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Fulbond Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

PROPOSED ISSUE OF UNLISTED WARRANTS AND RESUMPTION OF TRADING

Placing Agent

IBTS Asia (HK) Limited

PLACING OF WARRANTS

The Company entered into the Placing Agreement with the Placing Agent on 20 December 2007 pursuant to which the Company appointed the Placing Agent as placing agent to procure not less than six Placées to subscribe for up to 1,839,000,000 Warrants, on a best effort basis, at the Issue Price.

The Warrants entitle the Placées to subscribe for the Subscription Shares at an initial Subscription Price of HK\$0.074 per Subscription Share for a period of 30 months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one Subscription Share. The Subscription Shares will be issued under the General Mandate.

It is expected the net proceeds of approximately HK\$1,600,000 will be raised by the Placing and the same will be utilised by the Group as its general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected an additional amount of HK\$136,086,000 will be raised. The net proceeds of approximately HK\$136,086,000 will be utilised by the Group for its general working capital and as funds for future development of the existing business of the Group and other business when investment opportunity arise. As at the date of this announcement, the Company did not have any specific development and investment plans.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 am on 21 December 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 am on 28 December 2007.

THE PLACING AGREEMENT

Date: 20 December 2007

Parties: (i) Issuer: the Company
(ii) Placing Agent: IBTS Asia (HK) Limited

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

The Placing Agent will receive HK\$50,000 in respect of its obligations under the Placing Agreement.

Information on the Warrants

A total maximum number of 1,839,000,000 Warrants is proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, a total of 1,839,000,000 Subscription Shares, representing (i) approximately 19.99% of the issued share capital of the company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares upon the full exercise of the subscription rights attaching to the Warrants.

The Warrants will be issued to the Placees upon Completion in registered form and constituted by the Instrument. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the rights to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) and is issued at the Issue Price.

The subscription rights attaching to the Warrants can be exercised at any time during a period of 30 months commencing from the date of issue of the Warrants.

The Subscription Shares, when fully paid, and allotted, will rank pari passu in all respects with the then Shares in issue on the date of allotment and issue of the relevant Subscription Shares.

As advised by the Company's legal adviser on Bermuda laws, the issue of Warrants does not constitute a new class of securities and shareholders' approval is not required for the issue of Warrants.

The Placees

The Placing Agent will procure not less than six Placees to subscribe for up to 1,839,000,000 Warrants on a best effort basis. The Placees shall be independent institutional or private investors and each of them and their respective ultimate beneficial owners will be an Independent Third Party prior to and immediately after Completion. Immediately upon the exercise of the subscription rights attaching to the Warrants, it is expected that none of the Placees will become a substantial Shareholder.

Issue Price and Subscription Price

The Issue Price is HK\$0.001 per Warrant payable in cash. The net issue price is estimated to be approximately HK\$0.00087 per Warrant.

The Subscription Price is HK\$0.074 per Subscription Share, subject to adjustment based on the prescribed formulas as set out in the Instrument upon the happening of the following normal adjustment events:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution other than the issue of Shares credited as fully paid or partly paid out of profits or reserves and issued in lieu of a cash dividend being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders;
- (iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price of the Shares on the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons) being made by the Company to the Shareholders;
- (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share initially receivable for such securities is less than 90% of the market price of the Shares on the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the Shareholders), or

the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 90% of such market price;

- (vii) an issue of Shares being made wholly for cash at a price less than 90% of the market price of the Shares on the date of the announcement of the issue (whether or not such issue is subject to the approval of the Shareholders); and
- (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognised stock exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

Every adjustment to the Subscription Price shall be certified by the auditors of the Company or an approved merchant bank.

The Subscription Price represents (i) a discount of approximately 16.85% to the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on 20 December 2007, being the last trading day immediately prior to the entering into of the Placing Agreement; (ii) a discount of approximately 19.04% to the average of the closing prices of approximately HK\$0.0914 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20 December 2007; and (iii) a premium of approximately 974.97% over the audited net asset value per Share attributable to the Shareholders of approximately HK\$0.00759 as at 31 December 2006.

The aggregate of the Issue Price and the Subscription Price represents (i) a discount of approximately 15.73% to the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on 20 December 2007, being the last trading day immediately prior to the entering into of the Placing Agreement; (ii) a discount of approximately 17.94% to the average of the closing prices of approximately HK\$0.0914 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20 December 2007; and (iii) a premium of approximately 988.14% over the audited net asset value per Share attributable to the Shareholders of approximately HK\$0.00759 as at 31 December 2006.

The Board considers that both the Subscription Price and the aggregate of it with the Issue Price, taking into account (i) the continuous loss making performance of the Group since the year ended 31 December 2002; (ii) the recent decreasing trading prices of the Shares; (iii) both the Subscription Price and the aggregate of it with the Issue Price are at substantial premiums over the audited net asset value per Share attributable to the Shareholders as at 31 December 2006; and (iv) an exercise period of 30 months, are fair and reasonable, which are determined after arm's length negotiations between the Company and the Placing Agent, and are in the interests of the Company and the Shareholders as a whole.

Minimum subscription

Subscription for the Warrants must be for a minimum of 3,000,000 Warrants or integral multiples thereof.

Transferability

The Warrants are transferable in integral multiples of 3,000,000 Warrants to any person other than a connected person (as defined in the Listing Rules). In the event of a transfer of to a connected person (as defined in the Listing Rules), prior approval from the Company and the Stock Exchange should be obtained.

Condition of the Placing

Completion shall be subject to and conditional upon the Listing Committee of the Stock Exchange shall have granted the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants.

If the above condition is not fulfilled on or before 5:00 p.m. on 21 February 2008 (or such other date as may be agreed between the Company and the Placing Agent), the Placing Agreement will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

Completion

Completion will take place on the third Business Day after the fulfillment of the condition referred to in the section headed "Condition of the Placing" in this announcement above.

Rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Mandate to issue the Subscription Shares

The General Mandate was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 22 May 2007 to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue on that date.

The Subscription Shares to be allotted and issued upon the exercise in full of the subscription rights attaching to the Warrants will be allotted and issued under the General Mandate. The 1,839,000,000 Shares to be allotted and issued upon full exercise of the subscription rights attaching to the Warrants utilises approximately 99.9% of the General Mandate. The General Mandate has not been previously utilised prior to the Placing.

No Shareholders' approval is required under the constitutional documents of the Company to issue the Warrants.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The closing price per Share as quoted on the Stock Exchange on 20 December 2007, being the last trading day immediately prior to the entering into of the Placing Agreement, was HK\$0.089 per Share. Under Rule 13.64 of the Listing Rules, the Stock Exchange reserves its right to require the Company to either change its trading method or to proceed with a consolidation of the Shares when the market price of the Shares approaches the extremities of HK\$0.01. In such case, the Stock Exchange will not consider granting an approval for listing in respect of any future fund raising by the Company if the Shares are trading towards the extremities of HK\$0.01, which the Stock Exchange considers to be any trading price less than HK\$0.10, and the Company will consider to proceed with a consolidation of its Shares.

REASONS FOR THE PLACING

The Group is principally engaged in the business of manufacturing and sale of wooden products, such as door skin and particle board products.

The Directors concluded that the Placing would be a good opportunity to raise further capital for the Company in that it will not have an immediate dilution effect on the shareholding of the existing Shareholders and approximately HK\$1,600,000 will be raised immediately upon completion of the Placing. The Directors are of the view that the Placing would provide the Group an opportunity to raise further substantial funds in the event the Placees exercise their subscription rights attaching to the Warrants. If and when the Warrants are exercised, further funds of approximately HK\$136,086,000 will also be raised.

In view of the above, the Directors consider that the proposed issue of the unlisted Warrants is an appropriate method of raising further funds for the Company in the circumstances and that the Placing Agreement has been arrived at after arm's length negotiations between the Company and the Placing Agent, and the terms of which are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscription Shares will not exceed 20% of the issued share capital of the Company. As at the date of this announcement, save for the share options of the Company, there are no other securities issued which confer any other subscription rights in the Shares.

USE OF PROCEEDS

It is expected the net proceeds of approximately HK\$1,600,000 will be raised by the Placing and the same will be utilised by the Group as its general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected an additional amount of HK\$136,086,000 will be raised. The net proceeds of approximately HK\$136,086,000 will be utilised by the Group for its general working capital and as funds for future development of the existing business of the Group and other business when investment opportunities arise. As at the date of this announcement, the Company did not have any specific development and investment plans.

FUND RAISING DURING THE PAST TWELVE MONTHS

There has been no fund raising by the Company during the past twelve months from the date of the Placing Agreement.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 9,197,779,755 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants (assuming full subscription of the Warrants) are as follows:

Shareholder	As at the date of this announcement		Immediately after the exercise of the subscription rights attaching to the Warrants (assuming full subscription of the Warrants)	
	Number of Shares held <i>Shares</i>	Approximate shareholding percentage <i>%</i>	Number of Shares held <i>Shares</i>	Approximate shareholding percentage <i>%</i>
Zhang Xi (<i>Note 1</i>)	2,792,826,000	30.36	2,792,826,000	25.30
Public Shareholders				
– Placees	0	0.00	1,839,000,000	16.66
– Other public shareholders	6,404,953,755	69.64	6,404,953,755	58.04
Total	<u>9,197,779,755</u>	<u>100.00</u>	<u>11,036,779,755</u>	<u>100.00</u>

Notes:

1. Mr. Zhang Xi, an executive Director, is the beneficial owner of 2,792,826,000 Shares. He is deemed to be interested in those Shares which are held by Civil Talent International Limited, the entire issued share capital of which is beneficially owned by him.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Subscription Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules

are excluded for the purpose of such limit. As at the date of this announcement, there are no securities with subscription rights outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants, 1,839,000,000 Subscription Shares, representing (i) approximately 19.99% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all of the Subscription Shares, assuming no Shares are further issued or repurchased. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 am on 21 December 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 am on 28 December 2007.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	“Business Day” any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
“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”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to exercise the power of the Company to issue securities up to 20% of the Company’s issued share capital as at the date of the annual general meeting of the Company held on 22 May 2007
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	the counterparty and its ultimate beneficial owners being third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Instrument”	the deed poll constituting the Warrants to be executed by the Company on Completion
“Issue Price”	HK\$0.001 per unit of Warrant to be issued pursuant to the Placing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity whom the Placing Agent have procured to subscribe for the Warrants
“Placing”	the placing of the Warrants to selected independent institutional and/or private investors pursuant to the Placing Agreement
“Placing Agent”	IBTS Asia (HK) Limited
“Placing Agreement”	the conditional placing agreement dated 20 December 2007 and entered into between the Company and the Placing Agent in relation to the Placing
“SFC”	The Securities and Futures Commission of Hong Kong
“Shares”	ordinary shares of US\$0.001 each in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the initial subscription price of HK\$0.074 per Subscription Share (subject to adjustment) at which holder of the Warrants may subscribe for the Subscription Shares
“Subscription Shares”	new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants
“Warrants”	up to 1,839,000,000 non-listed warrants to be issued by the Company at the Issue Price, each entitles the holder thereof to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) at any time during a period of 30 months commencing from the date of issue of the Warrants

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent

By Order of the Board
FULBOND HOLDINGS LIMITED
Zhang Xi
Chairman

Hong Kong, 27 December 2007

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