福 邦 控 股

Fulbond Holdings Limited

福 邦 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors (the "Directors") of Fulbond Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with the comparative figures for the corresponding period in 2006 is set out (unless otherwise stated, the figures contained in this announcement are denominated in United States dollars) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	NOTES	1.1.2007 to 30.6.2007 (Unaudited) US$'000	1.1.2006 to 30.6.2006 (Unaudited) US$'000
Turnover	4	12,607	9,639
Cost of sales		(10,866)	(9,415)
Gross profit		1,741	224
Other income		652	594
Selling and distribution costs		(1,680)	(1,070)
Administrative expenses		(1,532)	(1,157)
Finance costs		(414)	(430)
Gain on disposal of an associate	9	521	–
Share of results of associates		(354)	(939)
Loss before taxation		(1,066)	(2,778)
Taxation	5	(351)	(582)
Loss for the period	6	(1,417)	(3,360)
Attributable to:			
Equity holders of the Company		(1,059)	(2,642)
Minority interests		(358)	(718)
		(1,417)	(3,360)
Loss per share attributable to equity holders of the Company			
– Basic	7	US (0.012) cent	US(0.029) cent

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007

	NOTES	30.6.2007 (Unaudited) US$'000	31.12.2006 (Audited) US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,771	14,944
Prepaid lease payments		849	905
Interests in associates	9	–	349
		14,620	16,198
CURRENT ASSETS			
Inventories		6,284	6,561
Trade and other receivables	10	6,111	5,986
Deposits and prepayments		1,245	1,408
Amount due from an associate	11	412	–
Prepaid lease payments		108	108
Taxation recoverable		–	48
Bank balances and cash		4,081	3,661
		18,241	17,772
CURRENT LIABILITIES			
Trade and other payables	12	8,105	7,265
Amount due to an associate	13	48	531
Amount due to a controlling shareholder	13	363	–
Amount due to former ultimate holding company	13	–	560
Taxation payable		238	–
Bank and other borrowings			
– amount due within one year	14	11,058	10,015
		19,812	18,371
NET CURRENT LIABILITIES		(1,571)	(599)
Total assets less current liabilities		13,049	15,599
Non-current liabilities			
Bank and other borrowings			
– amount due after one year	14	281	1,659
		12,768	13,940
CAPITAL AND RESERVES			
Share capital	15	9,197	9,197
Reserves		(969)	(240)
Equity attributable to equity holders of the Company		8,228	8,957
Minority interests		4,540	4,983
		12,768	13,940

NOTES:

1. **General Information**

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The controlling shareholder as at 30 June 2007 is Civil Talent International Limited ("CTIL"), a company incorporated in British Virgin Islands. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business of the Company is Unit 2805, 28/F, The Center, 99 Queen's Road Central, Central, Hong Kong.

The condensed consolidated financial statements of the Group are presented in United States dollar while the functional currency of the Group is Renminbi. The Directors consider this presentation currency is more useful for its current and potential investors.

The Company acts as an investment holding company. The principal activities of its subsidiaries and associates as at 30 June 2007 are manufacturing and sale of wooden products and provision of integrated circuit design services.

The condensed consolidation interim financial information has been approved for issue by the Board on 13 September 2007.

2. **Basis of preparation**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

In preparing the condensed 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$1,571,000 as at 30 June 2007, the Group has obtained financial support from Civil Talent International Limited, the controlling shareholder of the Company, to enable the Group to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

3. **Principal Accounting Policies**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at initial recognition.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2007. The application of these new HKFRSs has had no material effect on the results or financial position of the Group for the current and prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing costs[1]
HKFRS 8	Operating segments[1]
HK(IFRIC)-INT 11	HKFRS 2: Group and treasury share transactions[2]
HK(IFRIC)-INT 12	Service concession arrangements[3]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 March 2007.
3 Effective for annual periods beginning on or after 1 January 2008.

4. Segment information

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 blockboard and particle board products
Door skin	–	manufacture and trading of door skin
Other wooden products	–	manufacture and trading of wooden products other than those identified above
Others	–	high-technology related business

For the six months ended 30 June 2007

	Blockboard and particle board	**Door skin**	**Other wooden products**	**Others**	**Consolidated**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
TURNOVER					
External sales	4,650	7,526	431	–	12,607
SEGMENT RESULT	(434)	(314)	(18)	52	(714)
Unallocated corporate expenses					(105)
Finance costs					(414)
Gain on disposal of an associate	–	–	–	521	521
Share of results of associates	–	–	–	(354)	(354)
Loss before taxation					(1,066)
Taxation					(351)
Loss for the period					(1,417)

For the six months ended 30 June 2006

	Blockboard and particle board	Door skin	Other wooden products	Others	Consolidated
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
TURNOVER					
External sales	5,439	3,632	568	–	9,639
SEGMENT RESULT	(405)	(495)	(313)	–	(1,213)
Unallocated corporate expenses					(196)
Finance costs					(430)
Share of results of associates	–	–	–	(939)	(939)
Loss before taxation					(2,778)
Taxation					(582)
Loss for the period					(3,360)

5. Taxation

	1.1.2007 to 30.6.2007	1.1.2006 to 30.6.2006
	US$'000	*US$'000*
The charge comprises:		
People's Republic of China (the "PRC")		
Enterprise Income Tax	351	–
Deferred tax charge	–	582
	351	582

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both periods presented.

The 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 PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by order No. 63 of the President of the PRC, which will change the tax rate from 33% to 25% for certain PRC subsidiaries from 1 January 2008.

6. Loss for the period

	1.1.2007 to 30.6.2007 *US$'000*	1.1.2006 to 30.6.2006 *US$'000*
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	1,555	1,359
Loss on disposal of property, plant and equipment	–	4
Write-down of inventories *(Note a)*	1,125	298
and after crediting:		
Interest income	15	13
Value added tax refund *(Note b)*	561	357

Notes:

(a) The Directors compared the carrying amounts of the Group's inventories at 30 June 2007 with their estimated net realisable value, as a result, a write-down of inventories totalling US$1,125,000 (six months ended 30 June 2006: US$298,000) was charged to the condensed consolidated income statement.

(b) 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") treatment of such subsidiaries, during the six months ended 30 June 2007, VAT totalling US$561,000 (six months ended 30 June 2006: US$357,000) was refunded to these subsidiaries.

7. Loss per share

The calculation of the loss per share is based on the loss for the period attributable to equity holders of the Company US$1,059,000 (six months ended 30 June 2006: US$2,642,000) and of 9,197,779,755 (six months ended 30 June 2006: 9,197,779,755) shares in issue during the period.

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

8. Property, plant and equipment

During the six months ended 30 June 2007, the Group spent approximately US$441,000 (six months ended 30 June 2006: US$290,000) on acquisitions of property, plant and equipment.

9. Interests in associates

On 20 March 2007, the Group disposed of its entire interest in Fulhua Microelectronics Corporation, an 31.73% associate of the Group, to a third party at a consideration of US$340,000 giving rise to gain on disposal of US$521,000 which was arrived at after accounting for the reserves of US$181,000 released on disposal.

10. Trade and other receivables

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

	30.6.2007	**31.12.2006**
	US$'000	*US$'000*
Trade receivables, aged		
0 – 90 days	3,143	3,535
91 – 180 days	564	362
More than 180 days	626	493
	4,333	4,390
Other receivables	1,778	1,596
	6,111	5,986

The Group's policy is to allow an average credit period of 90 days to its trade customers.

11. Amount due from an associate

The amount due from an associate is unsecured, non-interest bearing and repayable on demand.

12. Trade and other payables

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

	30.6.2007	**31.12.2006**
	US$'000	*US$'000*
Trade payables, aged		
0 – 90 days	1,660	1,460
91 – 180 days	14	88
More than 180 days	1,382	1,349
	3,056	2,897
Other payables	5,049	4,368
	8,105	7,265

13. Amounts due to an associate/a controlling shareholder/former ultimate holding company

The amounts due to an associate, a controlling shareholder and former ultimate holding company are unsecured, interest free and repayable on demand.

14. Bank and other borrowings

During the six months ended 30 June 2007, the Group repaid bank loans totalling US$300,000 (six months ended 30 June 2006: US$5,324,000) and no new bank loans were obtained (six months ended 30 June 2006: US$5,026,000). All borrowings bear interest at prevailing market rates and are repayable within five years.

15. Share capital

	Number of shares	**Amount** *US$'000*
Ordinary shares of US$0.001 each		
Issued and fully paid		
At 1 January 2007 and 30 June 2007	9,197,779,755	9,197

16. Capital commitments

At the balance sheet date, the Group had outstanding capital commitments as follows:

	30.6.2007 *US$'000*	**31.12.2006** *US$'000*
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	–	357

17. Leasing arrangements

The Group as lessee

At the balance sheet date, the Group had outstanding commitment for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	30.6.2007 *US$'000*	**31.12.2006** *US$'000*
Within one year	61	46
In the second to fifth year inclusive	127	130
	188	176

The Group as a lessor

At the balance sheet date, the Group had contracted with lessees for the following future minimum lease payments in respect of certain plant and machinery:

	30.6.2007	31.12.2006
	US$'000	*US$'000*
Within one year	125	125
In the second to fifth year inclusive	127	195
	252	320

The plant and machinery, with insignificant carrying amount, was leased out for a period of three years and the rentals were pre-determined and fixed.

18. Pledge of assets

At 30 June 2007, the Group had pledged certain properties and plant and equipment with an aggregate carrying amount of US$6,539,000 (31 December 2006: US$8,150,000) to various banks to secure the bank loans and general banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

In the first half of 2007, turnover of the Group reached US$12,607,000 (2006: US$9,639,000), representing an increase of approximately 31% over the corresponding period of 2006. As compared with the same period last year, the gross profit margin increased significantly from approximately 2% to 14%. The increase in turnover and the marked increased in gross profit margin was mainly due to the expansion of the distribution network in door skin business and export sales of door skin products. On the other hand, the loss attributable to equity holders improved and dropped from approximately US$2,642,000 to US$1,059,000. Basic loss per share of the Company was also improved to US0.012 cent (2006: US0.029 cent).

During the reporting period, the door skin business accounted for approximately 60% of the Group's external turnover (2006: 38%) and contributed US$7,526,000 (2006: US$3,632,000) to the total turnover of the Group, while segmental loss narrowed to approximately US$314,000 (2006: US$495,000). The manufacture and trading of blockboard and particle board products as well as the wooden products were the second and third major items during the reporting period, representing approximately 37% and 3% of the Group's total turnover. The result of the manufacture and trading of wooden products were also narrowed down from the loss of approximately US$313,000 to US$18,000, representing a decrease of approximately 94%. On the other hand, due to the fierce competition and the increase in prices of raw materials, the loss from the segment results of the blockboard and particle board segment widened from approximately US$405,000 to US$434,000.

During the six months ended 30 June 2007, the Group disposed its associated company, Fulhua Mircoelectronics Corporation ("Fulhua") and recognised a disposal gain. Since the disposal of Fulhua has been completed in April 2007, there are no significant contributions generated from this business segment.

BUSINESS REVIEW

The Timber Business

In the first half of 2007, the Group recorded a favorable growth in timber business. Thanks to the management and our sales team of our Group, the gross profit margin was attributed to increased export sales of door skin products, which offer a higher profit margin than other products of the Group. Moreover, due to the expansion of the distribution networks, the Group was able to achieve increase in sales of its major timber related products, including blockboard, particle board and door skin.

Our subsidiary Jilin Fudun Timber Company Limited ("Fudun"), specializes in the production of molded door skin in the PRC and exports to overseas markets, including Turkey, the Middle East and Pakistan. Boasting good quality products, Fudun further enhanced its strategic cooperation with overseas customers, we fully utilized our competitive advantages and promptly responded customer needs. As a result, the revenue contributed to the Group was accelerated with revenue from the overseas customers increased by 107%.

In the second half of 2007, we will continue to expand the timber business to coordinate with the customers satisfactory the quality products and on-time delivery. Meanwhile, the Group will provide favourable conditions for the development of the customers bases of the timber business.

High Technology Related Business

In the past few years, the Group invested in high technology related business. In April 2007, the Group disposed Fulhua to cut further potential losses shares in Fulhua due to improve the overall performance of the Group and allocate the Group's resources in a more efficient way. The Board considers that, after the disposal of Fulhua, the future business prospects of the Group will be improved and will allow the Group to concentrate its resources and manpower to further develop other business sectors. The Group will continue to improve and streamline the Group's existing structure and centralise the strategic objective to develop the core business.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2007, the bank balances and cash of the Group were US$4,081,000 (2006: US$3,661,000). The Group cash flow is primarily denominated in Renminbi. During the reporting period, Renminbi appreciated by 3 percent, which was beneficial to the Group in terms of value of cash and net asset value. In a short run, the Group exposure to the exchange rate fluctuation of Renminbi is expected to be at a low rate.

Total bank and other borrowings as at 30 June 2007 were approximately US$11,339,000 (2006: US$11,674,000). The Group's bank loans are mainly denominated in Renminbi, and its sales and purchases are mainly denominated in Renminbi and US dollars. As the exchange rates of Reminbi and US dollars against Hong Kong dollars were relatively stable during the review period, the Group's exposure to exchange rate fluctuations was relatively low and the Group will monitor time to time its foreign exchange risk.

As at 30 June 2007, the gearing ratio of the Group was approximately 35% (31 December 2006: 34%) (calculated as a percentage of total borrowings over total assets). The Group's total assets was valued at approximately US$32,861,000 (31 December 2006: US$33,970,000). The ratio of cash to shareholder's equity was approximately 50% (31 December 2006: 41%) (calculated as a percentage of total bank balances and cash over equity attributable to equity holders of the Company). The equity attributable to equity holders of the Company was US$8,228,000 (2006: US$8,957,000).

OUTLOOK

In view of demand of the timber business, the Group believes that it is progressing along a steady growth path. We are performing restructuring strategies to cope with a difficult market competitions and continued operating loss commensurate with previous periods. The Group will look into feasible investment opportunities to diversify risk and broaden the sources of income of the Group. On the other hand, the Group will continue to centralize corporate objective of developing timber businesses in order to strengthen the competitiveness, integrating its capital resources and contribute a maximum wealth to our equity holders.

DIVIDENDS

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2007 (2006: Nil).

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the Company's auditor, Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discussed, internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months period ended 30 June 2007.

CORPORATE GOVERNANCE

The Board is committed to maintain a high standard of corporate governance in the best interests of the shareholders. The corporate governance principles adopted by the Company emphasise a highly efficient board of directors, sound internal control and the transparency and accountability to all shareholders.

The Code on Corporate Governance Practices (the "CG Code") as set out in the Appendix 14 of the Listing Rules stipulates the principles of good corporate governance and two levels of recommendations: (a) Code Provisions and (b) Recommended Best Practices. As disclosed in the Corporate Governance Report contained in the Company's 2006 annual report, the Company has applied the principles under the CG Code, and has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code. Throughout the reporting period, the Company has been in full compliance with all the Code Provisions and certain Recommended Best Practices as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code set out in Appendix 10 to the Listing Rules. After having made 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 throughout the reporting period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any listed securities of the Company.

PUBLICATION OF THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The interim report for the six months ended 30 June 2007 will be despatched to shareholders and will be published on the website of Hong Kong Exchange and Clearing Limited (www.hkex.com.hk) and the website of the Company (www.fulbond.com) in due course.

By Order of the Board
Zhang Xi
Chairman

Hong Kong, 13 September 2007

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