



(Company Registration Number: 200605703R)
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For Immediate Release

CHINA FARM EQUIPMENT DELIVERS ROBUST EARNINGS OF RMB 71.3 MILLION

- Profit after tax jumps by 43% with the introduction of new products and penetration of new markets
- Improved average selling price for combined harvesters and diesel engines while new farm trucking business contributed RMB 72.2 million in revenue for 4Q2007
- Embarking on a new era of growth, buoyed by the current robust demand for agricultural products

Singapore, 27 February 2008 – SGX Mainboard-listed China Farm Equipment Limited (“China Farm Equipment” or the “Group”) (中国农业机械有限公司), which is principally engaged in the manufacture and sale of combine harvesters, rotary plough machines and components, as well as diesel engines, announced today that its FY2007 net profit jumped 42.5% to RMB 71.3 million on the back of 42.0% rise in revenue to RMB 396.0 million.

Financial Highlights

RMB'000	4th Quarter ended 31 Dec 2007	4th Quarter ended 31 Dec 2006	Change (%)	FY2007	FY2006	Change (%)
Revenue	88,871	29,468	201.58	396,017	278,977	41.95
Gross Profit	17,322	9,013	92.19	104,400	72,297	44.40
Net Profit	13,258	7,080	87.26	71,298	50,022	42.53
Dividends Per Share (Sing cent)	NA	NA	NA	1.0	1.2	(20.0)

“ We are pleased to deliver another set of good results for our shareholders. The Group has executed its strategies well since its listing and has successfully penetrated new markets for our farming products.”

“ The Group is embarking on a new era of growth, buoyed by the current robust demand for agricultural products. We believe there is an urgent need for mechanization in PRC to improve the crop yields. China Farm Equipment is well positioned to benefit from this growing trend.”

~ Wang Shuping (王术平)

Chairman and CEO, China Farm Equipment

FY2007 FINANCIAL REVIEW

Revenue more than tripled from approximately RMB 29.5 million in 4Q2006 to approximately RMB 88.9 million in 4Q2007. On a full-year basis, the revenue improved 42% to approximately RMB 396.0 million in FY2007. The increase in revenue was a combined result of the increase in the sales volume and average selling price of combine harvesters and diesel engines, increase in sales of components as well as maiden contribution from the sales of agricultural trucks, driver cabins and related components.

As a result of aggressive marketing efforts, the Group has successfully penetrated new markets such as Yunnan, Sichuan and the North-east region of the PRC for its farm equipment and diesel engines. Sales from these markets fetched better selling prices and better profit margins for its farm equipment and diesel engines.

The Group recorded a gross profit margin increase from 25.92% in FY2006 to 26.36% in FY2007. However, the 4Q2007 gross margin declined due to the seasonal nature of the sales of combined harvesters and the sales of lower-margin agricultural trucks.

During FY2007, operating expenses generally increased in line with the increase in revenue. Hence net profit increased 42.5% to approximately RMB 71.3 million.

INDUSTRY OUTLOOK – THE FUTURE LOOKS BRIGHT

Along with the rapid urbanization and the rising consumer affluence in the PRC, the domestic demand for food items has seen a rising trend over the recent years. This, in addition to the shortfall in supply has fuelled the prices of food items and created the need for a shift from subsistence farming. In order to ensure a stable and consistent supply of grain and other agricultural products, the PRC government has advocated farm mechanization through a series of measures to enhance the country's farming efficiency.

The "11th 5-Year and 2015 Plan for the Mechanization Development of China's Paddy Rice Production" ("十一五" 及2015年全国水稻生产机械化发展规划) (the "2015 Plan") issued by the Ministry of Agriculture of the PRC, aims to increase the respective mechanization and harvest rates for PRC paddy rice production from 6.8% and 29.3% in 2004, to 20% and 55% in 2010, and 45% and 80% in 2015.

" The Group has expanded into the farming truck business recently. This strategic move will enlarge the Group's product offerings to our existing customers. The agricultural sector within the PRC continues to benefit from favourable government policies and business conditions. We have been in the agricultural industry for more than 20 years. As far as I could recall, this is the best time I have ever witnessed. The robust demand is expected to continue into 2008/2009 and the Group is well positioned to exploit new opportunities that may arise.."

~ Wang Shuping (王术平)

Chairman and CEO, China Farm Equipment

The End

About China Farm Equipment Limited (“China Farm Equipment”)

China Farm Equipment is principally engaged in the manufacture and sale of combine harvesters, rotary plough machines and components, as well as diesel engines.

Its products are sold through its network of more than 260 distributors in more than 30 provinces, autonomous regions, municipalities and special administrative regions in the PRC.

In addition, its combine harvesters and diesel engines are exported to overseas markets, namely, Vietnam, Myanmar and Cambodia through its distributors in the PRC. China Farm Equipment also exports its diesel engines directly to a distributor in Bangladesh.

Issued for and on behalf of China Farm Equipment Limited.
By Financial PR Pte Ltd

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