,953	-	-
Other receivables	51,850	32,610	140	176
Amount due from a subsidiary	-	-	43,346	38,433
Cash and cash equivalents	43,430	91,613	10,423	28,360
	<u>286,490</u>	<u>239,152</u>	<u>53,909</u>	<u>66,969</u>
Less: Current Liabilities				
Trade and bills payables	40,008	22,635	-	-
Other payables	33,896	16,465	8,601	1,516
Borrowings	10,000	10,000	-	-
	<u>83,904</u>	<u>49,100</u>	<u>8,601</u>	<u>1,516</u>
Net current assets	202,586	190,052	45,308	65,453
Net assets	<u>268,442</u>	<u>236,601</u>	<u>121,842</u>	<u>142,084</u>
Share capital and reserves				
Share capital	128,405	128,405	128,405	128,405
Retained earnings	126,016	94,077	(4,377)	13,593
Statutory Common Reserve	12,810	12,810	-	-
Exchange translation reserve	1,211	1,309	(2,186)	86
Total equity	<u>268,442</u>	<u>236,601</u>	<u>121,842</u>	<u>142,084</u>

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.
Amount repayable in one year or less, or on demand

As at 30/09/08		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
10,000	-	10,000	-

Amount repayable after one year

As at 30/09/08		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

The Group's bank borrowings are secured and guaranteed by the pledge of a related party's land use rights and building as at 30 September 2008 and 31 December 2007 .

- 1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED CASHFLOW STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2008

	3rd Quarter		9 Months	
	2008 RMB'000 Actual	2007 RMB'000 Actual	2008 RMB'000 Actual	2007 RMB'000 Actual
Cash flows from operating activities				
Profit before taxation	7,069	20,976	48,889	58,040
<i>Adjustment for :</i>				
Depreciation property, plant and equipment	822	585	2,276	1,614
Interest expenses on borrowings and bill payables	146	131	773	505
Interest incomes	(79)	(467)	(644)	(1,251)
Loss on disposal of property, plant and equipment	-	-	-	26
Translation difference on foreign currencies	(553)	25	(476)	1,176
Operating profit before working capital changes	7,405	21,250	50,818	60,110
Change in operating assets and liabilities				
Inventories	15,152	23,772	1,698	6,728
Trade and notes receivables	(18,081)	(10,063)	(77,979)	(75,739)
Other receivables, deposits and prepayments	(7,421)	(13,252)	(19,223)	(7,118)
Trade payables and accruals	608	(10,082)	19,871	4,534
Other payables and provisions	10,919	(384)	6,909	2,606
<i>Cash used in operations</i>	<i>8,582</i>	<i>11,241</i>	<i>(17,906)</i>	<i>(8,879)</i>
Interest paid on borrowings and bill payables	(146)	(131)	(773)	(505)
Income tax paid	-	-	(92)	-
Value added tax paid	(460)	-	(2,498)	(577)
Net cash generated from/(used in) operating activities	7,976	11,110	(21,269)	(9,961)
Cash flows from investing activity				
Purchase of land use right	-	-	-	(15,005)
Purchase of property, plant and equipment	(6,262)	(8,264)	(21,614)	(16,527)
Proceeds from disposal of property, plant and equipment	-	-	-	189
Decrease in pledged deposits	-	(9,229)	1,338	(9,517)
Interest received	79	467	644	1,251
Net cash used in investing activities	(6,183)	(17,026)	(19,632)	(39,609)
Cash flows from financing activities				
Dividends paid to shareholders	-	-	(5,944)	(14,433)
Proceeds from issue of shares	-	-	-	89,420
Net cash (used in) / generated from financing activities	-	-	(5,944)	74,987
Net increase/(decrease) in cash and cash equivalents	1,793	(5,916)	(46,845)	25,417
Cash and cash equivalents at beginning of the period	41,637	76,734	90,275	45,401
Cash and cash equivalents at end of the period	43,430	70,818	43,430	70,818

1(d)(i) A statement (for the Group and Company) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share Capital	Retained Earnings	Statutory Common Reserves	Exchange Translation Reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Audited</u>					
At 1 January 2007	38,985	44,869	5,153	50	89,057
Translation difference	-	-	-	(353)	(353)
Net profit for the quarter	-	3,604	-	-	3,604
Issue of shares	90,358	-	-	-	90,358
Transfer to statutory common reserves	-	(2,576)	2,576	-	-
At 31 March 2007	129,343	45,897	7,729	(303)	182,666
Translation difference	-	-	-	927	927
Net profit for the quarter	-	33,460	-	-	33,460
Net of IPO expenses	(938)	-	-	-	(938)
Dividend declared	-	(14,433)	-	-	(14,433)
Transfer to statutory common reserves	-	(1,130)	1,130	-	-
At 30 June 2007	128,405	63,794	8,859	624	201,682
Net profit for the quarter	-	20,976	-	-	20,976
Translation difference	-	-	-	603	603
At 30 September 2007	128,405	84,770	8,859	1,227	223,261
Net profit for the quarter	-	13,258	-	-	13,258
Translation difference	-	-	-	82	82
Transfer to statutory common reserves	-	(3,951)	3,951	-	-
At 31 December 2007	128,405	94,077	12,810	1,309	236,601
<u>Unaudited</u>					
At 1 January 2008	128,405	94,077	12,810	1,309	236,601
Translation difference	-	-	-	35	35
Net profit for the quarter	-	4,718	-	-	4,718
At 31 March 2008	128,405	98,795	12,810	1,344	241,354
Translation difference	-	-	-	41	41
Net profit for the quarter	-	37,045	-	-	37,045
Dividend relating to 2007 paid	-	(12,388)	-	-	(12,388)
At 30 June 2008	128,405	123,452	12,810	1,385	266,052
Translation difference	-	-	-	(174)	(174)
Net profit for the quarter	-	2,564	-	-	2,564
At 30 September 2008	128,405	126,016	12,810	1,211	268,442

Company	Share Capital RMB'000	Retained Earnings RMB'000	Statutory Common Reserves RMB'000	Exchange Translation Reserves RMB'000	Total RMB'000
<u>Audited</u>					
At 1 January 2007	38,985	15,295	-	(87)	54,193
Translation difference	-	-	-	12	12
Net loss for the quarter	-	(328)	-	-	(328)
Issue of shares	90,358	-	-	-	90,358
At 31 March 2007	129,343	14,967	-	(75)	144,235
Translation difference	-	-	-	(969)	(969)
Net loss for the quarter	-	(875)	-	-	(875)
Net of IPO expenses	(938)	-	-	-	(938)
Dividend declared	-	(14,433)	-	-	(14,433)
At 30 June 2007	128,405	(341)	-	(1,044)	127,020
Net loss for the quarter	-	(2,992)	-	-	(2,992)
Translation difference	-	-	-	958	958
At 30 September 2007	128,405	(3,333)	-	(86)	124,986
Net profit for the quarter	-	16,926	-	-	16,926
Translation difference	-	-	-	172	172
At 31 December 2007	128,405	13,593	-	86	142,084
<u>Unaudited</u>					
At 1 January 2008	128,405	13,593	-	86	142,084
Translation difference	-	-	-	85	85
Net loss for the quarter	-	(1,155)	-	-	(1,155)
At 31 March 2008	128,405	12,438	-	171	141,014
Translation difference	-	-	-	(350)	(350)
Net loss for the quarter	-	(2,031)	-	-	(2,031)
Dividend relating to 2007 paid	-	(12,388)	-	-	(12,388)
At 30 June 2008	128,405	(1,981)	-	(179)	126,245
Translation difference	-	-	-	(2,007)	(2,007)
Net loss for the quarter	-	(2,396)	-	-	(2,396)
At 30 September 2008	128,405	(4,377)	-	(2,186)	121,842

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no new shares issued in the third quarter ended 30 September 2008 and no outstanding convertibles or treasury shares held as at 30 September 2008.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30/9/08	31/12/07
Total number of issued shares excluding treasury shares	242,000,000	242,000,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by our Auditors, Foo Kon Tan Grant Thornton.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computations for the current reporting periods consistent with those of the combined audited financial statement as at 31 December 2007.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no changes in accounting policies and method of computation.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share based on profit attributable to shareholders after deducting any provision for preference dividends	Group							
	Actual		Actual		Actual		Actual	
	3rd Quarter 2008 (RMB)		3rd Quarter 2007 (RMB)		9 Months 2008 (RMB)		9 Months 2007 (RMB)	
(i) Based on existing issued share capital	1.06	cents	9.19	cents	18.32	cents	25.42	cents
(ii) On a fully diluted basis	1.06	cents	9.19	cents	18.32	cents	25.42	cents

The computation is based on weighted average number of shares issued in 2008, 242,000,000 ordinary shares (2007 : 228,298,000)

**7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

Net asset value (excluding goodwill) per ordinary share based on issued share capital:	Unaudited		Audited	
	As at 30/09/2008 (RMB)		As at 31/12/2007 (RMB)	
For the Company	50.35	cents	58.71	cents
For the Group	110.93	cents	97.76	cents

The computation is based on weighted average number of shares issued in 2008 : 242,000,000 ordinary shares (2007 : 242,000,000)

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Revenue

Revenue decreased by approximately 22.65% from RMB 123.7 million in 3Q 2007 to RMB 95.7 million in 3Q 2008, and increased by approximately 6.20% from RMB 307.1 million for 9M 2007 to RMB 326.2 million for 9M 2008. The decrease in 3Q 2008 revenue was due to the decrease in sales volume for farm equipment namely harvesters, ploughing machines and diesel engines.

Sales of our range of harvesters, ploughing machines, diesel engines, agricultural trucks and driver cabins have been slow and there were unexpected order cancellations during the quarter under review following the Si Chuan earthquake incident in May 2008 and a general downturn in the economic situation.

Cost of Sales

Cost of sales decreased by approximately 19.57% from RMB 91.5 million in 3Q 2007 to RMB73.6 million in 3Q 2008, and increased by approximately 10.81% from RMB 220.1 million for 9M 2007 to RMB243.9 million for 9M 2008. The decrease in 3Q 2008 cost of sales was due mainly to decrease in sales of harvesters, diesel engines, agricultural trucks and driver cabins. The increase in cost of sales for 9M 2008 was in line with the marginal growth in revenue as well as comparatively higher raw material costs.

Gross Profit Margin

Overall gross profit margin decreased from 26.02% in 3Q 2007 to 23.07% in 3Q 2008, and from 28.35% for 9M 2007 to 25.23% for 9M 2008. The decline in gross profit margin during the quarter under review was attributable to the followings :

- (i) new contributions from sales of agricultural trucks which generally yielded lower profit margin compared to the sales of the Group's other products; and
- (ii) higher raw material costs.

Other Operating Income

Other operating income decreased by approximately 72.92% from RMB 2.6 million in 3Q 2007 to RMB 0.7 million in 3Q 2008, and decreased by approximately 2.38% from RMB 5.4 million for 9M 2007 to RMB 5.3 million for 9M 2008. The decrease in 3Q 2008 was due mainly to the decrease in interest income and government grant on export tax relief.

Operating Expenses

(a) Selling and distribution expenses

Selling and distribution expenses increased by approximately 25.17% from RMB 5.1 million in 3Q 2007 to RMB 6.3 million in 3Q 2008, and increased by approximately 1.44% from RMB 14.0 million for 9M 2007 to RMB 14.2 million for 9M 2008. The increase in 3Q 2008 was due mainly to increase in transportation and travelling expenses.

(b) Administrative expenses

Administrative expenses increased by approximately 12.64% from RMB 8.2 million in 3Q 2007 to RMB 9.2 million in 3Q 2008, and increased approximately by 29.75% from RMB 18.3 million for 9M 2007 to RMB 23.7 million for 9M 2008. The increase was due mainly to increase in professional fees, staff salaries and related costs, depreciation charges and lease rental.

(c) Finance costs

Finance costs decreased by approximately 74.95% from RMB 0.6 million in 3Q 2007 to RMB 0.1 million in 2Q 2008, and decreased by approximately 64.20% from RMB 2.0 million for 9M 2007 to RMB 0.8 million for 9M 2008. The decrease was due mainly to the decrease in bill payables.

(d) Taxation

Taxation represents estimated Singapore's income tax payable for the holding company as well as estimated The People's Republic of China income tax payable for the subsidiary as at 30 September 2008.

As a result of the above, net profit attributable to shareholders decreased by approximately 87.78% from RMB 21.0 million in 3Q 2007 to RMB 2.6 million for 3Q 2008, and 23.63% from RMB 58.0 million for 9M 2007 to RMB 44.3 million for 9M 2008.

BALANCE SHEET

Assets

As at 30 September 2008, non current assets amounted to RMB 65.9 million, an increase of approximately RMB 19.4 million compared to RMB 46.5 million as at 31 December 2007. This was mainly attributable to the construction-in-progress of the new diesel engine plant and the acquisition of additional property, plant and equipment for our harvester plant.

As at 30 September 2008, current assets amounted to RMB 286.5 million, comprised mainly the following:

- (a) Inventories of approximately RMB 41.3 million; a decrease of approximately RMB 1.7 million compared to RMB 43.0 million as at 31 December 2007. This was in line with the expected lower volume of business in the coming months;
- (b) Trade receivables of approximately RMB 149.9 million; an increase of approximately RMB 77.9 million from RMB 72.0 million as at 31 December 2007 in tandem with the higher sales during the period. Included in the trade receivables were government subsidies amounted to RMB42.5 million;
- (c) Prepayments, other receivables and deposits of approximately RMB 51.9 million; an increase of approximately RMB 19.3 million from RMB 32.6 million as at 31 December 2007. This was due mainly to an increase in advance paid to vendors and down payment paid for new diesel engine plant under construction.
- (d) Cash and cash equivalents of approximately RMB 43.4 million; a decrease of approximately RMB 48.2 million from RMB 91.6 million as at 31 December 2007.

Liabilities

As at 30 September 2008, our Group's current liabilities amounted to RMB 83.9 million and comprised mainly the following:

- (a) Trade and bills payables of approximately RMB 40.0 million; an increase of RMB 17.4 million from RMB 22.6 million as at 31 December 2007 as a result of an increase in purchases in previous quarter; and
- (b) Other payables and advance from customers of approximately RMB 33.9 million; an increase of approximately RMB 17.4 million from RMB 16.5 million as at 31 December 2007 as a result of provision made for taxation and sales discount.
- (c) Borrowings of RMB 10.0 million pertaining to short-term secured interest-bearing bank borrowings from the Industrial and Commercial Bank of China. These bank borrowings were secured by the land use rights and building of a related party.

STATEMENT OF CASH FLOW

Overall, the Group registered a net cash increase of approximately RMB 1.8 million for 3Q 2008, and a net cash decrease of approximately RMB 46.8 million for 9M 2008.

Net cash generated in operating activities during 3Q 2008 amounted to RMB 8.0 million, an increase of approximately RMB 3.1 million as compared to RMB 11.1 million in 3Q 2007. Net cash used in operating activities for 9M 2008 amounted to RMB 21.3 million, an increase of approximately RMB 11.3 million as compared to RMB 10.0 million for 9M 2007. The increase was due to the higher receivables during the period.

Net cash used in investing activities during 3Q 2008 amounted to RMB 6.2 million, a decrease of approximately RMB 10.8 million as compared to RMB 17.0 million in 3Q 2007, and for 9M 2008 amounted RMB 19.6 million, a decrease of approximately RMB 20.0 million as compared to RMB 39.6 million for 9M 2007. The decrease was due to the acquisition of land use right in 9M 2007.

No cash was used in financing activities during 3Q 2008 and the corresponding period in 2007. Net cash used in financing activities for 9M 2008 amounted to RMB 5.9 million was due to payment of dividend. Net cash generated from financing activities for 9M 2007 amounted to RMB 75.0 million mainly due to the proceeds received from the issuance of new shares on 9 February 2007 pursuant to the Company's initial public offering.

For the purpose of the cash flow statement, the period end cash and cash equivalents comprised the following:

	The Group	
	Unaudited as at 30 September 2008 RMB '000	Audited as at 31 December 2007 RMB '000
Cash on hand	8,315	12,443
Bank balances	35,115	79,170
	43,430	91,613
Deposits pledged with banks	-	(1,338)
	43,430	90,275

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

This 3Q08 results is in line with the profit guidance announcement made by the Company on 30 October 2008 that the 3Q08 results are expected to be lower compared to the corresponding 3Q07. The overall performance for FY2008 is not likely to be better than FY2007.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The third plenary session of the 17th Communist Party of China Central Committee in mid-October approved plans related to China's rural reform and development, where the PRC government plans to spend more on rural public services and double the per capita disposable income of rural residents by 2020 from the 2008 level. This also indicates that farmers are allowed to lease their contracted farmland or transfer their land-use rights with lesser restrictions.

With these Chinese policies coming into place, China Farm Equipment stands to benefit from the expected government subsidies and bigger scale commercial farming, which in turn will boost demand for agricultural machinery in the long term. However, in the short term, the Group expects slowdown in demand as a result of cautious spending among local farmers; thus, the Group's revenue growth moving forward may be affected. Management believes that investments into agricultural machinery will resume once there are more certainties in the market. Despite the challenging business environment, the Group expects to remain profitable for the current financial year.

Falling steel prices, on the other hand, has enabled the Group to tighten its control over rising raw materials costs. Steel prices in China have fallen by more than 40% from record highs in early June 2008, due mainly to shrinking downstream demand. This will enable the Group to lower its costs of production if the current level of steel prices are sustainable.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the period ended 30 September 2008.

13. Use of IPO Proceeds

The Group has fully utilised its allocated net IPO proceeds as at 30 September 2008 as follows:

Purpose		Allocated net IPO proceeds S\$'000	Amount utilized S\$'000
(a)	Increase in production capacity	7,500	7,500
(b)	Research and development	2,500	2,500
(c)	Sales and marketing	1,000	1,000
(d)	Working capital	6,800	6,800
TOTAL:		17,800	17,800

(Exchange rate : S\$1 = approximate RMB4.79)

14. Other Information

SAC Capital Private Limited (“SAC Capital”) was the issue manager in the initial public offering of the Company. This announcement has been prepared and released by the Company. SAC Capital assumes no responsibility for the contents of this announcement.

BY ORDER OF THE BOARD

Wang Shuping
Chairman and CEO

13 November 2008

CHINA FARM EQUIPMENT LIMITED

(Incorporated in Singapore)
(Co. Reg. No: 200605703R)

Confirmation By Directors Pursuant to Clause 705(4) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of China Farm Equipment Limited which may render these interim results for the third quarter ended 30 September 2008 to be false or misleading, in any material aspects.

For and on behalf of the
Board of Directors of
China Farm Equipment Limited

.....
Wang Shuping
Chairman and CEO

.....
Sho Kian Hin
Executive Director and CFO

Date: 13 November 2008