

**China Fangda Group Co., Ltd.  
Amendment of 2007 Semi-annual Report Announcement**

**The Company and the whole members of the Board of Directors hereby confirm that there are no false statements, misleading presentation or material omissions carried in this information as disclosed and ensure the correctness, accuracy and completeness of the details.**

Fangda Group Co., Ltd. published its 2007 Semi-annual Report (Full Text and Summary) on July 21, 2007 and has made amendment with details as follows:

**1. Change in the Company's Shares**

**Before Change:**

(1) Change in the Company's Shares:

	Before the change		Increase/ Decrease (+ / -) as of the year					After the change	
	Q'ty	Proportion	New issuing	Bonus shares	Shares converted from the capital reserve	Others	Sub-total	Q'ty	Proportion
I. Shares with sales restriction	71,919,175	20.39%			7,191,918	3,724	7,195,642	79,114,817	20.39%
I. Shares with sales restriction									
1. Shares held by the state									
2. State legal person shares	71,919,175	20.39%			7,191,918	3,724	7,195,642	79,114,817	20.39%
3. Other domestic shares	71,840,400	20.37%			7,184,040		7,184,040	79,024,440	20.37%
including: domestic non-state legal person shares	78,775	0.02%			7,878	3,724	11,602	90,377	0.02%
Domestic natural person shares									
4. Shares held by foreign investors									
including: foreign legal person shares									

Foreign natural person shares	280,796,825	79.61%			28,079,682	-3,724	28,075,958	308,872,783	79.61%
II. Shares with no restricted sales conditions	107,808,905	30.57%			10,780,890	-3,724	10,777,166	118,586,071	30.57%
1. RMB ordinary shares	172,987,920	49.04%			17,298,792		17,298,792	190,286,712	49.04%
2. Foreign shares listed domestically									
3. Foreign shares listed abroad									
4. Others	352,716,000	100.00%			35,271,600		35,271,600	387,987,600	100.00%

**After Change:**

(1) Change in the Company's Shares:

	Before the change		Increase/ Decrease (+ / -) as of the year					After the change	
	Q'ty	Proportion	New issuing	Bonus shares	Shares converted from the capital reserve	Others	Sub-total	Q'ty	Proportion
I. Shares with sales restriction	109,110,775	30.93%			7,191,918	-37,207,595 ( see note )	-30,015,677	79,095,098	20.39%
1. Shares held by the state									
2. State legal person shares									
3. Other domestic shares	109,110,775	30.93%			7,191,918	-37,207,595	-30,015,677	79,095,098	20.39%
including: domestic non-state legal person shares	109,032,000	30.91%			7,184,040	-37,191,600	-30,007,560	79,024,440	20.37%
Domestic natural person shares	78,775	0.02%			7,878	-15,995	-8,117	70,658	0.02%
4. Shares held by foreign investors									
including: foreign legal person shares									
Foreign natural person shares									
II. Shares with no	243,605,22	69.07%			28,079,68	37,207,595	65,287,277	308,892,502	79.61%

restricted sales conditions	5			2					
1. RMB ordinary shares	70,617,305	20.03%		10,780,890	37,207,595	47,988,485	118,605,790	30.57%	
2. Foreign shares listed domestically	172,987,920	49.04%		17,298,792		17,298,792	190,286,712	49.04%	
3. Foreign shares listed abroad									
4. Others									
III. Total Shares	352,716,000	100.00%		35,271,600	0	35,271,600	387,987,600	100.00%	

Note: In the report period, the shares with sales restriction held by the shareholders of shares with sales restriction have satisfied the conditions for removing sales restriction. The number of this part of shares was 37,191,600. Commencing from April 25, 2007, they have become shares without sales restriction and can be listed for trading in the stock market. 25% of the shares with sales restriction held by the directors, supervisors and senior executives of the Company totaling 19,719 shares have been duly removed from sales restriction and have become shares without sales restriction. Meanwhile, 100% of the shares held by the senior executives who left their office in the previous year totaling 7,776 shares with holding time of over 6 months in the report period were removed from sales restriction; the shares held by the same totaling 11,500 shares with holding time of less than 6 months would be locked as the shares with sales restriction.

In the report period, Shenzhen Banglin Technology Development Co., Ltd., the Company's biggest shareholder, reducing the shareholding size by 13,150,800 shares of the Company through the trading system of Shenzhen Stock Exchange. As a result, its shareholding proportion has been reduced from 17.01% to 13.56% of the Company's total shares. In the report period, Shenzhen Shilihe Investment Co., Ltd., the Company's second biggest shareholder, reduced the shareholding size by 18,608,800 shares of the Company through the trading system of Shenzhen Stock Exchange. As a result, its shareholding proportion has been reduced from 13.36% to 8.49% of the Company's total shares.

## 2. Financial data of the report period have undergone the following adjustment:

(1) With cautious consideration, the external investment gains of RMB12,000,000 by Fangda New Material (Jiangxi) Co., Ltd.- the controlled subsidiary of the Company in the report term is not recognized temporarily, but transferred from non-business income to deferred income, and record in debit of non-business income by RMB12,000,000, and in credit of deferred income of RMB12,000,000 (under other long term liabilities in the financial statements).

(2) Investment property accounted at fair value but adjusted according to market value, the original value of RMB209,196,628.00 was adjusted to RMB242,451,947.68,

and recorded in debit of investment property of RMB33,255,319.68, and credit of gain/loss from change of fair value by RMB33,255,319.68.

For the difference between the book value and taxable basis caused by adjustment of fair value of investment property, it was increased in both deferred income tax liability and income tax, by recorded in debit of income tax by RMB4,988,297.95, and credit of deferred income tax liability by RMB4,988,297.95.

Influenced by the above two adjustments, the relative financial data are changed as the followings:

## 2.1 Financial Data Summary

### Before Change:

	End of the report period	End of the previous year	Increase/decrease of the end of the report period vs the end of the previous year (%)
Total assets	1,218,498,673.20	1,202,945,538.36	1.29%
Owners'/shareholders' equity	504,884,266.84	495,109,976.64	1.97%
Net assets per share	1.30	1.40	-7.14%
	Report period (Jan to Jun)	Same Period of the Previous Year	Increase/decrease of the report period vs the same period of the previous year (%)
Operating profit	-9,621,394.76	-6,259,907.48	-53.70%
Total profit	10,107,834.02	9,957,386.75	1.51%
Net profit	9,774,290.20	10,282,535.32	-4.94%
Net profit after deduction of non-recurring loss/gain	-9,116,359.10	-5,921,532.73	-53.95%
Basic earnings per share	0.030	0.030	0.00%
Diluted earnings per share	0.030	0.030	0.00%
Net assets-income ratio	1.94%	2.08%	-0.14%

Note: The total amount of nonrecurring income is RMB 18,890,649.30 which is itemized as follows: gain/loss from disposal of non-current assets: RMB 1,743,825.28; Governmental subsidy income: RMB 302,216.00; Gain/loss from that the consolidation cost less than the fair value of recognizable net assets enjoyable in the consolidated unit is RMB 12,000,000.00。 Income from debts reorganization: RMB 5,785,499.03; net amount of other non-operating revenue and expenditure: RMB -102,311.53; minority shareholders' equity less the nonrecurring gain and loss: RMB 838,579.48.

### After Change:

	End of the report period	End of the previous year	Increase/decrease of the end of the

			report period vs the end of the previous year (%)
Total assets	1,251,753,992.88	1,202,945,538.36	4.06%
Owners'/shareholders' equity	521,151,288.57	495,109,976.64	5.26%
Net assets per share	1.34	1.40	-4.31%
	Report period (Jan to Jun)	Same Period of the Previous Year	Increase/decrease of the report period vs the same period of the previous year (%)
Operating profit	23,633,924.92	-6,259,907.48	---
Total profit	31,363,153.70	9,957,386.75	214.97%
Net profit	26,041,311.93	10,282,535.32	153.26%
Net profit after deduction of non-recurring loss/gain	19,150,662.63	-5,921,532.73	---
Basic earnings per share	0.07	0.03	123.73%
Diluted earnings per share	0.07	0.03	123.73%
Net assets-income ratio	5.00%	2.08%	2.92%

Note: The total amount of nonrecurring income is RMB 6,890,649.30 which is itemized as follows: gain/loss from disposal of non-current assets: RMB 1,743,825.28; Governmental subsidy income: RMB 302,216.00; Income from debts reorganization: RMB 5,785,499.03; net amount of other non-operating revenue and expenditure: RMB -102,311.53; minority shareholders' equity less the nonrecurring gain and loss: RMB 838,579.48.

## 2.2 Net assets-income ratio and earnings per share

### Before Change:

Profit	Net assets-income ratio		Earnings per share	
	Fully diluted	Weighted average	Basic earnings per	Diluted earnings
Operating profit	-1.91%	-1.92%	-0.02	-0.02
Net profit	1.94%	1.95%	0.03	0.03
Net profit after deduction of non-recurring loss/gain	-1.81%	-1.82%	-0.02	-0.02

### After Change:

Profit	Net assets-income ratio		Earnings per share	
	Fully diluted	Weighted average	Basic earnings per	Diluted earnings
Operating profit	4.53%	4.65%	0.061	0.061

Net profit	5.00%	5.12%	0.067	0.067
Net profit after deduction of non-recurring loss/gain	3.67%	3.77%	0.049	0.049

### 2.3 Data in connection with the Balance Sheet

Items	Amount at the end of the report period after change		Amount at the end of the report period before change	
	Consolidated	Parent company	Consolidated	Parent company
...	...	...	...	...
Investment Based Real Estate	242,451,947.68	235,905,790.00	209,196,628.00	202,266,626.00
...	...	...	...	...
Total non-current assets	630,695,641.58	638,540,889.59	597,440,321.90	604,901,725.59
Total assets	1,251,753,992.88	846,311,289.13	1,218,498,673.20	812,672,125.13
...	...	...	...	...
Deferred income tax liability	12,454,581.88	11,324,768.88	7,466,283.93	6,278,894.28
Other non-current liabilities	12,000,000.00			
Total non-current liabilities	34,854,581.88	16,124,768.88	17,866,283.93	11,078,894.28
Total liabilities	725,417,442.76	329,081,180.04	708,429,144.81	324,035,305.44
...	...	...	...	...
Retained Earnings	29,544,732.76	56,432,237.71	13,277,711.03	27,838,948.31
Total owners' equity attributable to the parent company	521,151,288.57	517,230,109.09	504,884,266.84	488,636,819.69
Minority shareholders' equity:	5,185,261.55	0.00	5,185,261.55	
Total owner's equity	526,336,550.12	517,230,109.09	510,069,528.39	488,636,819.69
Total liabilities and owners' equity	1,251,753,992.88	846,311,289.13	1,218,498,673.20	812,672,125.13

### 2.4 Data in connection with the Profit Statement

Items	After change in the report period		Before change in the report period	
	Consolidated	Parent company	Consolidated	Parent company
...	...	...	...	...
Plus: Income from change in fair value (loss)	33,255,319.68	33,639,164.00		

stated with “-“)				
...	...	...	...	...
II. Profit from businesses (loss stated with “-“)	23,633,924.92	31,759,630.53	-9,621,394.76	-1,879,533.47
Plus: Non-operating income	9,138,551.91	141,848.05	21,138,551.91	141,848.05
...	...	...	...	...
IV. Total Profit (total loss stated with “-“)	31,363,153.70	31,849,478.58	10,107,834.02	-1,789,685.42
Income tax	4,981,698.90	5,083,093.27		
V. Net Profit (loss stated with “-“)	26,381,454.80	26,766,385.31	10,114,433.07	-1,826,904.09
Net profit attributable to the owner of the parent company	26,041,311.93		9,774,290.20	
VI. Earnings per share*				
(I) Basic Earnings per Share	0.07		0.03	
(II) Diluted earnings per share	0.07		0.03	

**2.5 Data in connection with the Statement of Change in Owners' Equity  
Before Change:**

Items	Amount in the report period								
	Owner's Equity Attributable to the Parent Company							Minority shareholder's equity	Total owner's equity
	Capital Stock	Capital reserve	Less: shares in stock	Surplus reserve	Reserve for general risks	Retained earnings	Others		
---	---	---	---	---	---	---	---	---	---
III. Increase/decrease in the report year (decrease stated with "-")	35,271,600.00	-35,511,640.87	0.00	-32,022,212.26	0.00	41,796,502.46	240,040.87	340,142.87	10,114,433.07
(I) Net profit						9,744,290.20		340,142.87	10,114,433.07
---	---	---	---	---	---	---	---	---	---
Total of the above (I) and (II)	0.00	0.00	0.00	0.00	0.00	9,744,290.20	0.00	340,142.87	10,114,433.07
---	---	---	---	---	---	---	---	---	---
IV. Ending Balance of	35,271,600.00	72,810,271.38	0.00	30,808,684.43	0.00	13,277,711.03	0.00	4,686,389.38	509,570,656.22

the period									
------------	--	--	--	--	--	--	--	--	--

**After Change**

Items	Amount in the report period								
	Owner's Equity Attributable to the Parent Company							Minority shareholder's equity	Total owner's equity
	Capital Stock	Capital reserve	Less: shares in stock	Surplus reserve	Reserve for general risks	Retained earnings	Others		
---	---	---	---	---	---	---	---	---	---
III. Increase/decrease in the report year (decrease stated with "-")	35,271,600.00	-35,511,640.87	0.00	-32,022,212.26	0.00	58,063,524.19	240,040.87	340,142.87	58,643,707.93
(I) Net profit						26,041,311.93		340,142.87	26,381,454.80
---	---	---	---	---	---	---	---	---	---
Total of the above (I) and (II)	0.00	0.00	0.00	0.00	0.00	26,041,311.93	0.00	340,142.87	26,381,454.80

---	---	---	---	---	---	---	---	---	---
IV. Ending Balance of the period	35,271,600.00	72,810,271.38	0.00	30,808,684.43	0.00	29,544,732.76	0.00	5,185,261.55	526,336,550.12

## 2.6 Data in connection with the Notes to the Accounting Statement

### 2.6.1 Investment Based Real Estate

#### Before Change:

Projects	Opening Book Balance	Increase in the year	Decrease in the year	Ending Book Balance
Whole single dormitory building at Beihuan Road, Nanshan District, Shenzhen	8,761,499.00			8,761,499.00
Whole special factory building at Beihuan Road, Nanshan District, Shenzhen	20,761,388.00			20,761,388.00
Whole factory buildings No. 2 and 3 at Beihuan Road, Nanshan District, Shenzhen	15,693,182.00			15,693,182.00
Fangda Technology Building, Keji S. Road 12, Hi-tech Industry Park	157,050,557.00			157,050,557.00
No. 43, Ground Floor, Building B, Wanda Business Plaza, Wuhan	2,566,320.00			2,566,320.00
No. 4, 3 <sup>rd</sup> Floor, Building 8-9, No. 33 Minyi Road 4, Qiaokou District, Wuhan	2,420,676.00			2,420,676.00
Room 903, Building B, No. 300, Huanshi C.	865,489.00			865,489.00

Road, Yuexiu District, Guangzhou			
Room 904, Building B, No. 300, Huanshi C. Road, Yuexiu District, Guangzhou	1,077,517.00		1,077,517.00
Total	209,196,628.00		209,196,628.00

After change

Projects	Opening Book Balance	Increase in the year	Decrease in the year	Ending Book Balance
Whole single dormitory building at Beihuan Road, Nanshan District, Shenzhen	8,761,499.00	3,760,891.00		12,522,390.00
Whole special factory building at Beihuan Road, Nanshan District, Shenzhen	20,761,388.00	5,654,022.00		26,415,410.00
Whole factory buildings No. 2 and 3 at Beihuan Road, Nanshan District, Shenzhen	15,693,182.00	9,407,178.00		25,100,360.00
Fangda Technology Building, Keji S. Road 12, Hi-tech Industry Park	157,050,557.00	14,817,073.00		171,867,630.00
No. 43, Ground Floor, Building B, Wanda Business Plaza, Wuhan	2,566,320.00		485,520.00	2,080,800.00
No. 4, 3 <sup>rd</sup> Floor, Building 8-9, No. 33 Minyi Road 4, Qiaokou District, Wuhan	2,420,676.00		191,106.00	2,229,570.00
Room 903, Building B, No. 300, Huanshi C. Road, Yuexiu District, Guangzhou	865,489.00	130,415.84		995,904.84
Room 904, Building B, No. 300, Huanshi C. Road, Yuexiu District, Guangzhou	1,077,517.00	162,365.84		1,239,882.84
Total	209,196,628.00	33,931,945.68	676,626.00	242,451,947.68

### 2.6.2 Other non-current liabilities

Item	After change June 30, 2007	Before change June 30, 2007
Deferred income	12,000,000.00	0.00

### 2.6.3 Retained earnings

Items	After change June 30, 2007	Before change June 30, 2007
Retained earnings at beginning of the year	-28,518,791.43	-28,518,791.43
Plus: Adjusted increase/(decrease) of the retained earnings at the year beginning		
Consolidated net profit in the year	26,041,311.93	9,774,290.20
Other transfer in		
Less: Provision of statutory surplus reserve		
Provision of statutory public reserve		
Dividend of general shares payable		
Plus: Make-up of loss with the surplus reserve	32,022,212.26	32,022,212.26
Retained earnings at year end	29,544,732.76	13,277,711.03

### 2.6.4 Non-operating income

Items	After change June 30, 2007	Before change June 30, 2007
-------	----------------------------	-----------------------------

Penalty fine income	54,676.11	54,676.11
Transfer in of output VAT	1,225,288.88	1,225,288.88
Claim income	-	-
Income from disposal of non-current asset	1,743,825.28	1,743,825.28
Governmental subsidy	302,216.00	302,216.00
Penalty interest income	-	-
Consolidation cost of the enterprise consolidation less than the gain/loss arising from		
Gain/loss from that the consolidation cost less than the fair value of recognizable net assets enjoyable in the consolidated unit		12,000,000.00
Income from reorganization of liabilities	5,785,499.03	5,785,499.03
Others	27,046.61	27,046.61
Total	9,138,551.91	21,138,551.91

### 2.6.5 Gain/loss from change of fair value

Source of income arising from change in fair value	After change Jan - Jun, 2007	Before change Jan - Jun, 2007
Investment based real estate	33,255,319.68	0.00

### 2.6.6 Additional Information to the Cash Flow Statement

	After Change	Before Change

1. Adjusting net profit into cash flow for operating activity	Consolidated	Parent Company	Consolidate	Parent Company
Net profit	26,381,454.80	26,766,385.31	10,114,433.07	-2,015,356.24
----	---	---	---	---
Loss from change of the fair value (Income stated with “-”)	-33,255,319.68	-33,639,164.00		
---	---	---	---	---
Increase of operating account payable (less: decrease)	-33,220,637.59	737,529.53	-45,220,637.59	925,981.68

China Fangda Group Co., Ltd.

Board of Directors

September 15, 2007