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Fulbond Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

MEMORANDUM OF UNDERSTANDING

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that after end of the morning session of trading of the Shares on the Stock Exchange on 11 May 2011, Superb Talent entered into a non-legally binding Memorandum of Understanding with the Authority, whereby Superb Talent and the Authority intend to implement the Proposed Transaction in relation to the establishment of manufacturing base of electric vehicle component parts.

The Proposed Transaction is still subject to the signing of a formal agreement. Accordingly, the Proposed Transaction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Further announcement in respect of the Proposed Transaction will be made by the Company as and when appropriate in accordance with the Listing Rules.

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The Board is pleased to announce that after end of the morning session of trading of the Shares on the Stock Exchange on 11 May 2011, Superb Talent entered into a non-legally binding Memorandum of Understanding with the Authority, whereby Superb Talent and the Authority intend to implement the Proposed Transaction. The principal terms of the Memorandum of Understanding are summarized below:

- Parties :
- (1) Superb Talent Investments Limited, a wholly owned subsidiary of the Company; and
 - (2) Management Committee of Economic Development Zone of Binzhou, Shandong Province, the PRC (中國山東省濱州市經濟開發區管理委員會), a governmental body established by the People's Government of Zouping County, and is in charge of the daily administration of such Economic Development Zone.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Authority and its ultimate beneficial owners is Independent Third Party.

Subject of the Memorandum of Understanding : Superb Talent intends to invest a total of RMB800 million to RMB1,000 million in Shandong district for the establishment of the manufacturing base of electric vehicle component parts, comprising lithium-ion batteries, power motors and controllers, research and design centre, inspection centre, assembly unit of electric vehicle etc., with over 100,000 square meters construction area. Superb Talent targets to produce electric vehicles with an annual capacity of 5,000 units electric passenger vehicles.

It is expected that the Transaction will be implemented at the end of 2011 and commence operation in October 2012.

Undertaking of the Authority :

- (i) The relevant governmental department will prioritize the use of new energy vehicle produced by Superb Talent in Binzhou.
- (ii) Depend on the need for the Proposed Transaction, the Authority will provide 500 acres for industrial use of Superb Talent.
- (iii) Depend on the need for the Proposed Transaction, construct 100,000 square meters production plant for Superb Talent. Superb Talent shall prepay part of the purchase price of the plant and upon completion of the project, the Authority will transfer the production plant to Superb Talent at cost. The construction of the production plant is expected to commence before the end of 2011.
- (iv) It will assist Superb Talent to formulate and construct staff living quarter.
- (v) It will assist Superb Talent to promote new energy vehicle in local market.
- (vi) It will assist Superb Talent to obtain state-level support project (國家級扶持項目), local policy support, discount government loan and purchase orders.
- (vii) After the registration of a company by Superb Talent in Shandong ("Project Company"), the Authority will liaise with the Binzhou municipal government to enter into purchase orders for electric vehicles with Superb Talent.
- (viii) If Superb Talent could commence operation in October 2012, the Authority undertakes not to introduce other enterprises with similar business comparing to Superb Talent, including, production plants for lithium ferrous sulfate battery, electric vehicle power motor and controllers and pure electric vehicle assembly, for a term of 3 years commencing from the date of registration of the Project Company.

- (ix) It will assist Superb Talent to obtain new energy vehicle production and sales approvals in Binzhou city. It will further assist Superb Talent to cooperate with other corporations qualified to manufacture passenger vehicles in Shandong Province.
- Undertaking of Superb Talent : (i) It will establish a production plant for a series of energy and environmental save products, including new energy electric vehicle, permanent magnetic motors, pure electric motor assembly system, controllers, battery management system, battery incubator (電池保溫箱), a full series of 200 AH, 300 AH and 400 AH or above lithium ferrous sulfate battery, etc.. It undertakes to deliver the products within 6 months after the establishment of the production plant.
- (ii) It will complete registration of the Project Company in December 2011 and commence operation in October 2012. The registered capital of the Project Company will be RMB100 million and the accumulated total investment will reach RMB800 million to RMB1,000 million.
- (iii) The electric vehicles produced by the Project Company shall have prominent advantage in terms of quality, functionality and pricing comparing to other similar vehicles in the PRC.
- (iv) It will establish research centers in Shandong and may act jointly with colleges in Shandong.
- (v) Superb Talent will enjoy independent intellectual property rights in the Proposed Transaction.
- (vi) Superb Talent will provide students in Shandong training and work opportunity.
- Formal Agreement : Upon Signing of the Memorandum of Understanding, Superb Talent and the Authority shall, in accordance with the principal terms of the Memorandum of Understanding, execute a formal agreement.
- Transferability : Unless obtained the prior written approval from the other party, the rights and obligations under the Memorandum of Understanding are non-transferable.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION

On 2 February 2011, the Board announced the proposed acquisition of Lithium Energy Group Ltd., the subsidiaries of which are principally engaged in, inter alia, (i) research and manufacturing of lithium-ion battery; and (ii) production of power motor and controller.

The Board believes that the Proposed Transaction is in line with the business plan of the Group and that the Group's profitability may be further enhanced thereby strengthened the earning base of the Group.

INFORMATION ON THE COMPANY

The Group is principally engaged in (i) the business of manufacturing and sale of wooden products; and (ii) the property development in the PRC.

GENERAL

The Memorandum of Understanding constitutes no legally binding agreement between Superb Talent and the Authority. All the terms and conditions of a formal agreement concerning the Proposed Transaction are subject to further negotiations between the parties.

The Proposed Transaction is still subject to the signing of a formal agreement. Accordingly, the Proposed Transaction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Further announcement in respect of the Proposed Transaction will be made by the Company as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“AH”	ampere-hour
“Authority”	Management Committee of Economic Development Zone of Binzhou, the Shandong Province, the PRC (中國山東省濱州市經濟開發區管理委員會)
“Board”	the board of Directors
“Company”	Fulbond Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	independent third parties which are not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	a non-legally binding memorandum of understanding dated 11 May 2011 entered into between Superb Talent and the Authority in relation to the Proposed Transaction
“PRC”	the People’s Republic of China
“Proposed Transaction”	the co-operation between Superb Talent and the Authority in relation to the establishment of manufacturing base of electric vehicle component parts
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holders of Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Superb Talent”	Superb Talent Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

By Order of the Board
Fulbond Holdings Limited
Zhang Xi
Chairman

Hong Kong, 11 May 2011

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Xi, Ms. Catherine Chen, Mr. Chiu Kong, Mr. Yeung Kwok Yu, Mr. Kwan Kam Hung, Jimmy, Mr. Wah Wang Kei, Jackie and Mr. Chen Guang Lin; and the independent non-executive directors of the Company are Mr. Hong Po Kui, Martin, Ms. Ma Yin Fan, Mr. Yu Pan and Mr. Leung Hoi Ying.