

Contact: Shiu Ka Yue / Ip Mun Lam / Leo Yang
Tel: 2801 6239 (9029 1865 / 9840 2744 / 6800 6687)

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FULBOND'S PROPOSED LITHIUM POWER BUSINESS ACQUISITION HAS A GUARANTEED 5-YEAR PROFIT OF HK\$1.12 BILLION

HIGHLIGHTS:

- Acquisition of Lithium Energy Group is pending shareholders' approval at an SGM to be held on 21 June 2011
- The acquisition has guaranteed net profit of not less than HK\$1.12 billion for five financial years. The profit target for 2011 amounts to not less than HK\$70 million
- Lithium Energy Group targets to achieve total sales of 255 million AH lithium-ion power batteries and 5,750 vehicles from 2011 to 2015

Fulbond Holdings Limited ("Fulbond" or "the Company", stock code: 1041; together with its subsidiaries, "the Group") restated a five-year profit target of HK\$1.12 billion from Lithium Energy Group Ltd., acquisition of which is pending approval at a special general meeting ("SGM") to be held on 21 June 2011. The Company also noted that the acquisition, which costs HK\$900 million to be settled by cash and consideration shares, will not result in a change of control of the Company.

The vendor of the acquisition has guaranteed to the Company that the audited consolidated net profit of Lithium Energy Group Ltd. and its subsidiaries (collectively "Lithium Energy Group") for the five financial years immediately after the completion date of the acquisition (including the year of the completion date) to be not less than HK\$1.12 billion in total, with the profit target for 2011 amounting to not less than HK\$70 million.

The vendor and its guarantors have also covenanted to procure a company ("subject company") controlled by the vendor and/or its guarantors to acquire the registered capital of a PRC vehicle manufacturing company and to grant an option to the Group to acquire the entire or partial equity interests of the subject company within three months after the completion of the acquisition.

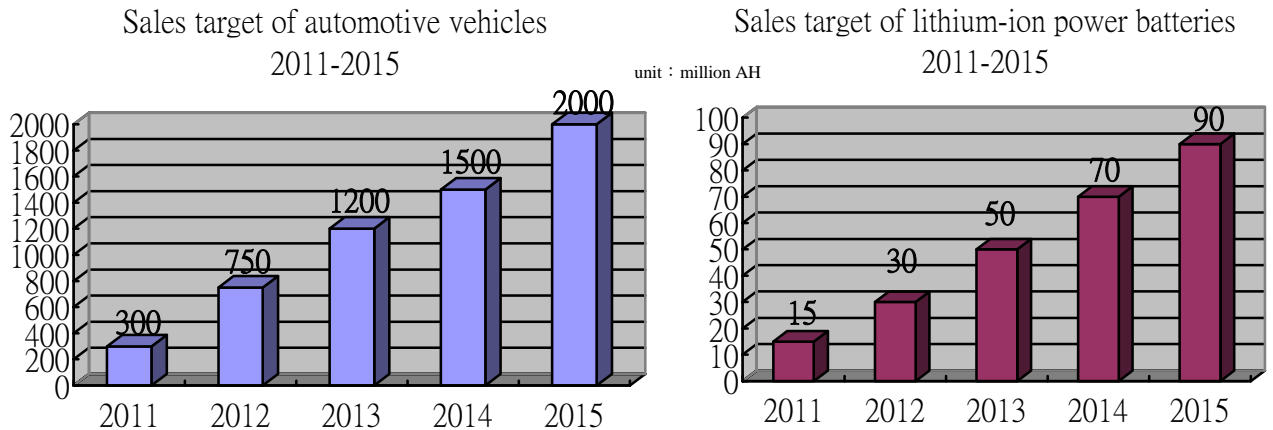
Lithium Energy Group is principally engaged in the research and manufacturing of lithium-ion battery; research and production of power motor and controller; and cooperation with strategic partners involving in manufacturing of automotive vehicles, and selling of these vehicles to customers. It possesses a team of experts and consultants comprising professors of reputable universities in the PRC and has 14 registered patents for technologies relating to the development and design of its products.

Lithium Energy Group has two lithium ferrous sulphate battery production lines located in Tangshan and Changchun respectively, which are among the first batch of the 13 pilot cities and the second batch of 7 additional pilot cities in the “Project of 1,000 New Energy Vehicles in Ten Cities”, promulgated by the PRC government. It is expected that the demand for electric vehicles in these cities will be stimulated by government subsidies including RMB500,000 per electric municipal public passenger vehicle with length of more than 10 metres and RMB60,000 per pure electric passenger vehicle. Lithium Energy Group is also striving to expand its presence in other markets such as Hong Kong, Shenzhen, Guangzhou, Sanya, Shenyang, Dalian, Jilin, Chongqing, Chengdu, Shijiazhuang, Baoding and Langfang.

Lithium Energy Group also cooperates with strategic partners involving in manufacturing of automotive vehicles to assemble electric vehicles. In addition to its cooperation with Zhuhai Guangtong Automobile Company for the assembling of pure electric vehicles, Lithium Energy Group has entered into strategic cooperation agreements with a Beijing-based state-owned enterprise under the direct leadership of China Weapon Industry Group Corp., and a city passenger vehicle manufacturer based in Chongqing, which is one of the largest in the PRC with an annual production capacity of 8,000 passenger vehicles. Under these cooperation agreements, Lithium Energy Group will provide batteries, power motor and controller and the management system for the assembly of vehicles. It will also be responsible for the distribution and sale of these electric vehicles.

Fulbond has formulated a five-year business plan for the development of Lithium Energy Group. For the battery business, it 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. For the power motor and controller equipments business, the Group intends to set up five production lines to achieve an annual production capacity exceeding 20,000 sets to satisfy the needs of vehicle assembly within Lithium Energy Group. For the automotive vehicles business, the Group will involve in the vehicle business through cooperation with strategic partners involving in manufacturing of automotive vehicles to achieve an annual production capacity exceeding 10,000 vehicles.

Lithium Energy Group targets to achieve total sales of 255 million AH lithium-ion power batteries and 5,750 automotive vehicles in the five years ending 2015. Below are sales targets of automotive vehicles and lithium-ion power batteries from 2011 to 2015.



About Fulbond

Listed on the main board of The Stock Exchange of Hong Kong Limited in 1996, the Company has been seeking to expand its business scope with strategic investment in segments with high-growth potential in recent years.

**For details, you can refer to:*

<http://www.hkexnews.hk/listedco/listconews/sehk/20110525/LTN20110525009.pdf>

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