福 邦 控 股

Fulbond Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

The board of Directors (the "Board") of Fulbond Holdings Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 and the comparative figures as follows:–

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	NOTES	2007 US$'000	2006 US$'000
Turnover	3	**24,016**	26,308
Cost of sales		**(19,299)**	(23,379)
Gross profit		**4,717**	2,929
Other income	4	**1,694**	700
Selling and distribution costs		**(3,952)**	(3,120)
Administrative expenses		**(4,776)**	(3,867)
Other operating expenses		**(5,016)**	(37)
Impairment loss recognised in respect of property, plant and equipment		**(172)**	(268)
Finance costs	5	**(915)**	(883)
Gain on disposal of associates		**559**	–
Share of results of associates		**(319)**	(2,692)
Loss before taxation		**(8,180)**	(7,238)
Taxation	6	**(586)**	(1,059)
Loss for the year	7	**(8,766)**	(8,297)
Attributable to:			
Equity holders of the Company		**(7,455)**	(7,017)
Minority interests		**(1,311)**	(1,280)
		(8,766)	(8,297)
Loss per share – basic	8	**(0.08) US cent**	(0.08) US cent

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	NOTES	**2007** **US$'000**	2006 US$'000
Non-current assets			
Property, plant and equipment		**12,967**	14,944
Prepaid lease payments		**810**	905
Interests in associates		**–**	349
Other investments		**–**	–
Club debenture		**–**	–
Deferred tax assets		**–**	–
		13,777	16,198
Current assets			
Inventories		**6,653**	6,561
Trade and other receivables	*9*	**2,370**	5,986
Deposits and prepayments		**1,585**	1,408
Prepaid lease payments		**63**	108
Taxation recoverable		**–**	48
Bank balances and cash		**6,888**	3,661
		17,559	17,772
Current liabilities			
Trade and other payables	*10*	**8,858**	7,265
Amounts due to associates		**98**	531
Amount due to a former associate		**49**	–
Amount due to a shareholder		**702**	–
Amount due to former ultimate holding company		**560**	560
Taxation payable		**242**	–
Bank and other borrowings – amount due within one year		**9,769**	10,015
		20,278	18,371
Net current liabilities		**(2,719)**	(599)
Total assets less current liabilities		**11,058**	15,599
Non-current liabilities			
Bank and other borrowings – amount due after one year		**1,075**	1,659
		9,983	13,940
Capital and reserves			
Share capital		**9,197**	9,197
Reserves		**(2,689)**	(240)
Equity attributable to equity holders of the Company		**6,508**	8,957
Minority interests		**3,475**	4,983
		9,983	13,940

Notes:

1. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new standard, amendment of Hong Kong Accounting Standards ("HKAS"s), interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)-INT 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of embedded derivatives
HK(IFRIC)-Int 10	Interim financial reporting and impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [1]
HKFRS 3 (Revised)	Business combinations [2]
HKFRS 8	Operating segments [1]
HK(IFRIC)-Int 11	HKFRS 2: Group and treasury share transactions [3]
HK(IFRIC)-Int 12	Service concession arrangements [4]
HK(IFRIC)-Int 13	Customer loyalty programmes [5]
HK(IFRIC)-Int 14	HKAS 19-The limit on a defined benefit asset, minimum funding requirements and their interaction [4]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 March 2007.
[4] Effective for annual periods beginning on or after 1 January 2008.
[5] Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

2. Basis of Preparation of Financial Statements

In preparing the consolidated financial statements, the directors have given consideration to the future liquidity of the Group. While recognising that the Group had sustained a net current liabilities of US$2,719,000 as at 31 December 2007, the Group has obtained financial support from a shareholder of the Company, Civil Talent International Limited, to enable the Group to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. Turnover and Segment Information

Turnover represents the net amounts received and receivable for goods sold and services provided.

(a) Business segments

For management purposes, the Group is currently organised into four principal operating divisions, the principal activities of which are disclosed as follows and these divisions form the basis on which the Group reports its primary segment information.

Principal activities:

Blockboard and particle board – manufacture and trading of products of blockboard and particle board

Door skin – manufacture and trading of door skin

Other wooden products – manufacture and trading of wooden products other than those identified as above

Others – high-technology related business

For the year ended 31 December 2007

	Blockboard and particle board *US$'000*	**Door skin** *US$'000*	**Other wooden products** *US$'000*	**Others** *US$'000*	**Consolidated** *US$'000*
TURNOVER					
External sales	**8,737**	**14,061**	**1,218**	**–**	**24,016**
RESULT					
Segment result	**(3,046)**	**1,265**	**110**	**–**	**(1,671)**
Unallocated corporate expenses					**(5,834)**
Finance costs					**(915)**
Gain on disposal of associates	**–**	**–**	**–**	**559**	**559**
Share of results of associates	**–**	**–**	**–**	**(319)**	**(319)**
Loss before taxation					**(8,180)**
Taxation					**(586)**
Loss for the year					**(8,766)**

For the year ended 31 December 2006

	Blockboard and particle board *US$'000*	Door skin *US$'000*	Other wooden products *US$'000*	Others *US$'000*	Consolidated *US$'000*
TURNOVER					
External sales	12,523	11,770	2,015	–	26,308
RESULT					
Segment result	(582)	(257)	(1,756)	–	(2,595)
Unallocated corporate expenses					(1,068)
Finance costs					(883)
Share of results of associates	–	–	(1,239)	(1,453)	(2,692)
Loss before taxation					(7,238)
Taxation					(1,059)
Loss for the year					(8,297)

(b) Geographical segments

The Group's operations are located in Hong Kong and other regions in the People's Republic of China (the "PRC"). Manufacture of the wooden products is carried out in the PRC.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market	
	Year ended 31 December 2007	Year ended 31 December 2006
	US\$'000	*US\$'000*
The PRC	**14,599**	16,020
Europe	**2,663**	4,613
Asia excluding the PRC	**5,924**	3,645
Others	**830**	2,030
	24,016	26,308

4. Other Income

Other income comprises:

	2007	2006
	US\$'000	*US\$'000*
Value added tax refund (Note)	**1,202**	545
Exchange gain	**–**	29
Gain on disposal of property, plant and equipment	**43**	–
Interest income	**46**	24
Rental income from lease of plant and machinery	**258**	60
Others	**145**	42
	1,694	700

Note: Certain subsidiaries of the Company established in the PRC are involved in the production of wooden products which require the use of raw materials that are environmental friendly. Pursuant to the relevant rules and regulations of the PRC governing the value added tax ("VAT"), such subsidiaries were entitled to a VAT refund totalling US$1,202,000 (2006: US$545,000) for the year ended 31 December 2007.

5. Finance Costs

	2007	2006
	US$'000	*US$'000*
Interest on:		
– borrowings from banks and other financial institutions wholly repayable within five years	**830**	786
– three-year loan notes	**80**	97
– other borrowings	**5**	–
	915	883

6. Taxation

Tax charge comprises:

	2007	2006
	US$'000	*US$'000*
PRC Enterprise Income Tax	**(586)**	(59)
Deferred tax charge		
– current year	**–**	–
– deferred tax assets written-off	**–**	(1,000)
	(586)	(1,059)

Note:

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated in Hong Kong have no assessable profits for both years.

PRC Enterprise Income Tax is provided for with reference to the applicable tax rates prevailing in the respective regions of the PRC on the estimated assessable profits of subsidiaries.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 15% to 25% at progressive rates gradually for certain subsidiaries, and from 24% to 25% for certain subsidiaries from 1 January 2008.

7. Loss for the Year

Loss for the year has been arrived at after charging (crediting):

	2007	2006
	US$'000	*US$'000*
Directors' remuneration		
– Fees	**407**	33
– Share-based payments for directors (included in other operating expenses)	**1,216**	–
– Other emoluments	**8**	61
	1,631	94
Employees' salaries and benefits expense	**1,472**	1,204
Share-based payments for employees (included in other operating expenses)	**2,787**	–
Compensation for laid off of employees in the PRC (included in other operating expenses)	**1,013**	–
Retirement benefits scheme contributions for staff other than directors	**328**	353
Total employees' benefits expense	**7,231**	1,651
Allowance for bad and doubtful debts	**1,021**	758
Amortisation of prepaid lease payments	**118**	105
Auditor's remuneration	**204**	232
Depreciation of property, plant and equipment	**3,100**	2,914
Net exchange losses	**30**	–
Impairment loss recognised in respect of club debenture	**–**	37
(Gain) loss on disposal of property, plant and equipment	**(43)**	11
Minimum lease payments under operating leases in respect of rented premises	**169**	45
Write down of inventories to net realisable value	**424**	659
Cost of inventories recognised as expenses	**18,625**	22,821

8. Loss per Share

The calculation of the loss per share is based on the loss for the year attributable to equity holders of the Company of US$7,455,000 (2006: US$7,017,000) and on the 9,197,779,755 (2006: 9,197,779,755) shares in issue during the year.

No diluted loss per share is presented for both years as the exercise of the outstanding share options would result in a decrease in the loss per share.

9. Trade and Other Receivables

	2007	2006
	US$'000	*US$'000*
Trade receivables	**1,243**	4,390
Other receivables	**1,127**	1,596
	2,370	5,986

Payment terms with customers are largely on credit. Invoices are normally payable within 30 to 90 days after issuance.

The following is an aged analysis of trade receivables at the balance sheet date:

	2007	2006
	US$'000	*US$'000*
0-90 days	**904**	3,535
91-180 days	**260**	362
More than 180 days	**79**	493
	1,243	4,390

10. Trade and Other Payables

	2007	2006
	US$'000	*US$'000*
Trade payables	**2,694**	2,897
Amounts due to minority shareholders of subsidiaries	**827**	1,845
Other payables	**4,324**	2,523
Compensation payable for laid off of employees	**1,013**	–
	8,858	7,265

The amounts due to minority shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade payables at the balance sheet date:

	2007	2006
	US$'000	*US$'000*
0-90 days	**53**	1,493
91-180 days	**794**	88
More than 180 days	**1,847**	1,316
	2,694	2,897

DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2007 (2006: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("AGM") will be held on Tuesday, 23 May 2008. For details of the AGM, please refer to the Notice of Annual General Meeting which is expected to be despatched on or before 30 April 2008.

BUSINESS REVIEW

FINANCIAL RESULTS

Turnover of the Group for the year ended 31 December 2007 was approximately US$24,016,000, representing a decrease of approximately 8.7% from approximately US$26,308,000 in last year. The decrease was mainly caused by the decrease in turnover of particle board and the disposal of the manufacturing and trading non-profitable businesses of blockboard, plywood-based products, decoration wooden products and other wooden products. In addition, the loss of the Group for the year ended 31 December 2007 increased to approximately US$8,766,000, representing an increase of approximately 5.7% as compared to the previous year. Such loss was owing to the increase in selling and distribution costs, which reflects the challenging operating environment of the Group of rising production costs and high competition in the timber industry. The basic loss per share was US0.08 cent (2006: US0.08 cent). During the reporting period, the business environment remained unfavorable with a constant appreciation of renminbi and a rise in raw materials and labor costs. In order to keep the competitive level of the Group, the Group has to keep the price at a reasonable level. Nevertheless, the inflated cost is difficult to mark up to the customers. We will identify various methods to maintain the Group's competencies and the financial position in the coming future.

Timber Business

Timber business remained the core business of the Group. In order to improve the overall performance of the Group and allocate the resources in a more efficient way, the Board decided to dispose the entire interests in an associated company, Hubei Fuhan Timber Company Limited in 2007. In this regard, the turnover of blockboard and particle board was decreased from approximately US$12,523,000 to US$8,737,000, representing a drop of approximately 30.2% as compared to the last financial year. In addition to this, the turnover from the manufacturing and trading of other wooden products dropped from approximately US$2,015,000 to US$1,218,000, a substantial drop of approximately 39.6% as compared to the previous year. Upon completion of the disposal, the Group continues to engage in the business of manufacturing and sale of wooden products, such as door skin and particle board products.

On the other hand, the financial performance of the door skin segment has made a well performance. Thanks to our staff from the sales and marketing department, the turnover from the door skin segment increased approximately 19.5% to approximately US$14,061,000 (2006: US$11,770,000). Our molded door skins are mainly exported overseas markets, including Turkey, Middle East and Pakistan. The Group will keep its competitiveness level to introduce the line of products to the Middle-East market.

Future Plans and Prospects

The Board believe that the Group will be able to broaden its source of income by diversifying its business into seafood trading and processing business in the PRC and improve the profitability by broadening its business scope. Looking forward, the Group will continue to strengthen its financial situation and expand its revenue base. On the other hand, the Group will continue to reengineer the business operations and turn around our business through implementation of the restructuring of management and business operations. To improve efficiency and productivity, the management will continue to implement the cost control measures and consolidation of the Group's resources and capture every good opportunity in all old and new businesses. The Group will also strive to enhance the shareholder's value through identify various and feasible business opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the equity attributable to equity holders of the Group was approximately US$6,508,000 (2006: US$8,957,000). Total bank and other borrowings as at 31 December 2007 was approximately US$10,844,000 (2006: US$11,674,000), consisted of secured bank loans and other financial institutions of approximately US$9,464,000, unsecured three-year loan notes of approximately US$1,075,000 and unsecured other borrowings of US$305,000.

The sale and purchases of the raw materials are mainly denominated in renminbi and united states dollars. The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other loans, fixed-rate short-term bank deposits, and a three year loan note. We will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure if it needs.

As at 31 December 2007, the bank balances and cash of the Group was approximately US$6,888,000 (2006: US$3,661,000). The bank balances and cash comprise cash and short-term bank deposits with original maturity of three months or less, and carry interest ranging from 0.57% to 2.4% per annum.

CONTINGENT LIABILITIES

During the year ended 31 December 2007, Jilin Province Fuchun Timber Co., Ltd. ("Jilin Fuchun") has ceased its operation. Jilin Fuchun shall lay off its employees and expose to a maximum compensation payment of RMB7,307,000 (equivalent to US$1,013,000) based on management's estimation and relevant provisions of the PRC employment laws. The Group has recognised such liability of US$1,013,000 by charging the amount as an expense to the consolidated income statement for the year ended 31 December 2007 (please refer to note 7). Subsequent to 31 December 2007, the Group has made compensation payments to certain employees of Jilin Fuchun amounted to RMB666,000 (equivalent to US$92,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Group employed 800 full time management, administrative and production staff in the PRC and Hong Kong. Total staff costs including Directors' emoluments incurred during the year, amounted to US$7,231,000 (2006: US$1,651,000). The increase in staff costs is mainly due to the Group has made compensation payments to certain employees of Jilin Fuchun and recognised a maximum compensation payment of RMB7,307,000 (equivalent to US$1,013,000) by charging the amount as an expense to the consolidated income statement for the year ended 31 December 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company, nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2007.

AUDIT COMMITTEE

The Company established an audit committee in year 1998 and has formulated its written terms of reference in accordance with the requirements of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The audit committee, which includes three independent non-executive Directors, is to review the reporting of financial and other information with the management, the accounting policies and the systems of internal control adopted by the Company, risk management and the effectiveness and objectivity of the audit process and to discuss auditing and financial reporting matters.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2007, the Company has compiled with all code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

During the year, the Company has adopted a code of conduct regarding Directors' securities transactions on terms less exacting than the required standard set out in the Model Code set out in Appendix 10 to the Listing Rules. After having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2007 as set out in the preliminary announcement have been agreed by the Group's auditor Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

The Group's audited consolidated financial statements for the year ended 31 December 2007 have been reviewed by the audit committee of the Company and audited by Messrs. Deloitte Touche Tohmatsu.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.fulbond.com). The 2007 Annual Report will be despatched to our shareholders on or before Wednesday, 30 April 2008 and will be available at the websites of the Stock Exchange and the Company.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to our shareholders, directors and customers for their continuous support. Though it has been a challenging year in 2007, we are graterful for our employees for their exert efforts their full contribution to deliver dynamic growth to our Group in the coming future.

By order of the Board
Fulbond Holdings Limited
Zhang Xi
Chairman

Hong Kong, 25 April 2008

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