

CHINA FARM EQUIPMENT LIMITED

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

UPDATE ON THE TERMINATION OF THE LEASING AND MANAGEMENT CONTRACT

The Board of Directors (“the Board”) refers to the Company’s announcement on 5 December 2008 on the termination of the Leasing and Management Contract (“the **Contract**”) entered into between the Company’s wholly-owned subsidiary, Hunan Zhongtian Dragon Boat Farm Equipment Co., Ltd (“**Zhongtian Dragon Boat**”) with Hunan Juzhou Automobile Manufacturing Co., Ltd (“**Hunan Juzhou**”) and the shareholders of Hunan Juzhou (collectively the “**Parties**”).

The Company would like to update its shareholders that as a result of provision for doubtful debts and inventories written down arising from the termination of the Contract amounting to RMB31.07 million, the Company will report a significantly lower profit for its full year ended 31 December 2008 compared to the previous corresponding year.

The Company will provide details of its financial performance when it releases the financial results for the year ended 31 December 2008.

By Order of the Board

Wang Shuping
Chairman and CEO

20 February 2009