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Fulbond Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION SUPPLEMENTAL AGREEMENT TO THE ACQUISITION AGREEMENT AND ACQUISITION COMPLETION

The Board wishes to announce that on 13 August 2010, the Purchaser and the Vendor entered into the Supplemental Agreement to amend certain terms of the Acquisition Agreement regarding one of the Conditions Precedent, the payment arrangement of the Consideration and the grant of the Further Put Option to the Purchaser.

The Board is also pleased to announce that the Acquisition was completed on 13 August 2010.

BACKGROUND

Reference is made to the announcements of Fulbond Holdings Limited (the “**Company**”) dated 9 June 2010 and 20 July 2010 and the circular of the Company dated 28 June 2010 (the “**Circular**”) in respect of, inter alia, the Acquisition. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meaning as those defined in the Circular.

The Board wishes to announce that on 13 August 2010, the Purchaser and the Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend certain terms of the Acquisition Agreement regarding one of the Conditions Precedent, the payment arrangement of the Consideration and the grant of the Further Put Option (as defined below) to the Purchaser.

Pursuant to the Acquisition Agreement, the Acquisition is conditional upon, inter alia, that the Second Stage Capital Increase under the Capital Increase Agreement shall have been duly and properly completed and shall have been fully paid to result in the final structure of the Target Group and approval of the Second Stage Capital Increase by the relevant governmental authority in the PRC shall have been obtained.

As at the date of this announcement, approval for the Second Stage Capital Increase involving the Capital Injection of RMB30 million has already been obtained from the Department of Commerce of Shaanxi Province, pursuant to which not less than 20% of the Capital Injection shall be made at the time when an application for the foreign owned enterprise business licence is made, whereas the remaining Capital Injection shall be made within 6 months from the date of registration of the change of such business licence. As at the date of this announcement, a sum of approximately

RMB6 million, representing 20% of the Capital Injection, has been injected into Xi'an Yuansheng by the Vendor through the Target Company. As advised by the Vendor, it may need further time to raise sufficient funds to inject the remaining capital in an amount of RMB24 million (the "**Remaining Capital**") into Xi'an Yuansheng.

Considering that most of the other Conditions Precedent have already been fulfilled, it is proposed that the Remaining Capital would be injected by the Purchaser (through the Target Company) after Acquisition Completion and an amount equivalent to the Remaining Capital would be deducted from the Consideration payable to the Vendor on Acquisition Completion. Such remaining amount would subsequently be contributed by the Company indirectly to Xi'an Yuansheng as the Remaining Capital.

SUPPLEMENTAL AGREEMENT

In view of the above, the Supplemental Agreement was entered into by the Purchaser and the Vendor to provide for the following modifications:

(1) Conditions Precedent

The condition (iv) set out in the Circular is modified to the effect that the Second Stage Capital Increase shall have to be duly and properly completed to the extent as to the sum of RMB6 million only.

(2) Consideration

The payment arrangement of the Consideration set out in the Circular is modified to the effect that a sum of RMB260,848,920 shall be paid in cash to the Vendor (or as it may direct) on the Completion Date, whereas the remaining balance of RMB24,000,000 shall be retained and applied to satisfy the Remaining Capital (the "**Retained Capital Payment**"), which balance shall be paid to the Target Company after Acquisition Completion for subsequent contribution to Xi'an Yuansheng for completion of the Capital Injection.

In addition, pursuant to the Supplemental Agreement, the Vendor acknowledges and confirms that he will not have any recourse against the Purchaser, the Target Company or Xi'an Yuansheng by reason of or in connection with the Retained Capital Payment and waives all rights in respect of the Retained Capital Payment.

(3) Put Option

In addition to the Put Option granted by the Vendor pursuant to the Acquisition Agreement, the Vendor has also granted a put option (the "**Further Put Option**") to the Purchaser pursuant to the Supplemental Agreement whereby the Purchaser shall have the right to require the Vendor to purchase back from the Purchaser the Sale Share and any outstanding shareholder's loan due and owing by the Target Company to the Purchaser at the time when the Further Put Option is completed (the "**New Shareholder's Loan**") at the option price equal to the aggregate of the Consideration received by the Vendor on Acquisition Completion (i.e. RMB260,848,920) and the principal amount of the Additional Shareholder's Loan (together with interest accrued thereon calculated at the rate equal to the lending rate quoted by the People's Bank of China from time to time for the period from the Completion Date up to the date of completion of the sale and purchase of the Sale Share and the New Shareholder's Loan upon exercise of the Further Put Option) in the event that the injection

of the Remaining Capital cannot be completed on or before the prescribed time period permissible under the PRC laws (the “**Latest Capital Contribution Date**”) after proceeding to make contribution of the Remaining Capital by the Target Company. The Further Put Option is exercisable up to the expiry of 12 months from the Latest Capital Contribution Date.

The exercise of the Further Put Option is at the discretion of the Purchaser. The Further Put Option is granted in consideration of the Purchaser agreeing to purchase the Sale Share and the Shareholder’s Loan and thus no premium is required to be paid by the Purchaser for the grant of the Further Put Option. Therefore, the grant of the Further Put Option is exempt from the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. The exercise of the Further Put Option is expected to constitute a notifiable and connected transaction for the Company and the Company will comply with the applicable reporting, announcement and independent shareholders’ approval requirements pursuant to the Listing Rules on the exercise of the Further Put Option.

Due to the variation of the payment arrangement of the Consideration, the Option Price of the Put Option granted by the Vendor pursuant to the Acquisition Agreement, which relates to the obtaining of the new construction land planning permit or the renewal thereof, would be adjusted as follows:

- (i) in the event that the Retained Capital Payment has already been paid by the Purchaser at the time when the Put Option is completed, the Option Price shall be the aggregate of the total Consideration (i.e. RMB284,848,920) and the principal amount of the Additional Shareholder’s Loan together with the interest accrued thereon calculated in the manner as set out above; and
- (ii) in the event that the Retained Capital Payment has not yet been paid by the Purchaser at the time when the Put Option is completed, the Option Price shall be the aggregate of the Consideration received by the Vendor on Acquisition Completion (i.e. RMB260,848,920) and the principal amount of the Additional Shareholder’s Loan together with the interest accrued thereon calculated in the manner as set out above.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Taking into account that (i) the amendments to the Acquisition Agreement set out above can facilitate the Acquisition Completion to take place as soon as possible; (ii) the total amount of Consideration payable by the Company remains the same while part of the Consideration, being the Retained Capital Payment, can be paid by the Company at a later stage; (iii) the Purchaser can exercise the Further Put Option in the event that the injection of the Remaining Capital cannot be completed by the Latest Capital Contribution Date; and (iv) the Company would be able to monitor the Capital Injection procedure, the Directors consider that the proposed amendments to the Acquisition Agreement do not constitute a material change to the provisions of the Acquisition Agreement and are of the view that the terms of the Supplemental Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Save as modified by the Supplemental Agreement, all other terms of the Acquisition Agreement shall remain unchanged and continue in full force and effect.

ACQUISITION COMPLETION

The Board is pleased to announce that all the Conditions Precedent under the Acquisition Agreement (as amended and supplemented by the Supplemental Agreement) had been fulfilled and the Acquisition was completed on 13 August 2010. Following Acquisition Completion, the Target Company has become a wholly-owned subsidiary of the Company and Xi'an Yuansheng has become a non-wholly owned subsidiary of the Company.

By Order of the Board
Fulbond Holdings Limited
Zhang Xi
Chairman

Hong Kong, 13 August 2010

As at the date of this announcement, the Board comprises seven executive Directors, namely Mr. Zhang Xi, Ms. Catherine Chen, Mr. Chiu Kong, Mr. Yeung Kwok Yu, Mr. Lee Sun Man, Mr. Kwan Kam Hung, Jimmy and Mr. Wah Wang Kei, Jackie; and four independent non-executive Directors, namely Mr. Hong Po Kui, Martin, Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying.