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Fulbond Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

(1) VERY SUBSTANTIAL ACQUISITION RELATING TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF AND THE ASSIGNMENT OF THE SHAREHOLDER'S LOAN IN LITHIUM ENERGY GROUP LTD.;

(2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;

(3) PLACING OF CONVERTIBLE NOTES;

(4) PROPOSED CAPITAL REORGANISATION AND CHANGE OF BOARD LOT SIZE;

AND

(5) RESUMPTION OF TRADING

Financial Adviser to the Company

KINGSTON CORPORATE FINANCE LTD.

Placing Agents

KINGSTON SECURITIES LTD.

粤海證券有限公司
GUANGDONG SECURITIES LIMITED

ACQUISITION AGREEMENT

The Board is pleased to announce that on 13 January 2011, the Purchaser which is a wholly-owned subsidiary of the Company, the Vendor and the Vendor's Guarantors entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares, which represents the entire issued share capital of the Target Company, and the Shareholder's Loan at the Consideration of HK$900 million of which (i) HK$370 million shall be paid by the Purchaser in cash to the Vendor and (ii) HK$530 million shall be paid by way of allotment and issue of Shares (or those corresponding shares of the Company after Capital Reorganisation becoming effective) as Consideration Shares to the Vendor in 5 stages in the manner set forth in the section headed "Consideration" below.

Pursuant to the Acquisition Agreement, the Vendor has guaranteed to the Company that the TG Consolidated Net Profit for the financial year of the Completion Date and the four financial years immediately after Completion Date will not be less than HK$1.12 billion. In the event that the Profit Target cannot be achieved, the Consideration will be adjusted according to the terms of the Acquisition Agreement in the manner set forth in the section head "Consideration" below.

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and will be subject to the approval of the Shareholders at the SGM under Rule 14.49 of the Listing Rules.

PLACING OF NEW SHARES

After the trading hours on 13 January 2011, the Company entered into the Kingston Placing Agreement with Kingston as placing agent. Pursuant to the Kingston Placing Agreement, the Company has conditionally agreed to place, through Kingston, 2,941,000,000 new Reorganised Shares, on a best effort basis, to not less than six Share Placees at the Placing Price.

After the trading hours on 13 January 2011, the Company entered into the GDS Placing Agreement with GDS as placing agent. Pursuant to the GDS Placing Agreement, the Company has conditionally agreed to place, through GDS, 5,882,000,000 new Reorganised Shares, on a best effort basis, to not less than six Share Placees at the Placing Price.

The gross proceeds and the net proceeds from the Kingston Placing will be approximately HK$499,970,000 and HK$494,970,000 respectively. The gross proceeds and the net proceeds from the GDS Placing will be approximately HK$999,940,000 and HK$989,940,000 respectively. The Board intends to apply the net proceeds arising from the Share Placings as follows: (i) as to approximately HK$370 million to satisfy the Cash Consideration; (ii) as to approximately HK$530 million to satisfy further Cash Consideration should the Purchaser exercises its right to change the payment method of the Consideration from payment by Consideration Shares or any part thereof to payment by cash as set out in the section headed "Consideration" below, provided that if no such right was exercised or if part of such right was exercised by the Purchaser, such amount or the remaining amount (as the case may be) will be utilized as general working capital of the Group and/or as funds for the Group's future investment opportunities; (iii) as to approximately HK$500 million for the future development of the Target Group in the northeastern region of the PRC in which Lithium Jilin is established; and (iv) as to approximately HK$80 million as general working capital of the Group and/or as funds for the Group's future investment opportunities.

The Placing Shares will be allotted and issued pursuant to a specific mandate to be obtained at the SGM. Application will be made to the Listing Committee of the Stock Exchange to grant the listing of, and permission to deal in, the Placing Shares.

PLACING OF CONVERTIBLE NOTES

After the trading hours on 13 January 2011, the Company entered into the CN Placing Agreement with the CN Placing Agent as placing agent. Pursuant to the CN Placing Agreement, the Company has conditionally agreed to place, through the CN Placing Agent, the Convertible Notes, on a best effort basis, to not less than six CN Placees.

The Convertible Notes will carry a right to convert into Conversion Shares at the conversion price of, subject to adjustment, HK$0.17 per Reorganised Share.

The gross proceeds and the net proceeds from the CN Placing will be approximately HK$500,000,000 and HK$495,000,000 respectively. The Board intends to apply the net proceeds (or any part thereof as the Company may consider necessary) obtained from the CN Placing for the future development of the Target Group in the northern region of the PRC in which certain subsidiaries of the Target Company in Tangshan are established as mentioned in the section headed “Proposed business plan” and/or as funds for future investment opportunities of the Group.

No application will be made for listing of the Convertible Notes. The Conversion Shares issuable on conversion of the Convertible Notes, will be, if approved by the Shareholders at the SGM, allotted and issued under a specific mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

PROPOSED CAPITAL REORGANISATION AND CHANGE OF BOARD LOT SIZE

The Company intends to put forward for approval by the Shareholders to effect the Capital Reorganisation which involves the following:

(a) Share Consolidation: every 10 Existing Shares of US$0.001 each in the issued share capital of the Company will be consolidated into one Consolidated Share of par value US$0.01;

(b) Capital Reduction: upon the Share Consolidation becoming effective, the par value of each issued Consolidated Share will be reduced from US$0.01 to US$0.001 by cancellation of US$0.009 of the paid-up capital of each issued Consolidated Share; and

(c) Share Premium Reduction: upon the Share Consolidation and the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company as at the date of the Capital Reorganisation becomes effective will be reduced and cancelled.

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lots of 2,000 Existing Shares. Subject to the Capital Reorganisation becoming effective, the board lot of the Shares will be changed to 10,000 Reorganised Shares.

GENERAL

The Circular containing, among others, further details of (i) the Acquisition, (ii) the Share Placings, (iii) the CN Placing, (iv) the Capital Reorganisation, (v) a notice of the SGM and (vi) other information concerning the Company as required under the Listing Rules will be despatched to the Shareholders on or before 31 March 2011.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 January 2011 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 7 February 2011.

Shareholders and potential investors should note that each of the Acquisition Agreement, the Share Placing Agreements and the CN Placing Agreement are subject to conditions to be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE ACQUISITION AGREEMENT

Date

13 January 2011

Parties

Purchaser:	Fulbond Investments Limited, a wholly-owned subsidiary of the Company
Vendor:	Hefu Limited
Vendor's Guarantors:	Yeung Tsoi San, Lau Yung and Fei Phillip

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners and Mr. Yeung Tsoi San and Mr. Lau Yung, is Independent Third Party. Mr. Fei Phillip is a fellow director of certain Directors in another listed company in Hong Kong. Save as aforesaid, Mr. Fei Phillip has no other relationship with the chief executive, Directors and substantial shareholder(s) of the Company or any of its subsidiaries and their respective associates.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, and the Shareholder's Loan from the Vendor.

Consideration

The Consideration payable for the Sale Shares and the Shareholder's Loan is HK$900 million of which (i) HK$370 million shall be paid by the Purchaser in cash to the Vendor and (ii) HK$530 million shall be paid by way of allotment and issue of Shares (or those corresponding shares of the Company after Capital Reorganisation becoming effective) as Consideration Shares to the Vendor at an issue price of HK$0.021 (or HK$0.21 after Capital Reorganisation becoming effective) per Consideration Share.

The Cash Consideration shall be advanced and on-lent to the Target Company by tranches for the purpose of acquisition of plant and machinery, construction of factory premises, purchase of raw materials and general working capital of the Target Group whereupon such advances shall constitute the Vendor's Loan. The Vendor has agreed to assign to the Purchaser such amount of loan as may be advanced by the Vendor to the Target Company from time to time (including but not limiting to the Vendor's Loan) (the "**Assigned Loan**") to secure the Secured Obligations.

The Consideration shall be paid in the following manner:

(a) a sum of HK$90 million including HK$60 million cash (the "**1st Stage Cash**") and 1,428,571,428 Existing Shares (or 142,857,142 Reorganised Shares after Capital Reorganisation becoming effective) to be issued at the Issue Price in an aggregate amount of HK$30 million (the "**1st Stage Shares**") (collectively, the "**1st Stage Consideration**"). 1st Stage Shares shall be issued on the Completion Date and the 1st Stage Cash shall be paid at the time of payments for acquisition of plant and machinery from the relevant supplier and in the manner as set out in the second paragraph of this section headed "Consideration".

    If the Target Group requires further financial resources prior to the payment of the 2nd Stage Consideration (as defined below), the Vendor will provide interest-free loan to the Target Group upon such terms and conditions to be agreed between the Target Company and the Vendor.

(b) a sum of HK$320 million including HK$150 million cash (the "**2nd Stage Cash**") and 8,095,238,095 Existing Shares (or 809,523,809 Reorganised Shares after Capital Reorganisation becoming effective) to be issued at the Issue Price in an aggregate amount of HK$170 million (the "**2nd Stage Shares**") (collectively, the "**2nd Stage Consideration**").

    Payment of the 2nd Stage Consideration shall be subject to the fulfillment of the following conditions precedent (the "**2nd Stage CP**") :

    (i) 1st Stage Profit Target has been achieved;

    (ii) the repair rate within warranty period and goods return rate of the products of the Target Group for the financial year of Acquisition Completion have attained the standard requirement of the relevant PRC industries, of not higher than 15%;

    (iii) the Purchaser is satisfied with the collection level of account receivables and the cash flows of the Target Group for the financial year of Acquisition Completion;

    (iv) the Target Group has obtained sales contracts or sales orders for the subsequent two years and the Purchaser is satisfied with such sales amounts or number of vehicles ordered;

(v) the Purchaser is satisfied with the construction progress of the production capacities of the Target Group;

(vi) all consents or approvals for the transactions contemplated under the Acquisition Agreement as required under the Listing Rules having been obtained and have not subsequently been revoked; and

(vii) such other detailed technical terms as considered necessary by the Purchaser.

The 2nd Stage Shares shall be issued in the first financial year after the Completion Date within 30 business days upon the fulfillment of the 2nd Stage CP and the 2nd Stage Cash shall be paid at the time of payments for acquisition of plant and machinery from the relevant supplier after fulfillment of the 2nd Stage CP and in the manner as set out in the second paragraph of this section headed "Consideration".

If the 2nd Stage CP is not fulfilled, the Consideration shall be adjusted to HK$90 million and that the Purchaser shall not be obliged to pay the 2nd Stage Consideration, the 3rd Stage Consideration, the 4th Stage Consideration and the 5th Stage Consideration. As a result of the non-fulfillment of the 2nd Stage CP (including the Profit Target), the Group may suffer loss (including any reduction in value of the Group's investment in the Target Group). Accordingly, the Purchaser shall have the right to treat the 1st Stage Loan as security for indemnifying the Purchaser's loss. Alternatively, the Purchaser shall have an option to require the Vendor to repurchase from the Purchaser the Sale Shares and the Shareholder's Loan at HK$90 million together with interest and the Purchaser shall have the right to treat the 1st Stage Loan as security for the payment of such consideration. There is no provision under the Acquisition Agreement that the Purchaser can waive the above rights.

Upon the fulfillment of the 2nd Stage CP, 1,428,571,428 Existing Shares (or 142,857,142 Reorganised Shares after Capital Reorganisation becoming effective) out of the 2nd Stage Shares (the "**2nd Stage Released Shares**") will be released and discharged by the Purchaser to the Vendor.

(c) a sum of HK$260 million including HK$160 million cash (the "**3rd Stage Cash**") and 4,761,904,761 Existing Shares (or 476,190,476 Reorganised Shares after Capital Reorganisation becoming effective) to be issued at the Issue Price in an aggregate amount of HK$100 million (the "**3rd Stage Shares**") (collectively, the "**3rd Stage Consideration**").

Payment of the 3rd Stage Consideration shall be subject to the fulfillment of the following conditions precedent (the "**3rd Stage CP**"):

(i) 1st Stage Profit Target and 2nd Stage Profit Target have been achieved;

(ii) the repair rate within warranty period and goods return rate of the products of the Target Group for the period from the financial year of Acquisition Completion to the end of the first financial year after Acquisition Completion have attained the standard requirement of the relevant PRC industries, of not higher than 15%;

(iii) the Purchaser is satisfied with the collection level of account receivables and the cash flows of the Target Group for the two financial years after Acquisition Completion;

(iv) the Target Group has obtained sales contracts or sales orders for the subsequent two years and the Purchaser is satisfied with such sales amounts or number of vehicles ordered;

(v) the Purchaser is satisfied with the construction progress of the production capacities of the Target Group;

(vi) all consents or approvals for the transactions contemplated under the Acquisition Agreement as required under the Listing Rules having been obtained and have not subsequently been revoked; and

(vii) such other detailed technical terms as considered necessary by the Purchaser.

The 3rd Stage Shares shall be issued in the second financial year after the Completion Date within 30 business days upon the fulfillment of the above conditions precedent and the 3rd Stage Cash shall be paid at the time of payments for acquisition of plant and machinery from the relevant supplier after fulfillment of the above conditions precedent and in the manner as set out in the second paragraph of this section headed "Consideration".

If the 3rd Stage CP is not fulfilled, the Consideration shall be adjusted to HK$410 million and that the Purchaser shall not be obliged to pay the 3rd Stage Consideration, the 4th Stage Consideration and the 5th Stage Consideration. As a result of the non-fulfillment of the 3rd Stage CP (including the Profit Target), the Group may suffer loss (including any reduction in value of the Group's investment in the Target Group). Accordingly, the Purchaser shall have the right to treat the 1st Stage Loan, 2nd Stage Loan and the balance of the 2nd Stage Shares after releasing the 2nd Stage Released Shares (i.e. 6,666,666,667 Shares (or 666,666,667 Reorganised Shares after Capital Reorganisation becoming effective)) (the "**2nd Stage Remaining Shares**") as security for indemnifying the Purchaser's loss. The trustee, acting for and on behalf of the Purchaser (the "**Trustee**"), shall be entitled to dispose of the 2nd Stage Remaining Shares and use the proceeds raised from such disposal to recover the loss of the Group. Alternatively, the Purchaser shall have an option to require the Vendor to repurchase from the Purchaser the Sale Shares and the Shareholder's Loan at HK$410 million together with interest and the Purchaser shall have the right to treat the 1st Stage Loan, the 2nd Stage Loan and the 2nd Stage Remaining Shares as security for the payment of such consideration. There is no provision under the Acquisition Agreement that the Purchaser can waive the above rights.

(d) a sum of HK$150 million (the "**4th Stage Consideration**") by way of allotment and issue of 7,142,857,142 Existing Shares (or 714,285,714 Reorganised Shares after Capital Reorganisation becoming effective) to be issued at the Issue Price (the "**4th Stage Shares**").

Payment of the 4th Stage Consideration shall be subject to the fulfillment of the following conditions precedent (the "**4th Stage CP**"):

(i) 1st Stage Profit Target, 2nd Stage Profit Target and 3rd Stage Profit Target have been achieved;

(ii) the repair rate within warranty period and goods return rate of the products of the Target Group for the period from the financial year of Acquisition Completion to the end of the second financial year after Acquisition Completion have attained the standard requirement of the relevant PRC industries, of not higher than 15%;

(iii) the Purchaser is satisfied with the collection level of account receivables and the cash flows of the Target Group for the three financial years after Acquisition Completion;

(iv) the Target Group has obtained sales contracts or sales orders for the subsequent two years and the Purchaser is satisfied with such sales amounts or number of vehicles ordered;

(v) the Purchaser is satisfied with the construction progress of the production capacities of the Target Group;

(vi) all consents or approvals for the transactions contemplated under the Acquisition Agreement as required under the Listing Rules having been obtained and have not subsequently been revoked; and

(vii) such other detailed technical terms as considered necessary by the Purchaser.

The 4th Stage Consideration shall be paid in the third financial year after the Completion Date within 30 business days upon the fulfillment of the above conditions precedent.

If the 4th Stage CP is not fulfilled, the Consideration shall be adjusted to HK$670 million and that the Purchaser shall not be obliged to pay the 4th Stage Consideration and the 5th Stage Consideration. As a result of the non-fulfillment of the 4th Stage CP (including the Profit Target), the Group may suffer loss (including any reduction in value of the Group's investment in the Target Group). Accordingly, the Purchaser shall have the right to treat the 1st Stage Loan, the 2nd Stage Loan, the 3rd Stage Loan, the 2nd Stage Remaining Shares and the 3rd Stage Shares as security for indemnifying the Purchaser's loss. The Trustee shall be entitled to dispose of the 2nd Stage Remaining Shares and the 3rd Stage Shares and use the proceeds raised from such disposal to recover the loss of the Group. Alternatively, the Purchaser shall have an option to require the Vendor to repurchase from the Purchaser the Sale Shares and the Shareholder's Loan at HK$670 million together with interest and the Purchaser shall have the right to treat the 1st Stage Loan, the 2nd Stage Loan, the 3rd Stage Loan, the 2nd Stage Remaining Shares and the 3rd Stage Shares as security for the payment of such consideration. There is no provision under the Acquisition Agreement that the Purchaser can waive the above rights.

(e) a sum of HK$80 million (the "**5th Stage Consideration**") by way of allotment and issue of 3,809,523,809 Existing Shares (or 380,952,380 Reorganised Shares of the Company after Capital Reorganisation becoming effective) to be issued at the Issue Price (the "**5th Stage Shares**").

Payment of the 5th Stage Consideration shall be subject to the fulfillment of the following conditions precedent (the "**5th Stage CP**"):

(i) 1st Stage Profit Target, 2nd Stage Profit Target, 3rd Stage Profit Target, 4th Stage Profit Target and the 5th Stage Profit Target have been achieved;

(ii) the repair rate within warranty period and goods return rate of the products of the Target Group for the period from the financial year of Acquisition Completion to the end of the fourth financial year after Acquisition Completion have attained the standard requirement of the relevant PRC industries, of not higher than 15%;

(iii) the Purchaser is satisfied with the collection level of account receivables and the cash flows of the Target Group for the five financial years after Acquisition Completion;

(iv) the Target Group has obtained sales contracts or sales orders for the subsequent two years and the Purchaser is satisfied with such sales amounts or number of vehicles ordered;

(v) the Purchaser is satisfied with the construction progress of the production capacities of the Target Group;

(vi) all consents or approvals for the transactions contemplated under the Acquisition Agreement as required under the Listing Rules having been obtained and have not subsequently been revoked; and

(vii) such other detailed technical terms as considered necessary by the Purchaser.

The 5th Stage Consideration shall be paid in the fifth financial year after the Completion Date within 30 business days upon the fulfillment of the above conditions precedent.

If the 5th Stage CP is not fulfilled, the Consideration shall be adjusted to HK$820 million and that the Purchaser shall not be obliged to pay the 5th Stage Consideration. As a result of the non-fulfillment of the 5th Stage CP (including the Profit Target), the Group may suffer loss (including any reduction in value of the Group's investment in the Target Group). Accordingly, the Purchaser shall have the right to treat the 1st Stage Loan, 2nd Stage Loan, 3rd Stage Loan, 2nd Stage Remaining Shares, the 3rd Stage Shares and the 4th Stage Shares as security for indemnifying the Purchaser's loss. The Trustee shall be entitled to dispose of the 2nd Stage Remaining Shares, the 3rd Stage Shares and the 4th Stage Shares and use the proceeds raised from such disposal to recover the loss of the Group. Alternatively, the Purchaser shall have an option to require the Vendor to repurchase from the Purchaser the Sale Shares and the Shareholder's Loan at HK$820 million together with interest and the Purchaser shall have the right to treat the 1st Stage Loan, the 2nd Stage Loan, the 3rd Stage Loan, the 2nd Stage Remaining Shares, the 3rd Stage Shares and the 4th Stage Shares as security for the payment of such consideration. There is no provision under the Acquisition Agreement that the Purchaser can waive the above rights.

(f) notwithstanding the above sub-paragraphs, after the fulfillment of the Conditions Precedent and prior to the Acquisition Completion, the Purchaser is entitled to change the payment method of the 1st Stage Consideration to the 5th Stage Consideration from payment by Consideration Shares or any part thereof to payment by cash. Any payment of Consideration in cash will be treated as part of the Cash Consideration.

(g) the above interest shall be calculated based on the interest rate for 1-year Hong Kong Dollar fixed deposit quoted from time to time by The Hongkong and Shanghai Banking Corporation Limited, calculated on a daily basis for the period from the payment date of the relevant consideration by the Purchaser under the Acquisition Agreement until the date of receipt of the relevant amount by the Purchaser from the Vendor.

In determining whether the Purchaser is satisfied with the conditions (iii) to (v) of the 2nd Stage CP, 3rd Stage CP, 4th Stage CP and the 5th Stage CP, the Company will review the overall position of the Target Group and will assess whether the interests of the Company will be jeopardized. The Purchaser will not claim satisfaction of such conditions or will not waive such conditions if it would have material adverse impact on the operation of the Target Group.

After the fulfillment of the Secured Obligations, the Assigned Loan shall be discharged on the issue date of the 5th Stage Shares, and the Target Company will repay the Vendor's Loan to the Vendor at that time.

The Vendor has also agreed to charge and assign the Charged Shares in favour of a trustee, acting for and on behalf of the Purchaser, to secure the performance of the Secured Obligations. After the fulfillment of the Secured Obligations, the Charged Shares shall be discharged on the issue date of the 5th Stage Shares, provided that upon fulfillment of the 2nd Stage CP, the 2nd Stage Released Shares shall be released while the 2nd Stage Remaining Shares shall remain to be charged under such share charge.

In the event that the Secured Obligations could not be fulfilled, the Purchaser shall be entitled to enforce the security in respect of the Assigned Loan and the Charged Shares to recover its loss.

The Consideration was determined after arm's length negotiations between the parties having taken into account (i) the Profit Target provided by the Vendor; (ii) the prospects of the Target Group, which is engaged in one of the industries with favourable policies to be issued by the Chinese government under the "12th Five-Year Plan", taking into consideration the potential growth of the Target Group and the potential income to be generated to the Group through the Target Group as set forth in the section headed "Reasons for and benefit of the Acquisition"; (iii) the prospects of the lithium and electric vehicles industry; and (iv) the benefits of the Acquisition as discussed in the section headed "Reasons for and benefit of the Acquisition. The Company will appoint a valuer to perform valuation on the business of the Target Group.

The Group intends to finance the Consideration by the proceeds from the Share Placings, details of which are set out under the section headed "Share Placings" in this announcement.

Conditions Precedent

Acquisition Completion is subject to and conditional upon the satisfactions in full or the waiver of the following Conditions Precedent by the Purchaser (save for conditions (f), (g) and (h) below which cannot be waived):

(a) Reorganisation shall have been duly and properly completed (in the form and content satisfactory to the Purchaser) and approval of the Reorganisation by the relevant governmental authority in the PRC shall have been obtained;

(b) PRC legal opinions from the PRC legal advisers acceptable to the Purchaser (in the forms and content satisfactory to the Purchaser) on, inter alia: (i) the due incorporation, shareholders and scope of business activities of Lithium Zhuhai; (ii) valid lithium operation licence (鋰電經營許可證) having been validly issued by the relevant PRC governmental authority; (iii) Reorganisation having been completed; and (iv) such other matters as reasonably required by the Purchaser;

(c) the audited combined accounts of the Target Group for the period from the date of incorporation up to 31 December 2010 and the management accounts of each member of the Target Group as at the last day of the month immediately preceding the Acquisition Completion (in the form and content satisfactory to the Purchaser) prepared by the auditor acceptable by the Purchaser;

(d) the Purchaser has not notified the Vendor that it is not satisfied with the results of the due diligence review of the Target Group, including but not limited to the satisfaction of the assets, liabilities, business, accounts, financial, legal and taxation structure of the Target Group before Acquisition Completion;

(e) due and proper completion of the placing of shares and convertible notes of the Company and obtaining the proceeds from such placing of not less than HK$1 billion;

(f) the Shareholders should have approved (i) the Acquisition Agreement and the transactions contemplated thereunder; (ii) the placing of shares and convertible notes of the Company and the transactions contemplated thereunder; and (iii) the Capital Reorganisation at the SGM in accordance with the Listing Rules;

(g) the Capital Reorganisation becoming effective;

(h) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Consideration Shares;

(i) the Purchaser has not notified the Vendor that it has come to the attention of the Purchaser that there is existence or the occurrence of matters which will lead to Vendor's breach of warranties under the Acquisition Agreement before Acquisition Completion;

(j) all necessary consents and approvals in relation to the sale and purchase of the Sale Shares and the Shareholder's Loan, the business of the Target Group and the Reorganisation having been obtained from relevant third parties (including any governmental or regulatory authorities) or no governmental or regulatory authorities have issued any law, statute or regulation restricting or limiting the sale and purchase of the Sale Shares and the Shareholder's Loan, the business of the Target Group and the Reorganisation; and

(k) all consents or approvals for the transactions contemplated under the Acquisition Agreement as required under the Listing Rules having been obtained and have not subsequently been revoked.

If the Conditions Precedent are not fulfilled (or waived by the Purchaser, save for conditions (f), (g) and (h) above which cannot be waived) on or before 30 June 2011 or such other date as the parties to the Acquisition Agreement may agree, the Acquisition Agreement and the transactions contemplated thereunder shall terminate and be null and void and of no further effect and no parties thereto shall have any liability to any other party, save in respect of any prior breaches.

The Company currently does not intend to waive any of the Conditions Precedent (other than conditions (f), (g) and (h) above which cannot be waived) prior to the Acquisition Completion. However, should the Company consider it to be necessary to waive any such Conditions Precedent, the Company will review the overall terms and conditions of the Acquisition after such wavier and may impose further terms and conditions to the waiver which may include an adjustment to the Consideration, as the Board considers necessary to safeguard the interest of the Company and its Shareholders. No waiver shall be exercised by the Board if it would have material adverse impact on the operation of the Target Group. In the event that there is any material variation to the terms of the Acquisition, the Company will comply with the relevant provisions of the Listing Rules.

Acquisition Completion

Acquisition Completion shall take place on the Completion Date.

None of the Directors has indicated that he/she will resign upon Acquisition Completion. The Company will appoint expertise with relevant experience in the business of the Target Group. In addition, the Company intends to appoint Mr. Fei Phillip as a Director upon Acquisition Completion. Notwithstanding that Mr. Fei Phillip has no relevant experience in the business of the Target Group, the Company believes that the appointment of Mr. Fei Phillip as a Director would be beneficial for the future development of the Target Group for the reasons that Mr. Fei Phillip has been playing an important role in public relations and publicity for exploring markets of the Target Group in various parts of the PRC. According to Mr. Fei, he has also introduced both domestic and international experts to the Target Group in exploring electric passenger vehicles related technologies. The Target Company shall appoint or retain two representatives nominated by the Vendor to the board of directors of the Target Company. During the Profit Target period, the Vendor shall be entitled to appoint two directors to the board of directors of each member of the Target Group and manage the daily operations of the Target Group, provided that any material matter concerning the Target Group shall obtain the prior approval of the board of directors of the Target Company.

Upon Acquisition Completion, the Target Group (other than (i) Lithium Caofeidian, (ii) Lithium Power Motor, (iii) Lithium Jilin and (iv) Lithium Guang which will become non wholly-owned subsidiaries of the Company) will become wholly-owned subsidiaries of the Company. Accounts of the Target Group will be consolidated into the Group's accounts.

Further covenants from the Vendor and the Vendor's Guarantors

The Vendor and the Vendor's Guarantors further covenant to the Purchaser that subject to applicable laws and regulations, within 3 months after the Acquisition Completion (or such other later date as agreed between the Vendor and the Purchaser), they will procure a company controlled by the Vendor and/or the Vendor's Guarantor (the "**Subject Company**") to acquire the registered capital of a PRC vehicle manufacturing company as a manufacturing base of the Target Group so as to facilitate the other businesses of the Target Group, including, the manufacturing of lithium-ion battery, power motor and controller and vehicle electronics and controller system and will grant an option to the Purchaser to acquire or to procure Lithium Zhuhai to acquire the entire or partial equity interests in the Subject Company for consideration payable in cash and/or by issue of Shares exercisable within 3 months after the completion of such acquisition. Such purchase price and the acquisition percentage will be agreed between the Vendor and the Purchaser. The intended acquisition is at a preliminary stage and accordingly it may or may not proceed. It is not expected that there will be material impact on the operation of the Group if the Company could not acquire the Subject Company. The Company will comply with the Listing Rules requirements should such acquisition materialises.

Consideration Shares

The Issue Price of HK$0.021 per Existing Share (or HK$0.21 per Reorganised Share after Capital Reorganisation becoming effective) was determined after arm's length negotiations between the parties with reference to the recent market price of the Shares.

The Issue Price of HK$0.021 per Existing Share represents:

(a) the closing price of HK$0.021 per Share as quoted on the Stock Exchange on the Last Trading Date;

(b) a premium of approximately 6.06% over the average closing price of HK$0.0198 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and

(c) a premium of approximately 6.60% over the average closing price of HK$0.0197 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date.

The Consideration Shares will rank equally in all respects with the issued Shares as at the relevant date of allotment. Application will be made by the Company to the Listing Committee of the Stock Exchange for the approval for the listing of and permission to deal in the Consideration Shares.

The Consideration Shares represent approximately (i) 55.29% of the Company's issued share capital immediately after Capital Reorganisation becoming effective (based on the Company's existing issued share capital as at the date of this announcement); (ii) 25.16% of the issued share capital of the Company as enlarged by the issue of the Placing Shares under Kingston Placing and the Consideration Shares; and (iii) 19.46% of the issued share capital of the Company as enlarged by the issue of the Placing Shares under GDS Placing and the Consideration Shares.

Consideration Adjustment and Charges

The Vendor has guaranteed to the Company that the audited consolidated net profit of the Target Group (after taxation and minority interest but before non-recurring income and extraordinary income and non-operating income) ("**TG Consolidated Net Profit**") for the financial year of the Completion Date and the four financial years immediately after Completion Date as audited by Deloitte Touche Tohmatsu or by the auditors appointed by the Purchaser in preparing the audited financial information of the Target Group for the five financial years after Completion Date, will not be less than HK$1.12 billion, including:

(a) TG Consolidated Net Profit of not less than HK$70 million for the financial year of the Completion Date (the "**1st Stage Profit Target**");

(b) TG Consolidated Net Profit of not less than HK$150 million for the first financial year immediately following the Completion Date (the "**2nd Stage Profit Target**");

(c) TG Consolidated Net Profit of not less than HK$250 million for the second financial year immediately following the Completion Date (the "**3rd Stage Profit Target**");

(d) TG Consolidated Net Profit of not less than HK$300 million for the third financial year immediately following the Completion Date (the "**4th Stage Profit Target**"); and

(e) TG Consolidated Net Profit of not less than HK$350 million for the fourth financial year immediately following the Completion Date (the "**5th Stage Profit Target**").

The Profit Target was arrived after taken into consideration the income to be generated after capital has been contributed to invest in the plant and machineries and the number of production lines of the Target Group against the number of targeted sales orders to be received by the Target Group.

As security for the Profit Target above, at Acquisition Completion, the Vendor undertakes to provide the share charge and loan assignment in favour of the Purchaser in respect of the following:

(a) 1st Stage Loan;

(b) 2nd Stage Loan;

(c) 3rd Stage Loan;

(d) the 2nd Stage Remaining Shares after the fulfillment of the 2nd Stage CP;

(e) the 3rd Stage Shares; and

(f) the 4th Stage Shares.

In the event that the Profit Target is achieved in advance, at the option of the Target Company or the Purchaser but without affecting the cash flow of the Group and its business operation, the time schedule for payment of the Cash Consideration can be accelerated and the Cash Consideration will cease to be treated as Vendor's Loan or as security in favour of the Purchaser. However, the time schedule for the issue of the Consideration Shares will remain unchanged and such Consideration Shares will be issued by tranches within 30 business days after the issue of the audited financial statements of the Target Company of the relevant financial year, but the Consideration Shares will not be treated as security in favour of the Purchaser.

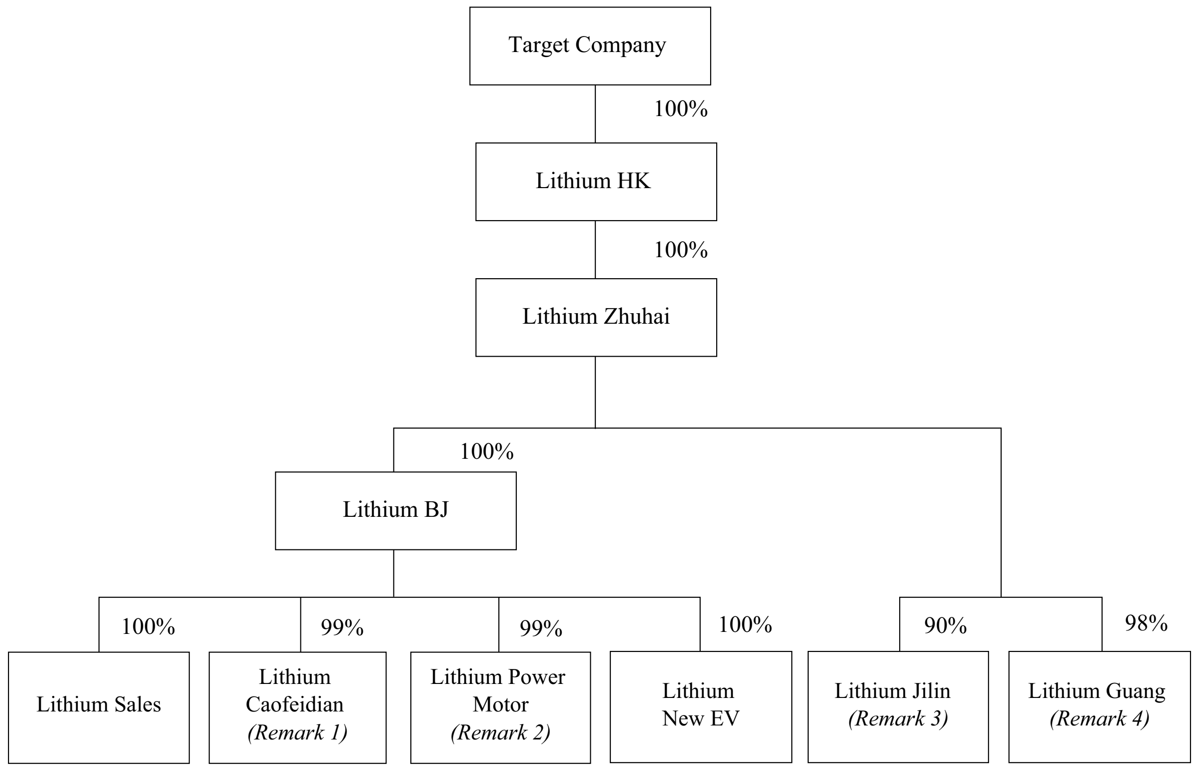
In the event that the Profit Target cannot be achieved according to the terms of the Acquisition Agreement and that the shortfall of relevant Profit Target falls within the range of 10% and that the reason(s) for not achieving the relevant Profit Target is acceptable by the Purchaser, after the negotiation between the Vendor and the Purchaser, the parties will continue to proceed with the payment arrangements and provisions as stipulated in the Acquisition Agreement and that the Profit Target for the immediately following financial year in respect of the 1st Stage Profit Target, the 2nd Stage Profit Target, the 3rd Stage Profit Target and the 4th Stage Profit Target, as the case may be, will be increased by an amount equal to such shortfall while the Vendor shall indemnify the Purchaser any shortfall in respect of the 5th Stage Profit Target. The Purchaser will take into consideration the then circumstance (including the then market condition, the reason for not being able to meet the target and the likelihood of achieving the future target(s), such as the amount or number of sales orders secured by the Target Group). The Company will update the market in the event that the relevant Profit Target is not achieved by way of an announcement.

INFORMATION ON THE VENDOR AND THE TARGET GROUP

Introduction

To the knowledge of the Directors, the Reorganisation involves corporate reorganisation of Lithium HK, Lithium Zhuhai and its subsidiaries including but not limited to Lithium HK acquiring Lithium Zhuhai's entire registered capital from the Original Owners and obtaining the relevant approvals from the PRC government authorities; completion of disposal of interests in companies which are not members of the Target Group; and transfer of business from other shareholders to the Target Group. Further information concerning the Reorganisation will be disclosed in the Circular.

The organizational structure of the Target Group immediately after completion of Reorganisation is as follows:



Remarks:

1. as to 1% equity interests in Lithium Caofeidian is held by Independent Third Party.

2. as to 1% equity interests in Lithium Power Motor is held by Independent Third Party.

3. as to 10% equity interests in Lithium Jilin is held by Independent Third Party.

4. as to 2% equity interests in Lithium Guang is held by Independent Third Party.

The Vendor

The Vendor is incorporated in the British Virgin Islands on 15 December 2010 with limited liability. It is an investment holding company. So far as the Directors are aware, Mr. Lau Yung and Mr. Fei Phillip are business partners through their shareholding in the Vendor as to 97% and 3% respectively while Mr. Yeung Tsoi San is a previous shareholder of the Target Company.

Target Group

The Target Company is incorporated in the British Virgin Islands on 25 June 2010 with limited liability. It is an investment holding company.

Lithium HK is incorporated in Hong Kong on 21 October 2010 with limited liability. On 29 October 2010, Lithium HK entered into a share transfer agreement with the Original Owners for the sale and purchase of the entire registered capital of Lithium Zhuhai at a consideration of RMB50 million, which equals to its registered capital and Lithium Zhuhai is now wholly-owned by the Target Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Original Owners are Independent Third Parties. So far as the Directors are aware, it is an investment holding company.

Lithium Zhuhai and its subsidiaries are principally engaged in (1) research and manufacturing of lithium-ion battery; (2) production of power motor and controller; and (3) research and manufacturing of vehicle electronics and controller system.

Lithium Zhuhai was established in the PRC on 19 August 2008 with limited liability and is wholly-owned by Lithium HK. Its scope of business as stated in the business licence includes, inter alia, new energy technology and battery, battery equipments, battery management system, electric vehicle power assembly products and vehicle electronics research and development. The principal asset of Lithium Zhuhai is its shareholding interests in Lithium BJ and its subsidiaries, Lithium Jilin and Lithium Guang.

Lithium BJ was established in the PRC on 19 February 2001 with limited liability and is wholly-owned by Lithium Zhuhai. Its scope of business as stated in the business licence includes, inter alia, new energy technology research and development, battery, battery equipments, battery management system and electric vehicle power assembly products and vehicle electronics research and development. The principal asset of Lithium BJ is its shareholding interests in Lithium Sales, Lithium Caofeidian, Lithium Power Motor and Lithium New EV.

Lithium Sales was established in the PRC on 4 November 2009 with limited liability and is wholly-owned by Lithium BJ. Its scope of business as stated in the business licence, includes, inter alia, selling and renting out electric vehicles for business use; selling parts of electric vehicles; vehicles maintenance in Class II (including large and middle size electric vehicle) (二類機動車維修《大中型電動車維修》). It does not hold any major assets. So far as the Directors are aware, it is principally engaged in the sales of pure electric vehicles and commenced sales in September 2010.

Lithium Caofeidian was established in the PRC on 23 November 2009 with limited liability and is owned as to 99% by Lithium BJ and as to 1% by an Independent Third Party. Its scope of business as stated in the business licence includes, inter alia, power motor and controller production; vehicle electronics and controller system research and development and sale. So far as the Directors are aware, it is in the preparation stage and will be engaged in the research and development of power motor and vehicle electronics and controller system.

Lithium Power Motor was established in the PRC on 19 January 2010 with limited liability and is owned as to 99% by Lithium BJ and as to 1% by an Independent Third Party. Its scope of business as stated in the business licence includes, inter alia, lithium-ion battery research and development and sale. It does not hold any major assets. So far as the Directors are aware, it is principally engaged in research and development of battery and has commenced its trial production of 200AH lithium-ion battery in June 2010.

Lithium New EV was established in the PRC on 2 February 2010 with limited liability and is wholly-owned by Lithium BJ. Its scope of business as stated in the business licence is preparation for electric vehicle production project. The business licence further provides that Lithium New EV cannot commence production during the preparation stage (i.e. until 1 February 2011).

Lithium Jilin was established in the PRC on 26 November 2010 with limited liability and is owned as to 90% by Lithium Zhuhai and as to 10% by an Independent Third Party. Its scope of business as stated in the business licence includes, inter alia, electric vehicle power assembly products and vehicle electronics, new energy technology and battery, battery equipments and battery management system research and development and sale of battery. It does not hold any major assets. So far as the Directors are aware, Lithium Jilin is in the preparation stage and will be engaged in research and development of battery.

Lithium Guang was established in the PRC on 5 November 2010 with limited liability and is owned as to 98% by Lithum Zhuhai and as to 2% by an Independent Third Party. Its scope of business as stated in the business licence includes, inter alia, electric vehicle power assembly products and vehicle electronics, new energy technology and battery, battery equipments and battery management system research and development. It does not hold any major assets. So far as the Directors are aware, Lithium Guang has yet to commence business. It will be engaged in the assembly of electric vehicles after commencement of operation.

Financial Information of the Target Group

The unaudited net profit of the Target Company for the period from 25 June 2010 (date of incorporation) to 31 December 2010 (both before and after taxation and extraordinary items) was nil. The unaudited net assets of the Target Company as at 31 December 2010 was approximately US$50,000.

The unaudited net loss of Lithium HK for the period from 21 October 2010 (date of incorporation) to 31 December 2010 (both before and after taxation and extraordinary items) was approximately HK$152,100. The unaudited net liabilities of Lithium HK as at 31 December 2010 was approximately HK$142,100.

Based on the unaudited financial statements of Lithium Zhuhai, the financial information of Lithium Zhuhai for the two years ended 31 December 2010 are as follows:

	For the year ended 31 December 2009 (approximately) *RMB*	**For the year ended 31 December 2010** (approximately) *RMB*
Net loss before taxation and extraordinary items	(45,000)	(537,000)
Net loss after taxation and extraordinary items	(45,000)	(538,000)
Net asset value	10,070,000	49,338,000

Based on the unaudited financial statements of Lithium BJ, the financial information of Lithium BJ for the two years ended 31 December 2010 are as follows:

	For the year ended 31 December 2009 (approximately) *RMB*	**For the year ended 31 December 2010** (approximately) *RMB*
Net (loss)/profit before taxation and extraordinary items	(10,009,000)	1,960,000
Net (loss)/profit after taxation and extraordinary items	(10,009,000)	1,470,000
Net asset value	28,681,000	30,776,000

Based on the unaudited financial statements of Lithium Sales, the financial information of Lithium Sales for the period from 4 November 2009 (date of incorporation) to 31 December 2010 are as follows:

	For the period from 4 November 2009 (date of incorporation) to 31 December 2009 (approximately) *RMB*	**For the year ended 31 December 2010** (approximately) *RMB*
Net loss before taxation and extraordinary items	–	(1,003,000)
Net loss after taxation and extraordinary items	–	(1,003,000)
Net asset value	2,000,000	997,000

Based on the unaudited financial statements of Lithium Caofeidian, the financial information of Lithium Caofeidian for the period from 23 November 2009 (date of incorporation) to 31 December 2010 are as follows:

	For the period from 23 November 2009 (date of incorporation) to 31 December 2009 (approximately) *RMB*	**For the year ended 31 December 2010** (approximately) *RMB*
Net loss before taxation and extraordinary items	(84,000)	(486,000)
Net loss after taxation and extraordinary items	(84,000)	(486,000)
Net asset value	4,916,000	4,430,000

Based on the unaudited financial statements of Lithium Power Motor, the financial information of Lithium Power Motor for the period from 19 January 2010 (date of incorporation) to 31 December 2010 are as follows:

	For the period from 19 January 2010 (date of incorporation) to 31 December 2010 (approximately) *RMB*
Net loss before taxation and extraordinary items	(736,000)
Net loss after taxation and extraordinary items	(736,000)
Net asset value	15,264,000

Based on the unaudited financial statements of Lithium New EV, the financial information of Lithium New EV for the period from 2 February 2010 (date of incorporation) to 31 December 2010 are as follows:

	For the period from 2 February 2010 (date of incorporation) to 31 December 2010 (approximately) *RMB*
Net loss before taxation and extraordinary items	(1,306,000)
Net loss after taxation and extraordinary items	(1,306,000)
Net asset value	8,694,000

Based on the unaudited financial statements of Lithium Jilin, the financial information of Lithium Jilin for the period from 26 November 2010 (date of incorporation) to 31 December 2010 are as follows:

	For the period from 26 November 2010 (date of incorporation) to 31 December 2010 (approximately) *RMB*
Net loss before taxation and extraordinary items	(112,000)
Net loss after taxation and extraordinary items	(112,000)
Net asset value	9,888,000

Based on the unaudited financial statements of Lithium Guang, the financial information of Lithium Guang for the period from 5 November 2010 (date of incorporation) to 31 December 2010 are as follows:

	For period from 5 November 2010 (date of incorporation) to 31 December 2010 (approximately) *RMB*
Net loss before taxation and extraordinary items	(108,000)
Net loss after taxation and extraordinary items	(108,000)
Net asset value	1,892,000

* *Note:* The figures presented above are unaudited and preliminary and may be subject to further changes. Shareholders and investors are urged to look at the audited figures which will be published in the Circular to be dispatched as soon as possible.

Proposed business plan

The Group has a five-year business plan to develop the business of the Target Group. It intends to expand the business principally engaged by the Target Group in three segments, namely battery (電池), power motor and controller equipments (電機電控設備) and co-operation with strategic partners involving in manufacturing of automotive vehicles (整車). It aims to consolidate the internal resources of the Target Group to achieve synergy and to expand its business in the PRC and to develop its overseas markets.

As for the three business segments of the Target Group, the Group has the following plans:

(a) battery business – the Group plans to set up 10 production lines to achieve an annual production capacity exceeding 1 billion AH and to reduce the unit cost of production through economies of scale. Currently, the battery business has 3 production lines and has an annual production capacity of 20 million AH.

(b) power motor and controller equipments business – the Group plans to set up 5 production lines to achieve an annual production capacity exceeding 20,000 sets to satisfy the needs of vehicle assembly within the Target Group. Currently, the Target Group has an annual capacity of 1,000 sets motor assembly.

(c) automotive vehicles business – the Group plans to involve in the vehicle business through co-operation with strategic partners involving in manufacturing of automotive vehicles to achieve an annual production capacity exceeding 10,000 vehicles. The existing annual production capacity of the Target Group is 500 pure electric buses.

The Target Group's existing major customers are PRC vehicle manufacturers and bus transportation companies. For the PRC markets, the Group intends to expand the business of the Target Group in 5 regions, namely the northeastern region, northern region, western region, southwestern region and southern region of the PRC and intends to invest approximately RMB2.5 billion for achieving an annual production capacity of 20,000 or above new energy vehicles (including battery, power motor and controller equipments). The Group intends to invest approximately RMB500 million in each region to develop the three business segments of the Target Group. Out of the 5 regions, the Target Group's major markets are in Beijing, Tangshan, Jilin, Chongqing, Guangdong and Sanya.

For the overseas markets, the Group intends to invest an aggregate of RMB600 million to expand its business to the overseas market through the development of energy storage battery products and when opportunities allow, to set foot in overseas markets of battery, power motor and controller equipments.

Expertise

The Target Group possesses a team of experts and consultants with extensive professional knowledge in terms of research and development strength. This team comprises professors of reputable universities in the PRC, including Professor Chen Quanshi, Professor Zhang Chengning, Professor Qi Guoguang and Mr. Wang Jun, and other team members include Mr. Liu Yi, Mr. Li Baoyu and Mr. Xiang Ye. The research center of the Target Group has worked together with experts from the United States and other countries respectively to develop the technologies of energy storage cells.

The brief biographies of Professor Chen Quanshi, Professor Zhang Chengning, Professor Qi Guoguang, Mr. Wang Jun, Mr. Liu Yi, Mr. Li Baoyu and Mr. Xiang Ye which are based on the information provided by the Vendor, are set out below.

Professor Chen Quanshi

Professor Chen Quanshi studied at Automotive Engineering Department of Tsinghua University. He held various positions throughout his career, such as Head of Automotive Engineering Department, Vice Dean of School of Mechanical Engineering and Deputy Chief of Automotive Research Institute. He is currently engaged in lecturing research and management at Automotive Engineering Department of Tsinghua University. Mr. Chen is a professor and supervisor of doctoral candidates of Tsinghua University, Chief of Automotive Research Institute, Head of Electric Vehicle Research Office, Executive Director of Society of Automotive Engineers of China, Head of Electric Vehicle Branch of Society of Automotive Engineers of China, Deputy Head of National Automotive Standardization Technical Sub-committee, Advisor to the Advisory Panel of the Government of Beijing Municipality, etc.. He has been awarded an advancement prize, a second-class prize and a third-class prize of the National (Ministerial) Science and Technology Advancement Award, and was the winner of a third-class prize of Chinese Automotive Industry Science and Technology Advancement Award in 2006. Professor Chen is currently the director of the research centre and the chief technical consultant of the Target Group and any intellectual property developed by him in such capacities shall belong to the Target Group.

Professor Zhang Chengning

Professor Zhang Chengning studied at College of Mechanical & Electrical Engineering, Anhui Polytechnic University and Department of Automation of Beijing Institute of Technology. Since 1994, he has been engaged in the research of motor vehicle systems, energy management systems, integrated control and digital network systems of vehicles assembly and charging systems for electric vehicles. He is currently a professor and supervisor of doctoral candidates of Beijing Institute of Technology, Deputy Chief of National Electric Vehicle Laboratory of Beijing Institute of Technology. Mr. Zhang was the winner of the second-class prize of 2004 National Science and Technology Award (title of the award-winning project: A Key Technological Product for Electric Vehicle Power Systems and Its Applications (一種電動車輛動力系統關鍵技術產品及其應用)), and was recognized as one of the 100 Outstanding Doctors in China's Defence Industry. He is an appointed expert recruited by Society of Automotive Engineers of China, Team Leader of 863 Electric Vehicle Substantial Project of "Power Motor and Controller Equipments for Pure Electric Vehicle" (「純電動汽車電機及其控制器」) under the national 10th Five-Year Plan, Team Leader of 863 Electric Vehicle Substantial Project of "Testing and Appraisal of Power Motor and Controller Equipments for Electric Vehicle" (「電動汽車電機及其控制系統測試與評價」) under the national 10th Five-Year Plan, etc.. Professor Zhang is currently a technical consultant of the Target Group and any intellectual property developed by him in such capacity shall belong to the Target Group.

Professor Qi Guoguang

Professor Qi Guoguang graduated from Department of Automation of Tsinghua University. He had been engaged in lecturing and research and development on automation system after graduation. Currently, he is employed by the Department of Computer Science and Technology of Tsinghua University. He started the research and development on electric vehicles since early 1990s. He undertook the key research and development projects on electric vehicles of the State Planning Commission during the 8th five-year plan period and the research and development on battery charging and management system which was one of the key technologies in the electric vehicle project launched by the Ministry of Science and Technology during the 9th five-year plan period. He was a member of the expert team of electric vehicle key projects of the 8th and the 9th five-year plans. During the 10th five-year plan period, he participated in the development of Fuel Cell Powered Bus Project which was one of the "National 863 Projects" and was responsible for the research and development on the lithium and nickel-metal hydride battery management technologies and systems. Concurrently, he undertook the research and development on Lithium battery management and charging systems of electric vehicles assigned by Beijing Municipal of Science and Technology Commission. Commencing from 2005, he began self-study of advanced technology on management of battery system platform and developed several battery charges and discharge maintenance and repair devices for enterprises producing battery. Professor Qi is currently a technical consultant of the Target Group. The Company will review the service contract entered into with Professor Qi Guoguang and may require Target Group to enter into supplemental agreements with Professor Qi (if necessary) such that the patents developed in his capacity as technical consultant of the Target Group shall belong to the Target Group.

Wang Jun

Mr. Wang Jun obtained a degree in automotive design from College of Automotive Engineering in Department of Engineering of Jilin University of Technology and has been engaged in development of electric vehicles design and research on vehicle dynamics system and automotive electric control system for a long time. Mr. Wang was a participant in a major project of "pure electric buses" under the National 863 program of 10th and 11th Five-year Plan, in which he was responsible for research and development on vehicles design. Mr. Wang also undertook several projects and studies organised by Beijing Municipal Science & Technology Commission. Mr. Wang is currently an adjunct professor of Department of Vehicle Engineering of School of Mechanical Engineering in Beijing Institute of Technology and a technical consultant of the Target Group. Any intellectual property developed by him in the capacity of a technical consultant of the Target Group shall belong to the Target Group.

Liu Yi

Mr. Liu Yi obtained a bachelor degree in Software from Department of Computer Science and Engineering of Beijing Institute of Science and Technology and Master Degree in Software from Department of Computer Science of University of Queensland in Australia. Mr. Liu was an engineer of Intelligent Engineering Laboratory of Institute of Software Chinese Academy of Sciences ("ISCAS"), a participant in a major project of "High-power Motor System" of ISCAS and a key project of electric vehicles under the National 863 Program of 10th Five-year Plan as well as the person in charge of the project of high power motor research and development. Mr. Liu was also an Engineer of a technical institute of new energy vehicles in Australia and has participated in research projects relating to new energy vehicles and pure electric vehicles supported by the Federal Government of Australia and New South Wales of Australia respectively. He is currently a deputy chief engineer of the Target Group. The Company will review the service contract entered into with Mr. Liu Yi and may require Target Group to enter into supplemental agreements with Mr. Liu (if necessary) such that the patents developed during the subsistence of his service contract with the Target Group shall belong to the Target Group.

Li Baoyu

Mr. Li Baoyu majored in Chemical Engineering and Technology in Southern Institute of Metallurgy (now known as Jiangxi University of Science and Technology). Mr. Li worked in a communication equipment company in Shandong as manager of Technology Department and was responsible for industrialization of lithium iron phosphate battery; and as the Chief Engineer and Deputy Manager of the said company and set up a task force principally engaged in the preparatory and coordination work. Mr. Li was also appointed as the Head of Production Planning Department of a company engaged in power and energy business in Hefei. During his employment, he improved the production management and statistics and planning systems, and established systems for production evaluation, material management as well as costing. Thereafter, Mr. Li was appointed as the Head of Battery Cell Department of the said company and responsible for the overall management of battery cell workshops and concurrently in charge of Equipment Department. Since April 2009, Mr. Li has been a Deputy Chief Engineer of the Target Company in respect of battery business. Mr. Li led the development of 200AH lithium iron phosphate plastic shell power battery and obtained an overall testing report issued by China North Vehicle Research Institute (Institute No. 210) in June 2010. The Company will review the service contract entered into with Mr. Li Baoyu and may require Target Group to enter into supplemental agreements with Mr. Li (if necessary) such that the patents developed during the subsistence of his service contract with the Target Group shall belong to the Target Group.

Xiang Ye

Mr. Xiang Ye studied in University of Science and Technology Beijing and obtained a master degree in Physics from TU Dortmund University. Mr. Xiang worked as an intern in a large global manufacturer of electronic products and responsible for testing of the level of tolerance of mobile phone cases and quality of products and subsequently Mr. Xiang was also employed by a reputable automobile company in Germany and responsible for steel structure design and subsequently engaged in planning of market networks. Since 2009, he has been a deputy chief engineer of the Target Group. The Company will review the service contract entered into with Mr. Xiang Ye and may require Target Group to enter into supplemental agreements with Mr. Xiang (if necessary) such that the patents developed during the subsistence of his service contract with the Target Group shall belong to the Target Group.

Patent

As at the date of this announcement, the Target Group has the following registered patents:

	Patent Number	Name of Patent	Type of Patent	Term of Patent
1	ZL 2010 3 0171064.0	Driving Motor for Electric Vehicle (電動汽車驅動電機) (LYCD01)	Exterior Design	10 years from 11 May 2010 to 10 May 2020
2	ZL 2010 3 0171100.3	Driving Motor for Electric Vehicle (電動汽車驅動電機) (LYCD04)	Exterior Design	10 years from 11 May 2010 to 10 May 2020
3	ZL 2010 3 0171121.5	Driving Motor for Electric Vehicle (電動汽車驅動電機) (LYCD05)	Exterior Design	10 years from 11 May 2010 to 10 May 2020

The Target Group has also applied for registration of patents for its products relating to power motor and lithium-ion battery. Certain patent rights currently registered in the PRC, including utility model of battery outer shell and explosive device for lithium-ion battery and exterior design of battery pole will also be transferred to the Target Group following the completion of the Reorganisation. Target Group has obtained quality inspection compliance reports for both battery and power motor for pure electric vehicles.

Reasons for and benefit of the Acquisition

Development of new energy vehicles is one of the most important tasks under "the 12th Five-Year Plan". Recently, the Chinese government has issued a series of regulatory documents on the development of new energy and new energy vehicles, such as the Plan for Revitalization of Automobile Industry (《汽車產業調整和振興規劃》), the Notice on Promoting the Pilot Work of Demonstrating Energy Conservation and New Energy Vehicles (《關於開展節能與新能源汽車示範推廣試點工作的通知》) and the Provisional Measures on Management of Financial Subsidies for Demonstration of Energy Conservation and New Energy Vehicles (《節能與新能源汽車示範推廣財政補助資金管理暫行辦法》). Series of complementary measures, such as legislative activities, economic incentive policies, the organizations and institutions, have been carried out by all levels of governmental authorities of China, particularly, the newly-issued "12th Five-Year Plan" requires more preferential policies to be issued to support the development of new energy vehicles (including pure electric buses) within the next five years, which provide the manufacture and sales of electric vehicles with better development platform. According to the estimate and information provided by the Vendor, currently, there are approximately 3 million buses and passenger vehicles in use in China and the annual capacity of electric passenger vehicles in the Chinese market is less than 3,000, which indicates that the electric vehicle market in China is in its early stages, and has an infinite room for development.

Upon completion of the Reorganisation, the Target Group will be one of a few Chinese enterprises possessing the three core technologies of manufacturing pure electric vehicles, namely lithium-ion battery, power motor and electronic and controller system, which have passed the accreditation of an inspection body recognised by China National Accreditation Service for Conformity Assessment. One of the working partners of the Target Group is a domestic passenger vehicles manufacturer which has submitted the "Catalogue of Types of Recommended Vehicles for the Demo Project of Energy Conservation and New Energy Vehicles" ("節能與新能源汽車示範推廣應用工程推薦車型目錄"), and becomes one of the enterprises approved by the State to manufacture pure electric vehicles. The Target Group has concluded cooperation arrangement with various automobile factories regarding the assembly of electric passenger vehicles. In terms of automotive vehicles, the Target Group has entered into agreements with Tangshan Municipal Government of Hebei Province concerning sales of 2,000 pure electric vehicles within three years and will apply for the approval for assembly of 3,000 electric vehicles annually from the Development and Reform Commission of Jilin Province upon completion of the Reorganisation. The estimated sales amount of the said projects amounted to more than RMB5 billion.

The Group has also planned to penetrate markets in Guangzhou, Shenzhen, Hainan, Dalian, Shandong, Chongqing, Chengdu, Hong Kong and other cities in the next five years. It is anticipated that, in five years, the Group will secure sales of pure electric vehicles of a certain number and orders for manufacture battery system with nearly 100 million ampere-hour preservation capacity, both of which, upon completion, will bring lucrative profits to the Shareholders. Based on the above reasons, the Board believes that the terms of the Acquisition Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole, and will be beneficial for the Company's development to a new industrial altitude.

The Group is principally engaged in the business of manufacturing and sale of wooden products. The performance of this business of the Group has not been promising and thus the Group has been exploring other business development and/or potential investment opportunities. In view of the continuous loss in the timber business, the Company has been evaluating various alternatives with the view to improve its performance. If such performance cannot be improved and/or in order to avoid further losses to be generated from this timber business, the Company may consider to take further necessary actions, including any scale down or otherwise disposal of interests in such timber business should opportunities arise in the future.

The Group has been engaged in the property development in the PRC since August 2010, following the completion of the Acquisition of Allywing. The Group has formulated a proposal for the development of the piece of land in Xi'an into a luxury residential and commercial area comprising approximately 435,595 square meters for residential use and approximately 90,403 square meters for commercial use. It is expected that the Group will commence the first phase of the development in March 2011. The Company intends to engage in the property development notwithstanding Acquisition Completion.

Risk Factors

I. Industry Risk

The Acquisition constitutes investment by the Group in new businesses including new energy vehicles (pure electric buses) and power assembly (including batteries, power motors and controllers). These businesses are generally recognized as "rising-sun industries". A series of policies were launched recently to subsidize the new energy sector, which will enable pure electric vehicles to overcome the difficulty of high cost which resulted in the nonmarketability of the pure electric vehicles. Nevertheless, the pure electric vehicle business, confronted with the regulatory environment, may pose significant challenge to the Company's administrative, financial and operational resources. Although the Target Group is experienced in manufacturing pure electric vehicles and power assembly, the Company is not in a position to ascertain the timing and amount of any return or benefits that may be generated from the business of pure electric vehicle and power assembly. If the proposed business plan which the Company attempts to develop does not proceed as planned, the Company may not be able to recover the funds and resources injected, and this may adversely affect the Company's financial position.

II. Market risks

1. *Power assembly (including batteries, power motors and electric control system)*

   Future operations of the Target Group are reliant upon the acceptance by customers of its power assembly products. Power assembly products are the core products in pure electric vehicle industry which is evolving with limited historical public information on its turnover and market demands. Consequently, there are many uncertainties in the operations of the Target Group. It is very difficult to predict the demand for power assembly products, and actual demand may be different from the growth in vehicle market. As the Target Group will also be engaged in the sales of power assembly products in addition to the sales of pure electric vehicles, any uncertainties in the demand for power assembly products or its quality will have negative impact on the businesses and financial performance of the Target Group.

2. *Demand for electric vehicles may be affected by the sales of batteries which is subject to fluctuations in fuel prices*

   It is anticipated that at the early stage of operations of the Target Group, its batteries will be mainly used in power assembly products. As a part of the power assembly products in vehicle industry, batteries will face extensive competition from the vehicles using conventional fuels, especially petrol and natural gas. Recent fluctuations in price of conventional fuels have enhanced the price competitiveness of electric vehicles. However, the technological advancement in large miners in exploring other energy sources or discovering oil fields, gas fields or coal mines may probably lower the prices of those fuels, thus undermining the competitive strengths of pure electric vehicles. As a result, the demand for batteries will be subject to negative impact, thereby affecting the sales of power assembly products.

III. Technological innovations in the rapidly evolving energy storage system industry

The technologies used in the energy storage battery system industry are changing rapidly. Given the huge potential of energy storage systems in the conversion of energies such as wind, solar energy and electric energy and, in order to expand the Target Group's business, the Target Group must be able to respond promptly to the technological innovations in the energy storage system industry and the growth of overseas markets. Meanwhile, the Target Group is also required to develop its technology rapidly. Failure to respond to the current and future technological innovations and sales in the energy storage battery system industry in an effective and timely manner may have a material adverse impact on the future development and business expansion of the Target Group.

IV. Dependent on research & development experts' continuous service and achievements in scientific research

Since the Target Group's sales is based on scientific research, thus the group is to a great extent dependent on its research & development experts for their continuous service and achievements in scientific research. Such experts include Professor Chen Quanshi, the chief expert, and the research & development team, in its research and development work. Experienced personnel in the technology industry are in high demand. In order to keep these experts, the Target Group may have to offer higher salaries and provide better benefits to attract and retain these experts. If the Target Group is not able to retain these experts and engage the service of overseas scientific institutions and technicians, especially such experts as Professor Chen Quanshi, the ability of the Target Group to achieve its goal and to implement its business strategies will be adversely affected, and thereby have a material and adverse impact on the business and financial position of the Target Group.

V. Further Investment in Production at Later Stage

The Company plans to commence the production of three core products under power assembly segment. The estimated cost of the Company's new construction projects (including production plant, equipment and storage facilities located in Dalian, Beijing and Shenzhen) will be several hundred million Hong Kong dollars over five years. The Company relies on third party factories, companies and purchasers to supply key technical information and to estimate the overall cost for new plants and equipment. The actual capital expenditure for new business (including construction of new production plants) may significantly exceeds the Company's budget as a consequence of various unforeseeable factors, and therefore may adversely affect the Target Group's business and financial position.

VI. Legal and regulatory matters

There are general laws and regulations on electric vehicles and power assembly products in many jurisdictions in which the Target Group's potential customers are located, these laws and regulations are extensive and may subject to change. There can be no assurance that the relevant governments will not change such laws and regulations or impose additional or more stringent laws or regulations. Such changes (which may include, but not limited to, restrictions on production, manufacturing, distribution and utilization of battery products and recycling of disposed batteries) may have a material and adverse effect on the Target Group's business.

Listing Rules Implications

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and will be subject to the approval of the Shareholders at the SGM under Rule 14.49 of the Listing Rules. To the best of the Directors' knowledge, information and belief, having made reasonable enquiries, no Shareholder has a material interest in the Acquisition Agreement and the transactions contemplated thereunder. Therefore, no Shareholder is required to abstain from voting in relation to the resolution(s) to be proposed for approving the Acquisition Agreement and the transactions contemplated thereunder at the SGM.

SHARE PLACINGS

Kingston Placing Agreement

Date

13 January 2011 (as supplemented and amended by a side letter entered into between the same parties on 1 February 2011)

Parties

The Company (as issuer) and Kingston (as Share Placing Agent)

Placing Agent

Kingston has conditionally agreed with the Company to place 2,941,000,000 new Reorganised Shares on a best effort basis and will receive a placing commission of 1% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Kingston and its ultimate beneficial owners, are Independent Third Parties.

GDS Placing Agreement

Date

13 January 2011 (as supplemented and amended by a side letter entered into between the same parties on 1 February 2011)

Parties

The Company (as issuer) and GDS (as Share Placing Agent)

Placing Agent

GDS has conditionally agreed with the Company to place 5,882,000,000 new Reorganised Shares on a best effort basis and will receive a placing commission of 1% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed.

The Company shall have the absolute discretion to appoint additional placing agent(s) (the "**Joint Placing Agent(s)**") to act as the joint placing agent(s) together with GDS under the GDS Placing and to allocate to such Joint Placing Agent(s) the placing commitment under the GDS Placing Agreement in such proportions may be determined by the Company in its absolute discretion.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, GDS and its ultimate beneficial owners, are Independent Third Parties.

Principal terms of the Share Placing Agreements

The principal terms and conditions of the Share Placing Agreements are similar and are set out below:

Placees

Not less than six independent Share Placees (which will be independent professional, institutional or other investors), who and whose ultimate beneficial owners are not (a) connected or acting in concert with the Company or the Vendor or any Directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and (b) directly or indirectly funded or backed by a connected person of the Company or the Vendor; and (c) a person who is accustomed to take instructions from a connected person of the Company or the Vendor in relation to the acquisition, disposal, voting or any other disposition of the securities in the Company. Each of the Share Placing Agents undertakes to use all reasonable endeavours to ensure that no Share Placee will immediately become a substantial shareholder of the Company as a result of the Placing Completion when aggregating with the Shares held by it at the time of Placing Completion and those Shares to be issued or acquired upon exercise of any rights under any securities held by it at the time of Placing Completion.

Placing Shares

Pursuant to the Kingston Placing Agreement, 2,941,000,000 new Reorganised Shares will be placed by Kingston on a best effort basis, representing approximately (i) 64.43% of the Company's issued share capital immediately after Capital Reorganisation becoming effective (based on the Company's existing issued share capital as at the date of this announcement) and (ii) 39.19% of its issued share capital as enlarged by Kingston Placing.

Pursuant to the GDS Placing Agreement, 5,882,000,000 new Reorganised Shares will be placed by GDS on a best effort basis, representing approximately (i) 128.87% of the Company's issued share capital immediately after Capital Reorganisation becoming effective (based on the Company's existing issued share capital as at the date of this announcement) and (ii) 56.31% of its issued share capital as enlarged by GDS Placing.

The Placing Shares will be allotted and issued pursuant to a specific mandate to be obtained at the SGM.

The Placing Shares will, when fully paid, be allotted and issued in accordance with the memorandum and bye-laws of the Company and with the relevant rules and regulations applicable to the Company in Bermuda and Hong Kong and will, at completion of the Share Placings, be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Share Placings and thereafter.

The Placing Shares will rank pari passu in all respects with the shares of the Company in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK$0.17 for Reorganised Share (and for illustration purpose, HK$0.017 for Existing Shares) represents:

(a) a discount of approximately 19.05% to the adjusted closing price of HK$0.21 per Reorganised Share, based on the closing price of HK$0.021 per Share as quoted on the Stock Exchange on the Last Trading Date and adjusted for the effect of the Capital Reorganisation;

(b) a discount of approximately 14.14% to the adjusted closing price of approximately HK$0.198 per Reorganised Share, based on the average closing price of HK$0.0198 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date and adjusted for the effect of the Capital Reorganisation; and

(c) a discount of approximately 13.71% to the adjusted closing price of approximately HK$0.197 per Reorganised Share, based on the average closing price of HK$0.0197 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date and adjusted for the effect of the Capital Reorganisation.

The Share Placing Agreements and the Placing Price were negotiated on an arm's length basis between the Company and the respective Share Placing Agent with reference to the recent market prices, the performance of the Shares and the current market conditions. The Board considers that the terms of the Share Placings and the Share Placing Agreements (including but not limited to the placing commission) are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole.

The net price raised per Placing Share under the Share Placings will be approximately HK$0.168 per Placing Share. The aggregate nominal value of the Placing Shares under the Kingston Placing and GDS Placing is approximately US$2,941,000 and US$5,882,000 respectively.

Conditions of the Share Placings

Placing Completion is conditional upon (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in all of the Placing Shares under the relevant tranche of the Share Placings; (b) the granting of approval by Shareholders on the Share Placing Agreements and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares) and the Capital Reorganisation; (c) the Capital Reorganisation becoming effective and (d) the obligations of the Share Placing Agents under the Share Placing Agreements becoming unconditional and not being terminated in accordance with the terms of the Share Placing Agreements, including provisions regarding force majeure event.

If the conditions precedent are not fulfilled (or waived as to condition (d) above only) in whole or in part by the respective Share Placing Agent prior to 10:00 a.m. on 31 July 2011, the Share Placings will be terminated and the Share Placings will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof) provided that such termination shall not affect any partial completion of the Placing Shares that have taken place prior to such date of termination.

Termination and force majeure of the Share Placings

The Share Placing Agents may terminate the respective Share Placing Agreement by notice in writing prior to 10:00 a.m. on the Placing Completion, if in the reasonable opinion of the Share Placing Agents, the success of the Share Placings would be materially and adversely affected by any force majeure events:

(a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Share Placing Agents, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Share Placing Agreements) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Share Placing Agents, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Share Placings to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Share Placing Agents to proceed with the Share Placings; or

(c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation to suspension or material restriction or trading in securities) occurs which affect the success of the Share Placings (such success being the placing of the Reorganised Shares to potential investor(s)) or otherwise in the reasonable opinion of the Share Placing Agents makes it inexpedient or inadvisable or inappropriate for the Company or the Share Placing Agents to proceed with the Share Placings.

If, at or prior to 10:00 a.m. on the Placing Completion:

(a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Share Placing Agreements; or

(b) any suspension in the trading of the shares of the Company/Reorganised Shares on the Stock Exchange for more than ten consecutive trading days save for (i) the purposes of clearing of the announcements or circulars relating to the Share Placing Agreements and (ii) the transactions contemplated under the Acquisition Agreement; or

(c) the Share Placing Agents shall become aware of the fact that any of the representations or warranties contained in the Share Placing Agreements was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Share Placing Agents shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Share Placings.

Completion of the Share Placings

Placing Completion will take place within four business days after the fulfilment or waiver (as the case may be) of the conditions as set out in the Share Placing Agreements or such later date to be agreed between the Company and the respective Share Placing Agent in writing.

The Share Placings can be completed partially by tranches. For Kingston Placing, it can be completed partially by a maximum of 5 tranches provided that the aggregate number of the Placing Shares for each partial completion shall not be less than 590,000,000 (save for the last tranche of the Kingston Placing where the number of the Placing Shares to be issued may be less than 590,000,000). For GDS Placing, it can be completed partially by a maximum of 5 tranches provided that the aggregate number of the Placing Shares for each partial completion shall not be less than 1,000,000,000 (save for the last tranche of the GDS Placing where the number of the Placing Shares to be issued may be less than 1,000,000,000). The Company will issue an announcement upon each partial completion of the Share Placings. Application will be made to the

Listing Committee of the Stock Exchange for the listing of and permission to deal in the relevant Placing Shares once the Share Placing Agents confirm to the Company that the number of Placing Shares to be subscribed by the Share Placees procured by the Share Placing Agents has reached 590,000,000 Shares for the Kingston Placing and 1,000,000,000 Shares for the GDS Placing and that partial completion of the relevant Share Placings can take place.

Listing

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the Placing Shares in the manner as set out above.

Reasons for and benefit of the Share Placings

The gross proceeds and the net proceeds from the Kingston Placing will be approximately HK$499,970,000 and HK$494,970,000 respectively. The gross proceeds and the net proceeds from the GDS Placing will be approximately HK$999,940,000 and HK$989,940,000 respectively. The Board intends to apply the net proceeds (or any part thereof as the Company may consider necessary) obtained from the Share Placings as follows: (i) as to approximately HK$370 million to satisfy the Cash Consideration; (ii) as to approximately HK$530 million to satisfy further Cash Consideration should the Purchaser exercises its right to change the payment method of the Consideration from payment by Consideration Shares or any part thereof to payment by cash as set out in the section headed "Consideration" above, provided that if no such right was exercised or if part of such right was exercised by the Purchaser, such amount or the remaining amount (as the case may be) will be utilized as general working capital of the Group and/or as funds for the Group's future investment opportunities; (iii) as to approximately HK$500 million for the future development of the Target Group in the northeastern region of the PRC in which Lithium Jilin is established; and (iv) as to approximately HK$80 million as general working capital of the Group and/or as funds for the Group's future investment opportunities.

Since the Acquisition is a valuable opportunity for the Company to diversify its business to the lithium and electric vehicles industry, the Board considers that it is a suitable timing for the Company to conduct Share Placings to provide the Company with immediate funding. In addition, the Share Placings give the opportunity to the Company to broaden its shareholder and capital base. Accordingly, the Directors consider that the Share Placings are fair and reasonable and in the interests of the Shareholders and Company as a whole.

CN PLACING

Date

13 January 2011 (as supplemented and amended by a side letter entered into between the same parties on 1 February 2011)

Parties

The Company (as issuer) and Kingston (as CN Placing Agent)

CN Placing Agent

The CN Placing Agent has conditionally agreed to act as the agent of the Company to place, on a best efforts basis, the Convertible Notes which are proposed to be issued in a maximum aggregate principal amount of HK$500,000,000. The CN Placing Agent will receive a placing commission of 1% of the amount equal to the aggregate principal amount of the Convertible Notes actually placed by the CN Placing Agent in the relevant tranche of the CN Placing, which was arrived at after arm's length negotiations between the Company and the CN Placing Agent.

The Board is of the view that the terms of the CN Placing and the CN Placing Agreement (including but not limited to the placing commission) are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

CN Placees

The CN Placing Agent will place the Convertible Notes to not less than six independent CN Placees (who will be independent professional, institutional or other investors), each of whom is not (a) connected or acting in concert with the Company or the Vendor or any Directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates; and (b) directly or indirectly funded or backed by a connected person of the Company or the Vendor; and (c) a person who is accustomed to take instructions from a connected person of the Company or the Vendor in relation to the acquisition, disposal, voting or any other disposition of the securities in the Company.

Conditions of the CN Placing

The CN Placing is conditional upon:

(a) the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the relevant Conversion Shares under the relevant tranche of the CN Placing;

(b) the granting of approval by the Shareholders on the CN Placing Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Notes and the allotment and issue of the Conversion Shares) and the Capital Reorganisation at the SGM;

(c) the Capital Reorganisation becoming effective; and

(d) (if so required by the laws of Bermuda) the approval of the Bermuda Monetary Authority for the issue of the Convertible Notes and the Conversion Shares issuable on conversion of the Convertible Notes has been obtained.

If the conditions are not fulfilled on or before 31 July 2011, the CN Placing Agreement shall terminate and neither the Company nor the CN Placing Agent shall have any claim against the other for any costs or losses (save for any prior breaches of the CN Placing Agreement). The CN Placing Agent shall provide to the Company all information concerning itself and the CN Placees as the Stock Exchange may reasonably require.

Undertaking by the CN Placing Agent

The CN Placing Agent undertakes with the Company that it shall procure and shall procure sub-placing agents to procure independent CN Placees to subscribe for the Convertible Notes which upon full conversion will enable the Company to maintain and/or meet the public float requirements under Rule 8.08 of the Listing Rules immediately after completion of the relevant tranche of the CN Placing.

Termination and force majeure for the CN Placing

The CN Placing Agreement may be terminated by the CN Placing Agent, if, at any time prior to 10:00 a.m. on the relevant date of completion of the CN Placing, in the reasonable opinion of the CN Placing Agent, the success of the CN Placing or the business or financial prospects of the Group would or might be adversely affected by:

(a) any material breach of any of the representations and warranties set out in the CN Placing Agreement; or

(b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for (i) the purposes of clearing of the announcement relating to the CN Placing Agreement or circulars relating to the placing of the Convertible Notes and in the ancillary agreements thereto and (ii) the transactions contemplated under the Acquisition Agreement; or

(c) any of the following events:

    (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the CN Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

    (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the CN Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the CN Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Convertible Notes by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the CN Placing Agent to proceed with the placing of Convertible Notes; or

(iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Convertible Notes (such success being the placing of the Convertible Notes to potential investor(s)) or otherwise in the reasonable opinion of the CN Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the CN Placing Agent to proceed with the placing of the Convertible Notes,

then and in any such case, the CN Placing Agent may terminate the CN Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the relevant completion date of the CN Placing and provided further that such termination shall not affect any partial completion of the Convertible Notes that have taken place prior to such date of termination.

Completion of the CN Placing

Completion of the CN Placing Agreement shall take place within four business days following the date on which the conditions of the CN Placing Agreement are fulfilled or in such other date as the Company and the CN Placing Agent shall agree.

The CN Placing can be completed partially by a maximum of 5 tranches provided that the aggregate principal amount of the Convertible Notes to be issued by the Company for each partial completion shall not be less than HK$100,000,000 and in integral multiple of HK$500,000 (save for the last tranche of the CN Placing where the aggregate principal amount of the Convertible Notes to be issued by the Company may be less than HK$100,000,000). The Company will issue an announcement upon each partial completion of the CN Placing. Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the relevant Conversion Shares once the CN Placing Agent confirms to the Company that the aggregate principal amount of the Convertible Notes to be subscribed by the CN Placees procured by the CN Placing Agent has reached HK$100,000,000 and that partial completion of the CN Placing can take place.

The Convertible Notes

The terms of the Convertible Notes have been negotiated on arm's length basis and the principal terms of which are summarized below:

Principal amount

A maximum aggregate of HK$500,000,000.

Interest

The Convertible Notes will be non-interest bearing.

Maturity date

The Convertible Notes shall mature on the date falling upon the expiry of five years from the date on which the Convertible Notes is first issued or if such date is not a business day, the immediate preceding business day.

Denomination

HK$500,000 each

Conversion price

The conversion price, subject to the adjustment, shall be HK$0.17 per Reorganised Share. The conversion price of the Convertible Notes was arrived at after arm's length negotiations between the Company and the CN Placing Agent and with reference to the market price of the Shares and the net asset value of the Company. The conversion prices of the Convertible Notes may be adjusted upon occurrence of adjustment events, which include consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie, rights issues or subsequent issue of securities in the Company, and will in any event not be adjusted below the par value of the Share. In addition, every adjustment to the conversion price shall be certified (at the option of the Company) either by the auditors of the Company for the time being or by an approved merchant bank.

The conversion price of HK$0.17 per Reorganised Share (and for illustration purpose, HK$0.017 per Existing Share) represents

(a) a discount of approximately 19.05% to the adjusted closing price of HK$0.21 per Reorganised Share, based on the closing price of HK$0.021 per Share as quoted on the Stock Exchange on the Last Trading Date and adjusted for the effect of the Capital Reorganisation;

(b) a discount of approximately 14.14% to the adjusted closing price of approximately HK$0.198 per Reorganised Share, based on the average closing price of HK$0.0198 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date and adjusted for the effect of the Capital Reorganisation; and

(c) a discount of approximately 13.71% to the adjusted closing price of approximately HK$0.197 per Reorganised Share, based on the average closing price of HK$0.0197 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date and adjusted for the effect of the Capital Reorganisation.

Conversion

Each holder may convert the whole or part of the principal amount of the relevant Convertible Notes (in multiple of HK$500,000 at any one time of conversion) into new Shares unless the principal amount of the outstanding Convertible Notes is less than HK$500,000 in which case the whole (but not part only) of such outstanding principal amount of the Convertible Notes shall be converted.

No conversion shall be made by the Noteholder unless the Noteholder provides, to the reasonable satisfaction of the Company, evidence that such Noteholder and its parties acting in concert will not be beneficially interested in 30% or more of the then issued share capital and/or the voting rights of the Company immediately upon conversion.

In addition, no conversion shall be made by the Noteholder unless immediately after exercise of such conversion rights attaching to the Convertible Notes, the Company will be able to comply with the public float requirements under Rule 8.08 of the Listing Rules.

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Notes in the aggregate of HK$500,000,000 at the conversion price of HK$0.17 per Reorganised Share by all holders of the Convertible Notes, the Company will issue an aggregate of 2,941,176,470 new Reorganised Shares, representing approximately (i) 64.44% of the Company's issued share capital immediately after Capital Reorganisation becoming effective (based on the Company's existing issued share capital as at the date of this announcement), and (ii) 39.19% of its issued share capital as enlarged by the issue of the Conversion Shares.

Ranking

The Conversion Shares will rank pari passu in all respects with the shares of the Company in issue at the date of the conversion notice.

Redemption by the Company

The Company shall, at any time before the Maturity Date, have the option to redeem the Convertible Notes in whole or in part by giving not less than 7 clear business days' prior written notice. The amount payable for any redemption shall be the relevant amount of the principal amount of the Convertible Notes so redeemed.

Status of the Convertible Notes

The Convertible Notes constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Company. The holders of the Convertible Notes shall not be entitled to receive dividend of the Company.

Transferability

The Convertible Notes may not be assigned or transferred to a connected person of the Company. The Company will notify the Stock Exchange should it become aware of the Convertible Notes have been assigned or transferred to a connected person of the Company.

Voting Rights

The Convertible Notes do not confer any voting rights at any meetings of the Company.

Listing

No application will be made for the listing of the Convertible Notes. Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares in the manner as set out above.

Specific Mandate

The Conversion Shares to be issued pursuant to conversion of the Convertible Notes will be, if approved by the Shareholders at the SGM, allotted and issued under a specific mandate.

REASONS FOR AND BENEFIT OF THE CN PLACING AND USE OF PROCEEDS

The gross proceeds and the net proceeds from the CN Placing will be approximately HK$500,000,000 and HK$495,000,000 respectively. On this basis, the net conversion price for each Conversion Share is approximately HK$0.168. The Board intends to apply the net proceeds (or any part thereof as the Company may consider necessary) obtained from the CN Placing for the future development of the Target Group in the northern region of the PRC in which certain subsidiaries of the Target Company in Tangshan are established as mentioned in the section headed "Proposed business plan" and/or as funds for future investment opportunities of the Group.

The Board considers that the CN Placing is conducted in the best interest of the Company in view of the Acquisition is a valuable opportunity for the Company to diversify its business to the lithium and electric vehicles industry, the prevailing market conditions and that the recent market sentiment represents a good timing for the CN Placing. The Board also considered that the issue of the Convertible Notes is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding. In addition, the CN Placing gives the opportunity to the Company to broaden its shareholder and capital base and strengthen the cash position of the Company. Accordingly, the Board considers that the CN Placing is fair and reasonable to the Shareholders and the Company as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Save for the placing of the First Tranche Convertible Notes and the Second Tranche Convertible Notes, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

Detailed breakdown of the use of the net proceeds from the placing of the First Tranche Convertible Notes in an amount of approximately HK$440,000,000 is set out below:

Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
Up to HK$150,000,000	To redeem outstanding convertible notes of the Company	Used as intended
Up to approximately HK$50,000,000	As disclosed in the announcement of the Company dated 10 August 2010, such amount, which was intended to be applied as general working capital of the Company as set out in the circular of the Company dated 28 June 2010, would be applied to satisfy part of the consideration for the Acquisition of Allywing, the completion of which took place on 13 August 2010	Used as intended
Up to approximately HK$14,125,000	For cash outflow to the timber business of the Group	Reserved as intended

Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
Up to approximately HK$31,640,000	As disclosed in the announcement of the Company dated 19 January 2010, such amount, which was originally intended to be used for the food processing and distribution business of the Group as set out in the circular of the Company dated 28 September 2009, would be applied as general working capital of the Group and/or funding for potential investment when opportunities arise	Approximately HK$31,640,000 used as general working capital of the Group
Up to approximately HK$178,600,000	As available cash which may be necessary to honour the Company's financial obligations	Used as intended
Remaining balance of approximately HK$15,635,000	To be reserved for the operation of the Company	Reserved as intended

The unutilised proceeds from the placing of the First Tranche Convertible Notes as mentioned above are placed in bank deposit.

Detailed breakdown of the use of the net proceeds from the placing of the Second Tranche Convertible Notes in an amount of approximately HK$245,000,000 is set out below:

Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
Approximately HK$245,000,000	To satisfy the consideration (whether in whole or in part) for the Acquisition of Allywing, the completion of which took place on 13 August 2010, and the remaining balance thereof shall be used to finance the Property Project	Approximately HK$245,000,000 used to satisfy the partial consideration for the Acquisition of Allywing

PROPOSED CAPITAL REORGANISATION AND CHANGE OF BOARD LOT SIZE

The Company intends to put forward for approval by the Shareholders to effect the Capital Reorganisation which involves the following:

(a) Share Consolidation: every 10 Existing Shares of US$0.001 each in the issued share capital of the Company will be consolidated into one Consolidated Share of par value US$0.01;

(b) Capital Reduction: upon the Share Consolidation becoming effective, the par value of each issued Consolidated Share will be reduced from US$0.01 to US$0.001 by cancellation of US$0.009 of the paid-up capital of each issued Consolidated Share;

(c) Share Premium Reduction: upon the Share Consolidation and the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company as at the date of the Capital Reorganisation becomes effective will be reduced and cancelled.

The credits arising from the Capital Reduction and the Share Premium Reduction will be applied to reduce the accumulated losses of the Company on the date of the Capital Reorganisation becomes effective with the balance (if any) to be credited to the contributed surplus account of the Company. As at the date of this announcement, the authorised share capital of the Company is US$100,000,000 divided into 100,000,000,000 Shares of US$0.001 each, of which 45,642,927,432 Existing Shares have been issued and are fully paid. On the assumption that no Existing Shares will be issued after the date of this announcement, a credit of approximately US$41,078,000 will arise from the Capital Reduction.

The entire balance of the accumulated losses and the share premium account of the Company amounted to approximately US$217,050,000 and US$133,056,000 respectively as at 30 June 2010.

Any fraction of the Reorganised Shares, if any, arising from the Capital Reorganisation will not be issued to the Shareholders but will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company. The Reorganised Shares will rank pari passu in all respects with each other.

In order to alleviate the difficulties arising from the existence of odd lots of the Reorganised Shares arising from the Capital Reorganisation, the Company will appoint an agent to stand in the market to provide matching services for the odd lots of the Reorganised Shares on a best effort basis during the period from Tuesday, 17 May 2011 to Tuesday, 7 June 2011 (both days inclusive). Further details in respect of the odd lots arrangement and the free exchange of new share certificates will be set out in the Circular.

Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

(i) the passing of the necessary resolutions by the Shareholders approving the Capital Reorganisation at the SGM;

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Reorganised Shares in issue arising from the Capital Reorganisation; and

(iii) the compliance with the relevant procedures and requirements under the Listing Rules and the Companies Act to effect the Capital Reorganisation.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the business day immediately following the day of passing the relevant resolution approving the Capital Reorganisation. The legal advisers to the Company as to Bermuda law have confirmed that, subject to the conditions of the Capital Reorganisation as set out above being satisfied, the Capital Reorganisation will be in compliance with the laws of Bermuda.

Effects of the Capital Reorganisation

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any adverse effect on the financial position of the Group and the Board believes that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The effect of the Capital Reorganisation on the share capital of the Company is summarized below:

	Prior to the Capital Reorganisation *(Note)*	**Immediately following the Capital Reorganisation becoming effective**
Nominal value of each share	US$0.001	US$0.001
Number of authorized shares	100,000,000,000	100,000,000,000
Authorised share capital	US$100,000,000	US$100,000,000
Number of shares in issue	45,642,927,432	4,564,292,743.2
Issued and fully paid up share capital	US$45,642,927.43	US$4,564,292.74

Note: The issued share capital immediately prior to the Capital Reorganisation becoming effective is presented here on the assumption that no Existing Shares would be issued as a result of any exercise of the rights attaching to the Previous Convertible Notes and the outstanding Share Options after the date of this announcement and prior to the date of Capital Reorganisation becoming effective.

Reasons for the Capital Reorganisation

The Directors believe that (i) the Share Consolidation enables the Company to meet the requirement of Rule 13.64 of the Listing Rules; (ii) the Capital Reduction will give greater flexibility to the Company to raise funds through the issue of new Shares in the future since the Company is not permitted to issue new Shares below their nominal value under the law of Bermuda; (iii) the Company can apply the credit arising from the Capital Reduction and the Share Premium Reduction to reduce its accumulated losses and (iv) the Capital Reorganisation can reduce the transaction costs for dealing in the Shares, including charges by reference to the number of share certificates issued.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Reorganised Shares arising from the Capital Reorganisation.

The Reorganised Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Reorganised Shares on the Stock Exchange, the Reorganised Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Reorganised Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Board lot size

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lots of 2,000 Existing Shares. Subject to the Capital Reorganisation becoming effective, the board lot size of the Shares will be changed to 10,000 Reorganised Shares.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit existing certificates for Shares to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong to exchange from Friday, 29 April 2011 to Thursday, 9 June 2011 (both dates inclusive), at the expense of the Company, for new certificates for the Reorganised Shares. Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the Shares cancelled or each new share certificate issued for the Reorganised Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, upon the Capital Reorganisation becoming effective, the certificates for the Existing Shares will continue to be good evidence of legal title only and after the exchange of new certificates for the Reorganised Shares, it will be valid for dealing, trading and settlement purposes.

Possible Adjustment to the Previous Convertible Notes and the Share Option

The completion of the Capital Reorganisation may lead to adjustments to the conversion price upon conversion of the Previous Convertible Notes and exercise price and/or the number of Shares to be issued upon exercise of the Share Options. The Company will notify the holders of the Previous Convertible Notes, the holders of the Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Previous Convertible Notes and the Share Option Scheme and such adjustment will be certified by an approved merchant bank or the independent financial adviser or auditors of the Company (as the case may be).

The expected timetable in respect of the proposed Capital Reorganisation and the change of board lot size is set out as follows:

	2011
Expected date of despatch of the Circular	Thursday, 31 March
Latest time for lodging forms of proxy for the SGM (not less than 48 hours before the SGM)	11:00 a.m., Tuesday, 26 April
Expected date and time of the SGM	11:00 a.m., Thursday, 28 April
Publication of announcement of results of the SGM	Thursday, 28 April
Effective date of the Capital Reorganisation	Friday, 29 April
First day of free exchange of existing share certificates in blue colour for new share certificates for Reorganised Shares in yellow colour	Friday, 29 April
Commencement in dealings in the Reorganised Shares	9:00 a.m., Friday, 29 April
Original counter for trading in the Existing Shares in board lots of 2,000 Existing Shares temporarily closes	9:00 a.m., Friday, 29 April
Temporary counter for trading in the Reorganised Shares in board lots of 200 Reorganised Shares (in the form of existing share certificates in blue colour) opens	9:00 a.m., Friday, 29 April
Original counter for trading in the Reorganised Shares in board lots of 10,000 Reorganised Shares (in the form of new share certificates in yellow colour) reopens	9:00 a.m., Tuesday, 17 May
Parallel trading in the Reorganised Shares (in form of new and existing certificates) commences on	9:00 a.m., Tuesday, 17 May
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Reorganised Shares	Tuesday, 17 May

	2011
Temporary counter for trading in the Reorganised Shares in board lots of 200 Reorganised Shares (in the form of existing share certificates in blue colour) closes	4:00 p.m., Tuesday, 7 June
Parallel trading in Reorganised Shares (in form of new and existing certificates) ends	4:00 p.m., Tuesday, 7 June
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Reorganised Shares	Tuesday, 7 June
Last day for free exchange of existing share certificates	Thursday, 9 June

EFFECT ON SHAREHOLDING STRUCTURE

To the best of the Directors' knowledge, information and belief, based on public information, the effects on the shareholding structure of the Company (i) upon Capital Reorganisation becoming effective; (ii) upon Capital Reorganisation becoming effective and issue of Placing Shares; (iii) upon Capital Reorganisation becoming effective and issue of Placing Shares and Consideration Shares; (iv) upon Capital Reorganisation becoming effective and issue of Placing Shares and Consideration Shares and upon full conversion of the Convertible Notes; (v) upon Capital Reorganisation becoming effective and issue of Placing Shares and Consideration Shares and upon full conversion of the Convertible Notes and full exercise of the subscription rights attaching to the outstanding Share Options; and (vi) upon Capital Reorganisation and issue of Placing Shares and Consideration Shares and upon full conversion of the Convertible Notes and the Previous Convertible Notes and full exercise of the subscription rights attaching to the outstanding Share Options are set out below:

Shareholders	As at the date of this announcement		Upon Capital Reorganisation becoming effective		Upon Capital Reorganisation becoming effective and issue of Placing Shares		Upon Capital Reorganisation becoming effective and issue of Placing Shares and Consideration Shares		Upon Capital Reorganisation becoming effective and issue of Placing Shares and Consideration Shares and upon full conversion of the Convertible Notes		Upon Capital Reorganisation becoming effective and issue of Placing Shares and Consideration Shares and upon full conversion of the Convertible Notes and full exercise of the subscription rights attaching to the outstanding Share Options		Upon Capital Reorganisation becoming effective and issue of Placing Shares and Consideration Shares and upon full conversion of the Convertible Notes and the Previous Convertible Notes and full exercise of the subscription rights attaching to the outstanding Share Options	
	No. of Shares	*Approximate shareholding percentage* %	*No. of Reorganised Shares*	*Approximate shareholding percentage* %	*No. of Reorganised Shares*	*Approximate shareholding percentage* %	*No. of Reorganised Shares*	*Approximate shareholding percentage* %	*No. of Reorganised Shares*	*Approximate shareholding percentage* %	*No. of Reorganised Shares*	*Approximate shareholding percentage* %	*No. of Reorganised Shares*	*Approximate shareholding percentage* %
Directors														
Zhang Xi *(Note 1)*	1,592,826,000	3.49%	159,282,600	3.49%	159,282,600	1.19%	159,282,600	1.00%	159,282,600	0.84%	168,444,300	0.89%	168,444,300	0.74%
Catherine Chen *(Note 2)*											9,161,700	0.05%	9,161,700	0.04%
Vendor							2,523,809,521	15.86%	2,523,809,521	13.39%	2,523,809,521	13.37%	2,523,809,521	11.05%
Share Placees under Kingston Placing					2,941,000,000	21.97%	2,941,000,000	18.48%	2,941,000,000	15.60%	2,941,000,000	15.58%	2,941,000,000	12.88%
Share Placees under GDS Placing					5,882,000,000	43.94%	5,882,000,000	36.97%	5,882,000,000	31.20%	5,882,000,000	31.17%	5,882,000,000	25.76%
CN Placees *(Note 3)*									2,941,176,470	15.60%	2,941,176,470	15.58%	2,941,176,470	12.88%
Holders of Previous Convertible Notes *(Note 4)*													3,960,000,000	17.34%
Other holders of Share Options											1,832,300	0.01%	1,832,300	0.01%
Other public shareholders	44,050,101,432	96.51%	4,405,010,143	96.51%	4,405,010,143	32.90%	4,405,010,143	27.69%	4,405,010,143	23.37%	4,405,010,143	23.34%	4,405,010,143	19.29%
Total	45,642,927,432	100.00%	4,564,292,743	100.00%	13,387,292,743	100.00%	15,911,102,264	100.00%	18,852,278,734	100.00%	18,872,434,434	100.00%	22,832,434,434	100.00%

Notes:

1. Mr. Zhang Xi is an executive Director and the Chairman of the Company.

2. Ms. Catherine Chen is an executive Director.

3. The figures set out in this column are for illustrative purposes only. Pursuant to the terms of the Convertible Notes, no conversion shall be made by the Noteholder unless (i) the Noteholder provides, to the reasonable satisfaction of the Company, evidence that such Noteholder and parties acting in concert with it will not be beneficially interested in 30% or more of the then issued share capital and/or the voting rights of the Company; and (ii) the Company will be able to comply with the public float requirements under the Rule 8.08 of the Listing Rules, immediately upon conversion.

4. The figures set out in this column are for illustrative purposes only. Pursuant to the terms of the Previous Convertible Notes, no conversion shall be made by the noteholder unless (i) the noteholder provides, to the reasonable satisfaction of the Company, evidence that such noteholder and parties acting in concert with it will not be beneficially interested in 30% or more of the then issued share capital and/or the voting rights of the Company; and (ii) the Company will be able to comply with the public float requirements under the Rule 8.08 of the Listing Rules, immediately upon conversion.

5. The percentages may not add up to 100% due to rounding.

GENERAL

The Circular containing, among others, further details of (i) the Acquisition, (ii) the Share Placings, (iii) the CN Placing, (iv) the Capital Reorganisation, (v) a notice of the SGM and (vi) other information concerning the Company as required under the Listing Rules will be despatched to the Shareholders on or before 31 March 2011 as it is expected that more time is required for the Company to compile the financial information for inclusion into the Circular.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 January 2011 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 7 February 2011.

Shareholders and potential investors should note that each of the Acquisition Agreement, the Share Placing Agreements and the CN Placing Agreement are subject to conditions to be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

"1st Stage Cash"	details of which are set out in the paragraph headed "Consideration"
"2nd Stage Cash"	details of which are set out in the paragraph headed "Consideration"
"3rd Stage Cash"	details of which are set out in the paragraph headed "Consideration"
"1st Stage Loan"	the non-interest bearing loan in the amount of the 1st Stage Cash as advanced and on-lent by the Vendor to the Target Group
"2nd Stage Loan"	the non-interest bearing loan in the amount of the 2nd Stage Cash as advanced and on-lent by the Vendor to the Target Group
"3rd Stage Loan"	the non-interest bearing loan in the amount of the 3rd Stage Cash as advanced and on-lent by the Vendor to the Target Group
"1st Stage Profit Target"	details of which are set out in the paragraph headed "Consideration Adjustment and Charges"
"2nd Stage Profit Target"	details of which are set out in the paragraph headed "Consideration Adjustment and Charges"
"3rd Stage Profit Target"	details of which are set out in the paragraph headed "Consideration Adjustment and Charges"
"4th Stage Profit Target"	details of which are set out in the paragraph headed "Consideration Adjustment and Charges"
"5th Stage Profit Target"	details of which are set out in the paragraph headed "Consideration Adjustment and Charges"
"Acquisition"	the acquisition of the Sale Shares and the Shareholder's Loan by the Purchaser in accordance with the Acquisition Agreement
"Acquisition of Allywing"	acquisition of the entire issued share capital of Allywing Investments Limited ("Allywing") and the shareholder's loan due and owing to Mr. Zhang Xi ("Mr. Zhang") as vendor by Allywing, by Good Base Investments Limited ("Good Base") as purchaser in accordance with the conditional agreement dated 1 June 2010 entered into between Good Base and Mr. Zhang
"Acquisition Agreement"	the conditional agreement dated 13 January 2011 entered into between the Purchaser, the Vendor and the Vendor's Guarantors in respect of the Acquisition

"Acquisition Completion"	completion of the Acquisition in accordance with the Acquisition Agreement
"acting in concert"	has the meaning ascribed to it in the Takeovers Code
"AH"	Ampere-hour
"associates"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Bye-Laws"	the bye-laws of the Company from time to time
"Capital Reduction"	the proposed reduction of the par value of each issued Consolidated Share from US$0.01 to US$0.001 by cancellation of US$0.009 of the paid-up capital of each issued Consolidated Share
"Capital Reorganisation"	the proposed reorganisation of the share capital of the Company as set out in the section headed "Proposed Capital Reorganisation and Change of Board Lot Size" in this announcement, including, inter alia, the Share Consolidation, the Capital Reduction and the Share Premium Reduction
"Cash Consideration"	the 1st Stage Cash, the 2nd Stage Cash and the 3rd Stage Cash and the additional cash part of the Consideration if the Purchaser exercises its rights to change the payment method of the Consideration according to the Acquisition Agreement
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Charged Shares"	the 2nd Stage Remaining Shares, the 3rd Stage Shares and the 4th Stage Shares or such less number of Consideration Shares if the Purchaser exercises its rights to change the payment method of the Consideration according to the Acquisition Agreement
"Circular"	the circular to be issued by the Company to the Shareholders giving details of, inter alia, (i) the Acquisition, (ii) the Share Placings, (iii) the CN Placing, (iv) the Capital Reorganisation, (v) a notice of the SGM and (vi) other information concerning the Company as required under the Listing Rules
"CN Placee(s)"	any professional, institutional or other investor(s) procured by the CN Placing Agent to subscribe for the Convertible Notes
"CN Placing"	the placing of the Convertible Notes by the CN Placing Agent on a best efforts basis
"CN Placing Agent"	Kingston

"CN Placing Agreement"	a conditional placing agreement dated 13 January 2011 entered into between the Company and the CN Placing Agent in relation to the CN Placing (as supplemented and amended by a side letter made between the Company and the CN Placing Agent on 1 February 2011)
"Companies Act"	the Companies Act 1981 of Bermuda
"Company"	Fulbond Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
"Completion Date"	a date falling within thirty business days after the fulfillment of the Conditions Precedent or such other time as mutually agreed by the parties to the Acquisition Agreement
"Conditions Precedent"	the conditions precedent of the Acquisition Agreement, details of which are set out in the section headed "Conditions Precedent" of this announcement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration for the Acquisition
"Consideration Shares"	the 1st Stage Shares, the 2nd Stage Shares, the 3rd Stage Shares, the 4th Stage Shares and the 5th Stage Shares and the decrease in the relevant parts of the Consideration Shares if the Purchaser exercises its rights to change the payment method of the Consideration according to the Acquisition Agreement
"Consolidated Share(s)"	ordinary share(s) of US$0.01 each in the capital of the Company after the Share Consolidation becoming effective
"Conversion Shares"	those shares to be issued upon the exercise of the conversion rights under the Convertible Notes
"Convertible Notes"	the convertible redeemable notes to be issued by the Company in the maximum aggregate principal amount of HK$500,000,000 due on the Maturity Date pursuant to the CN Placing Agreement
"Directors"	the directors of the Company
"Existing Share(s)"	ordinary share(s) of US$0.001 each in the capital of the Company as at the date of this announcement and before the Capital Reorganisation becoming effective
"First Tranche Convertible Notes"	the convertible redeemable notes in an aggregate principal amount of HK$450,000,000 due on Previous CN Maturity Date issued by the Company to the holder(s) of the Previous Convertible Notes in two tranches on 29 December 2009 and 14 January 2010 respectively

"GDS"	Guangdong Securities Limited, a licensed corporation to carry on type 1 regulated activities (dealing in securities), type 2 regulated activities (dealing in futures contracts), type 4 regulated activities (advising on securities), type 6 regulated activities (advising on corporate finance) and type 9 regulated activities (asset management) under the SFO
"GDS Placing"	the placing of 5,882,000,000 new Reorganised Shares by GDS on a best effort basis pursuant to the GDS Placing Agreement
"GDS Placing Agreement"	a conditional placing agreement dated 13 January 2011 entered into between the Company and GDS in relation to the GDS Placing (as supplemented and amended by a side letter made between the Company and GDS on 1 February 2011)
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Parties"	independent third parties which are not connected with the chief executive, Directors and substantial shareholder(s) of the Company or any of its subsidiaries and their respective associates, and any of them an "Independent Third Party"
"Issue Price"	HK$0.021 per Existing Share (or HK$0.21 per Reorganised Share after the Capital Reorganisation becoming effect), being the issue price for the Consideration Shares
"Kingston"	Kingston Securities Limited, a licensed corporation to carry on type 1 regulated activities (dealing in securities) under the SFO
"Kingston Placing"	the placing of 2,941,000,000 new Reorganised Shares by Kingston on a best effort basis pursuant to the Kingston Placing Agreement
"Kingston Placing Agreement"	a conditional placing agreement dated 13 January 2011 entered into between the Company and Kingston in relation to the Kingston Placing (as supplemented and amended by a side letter made between the Company and Kingston on 1 February 2011)
"Last Trading Date"	13 January 2011, being the date of the Acquisition Agreement, Share Placing Agreements and the CN Placing Agreement which is a business day
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Lithium BJ"	中珠鋰源科技（北京）有限公司 (Zhongzhu Lithium Technology (Beijing) Limited*), a company incorporated in the PRC with limited liability

"Lithium Caofeidian"	唐山曹妃甸鋰源電動汽車驅動總成有限公司 (Tangshan Caofeidian Lithium Assembly of Electric Vehicles Company Limited*), a company incorporated in the PRC with limited liability
"Lithium Guang"	珠海廣鋰電動汽車有限公司 (Zhuhai Guang Lithium Electric Vehicles Company Limited*), a company incorporated in the PRC with limited liability
"Lithium HK"	China Lithium Electric Vehicle Group (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
"Lithium Jilin"	吉林鋰源電動車有限公司 (Jilin Lithium Electric Vehicles Company Limited*), a company incorporated in the PRC with limited liability
"Lithium New EV"	唐山鋰源新電動汽車製造有限公司 (Tangshan Lithium New Electric Vehicles Manufacturing Company Limited*), a company incorporated in the PRC with limited liability
"Lithium Power Motor"	唐山鋰源鋰動力電池科技有限公司 (Tangshan Lithium Power Motor Technology Company Limited*), a company incorporated in the PRC with limited liability
"Lithium Sales"	唐山鋰源電動汽車銷售有限公司 (Tangshan Lithium Electric Vehicles Sales Company Limited*), a company incorporated in the PRC with limited liability
"Lithium Zhuhai"	珠海鋰源新能源科技有限公司 (Zhuhai Lithium New Energy Sources Technology Limited*), a company incorporated in the PRC with limited liability
"Maturity Date"	the date falling upon the expiry of five years from the date on which the Convertible Notes is first issued or if such date is not a business day, the immediate preceding business day
"Noteholder(s)"	the holder(s) of the Convertible Notes
"Original Owners"	two individuals, being the original owners of the entire registered capital of Lithium Zhuhai
"Placing Completion"	completion of the Share Placings in accordance with the Kingston Placing Agreement and/or GDS Placing Agreement
"Placing Price"	HK$0.17 per Reorganised Share under the Share Placing Agreements
"Placing Shares"	up to a maximum of 2,941,000,000 new Reorganised Shares to be placed through Kingston pursuant to the Kingston Placing Agreement and/or up to a maximum of 5,882,000,000 new Reorganised Shares to be placed through GDS pursuant to the GDS Placing Agreement

"PRC"	the People's Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan Region
"Previous CN Maturity Date"	28 December 2012, being the date falling upon the expiry of three years from the date on which the Previous Convertible Notes was first issued
"Previous Convertible Notes"	the convertible redeemable notes of the Company in the maximum aggregate principal amount of HK$800,000,000 due on Previous CN Maturity Date comprising the First Tranche Convertible Notes and the Second Tranche Convertible Notes
"Profit Target"	the 1st Stage Profit Target, the 2nd Stage Profit Target, the 3rd Stage Profit Target, the 4th Stage Profit Target and/or the 5th Stage Profit Target
"Property Project"	a property project of two parcels of land in Weiyang District, Xi'an City, the PRC with a site area of approximately 134,357 square meters for residential use and approximately 19,739 square meters for commercial use which would be developed into a residential and commercial area comprising approximately 435,595 square meters for residential use and approximately 90,403 square meters for commercial use
"Purchaser"	Fulbond Investments Limited, a wholly-owned subsidiary of the Company
"Reorganisation"	the corporate reorganisation of Lithium HK, Lithium Zhuhai and its subsidiaries including but not limited to Lithium HK acquiring Lithium Zhuhai's entire registered capital from the Original Owners and obtaining the relevant approvals from the PRC government authorities; completion of disposal of interests in companies which are not members of the Target Group; and transfer of business from other shareholders to the Target Group
"Reorganised Shares"	ordinary share(s) of US$0.001 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
"Sale Shares"	an aggregate of 50,000 shares of US$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
"Second Tranche Convertible Notes"	the convertible redeemable notes in the maximum aggregate principal amount of HK$350,000,000 due on Previous CN Maturity Date to be issued by the Company pursuant to a conditional placing agreement dated 6 August 2009 entered into between the Company and the Placing Agent in relation to the placing of the Previous Convertible Notes by the Placing Agent on a best effort basis (as supplemented and amended by side letters made between the same parties on 24 September 2009 and 2 June 2010 respectively)

"Secured Obligations"	all and each of the obligations, liabilities, undertakings, burdens and commitments of the Vendor under the Acquisition Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting to be held by the Company to consider and, if thought fit, approve the Acquisition Agreement, the Share Placings, the CN Placing, the Capital Reorganisation and the respective transactions contemplated thereunder
"Share(s)"	ordinary share(s) of US$0.001 each in the share capital of the Company, and all other (if any) shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares of the Company resulting from any sub-division, consolidation, capital reduction, re-classification or realisation of Shares
"Share Consolidation"	the proposed consolidation of every 10 Existing Shares in the issued share capital of the Company of US$0.001 each into one Consolidated Share of par value of US$0.01
"Share Option Scheme"	the share option scheme adopted by the Company on 19 November 2001
"Share Options"	the option(s) to subscribe for Shares granted under the Share Option Scheme
"Share Placees"	placees under the Share Placings
"Share Placing(s)"	the Kingston Placing and/or the GDS Placing
"Share Placing Agent(s)"	Kingston and/or GDS
"Share Placing Agreement(s)"	Kingston Placing Agreement and/or GDS Placing Agreement
"Share Premium Reduction"	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company
"Shareholder(s)"	holder(s) of the Shares
"Shareholder's Loan"	the shareholder's loan due and owing to the Vendor by the Target Company as at the Completion Date (as at the date of the Acquisition Agreement, the amount of such shareholder's loan is approximately HK$451,000)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases

"Target Company"	Lithium Energy Group Ltd., a company incorporated in the British Virgin Islands with limited liability
"Target Group"	the Target Company, Lithium HK, Lithium Zhuhai and its subsidiaries after completion of Reorganisation
"Vendor"	Hefu Limited, a company incorporated in the British Virgin Islands with limited liability
"Vendor's Guarantors"	Yeung Tsoi San, Lau Yung and Fei Phillip
"Vendor's Loan"	the 1st Stage Loan, the 2nd Stage Loan and the 3rd Stage Loan and the increase in the respective parts of the aforesaid loans and further loans incurred if the Purchaser exercises its rights to change the payment method of the Consideration according to the Acquisition Agreement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent

By Order of the Board
Fulbond Holdings Limited
Zhang Xi
Chairman

Hong Kong, 2 February 2011

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. Zhang Xi, Ms. Catherine Chen, Mr. Chiu Kong, Mr. Yeung Kwok Yu, Mr. Lee Sun Man, Mr. Kwan Kam Hung, Jimmy and Mr. Wah Wang Kei, Jackie; and four independent non-executive Directors, namely Mr. Hong Po Kui, Martin, Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying.

* *For identification purposes only*