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Fulbond Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 1041)

DISCLOSEABLE TRANSACTION

DISPOSAL OF INTERESTS IN AN ASSOCIATED COMPANY

The Board is pleased to announce that on 20th March, 2007, the Company entered into the Agreement with Silverplus pursuant to which Silverplus agreed to acquire and the Company agreed to dispose of the Sale Shares, representing approximately 31.73% of the equity interests in Fulhua. Upon Completion, the Company will not own any shares in Fulhua and Fulhua will cease to be an associated company of the Company.

The consideration for the Disposal is US\$340,000 (or approximately HK\$2,652,000) which has been paid by Silverplus to the Company in cash upon signing of the Agreement. The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Agreement and was determined with reference to, among others, the unaudited consolidated net asset value of Fulhua.

Under Rule 14.06(2) of the Listing Rules, the entering into of the Agreement constitutes a discloseable transaction of the Company. Accordingly, a circular containing details of the Disposal will be despatched to the Shareholders as soon as practicable in accordance with the requirements of Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 20th March, 2007, the Company entered into the Agreement with Silverplus pursuant to which Silverplus agreed to acquire and the Company agreed to dispose of the Sale Shares. Upon Completion, the Company will not own any shares in Fulhua and Fulhua will cease to be an associated company of the Company.

Prior to the Disposal, the Company held 9,000,000 ordinary shares and 5,525,275 Class A preferred shares of Fulhua which represented approximately 31.73% of the equity interests in Fulhua. To the best of the Directors' knowledge, information and belief having made reasonable enquiry, the other shareholders of Fulhua are third parties independent of the Company and the connected persons of the Company (as defined under the Listing Rules).

THE AGREEMENT

Date

20th March, 2007

Parties

Vendor: The Company

Purchaser: Silverplus, an independent third party

The Purchaser is an investment holding company. To the best of the Directors' knowledge, information and belief having made reasonable enquiry, Silverplus and the ultimate beneficial owners of Silverplus are third parties independent of the Company and the connected persons of the Company (as defined under the Listing Rules).

Assets to be disposed of

Pursuant to the Agreement, Silverplus agreed to acquire and the Company agreed to dispose of the Sale Shares, representing approximately 31.73% of the equity interests in Fulhua.

Consideration

The consideration for the Disposal is US\$340,000 (or approximately HK\$2,652,000) which has been paid by Silverplus to the Company in cash upon signing of the Agreement. The consideration for the Disposal

was arrived at after arm's length negotiations between the parties to the Agreement and was determined with reference to, among others, the unaudited consolidated net asset value of Fulhua.

Conditions

Completion shall be conditional upon fulfilment of the following conditions:—

- (a) completion by Silverplus of the due diligence review and Silverplus being reasonably satisfied with the results thereof; and
- (b) the board of Fulhua resolving to approve the sale of the Sale Shares contemplated in the Agreement.

If any of the conditions set out above has not been fulfilled (or waived by Silverplus) on or before 31st March, 2007 or such other date as the parties may agree in writing, the Agreement shall lapse and be terminated and thereafter all rights, obligations and liabilities of all parties hereunder shall cease and determine and no party shall have any claim against the other under the Agreement except for antecedent breach.

Completion

Completion shall take place at 11:00 a.m. on or before the third Business Day after the fulfillment (or, as the case may be, waiver) of the conditions of the Agreement or such later date as the parties shall agree. Upon Completion, the Company will not own any shares in Fulhua and Fulhua will cease to be an associated company of the Company.

INFORMATION ON FULHUA

Fulhua is an investment holding company incorporated in the Cayman Islands whose subsidiaries, Forward Sino Enterprises Limited, Fulhua Microelectronics (Shanghai) Corporation, Fulhua Microelectronics Corporation USA, Incorporated and Sota Design Technology Inc., are engaged in the provision of integrated circuit design services.

The audited consolidated net loss before tax and minority interests of Fulhua for the two years ended 31st December, 2004 and 2005 were US\$5,146,922 (or approximately HK\$40,145,992) and US\$5,799,002 (or approximately HK\$45,232,216) respectively and the audited consolidated net loss after tax and minority interests of Fulhua for the two years ended 31st December, 2004 and 2005 were US\$4,422,113 (or approximately HK\$34,492,481) and US\$5,352,108 (or approximately HK\$41,746,442).

The unaudited consolidated net loss before and after tax and minority interests of Fulhua for the year ended 31st December, 2006 was US\$4,861,791 (or approximately HK\$37,921,970) and US\$4,443,680 (or approximately HK\$34,660,704) respectively.

The audited consolidated net asset values of Fulhua were US\$9,151,078 (or approximately HK\$71,378,408) and US\$5,199,263 (or approximately HK\$40,554,251) as at 31st December, 2004 and 31st December, 2005 respectively. The unaudited consolidated net asset value of Fulhua as at 31st December, 2006 was US\$792,378 (or approximately HK\$6,180,548).

The estimated net proceeds for the Disposal will amount to approximately HK\$2,352,000. The Directors intend to utilize the net proceeds from the Disposal for general working capital purpose.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the unaudited consolidated net asset value of Fulhua as at 31st December, 2006 of approximately US\$792,378 (or approximately HK\$6,180,548) and the consideration for the Disposal of US\$340,000 (or approximately HK\$2,652,000), it is estimated that there will be a gain of approximately US\$88,578 (or approximately HK\$690,908) on the Disposal.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the business of manufacturing and sale of wood products and investments in high-technology business.

The Group has invested in Fulhua for the past few years but has continuously incurred losses since then. Since the Directors intend to improve the overall performance of the Group and allocate the resources in a more efficient way, the Directors decided to dispose the interests in Fulhua in order to cut further potential losses shared in Fulhua. Upon Completion, the Company will not own any shares in Fulhua and Fulhua will cease to be an associated company of the Company.

The Directors (including the independent non-executive Directors) consider that the Disposal is in the interest of the Company and the Shareholders as a whole and the terms and conditions of the Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

GENERAL

Under Rule 14.06(2) of the Listing Rules, the entering into of the Agreement constitutes a discloseable transaction of the Company. Accordingly, a circular containing details of the Disposal will be despatched to the Shareholders as soon as practicable in accordance with the requirements of Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Agreement”	the sale and purchase agreement dated 20th March, 2007 entered into between the Company and Silverplus relating to the sale and purchase of the Sale Shares
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Business Day”	a day (excluding Saturday and any day on which no.8 signal or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon during a typhoon or on which a black rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which banks are open for business in Hong Kong
“Company”	Fulbond Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the sale and purchase of the Sale Shares
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company pursuant to the Agreement
“Fulhua”	Fulhua Microelectronics Corporation, a company incorporated in the Cayman Islands and an associated company of the Company which is owned as to approximately 31.73% by the Company prior to the Disposal

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Sale Shares”	9,000,000 ordinary shares and 5,525,275 Class A preferred shares of Fulhua held by the Company representing approximately 31.73% of the equity interests in Fulhua
“Share(s)”	share(s) of US\$0.001 each of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Silverplus”	Silverplus Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

In this announcement, sums expressed in US\$ have been translated into HK\$ at the rate of US\$1 = HK\$7.8.

For and on behalf of the Board
FULBOND HOLDINGS LIMITED
Zhang Xi
Director

Hong Kong, 20th March, 2007

At the date of this announcement, the executive Directors are Mr. Zhang Xi, Ms. Zhang Huafang, Mr. Cai Duanhong and Ms. Catherine Chen and the independent non-executive Directors are Mr. Hong Po Kui, Martin, Mr. Yam Tak Fai, Ronald and Mr. Wong Man Hin, Raymond.

Please also refer to the published version of this announcement in The Standard.