CHINA FAIR LAND HOLDINGS LIMITED
正輝中國集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 169)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR 2007

The Board of Directors of China Fair Land Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 as follows:—

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000 (Restated)
Revenue	3	**136,321**	56,682
Cost of sales		**(46,687)**	(23,578)
Gross profit		**89,634**	33,104
Other revenue and gains	3	**33,360**	10,059
Gain/(loss) on change in fair value of investment properties		**622**	(492)
Selling expenses		**(2,078)**	(5,718)
Administrative and other operating expenses		**(36,053)**	(31,744)
Operating profit	5	**85,485**	5,209
Finance costs	6	**(1,532)**	(3,749)
Profit before income tax		**83,953**	1,460
Income tax expense	7	**(57,982)**	(40,570)
Profit/(loss) for the year		**25,971**	(39,110)
Attributable to :			
Equity holders of the Company		**18,406**	(22,469)
Minority interests		**7,565**	(16,641)
Profit/(loss) for the year		**25,971**	(39,110)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the year	9		
— Basic		**HK6.24 cents**	(HK7.68 cents)
— Diluted		**HK6.22 cents**	(HK7.68 cents)

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**163,745**	154,220
Property, plant and equipment		**47,070**	36,668
Prepaid lease payments		**5,093**	4,877
Available-for-sale financial assets		**2,128**	2,000
Deferred tax assets		**26,297**	20,004
		244,333	217,769
Current assets			
Properties under development		**178,747**	170,055
Properties held for sale		**109,358**	124,639
Account receivables	*10*	**105,761**	32,857
Prepayments, deposits and other receivables		**99,951**	80,205
Prepaid lease payments		**95**	90
Due from a minority shareholder		**3,511**	—
Due from related companies		**383**	63
Cash at banks and in hand		**23,864**	17,030
		521,670	424,939
Current liabilities			
Account payables	*11*	**28,339**	35,209
Customers' deposits received, accrued expenses and other payables		**90,255**	99,403
Due to minority shareholders		**6,867**	6,642
Due to a director		**503**	27
Due to a shareholder		**9,591**	10,016
Provision for tax		**194,133**	127,107
Bank borrowings		**466**	39,988
		330,154	318,392
Net current assets		**191,516**	106,547
Total assets less current liabilities		**435,849**	324,316
Non-current liabilities			
Bank borrowings		**63,829**	—
Deferred tax liabilities		**14,682**	14,010
		78,511	14,010
Net assets		**357,338**	310,306

CONSOLIDATED BALANCE SHEET *(continued)*
As at 31 December 2007

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
EQUITY		
Equity attributable to the Company's equity holders		
Share capital	**29,633**	29,260
Reserves	**264,755**	227,659
	294,388	256,919
Minority interests	**62,950**	53,387
Total equity	**357,338**	310,306

Notes:

1. GENERAL INFORMATION

China Fair Land Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and, its principal place of business is in the People's Republic of China (the "PRC"). The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK").

The principal activities of the Company and its subsidiaries (the "Group") include the property letting, sales of land use rights and developed properties and investment holding.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules").

2. ADOPTION OF NEW OR AMENDED HKFRSs

Adoption of new and amended HKFRSs effective on 1 January 2007

From 1 January 2007, the Group has adopted all the new and amended HKFRSs which are first effective on 1 January 2007 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes in the Group's accounting policies. As a result of the adoption of HKAS 1 (Amendment) "Capital Disclosures" and HKFRS 7 "Financial Instruments: Disclosures", there are additional disclosures provided as follows:

The amendment to HKAS 1 introduces additional disclosure requirements to provide information in each annual financial report about the level of capital and the Group's objectives, policies and procedures for managing capital.

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required under HKAS 32 "Financial Instruments: Disclosure and Presentation".

2. ADOPTION OF NEW OR AMENDED HKFRs *(continued)*

Adoption of new and amended HKFRSs effective on 1 January 2007 *(continued)*

The amendment to HKFRS 7 does not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The first-time application of HKAS 1 (Amendment) and HKFRS 7 has not resulted in any prior period adjustments on cash flows, net income or balance sheet items. Accordingly, no adjustments on prior periods are required.

In light of the conclusion of the HKICPA formed in 2007 that the land appreciation tax ("LAT") in the PRC is a form of income tax and is within the scope of HKAS 12 "Income Taxes" and after reviewing the Group's accounting policies on LAT, the directors of the Company decided that it is more appropriate to account for and present LAT as income tax under HKAS 12. The effect of changes in the presentation on the consolidated financial statements is summarised below:

	Increase/(decrease)	
	2007	2006
	HK$'000	*HK$'000*
Consolidated income statement for the year ended 31 December		
— Cost of sales	**(33,057)**	(3,285)
— Additional LAT attributable to sales of land use rights and properties in prior years	**(6,801)**	(57,332)
— Income tax expense	**39,858**	60,617
Net effect on profit	**—**	—
Consolidated balance sheet as at 31 December		
— Customers' deposits received, accrued expenses and other payables	**(104,051)**	(60,617)
— Provision for tax	**104,051**	60,617
Net effect on net assets	**—**	—
Consolidated cash flow statement for the year ended 31 December		
— Profit before income tax	**39,858**	60,617
— Increase in customers' deposit received, accrued expenses and other payables	**(39,858)**	(60,617)
Net effect on cash and cash equivalents	**—**	—

New or amended HKFRSs that have been issued but not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Share Based Payments[1]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2 — Group and Treasury Share Transactions[3]
HK(IFRIC) – Int 12	Service Concession Arrangements[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

2. **ADOPTION OF NEW OR AMENDED HKFRSs** *(continued)*

New or amended HKFRSs that have been issued but not yet effective *(continued)*

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

Among these new or amended HKFRSs, HKAS 1 (Revised) is expected to be relevant to the Group's financial statements. This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures. Management is currently assessing the detailed impact of this amendment on the Group's financial statements.

The directors of the Company is currently assessing the impact of the other new or amended HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

3. **REVENUE AND OTHER REVENUE AND GAINS**

Revenue, which is also the Group's turnover, and other revenue and gains recognised during the year are as follows :

	2007	2006
	HK$'000	*HK$'000*
Revenue		
Property letting	**18,540**	19,707
Sale of land use rights	**84,906**	—
Sale of developed properties	**32,875**	36,975
	136,321	56,682
Other revenue and gains		
Bank interest income	**1,180**	243
Compensation received on termination (net of costs incurred) of land use rights	**21,755**	—
Compensation received on termination (net of costs incurred) of a property development project	**—**	4,000
Exchange gains, net	**7,692**	5,522
Others	**2,733**	294
	33,360	10,059

4. **SEGMENT INFORMATION**

Primary reporting segment – business segments

The Group's principal activities are property letting, sale of land use rights and sale of developed properties. These three business segments are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented as below:

2007

	Property letting *HK$'000*	**Sale of land use rights** *HK$'000*	**Sale of developed properties** *HK$'000*	**Group** *HK$'000*
Revenue	18,540	84,906	32,875	136,321
Segment results	18,626	61,476	29,766	109,868
Unallocated income				11,605
Unallocated expenses				(35,988)
Operating profit				85,485
Finance costs				(1,532)
Profit before income tax				83,953
Income tax expense				(57,982)
Profit for the year				25,971
Segment assets	179,313	58,737	412,742	650,792
Unallocated assets				115,211
Total assets				766,003
Segment liabilities	—	—	118,594	118,594
Unallocated liabilities				290,071
Total liabilities				408,665
Capital expenditure	—	—	—	—
Unallocated portion				6
				6
Depreciation	176	—	5,009	5,185
Unallocated portion				9
				5,194
Amortisation charges	—	—	95	95
Other non-cash expenses	—	772	3,733	4,505

4. **SEGMENT INFORMATION** *(continued)*

Primary reporting segment – business segments *(continued)*

2006

	Property letting *HK$'000*	Sale of land use rights *HK$'000*	Sale of developed properties *HK$'000* (Restated)	Group *HK$'000* (Restated)
Revenue	19,707	—	36,975	56,682
Segment results	18,530	—	12,363	30,893
Unallocated income				6,059
Unallocated expenses				(31,744)
Operating profit				5,208
Finance costs				(3,749)
Profit before income tax				1,459
Income tax expense				(40,569)
Loss for the year				(39,110)
Segment assets	164,318	77,706	272,462	514,486
Unallocated assets				128,222
Total assets				642,708
Segment liabilities	—	—	150,766	150,766
Unallocated liabilities				181,636
Total liabilities				332,402
Capital expenditure	—	—	9	9
Depreciation	170	—	3,880	4,050
Unallocated portion				13
				4,063
Amortisation charges	—	—	90	90
Other non-cash expenses	492	—	1,086	1,578

Secondary reporting segment – geographical segments

All of the Group's revenue for both years was generated in the PRC and over 90% (2006: over 90%) of the Group's segment assets were located in the PRC. Accordingly, no geographical segment information is presented.

During the year, over 90% (2006: over 90%) of the Group's capital expenditure took place in the PRC.

5. OPERATING PROFIT

	2007	2006
	HK$'000	*HK$'000*
Operating profit is arrived at after charging/(crediting):		
Staff costs		
— directors' remuneration	**3,559**	4,066
— staff retirement benefits scheme contributions	**455**	456
— staff welfare	**1,747**	668
— other staff costs	**6,332**	5,553
Total staff costs	**12,093**	10,743
Cost of properties held for sales recognised as expense	**46,687**	23,578
Depreciation of property, plant and equipment	**5,194**	4,063
Operating lease charges in respect of		
— land and buildings	**887**	603
— office equipment	**10**	11
— prepaid lease payments	**95**	90
Auditors' remuneration		
— current year	**782**	715
— underprovision	**—**	680
Provision for impairment on account receivables	**4,505**	1,086
Outgoings in respect of investment properties	**556**	685
Rental income less outgoings	**(18,004)**	(19,022)

Depreciation of property, plant and equipment has been expensed in administrative expenses.

6. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest charges on:		
— bank loans wholly repayable within five years	**2,691**	3,324
— amounts due to minority shareholders wholly repayable within five years	**615**	425
	3,306	3,749
Less: Amount capitalised in properties under development	**(1,774)**	—
The borrowing costs have been capitalised at a rate of 6.35% (2006: Nil)	**1,532**	3,749

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising from or derived in Hong Kong for both years. The PRC Enterprise Income Tax ("EIT") and LAT are calculated at rates applicable to respective subsidiaries.

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Current tax — PRC		
— EIT	**26,709**	454
— LAT	**33,057**	3,285
— Underprovision of LAT in respect prior years	**6,801**	57,332
	66,567	61,071
Deferred tax		
Current year	**(10,022)**	(20,501)
Attributable to change in tax rate	**1,437**	—
Total income tax expense	**57,982**	40,570

8. DIVIDENDS

No dividends are attributable to the previous financial year, approved and paid during the year (2006: HK$2,926,000).

9. EARNINGS/LOSS PER SHARE

The calculation of basic earnings/loss per share is based on the profit attributable to equity holders of the Company of HK$18,406,000 (2006: loss of HK$22,469,000) and on the weighted average of 294,841,945 (2006: 292,600,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 December 2007 is based on the profit attributable to equity holders of the Company of HK$18,406,000. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 294,841,945 ordinary shares in issue during the year plus the weighted average of 1,070,786 ordinary shares deemed to be issued at no consideration as if all the Company's share options have been exercised. Diluted loss per share for the year ended 31 December 2006 was not presented because the impact of the exercise of the share options was anti-dilutive.

Subsequent to the year end date, the Company issued 114,117,000 ordinary shares of HK$0.10 each and convertible bonds which are convertible into 5,403,423,000 ordinary shares of the Company of HK$0.10 each. If these shares and convertible bonds had been issued before the end of the year, the number of ordinary shares and potential ordinary shares outstanding at the year end date would have been changed significantly.

10. ACCOUNT RECEIVABLES

An aging analysis of account receivables is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within three months	**84,555**	5,831
Four months to one year	**11,460**	4,534
Between one to two years	**—**	12,920
Over two years	**9,746**	9,572
	105,761	32,857

There is no concentration of credit risk with respect to account receivables, as the Group has a large number of customers.

11. ACCOUNT PAYABLES

The aging analysis of account payables as at 31 December 2007 is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within three months	**—**	366
Four months to one year	**—**	—
Over one year	**28,339**	34,843
	28,339	35,209

BUSINESS REVIEW

Turnover of the Group for 2007 amounted to HK$136.3 million, representing an increase of 141% as compared to HK$56.7 million for 2006. Included in turnover for 2007 were sales of developed properties, land use rights and rental income from property letting. Sales of developed properties and land use rights amounted to approximately HK$32.9 million (2006: HK$37.0 million) and HK$84.9 million (2006: Nil) respectively. The rental income amounted to approximately HK$18.5 million from investment properties, representing a decrease of 6% as compared to HK$19.7 million for 2006. Gross profit of the Group amounted to approximately HK$89.6 million, an increase of 171% as compared to HK$33.1 million for 2006. The Group's gross profit ratio for the year is 65.8%, an increase of 7.4% as compared to 58.4% for 2006. The increase of gross profit ratio was caused by the rise in sale of land use rights. Profit attributable to equity holders amounted HK$18.4 million, an increase of approximately HK$40.9 million as compared to the loss of HK$22.5 million for 2006 mainly due to the LAT provision in the amount of HK$57.3 million in respect of past years in 2006.

During the year, the Group sold residential and commercial properties with a total gross floor area ("GFA") of 6,256 sq.m. (2006: 7,193 sq.m.), representing an decrease of 13% over last year. In addition, the group sold land area of 114,392 sq.m. (2006: NIL). The rental income was derived from the investment properties in Changchun, Nanjin and Ningbo, of which the industrial properties in Changchun generated rental income of HK$16.0 million during the year. As the Group did not have new property development project completed during the year, all the sale of developed properties was generated from properties held for sale developed in previous years. An increase in turnover was mainly attributable from saleable properties such as Prosperous Age Garden in Ningbo and sales of land in Changchun.

The development of residential property project named Hongtang Zhong Venture Centre, located in Ningbo, has finished. The total GFA of the project approximates 81,000 sq.m and named launched for sales in February 2008. Also, the commercial property project located in Hongtang Zhong Road, Jiangbei District, Ningbo, is in progress with the total gross area of the project approximates 46,000 sq.m. and the main structure of the building is expected to be completed in 2008.

FINANCIAL REVIEW

Net assets

As at 31 December 2007, the Group recorded total assets and total liabilities of approximately HK$766,003,000 and HK$408,665,000 respectively. The Group's net assets value as at 31 December 2007 increased by approximately HK$47,032,000 to approximately HK$357,338,000 as compared to approximately HK$310,306,000 as at 31 December 2006.

Liquidity and financial ratios

The Group had total cash at banks and in hand of approximately HK$23,864,000 as at 31 December 2007 as compared with HK$17,030,000 as at 31 December 2006. As at 31 December 2007, the current ratio was 1.5 as compared with 1.3 as at 31 December 2006. The gearing ratio was 51.3% as at 31 December 2007 as compared with 49.5% as at 31 December 2006. The bank loans to equity was recorded at 21.7% as at 31 December 2007 as compared with 15.6% as at 31 December 2006.

Bank borrowings

The Group had interest bearing borrowings of approximately HK$64.3 million as at 31 December 2007 (31 December 2006: HK$40.0 million), representing an increase of approximately 61% over the amount as at 31 December 2006. Bank borrowings were denominated in Renminbi ("RMB") and Hong Kong dollar ("HK$").

Foreign currency exposure

Although significant portions of the Group's bank borrowings, turnover and construction costs are primarily denominated in RMB, the Directors consider that the Group has no significant exposure to foreign exchange fluctuations. The Directors also consider that there will be sufficient cash resources denominated in both HK$ and RMB for the repayment of its borrowings. During the year, the Group did not use any financial instrument for hedging purposes and the Group did not have hedging instrument outstanding as at 31 December 2007.

PLEDGE OF ASSETS

At the balance sheet date, the Group pledged certain of its properties under development (2006: investment properties and properties held for sale) to banks in the PRC to secure the bank loans of approximately HK$63,829,000 (2006: HK$39,988,000) granted by these banks. The aggregate carrying value of the properties under development as at 31 December 2007 pledged amounted to approximately HK$73,365,000 (2006: investment properties of HK$119,500,000 and properties held for sale of HK$25,776,000).

CONTINGENT LIABILITIES

As at 31 December 2007, the Group provided guarantees of approximately HK$17,053,000 (2006: HK$16,030,000) to banks in favor of its customers in respect of the mortgage loans provided by the banks to such customers for purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loan granted.

MATERIAL ACQUISITION AND DISPOSAL

There is no material acquisition and disposal of subsidiary and assets during the year ended 31 December 2007.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Group employed approximately 80 full time staffs in the PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market price while performance bonuses are granted on a discretionary basis. Other employee benefits include insurance and medical cover, subsidised educational and training programs as well as share option scheme.

During the year, no shares options were granted to the Directors. Except for 250,000 share options that were lapsed, 2,230,000 share options were exercised by the directors during the year. And there were no outstanding shares options granted to the Directors at the end of the year.

The total number of shares issued under the Company's share option scheme as the date of this report is 3,730,000, representing approximately 1.3% of the issued share capital of the Company as at 31 December 2007.

OUTLOOK

Despite the uncertainties of global economy over US subprime mortgage market and the fluctuations in stock markets in 2008, the Board is confident of the prospects of the Group's future. The economic outlook of China for 2008 is expected to remain optimistic, and its currency will continue to appreciate. The steady economic growth would continue to stimulate demand for commercial and residential properties over the medium to long run, and the demand for real estate would maintain at a high level.

Looking forward, the Company will strive for developing the regions that are less affected by the current macro-economic conditions and represent better growth potential, such as Fujian province, benefiting from the change of political atmosphere of Taiwan. Furthermore, the Company will look to expand into middle and/or western China region which is relatively underdeveloped and may provide better future growth. The Group will gradually consolidate its existing property portfolios with a strategic focus to position itself as a high quality/boutique property developer.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31 December 2007, except the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-Laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The committee reviewed the Group's 2007 final results before they were tabled for the Board's review and approval.

REPURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of the Company's shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

PUBLISHMENT OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange's and the Company in due course.

By order of the board
China Fair Land Holdings Limited
So Pang Gen
Chairman

Hong Kong, 28 April 2008

As at the date of this announcement, the Executive Directors are Mr. So Pang Gen, Mr. Chim Kim Lun, Ricky, Mr. Chen Chang Wei, Ms. Chan Sheung Ni, Ms. Chen Dongxue and Mr. Wong Hing Ting, James. The Independent Non-executive Directors are Ms. Lin Wen Feng, Mr. Ma Ving Lung and Mr. Yip King Keung, Pony.