

China Fangda Group Co., Ltd.

Predictive Announcement of Business Performance

The members of the Board and the Company acknowledge being responsible for the truthfulness, accuracy, and completeness of the announcement. Not any false record, misleading statement or significant omission carried in this announcement.

I. Prediction of the business performance of the current term

1. Period: January 1st 2005 to June 30th 2005
2. Performance prediction: Loss Significant increasing on the same direction
Decreasing significantly by 50% Turning to positive
3. The amendment of business prediction has been pre-audited by CPA? Yes No.

II. Performance of the corresponding period of previous year

1. Net profit: RMB9,340,013.74
2. Earnings per share: RMB0.0315

III. Reason of not providing performance prediction in the previous report

During the 2nd season of 2005, the production facilities of construction materials division was moving to Fangda (Jiangxi) New Material Technical Zone. The influence on the production was beyond the prediction of the Company.

The moving works have been completed at the beginning of July.

The Board of Directors of
China Fangda Group Co., Ltd.

July 9th 2005