Fuwei Films (Holdings), Co. Ltd.
Form 6-K
August 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For March 31, 2008

Commission File No. 001-33176

Fuwei Films (Holdings) Co., Ltd.

No. 387 Dongming Road
Weifang Shandong
People's Republic of China, Postal Code: 261061

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES.)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F x Form 40-Fo

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes o No o
If "Yes" marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82-________

EXPLANATORY NOTE

This Report of Foreign Private Issuer on Form 6-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or the Company’s future financial performance. The Company has attempted to identify forward-looking statements by terminology including “anticipates”, “believes”, “expects”, “can”, “continue”, “could”, “esti “intends”, “may”, “plans”, “potential”, “predict”, “should” or “will” or the negative of these terms or other comparable termi These statements are only predictions, uncertainties and other factors may cause the Company’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by these forward-looking statements. The information in this Report on Form 6-K is not intended to project future performance of the Company. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company does not guarantee future results, levels of activity, performance or achievements. The Company expectations are as of the date this Form 6-K is filed, and the Company does not intend to update any of the forward-looking statements after the date this Report on Form 6-K is filed to confirm these statements to actual results, unless required by law.

The forward-looking statements included in this Form 6-K is subject to risks, uncertainties and assumptions about our businesses and business environments. These statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results of our operations may differ materially from information contained in the forward-looking statements as a result of risk factors some of which are include, among other things, competition in the BOPET film industry; growth of, and risks inherent in, the BOPET film industry in China; uncertainty as to future profitability and our ability to obtain adequate financing for our planned capital expenditure requirements; uncertainty as to our ability to continuously develop new BOPET film products and keep up with changes in BOPET film technology; risks associated with possible defects and errors in our products; uncertainty as to our ability to protect and enforce our intellectual property rights; uncertainty as to our ability to attract and retain qualified executives and personnel; and uncertainty in acquiring raw materials on time and on acceptable terms, particularly in view of the volatility in the prices of petroleum products in recent years.

On May 15, 2008, Fuwei Films (Holdings) Co. Ltd. (the “Company”) announced its unaudited consolidated financial results for the three months period ended March 31, 2008.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2008 AND DECEMBER 31, 2007
(amounts in thousands except share and per share value)

	As of Mar. 31, 2008 (Unaudited)			As of Dec. 31, 2007
	RMB		*US$*	*RMB*
ASSETS				
Current assets				
Cash and cash equivalents	11,416	$	1,628	30,909
Restricted cash	31,444		4,484	64,909
Accounts receivable, net	57,428		8,190	58,195
Inventories	49,690		7,086	41,670
Prepayments and other receivables	34,118		4,866	16,160
Total current assets	184,096		26,254	211,842
Property, plant and equipment, net	223,346		31,852	228,309
Construction in progress	290,926		41,490	265,253
Lease prepayments, net	22,915		3,268	22,290
Deposit	26,000		3,708	-
Intangible assets	3		0.4	36
Goodwill	10,276		1,465	10,276
Deferred tax assets	969		138	969
Total assets	758,531	$	108,176	738,975
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Short-term borrowings	185,669		26,479	188,027
Accounts payables	21,300		3,038	19,609
Accrued expenses and other payables	30,209		4,308	18,544
Deferred tax liabilities	265		38	265
Total liabilities	237,443		33,863	226,445
Shareholders' equity				
Ordinary shares of US$0.129752 par value; 20,000,000 shares authorized; 13,062,500 issued and outstanding	13,323		1,900	13,323
Additional paid-in capital	311,907		44,482	311,907
Retained earnings	194,089		27,679	186,152
Cumulative translation adjustment	1,769		252	1,148
Total shareholders' equity	521,088		74,313	512,530
Total liabilities and shareholders' equity	758,531	$	108,176	738,975

The accompanying notes are an integral part of this unaudited condensed consolidated statement.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2008 AND 2007
(amounts in thousands except share and per share value)
(UNAUDITED)

	The three month period ended March 31, 2008		2007
	RMB	US$	RMB
Revenue	104,034	14,530	99,265
Cost of goods sold	(82,409)	(11,510)	(75,709)
Gross profit	21,625	3,020	23,556
Operating expenses			
- Distribution expenses	(3,438)	(480)	(3,666)
- Administrative expenses	(7,724)	(1,079)	(2,509)
Total operating expenses	(11,163)	(1,559)	(6,175)
Operating income	10,463	1,461	17,381
Other income/(expense)			
- Interest income	16	2	190
- Interest expense	(3,790)	(529)	(3,150)
- Other income, net	2,241	313	331
Total other expense	(1,533)	(214)	(2,629)
Income before income tax expense	8,930	1,247	14,752
Income tax expense	(993)	(139)	(1,489)
Net income	7,937	1,109	13,263
Other comprehensive income			
- Foreign currency translation adjustments	620	87	3,977
Comprehensive income	8,557	1,195	17,240
Earnings per share			
- Basic	0.61	0.08	1.02
- Diluted	0.61	0.08	1.02
Weighted average number of ordinary shares			
- Basic	13,062,500	13,062,500	13,062,500
- Diluted	13,062,500	13,062,500	13,062,500

The accompanying notes are an integral part of this unaudited condensed consolidated statement.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2008 AND 2007
(amounts in thousands except share and per share value)
(UNAUDITED)

	The three month periods ended March 31, 2008		2007
	RMB	US$	RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	7,937	1,109	13,263
Adjustments to reconcile net income to net cash			
Provided by operating activities			
- Depreciation of property, plant and equipment	5,909	825	5,847
- Amortization of lease prepayments and intangible assets	(149)	(21)	149
- Deferred income taxes	-	-	507
- Bad debt expense	73	10	(872)
Changes in operating assets and liabilities, net of			
- Share capital contribution - rental and interest paid by shareholders	2,756	385	
- Accounts receivable	856	120	985
- Inventories	(8,020)	(1,120)	(1,127)
- Prepaid expenses and other current assets	(18,859)	(2,634)	2,054
- Accounts payable	1,695	237	4,913
- Accrued expenses and other payables	11,667	1,629	834
Net cash provided by operating activities	4,162	581	26,553
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(946)	(132)	(134)
Restricted cash related to trade finance	33,464	4,674	13,900
Addition to construction in progress	(25,673)	(3,586)	(47,604)
Deposit for purchase	(26,000)	(3,631)	
Net cash provided by (used in) investing activities	(19,155)	(2,675)	(33,838)
CASH FLOW FROM FINANCING ACTIVITIES			
Principal payments of short-term bank loans	(12,869)	(1,797)	(237,670)
Proceeds from short-term bank loans	11,139	1,556	169,090
	(1, 730)	(242)	(68,580)

Net cash provided by (used in) financing activities			
Effect of foreign exchange rate changes	(2,770)	(273)	(933)
Net increase/(decrease) in cash and cash equivalent	(19,493)	(2,609)	(76,798)
- Cash and cash equivalent at beginning of period	30,909	4,237	253,250
- Cash and cash equivalent at end of period	11,416	1,628	176,452
Supplemental disclosure of cash flow information			
Cash paid during the period for			
- Interest paid	2,966	414	4,774
- Income taxes paid	802	112	-

The accompanying notes are an integral part of this unaudited condensed consolidated statement.

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 1 - BACKGROUND

Fuwei Films (Holdings) Co., Ltd (the "Company") and its subsidiaries (the "Group") are principally engaged in the production and distribution of BOPET film, a high quality plastic film widely used in packaging, imaging, electronics, electrical and magnetic products in the People's Republic of China (the "PRC"). The Company is incorporated in the Cayman Islands, established on August 9, 2004 under the Cayman Islands Companies Law as an exempted company with limited liability.

On August 20, 2004, the Company was allotted and issued one ordinary share of US$1.00 in Fuwei (BVI) (being the entire issued share capital of Fuwei (BVI)), thereby establishing Fuwei (BVI) as the intermediate investment holding company of the Group.

The Group was established by certain members of the former management team and employees (the "Group Founders") of Shandong Neo-Luck Plastics Co., Ltd ("Shandong Neo-Luck"), a company owned 59% by a PRC state-owned enterprise. Prior to filing for bankruptcy protection on September 24, 2004, Shandong Neo-Luck was engaged in the business of BOPET film production. Certain production-related assets of Shandong Neo-Luck which had previously been mortgaged to the Bank of China, Weifang City branch (the "Mortgagee Bank") as security for several loans extended to Shandong Neo-Luck's affiliates were acquired through public auction by Fuwei Films (Shandong) Co., Ltd ("Shandong Fuwei") on October 9, 2003 for RMB156,000 as a result of the borrowers default on various bank loans. Shandong Fuwei, established in the PRC on January 28, 2003 as a limited liability company, commenced its operations in July 2003. The principal activities of Shandong Fuwei are those relating to the design, production and distribution of plastic films. Shandong Neo-Luck was subsequently declared bankrupt by the Weifang Municipal People's Court in the PRC on September 24, 2004.

Through its intermediate holding company, Fuwei (BVI), the Company acquired a 100% ownership interest in Shandong Fuwei on October 27, 2004 for a purchase price of RMB91,093. Shandong Fuwei thereafter became a wholly-owned subsidiary of Fuwei (BVI) effective October 27, 2004. On December 25, 2004, Shandong Fuwei acquired additional production-related assets through public auction that were formerly owned by Shandong Neo-Luck for RMB119,280. Shandong Fuwei was converted into a wholly-foreign owned enterprise in the PRC on January 5, 2005, with a registered capital of US$11,000.

On December 18, 2006, the Company became listed on the Nasdaq Global Market and offered 3,750,000 ordinary shares, at an IPO price of US$8.28 per ordinary share. On December 22, 2006, an additional 562,500 ordinary shares were sold at the IPO price of US$8.28 per ordinary share pursuant to the underwriter's exercise of its over-allotment option. As of March 31, 2008, the number of total issued ordinary shares issued and outstanding was 13,062,500.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information
The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all of the information required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim periods are not necessarily indicative of the results for any future period. These statements should be read in conjunction with the Company's audited financial statements and notes thereto for the fiscal year ended December 31, 2007. The results of the three months period ended March 31, 2008 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2008.

The Group's consolidated financial statements are presented in accordance with US GAAP. This basis of accounting differs in certain material respects from that used in the preparation of the books of account of Shandong Fuwei, the Company's principal subsidiary, which are prepared in accordance with the accounting principles and the relevant financial regulations applicable to enterprises limited by shares as established by the Ministry of Finance of the PRC ("PRC GAAP"), the accounting standards used in the country of its domicile. The accompanying condensed consolidated financial statements reflect necessary adjustments not recorded in the books of account of the Company's subsidiaries to present them in conformity with US GAAP.

Principles of Consolidation
The condensed consolidated financial statements include the financial statements of the Company and its two subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

Use of Estimates
The preparation of the consolidated financial statements in accordance with US GAAP requires management of the Group to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates and assumptions including those related to the recoverability of the carrying amount and the estimated useful lives of long-lived assets, valuation allowances for accounts receivable and realizable values for inventories. Changes in facts and circumstances may result in revised estimates.

Foreign Currency Transactions
The Group's reporting currency is the Renminbi ("RMB").

The Company and Fuwei (BVI) operate in Hong Kong as investment holding companies and their financial records are maintained in Hong Kong dollars, being the functional currency of these two entities. Assets and liabilities are translated into RMB at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and income, expenses, and cash flow items are translated using the average rate for the period. The translation adjustments are recorded in accumulated other comprehensive income in the statements of shareholders' equity and comprehensive income.

Transactions denominated in currencies other than RMB are translated into RMB at the exchange rates quoted by the People's Bank of China (the "PBOC") prevailing at the dates of transactions. Monetary assets

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates quoted by the PBOC at the balance sheet dates. The resulting exchange differences are recorded in the statements of income.

RMB is not fully convertible into foreign currencies. All foreign exchange transactions involving RMB must take place either through the PBOC or other institutions authorized to buy and sell foreign currency. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC which are determined largely by supply and demand.

Exchange Rate Information
Foreign Currency - The Company's principal country of operations is in the People's Republic of China. The financial position and results of operations of the Company are determined using the local currency ("Renminbi") as the functional currency. The results of operations denominated in foreign currency are translated at the average rate of exchange during the reporting period.

Unless otherwise noted, all translations from Renminbi to U.S. dollars in report of assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the market rate of exchange prevailing on that date. The registered equity capital denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. All translation adjustments resulting from the translation of the financial statements into the reporting currency ("US Dollars") are dealt with as a separate component within shareholders' equity. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated above, or at all.

***Cash and Cash Equivalents and Restricted* Cash**
For statements of cash flow purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

Restricted cash refers to the cash balance held by bank as deposit for Letters of Credit. The company has restricted cash of $4,484 and $8,898 as of March 31, 2008 and December 31, 2007.

Trade Accounts Receivable
Trade accounts receivable are recorded at the invoiced amount after deduction of trade discounts, value added taxes and allowances, if any, and do not bear interest. The allowance for doubtful accounts is the Group's best estimate of the amount of probable credit losses in the Group's existing accounts receivable. The Group determines the allowance based on historical write-off experience, customer specific facts and economic conditions.

The Group reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis by aging of such balances. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Group does not have any off-balance-sheet credit exposure related to its customers.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 7 to 60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories are stated at the lower of cost or market value. Cost is determined using the average cost method. Cost of work in progress and finished goods comprises of direct material, direct production cost and an allocated portion of production overheads based on normal operating capacity.

Property, Plant and Equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Depreciation on property, plant and equipment is calculated on the straight-line method (after taking into account their respective estimated residual values) over the estimated useful lives of the assets. There are as follows:

	Years
Buildings and improvements	25 - 30
Plant and equipment	10 - 15
Computer equipment	5
Furniture and fixtures	5
Motor vehicles	5

Depreciation of property, plant and equipment attributable to manufacturing activities is capitalized as part of the inventory, and expensed to cost of goods sold when inventory is sold. Depreciation related to abnormal amounts from idle capacity is charged to cost of goods sold for the period incurred.

Construction in progress represented capital expenditure in respect of the third production line and the trial production line. No depreciation is provided in respect of construction in progress.

Lease Prepayments
Lease prepayments represent the costs of land use rights in the PRC. Land use rights are carried at cost and charged to expense on a straight-line basis over the respective periods of rights of 30 years. The current portion of lease prepayments has been included in prepayments and other receivables in the balance sheet.

Intangible Assets
The Group acquired a trademark for use in the production and distribution of plastic films. The trademark is carried at cost less accumulated amortization. Amortization expense is recognized on the straight-line basis over the estimated useful life of 5 years of the trademark.

Goodwill
Goodwill represents the excess of purchased cost over fair value of net assets of the Shandong Fuwei's acquired business. Goodwill is evaluated for impairment annually. The Company evaluates the carrying value of goodwill during the fourth quarter of each year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to: (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting

unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured.

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. The Company's evaluation of goodwill completed resulted in no impairment losses.

Impairment of Long-lived Assets
Long-lived assets, other than goodwill, including property, plant, and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount in which the carrying amount of the asset exceeds the fair value of the asset.

Revenue Recognition
Sales of plastic films are reported, net of value added taxes ("VAT"), sales returns, trade discounts and allowances. The standard terms and conditions under which the Group generally delivers allow a customer the right to return product for refund only if the product does not conform to product specifications; the non-conforming product is identified by the customer; and the customer rejects the non-conforming product and notifies the Group within 7 days and 30 days of receipt for sales to customers in the PRC and overseas, respectively. The Group recognizes revenue when products are delivered and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

In the PRC, VAT of 17% on invoice amount is collected in respect of the sales of goods on behalf of tax authorities. The VAT collected is not revenue of the Group; instead, the amount is recorded as a liability on the consolidated balance sheet until such VAT is paid to the authorities.

Government Grants
Government grants are recognized in the consolidated balance sheet initially as deferred income when they have been received. Grants that compensate the Group for expenses incurred are recognized as a reduction of expenses in the consolidated statement of income in the same period in which the related expenses are incurred.

Retirement and Other Post-retirement Benefits
Contributions to retirement schemes (which are defined contribution plans) are charged to expense as and when the related employee service is provided.

Income Taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***Income Taxes* (continued)**
carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Earnings Per Share
Basic earnings per share are computed by dividing net earnings by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing net earnings by the weighted average number of ordinary and dilutive potential ordinary shares outstanding during the year. Diluted potential ordinary shares consist of shares issuable pursuant to stock option plan.

Contingencies
In the normal course of business, the Group is subject to contingencies, including legal proceedings and claims arising out of the business that relate to a wide range of matters, including among others, product liability. The Group recognizes a liability for such contingency if it determines it is probable that a loss has occurred and a reasonable estimate of the loss can be made. The Group may consider many factors in making these assessments including past history and the specifics of each matter. As the Group has not become aware of any product liability claim since operations commenced, the Group has not recognized a liability for any product liability claims.

Recently Issued Accounting Standards

FIN 48
In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109” (“FIN 48”), which clarifies the accounting for uncertainty in income taxes recognized in the Group’s financial statements in accordance with SFAS No.109, Accounting from Income Taxes. FIN 48 provides guidance on the measurement, recognition, classification and disclosure of tax positions, along with accounting for the related interest and penalties. FIN 48 is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. The Company has no material unrecognized tax benefit which would favorably affect the effective income tax rate in future periods and do not believe there will be any significant increases or decreases within the next twelve month. The Company has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of interest expenses and administrative expenses in the statements of income, respectively. No Interest or penalties have been accrued at the date of adoption.

SFAS No 158
In September 2006, FASB issued SFAS No. 158 “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)”. This Statement improves financial reporting by requiring an employer to recognize the over funded or under funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This Statement also improves financial reporting by requiring an employer to measure the funded status of a plan as of the date of its year-end

statement of financial position, with limited exceptions. An employer with publicly traded equity securities is required to initially recognize the funded

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FUWEI FILMS (HOLDINGS) CO., LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands except share and per share value)

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Standards (continued)

status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. An employer without publicly traded equity securities is required to recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after June 15, 2007. However, an employer without publicly traded equity securities is required to disclose the following information in the notes to financial statements for a fiscal year ending after December 15, 2006, but before June 16, 2007, unless it has applied the recognition provisions of this Statement in preparing those financial statements:

l A brief description of the provisions of this Statement;
l The date that adoption is required; and
l The date the employer plans to adopt the recognition provisions of this Statement, if earlier.

The requirement to measure plan assets and benefit obligations as of the date of the employer’s fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. Management is currently evaluating the effect of this pronouncement on financial statements.

SFAS No 160
In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interests in Consolidated Financial Statements”. This Statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS No. 160 is effective for the Company’s fiscal year beginning October 1, 2009. Management is currently evaluating the effect of this pronouncement on financial statements.

SFAS No 141(R)
In December 2007, the FASB issued SFAS No. 141(R), “Business Combinations”. This Statement replaces SFAS No. 141, Business Combinations. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement also establishes principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquire; b) recognizes and measures the goodwill acquired in the business combination or a gain from a

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NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

bargain purchase and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) will apply prospectively to business combinations for which the acquisition date is on or after Company's fiscal year beginning October 1, 2009. While the Company has not yet evaluated this statement for the impact, if any, that SFAS No. 141(R) will have on its consolidated financial statements, the Company will be required to expense costs related to any acquisitions after September 30, 2009.

SFAS No 161
On March 19, 2008, the FASB issued FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. "Use and complexity of derivative instruments and hedging activities have increased significantly over the past several years. This has led to concerns among investors that the existing disclosure requirements in FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, do not provide enough information about how these instruments and activities affect the entity's financial position and performance," explained Kevin Stoklosa, project manager. "By requiring additional information about how and why derivative instruments are being used, the new standard gives investors better information upon which to base their decisions." The new standard also improves transparency about the location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under Statement 133; and how derivative instruments and related hedged items affect its financial position, financial performance, and cash flows. FASB Statement No. 161 achieves these improvements by requiring disclosure of the fair values of derivative instruments and their gains and losses in a tabular format. It also provides more information about an entity's liquidity by requiring disclosure of derivative features that are credit risk-related. Finally, it requires cross-referencing within footnotes to enable financial statement users to locate important information about derivative instruments. Management is currently evaluating the effect of this pronouncement on financial statements.

NOTE 3 - ACCOUNTS RECEIVABLES, NET

Accounts receivables at March 31, 2008 and December 31, 2007 consist of the following:

	Mar-31-2008		Dec-31-2007
	RMB	US$	RMB
	(Unaudited)		
Accounts receivables	35,851	5,113	35,893
Less: Allowance for doubtful accounts	(2,555)	(364)	(2,644)
	33,296	4,748	33,249
Bills receivables	24,132	3,442	24,946
	57,428	8,190	58,195

Bill receivables are bank's acceptance bills which are guaranteed by bank.

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NOTE 4-INVENTORIES

Inventories at March 31, 2008 and December 31, 2007 consist of the following:

	Mar-31-2008		Dec-31-2007
	RMB	US$	RMB
	(Unaudited)		
Raw materials	15,901	2,268	14,944
Work-in-progress	2,327	332	956
Finished goods	30,992	4,420	25,321
Consumables and spare parts	470	67	449
	49,690	7,086	41,670

NOTE 5-PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment at March 31, 2008 and December 31, 2007 consist of the following:

	Mar-31-2008		Dec-31-2007
	RMB	US$	RMB
	(Unaudited)		
Buildings	33,699	4,805	33,699
Plant and equipment	280,196	39,960	276,943
Computer equipment	1,128	161	1,007
Furniture and fixtures	2,459	351	1,844
Motor vehicles	1,445	206	1,273
Construction-in-progress	290,926	41,490	265,253
	609,853	86,973	580,019
Less: accumulated depreciation	(95,581)	(13,631)	(86,456)
	514,272	73,342	493,563

Total depreciation for the periods three months ended March 31, 2008 and 2007 was RMB5,909(US$825) and RMB5,847(US$817), respectively of which RMB5,752 (US$803) and RMB5,698 (US$738), were included as a component of cost of goods sold.

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NOTE 6 - CONSTRUCTION IN PROGRESS

Construction-in-progress represents capital expenditure in respect of the BOPET production line and the trial production line. Construction in progress was RMB 290,926 (US$41,490) ended March 31, 2008, and RMB265,253 (US$36,362) ended December 31, 2007, respectively.

Interest expense capitalized during the periods ended March 31, 2008 and 2007 was RMB0 (US$0) and RMB1,594 (US$206), respectively.

NOTE 7 - LEASE PREPAYMENTS

As of March 31, 2008 and December 31, 2007, net of amortization land use right was RMB22,915 (US$3,268) and RMB22,290 (US$3,179), respectively, net of intangible assets was RMB3 (US$0.4) and RMB36 (US$5), respectively.

Amortization of land use rights and intangible assets for the three months ended March 31, 2008 and 2007 was RMB149 (US$21) and RMB113 (US$15), respectively.

Amortization expenses for the next five years after March 31, 2008 are as follows:

	RMB	US$
1 year after	457	65
2 year after	454	65
3 year after	454	65
4 year after	454	65
5 year after	454	65

NOTE 8 - DEPOSIT

On January 20, 2008, Shandong Fuwei signed a Letter of Intent of Joyinn Capital Increase and Share Expansion (“LOI”) with Joyinn Hotel Investment & Management Co., Ltd. (“Joyinn”) and the Shareholder of Joyinn. Joyinn is a legal company of limited liability that registered on May 19, 2006 in Beijing, with registered capital of RMB 50 million. In order to grow Joyinn plans to increase its registered capital by RMB 52 million to a total of RMB102 million, and plans to accept Shandong Fuwei as a new shareholder to invest and buy its shares. According to the LOI, Shandong Fuwei deposited RMB 26 million (half of the would-be added register capital of RMB 52 million), to Joyinn as the prepayment as of March 31, 2008. The prepayment to Joyinn will be regarded as investment payment after all parties enter into the final capital increase and shares expansion agreement during the effective term of this LOI. A share pledging agreement was entered into subsequently on April 9, 2008 between Shandong Fuwei and Shandong Xinmeng Investment Co., Ltd (“Pledger”), which holds 97.6% shares of Joyinn. The Pledger agreed to pledge its 52% interest in Joyinn, as a guarantee of the prepayment on the newly increased register capital made by Shandong Fuwei.

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NOTE 9 - SHORT-TERM BANK LOANS

Lender	Interest rate per annum	Mar-31-2008 (RMB)	(US$)	Dec-31-2007 (RMB)
		(Unaudited)		
Bank of Communications Co., Ltd.				
- January 15, 2007 to January 15, 2008	6.73%	-	-	100,000
- February 6, 2007 to January 15, 2008	6.73%	-	-	52,590
- January 29, 2008 to July 19, 2008	7.23%	88,580	12,633	-
- July 30, 2007 to July 30, 2008	8.22%	60,000	8,557	-
Weifang Commercial Bank				
- January 31, 2007 to January 30, 2008	3.06%	-	-	16,500
- October 30, 2007 to January 24, 2008	0.00%	-	-	3,500
- January 24, 2008 to January 12, 2009	0.00%	10,000	1,427	-
- January 30, 2008 to January 18, 2009	0.00%	10,000	1,427	-
Bank of China				
- August 25, 2007 to August 24, 2008	6.02%	4,640	661	4,826
- August 13, 2007 to August 12, 2008	6.03%	3,270	466	3,399
- August 31, 2007 to August 30, 2008	6.01%	2,168	309	2,252
- August 31, 2007 to August 30, 2008	6.01%	2,983	425	3,100
- November 14, 2007 to November 14, 2008	5.66%	1,790	255	1,860
- March 13, 2008 to March 13, 2009	5.45%	2,238	319	-
Total		185,669	26,479	188,027

During the period ended March 31, 2008 and December 31, 2007, the Company entered into various loan agreements with commercial banks with terms ranging from six months to one year to finance its working capital, construction, and foreign trade. None of the loan agreements requires the Company to comply with financial covenants. The weighted average interest rate of short-term bank loans outstanding as of March 31, 2008 and December 31, 2007 were 6.65% and 6.22% per annum, respectively.

The principal amounts of the above short-term loans are repayable at the end of the loan period.

Following the maturity of the short-term loans of RMB52,590 and RMB100,000 from Bank of Communications Co., Ltd. on January 15, 2008, the Company obtained from Bank of Communications Co.,

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NOTE 9 - SHORT-TERM BANK LOANS (continued)

Ltd. new short terms loans of RMB60,000 and RMB88,580 on December 29, 2007 (the effective date of the loan) and January 29, 2008 respectively, with the maturity date on July 30, 2008 and July 19, 2008, respectively, and interest charged at 8.217% and 7.227% per annum.

The Company obtained from Weifang Commercial Bank new short term loan of RMB16,500 (US$ 2,353) on January 31, 2007, with the maturity date on January 30, 2008, and interest charged at 3.060% per annum. The Company obtained from Weifang Commercial Bank new short term loan of RMB3,500(US$ 499) on October 30, 2007, with the maturity date on January 24, 2008 and , and interest charged at 0% per annum. The loan is a kind of industrial development fund loan administered by the local government in Shandong with the purpose of enhancing the independent innovation and technical research and development ability of local enterprises and supporting the development of local high and new technology companies. RMB 20,000 (US$2,852) proceeds from this loan have been invested in the construction of the Fuwei R&D center testing production line project. Following the maturity of the loans of RMB16,500 and RMB3,500 from Weifang Commercial Bank on January 30, 2008 and January 24,2008, the Company obtained two new free interest short-terms loans amount of RMB10,000 on January 24, 2008 and January 30, 2008 respectively, with the maturity date on January 12, 2009 and January 18, 2009, respectively, they are also industrial development fund loan administered by the local government in Shandong for above mentioned purpose.

In August and September 2007, Shandong Fuwei was recommended a foreign currency portfolio from Bank of China Weifang branch, for which it believed, would reduce the cost of foreign exchange for Shandong Fuwei import raw material. The portfolio transactions are guaranteed by total RMB 17,556 (US$2,504) security deposit. Loan contract is signed between two parties when L/C is opened and contract stated that term is one year and lending interest rates base on low fix benchmark interest rate of the People's Bank of China (the "PBOC"), and dollar is purchased at lower exchange rate. The Company obtained from Bank of China new short term loans totaling RMB17,089 from August 2007 to March 2008, with maturity terms of one year from the borrowing dates. The interest rates are between 5.45% to 6.03% per annum.

NOTE 10 - INTEREST EXPENSE

The Group capitalizes interest expense as a component of the cost of construction in progress. The following is a summary of interest cost incurred during the periods ended March 31, 2008 and 2007:

	Three Months Period Ended Mar. 31, 2008 (Unaudited)		Three Months Period Ended Mar. 31, 2007 (Unaudited)
	RMB	US$	RMB
Interest cost capitalized	-	-	1,594
Interest cost charged to expense	3,790	529	3,150
	3,790	529	4,744

NOTE 11-INCOME TAX

The Company is registered in Cayman Islands and has operations in primarily two tax jurisdictions - the PRC and Cayman Island.

The provision for income taxes from operations on income consists of the following for the three month periods ended March 31, 2008 and 2007:

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NOTE 11-INCOME TAX (continued)

	Mar-31-2008			Mar-31-2007
	RMB		USD	RMB
Cayman Islands Current Income Tax Expense (Benefit)	-	$	-	-
PRC Current Income Tax Expense (Benefit)	993	$	139	959
Deferred Tax Expense (Benefit)	-		-	530
Total Provision for Income Tax	993	$	139	1,489

The following is a reconciliation of the provision for income taxes at the U.S. federal income tax rate to the income taxes reflected in the Statement of Operations:

	Mar-31-2008	