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福 邦 控 股

Fulbond Holdings Limited

福 邦 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

DISCLOSEABLE TRANSACTION

DISPOSAL OF ENTIRE INTERESTS IN AN ASSOCIATED COMPANY

On 19 September, 2007, Ta Fu Timber, a wholly-owned subsidiary of the Company, and Hubei Timber entered into the Agreement pursuant to which Hubei Timber agreed to acquire and Ta Fu Timber agreed to dispose of the Sale Shares (representing 48% of the equity interests in Hubei Fu Han Timber) at a consideration of RMB2,000,000 (or approximately HK\$2,060,000). Upon Completion, the Company will not own any shares in Hubei Fu Han Timber and Hubei Fu Han Timber will cease to be an associated company of the Company.

Under Rule 14.06(2) of the Listing Rules, the entering into of the Agreement constitutes a discloseable transaction of the Company. A circular containing further 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.

THE AGREEMENT

Date

19 September, 2007

Parties

Vendor: Ta Fu Timber, a wholly-owned subsidiary of the Company

Purchaser: Hubei Timber

* *for identification purpose only*

The principal business activities of the Purchaser is the manufacturing of wooden products. To the best of the Director's knowledge, information and belief having made reasonable enquiry, the Purchaser and the ultimate beneficial owner of the Purchaser are third parties independent of the Company and the connected persons of the Company.

Assets to be disposed of

Pursuant to the Agreement, the Purchaser agreed to acquire and the Vendor agreed to dispose of the Sale Shares, representing 48% of the equity interests in Hubei Fu Han Timber.

Consideration and payment terms

The consideration amounts to RMB2,000,000 (or approximately HK\$2,060,000) and shall be satisfied in cash and payable by the Purchaser to the Vendor in the following manner:

- (i) the sum of RMB1,000,000 (equivalent to approximately HK\$1,030,000) shall be paid by Hubei Timber within 10 days upon signing of the Agreement ("First Payment"); and
- (ii) the remaining balance of RMB1,000,000 (equivalent to approximately HK\$1,030,000) shall be paid by Hubei Timber within 1 year from the date of the Agreement ("Deferred Payment").

In the event that the Purchaser default to pay the First Payment, the Vendor has the refusal rights to provide or sign any Sale Shares transfer documents; and in the event that the Purchaser default to pay the Deferred Payment within 1 year from the date of the Agreement, the Purchaser shall pay the default interest which is calculated as 0.1% of the remaining balance of RMB1,000,000 per day. The Purchaser undertakes that it will not deal or transfer material assets or shares of Hubei Fu Han Timber before the outstanding balance of the consideration has been settled.

The consideration was arrived at after arm's length negotiations between the parties to the Agreement and was determined with reference to, among others, the loss making history and financial difficulties of Hubei Fu Han Timber.

Completion

Completion will take place upon the remaining balance of the consideration being paid by the Purchaser to the Vendor within 1 year from the date of the Agreement.

Upon Completion, the Company will not own any shares in Hubei Fu Han Timber and Hubei Fu Han Timber will cease to be an associated company of the Company.

INFORMATION ON HUBEI FU HAN TIMBER

Hubei Fu Han Timber is a sino-foreign equity joint venture established in the PRC in 1991 for an operating period of 25 years under the certificate of approval of Hubei Fu Han Timber with a registered capital of US\$4,567,565 and currently owned as to 48% by the Vendor and as to 52% by the Purchaser. The term of Hubei Fu Han Timber was for a period of 15 years commenced from 6 September 1991 to 5 September 2006 under the joint venture agreement signed in 1991. In view of the joint venture period will be expired in 2006, the Vendor and the Purchaser signed the supplemental agreement to further extend the joint venture period from 2006 to 2016. The principal business activities of Hubei Fu Han Timber are manufacturing and trading of blockboard, plywood-based products, decoration wooden products and other wooden products in Wu Chan Qu, Wuhan City, PRC.

FINANCIAL INFORMATION OF HUBEI FU HAN TIMBER

The financial statement of Hubei Fu Han Timber was prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants. The audited net loss after tax of Hubei Fu Han Timber for the two years ended 31 December 2005 and 2006 were approximately RMB1,961,000 (or approximately HK\$2,020,000) and RMB5,819,000 (or approximately HK\$5,994,000) respectively. The unaudited net loss after tax of Hubei Fu Han Timber for the six months ended 30 June 2007 was approximately RMB1,244,000 (or approximately HK\$1,281,000). The original investment cost in Hubei Fu Han Timber by the Company was RMB17,101,000 and the Company invested Hubei Fu Han Timber since its incorporation in 1994.

The audited net liabilities of Hubei Fu Han Timber were approximately RMB25,254,000 (or approximately HK\$26,012,000) as at 31 December 2006. The unaudited net liabilities of Hubei Fu Han Timber as at 30 June 2007 was RMB28,745,000 (or approximately HK\$29,607,000). The Company has written off its investment in Hubei Fu Han Timber to zero amount since 2002.

PROCEEDS FOR THE DISPOSAL

The estimated net proceeds for the Disposal will amount to approximately RMB1,800,000 (or approximately HK\$1,854,000). The Directors intend to utilize the net proceeds from the Disposal for general working capital purpose.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the consideration for the Disposal of RMB2,000,000 (or approximately HK\$2,060,000), it is estimated that there will be a gain of approximately RMB3,773,000 (or approximately HK\$3,886,000) 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 in the PRC.

The Group has invested in Hubei Fu Han Timber for the past few years but has continuously incurred losses since 2000. Since Hubei Fu Han Timber incurred losses continuously and the cost of raw materials were increased substantially, the Company has written off its investment in Hubei Fu Han Timber to zero amount since 2002. The Directors are of the view that the Disposal can improve the overall performance of the Group and it also allows the Group to allocate the resources in a more efficient way, the Directors decided to dispose the interests in Hubei Fu Han Timber. Upon Completion, the Group will continue to engage in the business of manufacturing and sale of wooden products, such as door skin and particle board products.

The Directors (including the independent non-executive Directors) consider that the Disposal is in the interests 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. A circular containing further 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 share transfer agreement dated 19 September 2007 entered into between Ta Fu Timber and Hubei Timber relating to the transfer of the Sale Shares
“Board”	board of Directors
“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
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company

“Disposal”	the disposal of the Sale Shares by Ta Fu Timber pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hubei Fu Han Timber”	湖北福漢木業有限公司 (Hubei Fu Han Timber Limited*), a sino-foreign equity joint venture
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Purchaser” or “Hubei Timber”	湖北省木業集團總公司 (Hubei Timber Group Company Limited*), a company incorporated in the PRC with limited liability and is a third parties independent of the Company and the connected persons of the Company
“Sale Shares”	the disposal of a 48% interest in Hubei Fu Han Timber
“Share(s)”	share(s) of US\$0.001 each of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “Ta Fu Timber”	Ta Fu Timber Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States Dollar, the lawful currency of the United States of America
“%”	per cent.

In this announcement, sums expressed in RMB have been translated into HK\$ at the rate of RMB1.00 = HK\$1.03.

For and on behalf of the board of
FULBOND HOLDINGS LIMITED

Zhang Xi

Chairman

Hong Kong, 25 September 2007

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