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Fulbond Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

CONTINUING CONNECTED TRANSACTION

Reference is made to the Company's announcements dated 9 June 2010 and 13 August 2010 and circular dated 28 June 2010 (the "Circular") in relation to, inter alia, the acquisition of the entire issued share capital of and the assignment of the shareholder's loan of Allywing. After completion of the Acquisition Agreement, the Company owns 60% interests in the Property Project in the Land situate at Weiyang District, Xi'an City, the PRC.

THE MANAGEMENT AGREEMENT

The Board wishes to announce that on 29 November 2010, Allywing, a wholly owned subsidiary of the Company and the Manager entered into the Management Agreement, pursuant to which the Manager will provide professional management services to Allywing in the Property Project.

Since Ms. Zhang is a sister of Mr. Zhang who is an executive Director and the Chairman of the Company, and holds 60% equity interests in the capital of the Manager, she is therefore a connected person of the Company. The entering into of the Management Agreement between Allywing and the Manager constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Given the applicable percentage ratios (other than the profit ratio) of the Listing Rules exceed 2.5% and the annual consideration is more than HK\$10,000,000, the Management Agreement is therefore subject to the reporting, announcement and Independent Shareholders' approval and annual review pursuant to Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, save for Mr. Zhang and his associates, no Shareholder has a material interest in the Management Agreement. Therefore, save for Mr. Zhang and his associates, no Shareholder is required to abstain from voting in relation to the resolution(s) to be proposed for approving the Management Agreement including the Annual Caps at the SGM.

GENERAL

The Circular containing, among others, (i) further details of the Management Agreement including the Annual Caps; (ii) letter from the independent board committee of the Company to the Independent Shareholders in relation to the Management Agreement including the Annual Caps; (iii) letter of advice from Guangdong Securities to the independent board committee of the Company and the Independent Shareholders in respect of the Management Agreement including the Annual Caps; and (iv) a notice of the SGM will be dispatched to the Shareholders on or before 20 December 2010.

INTRODUCTION

Reference is made to the Company's announcements dated 9 June 2010 and 13 August 2010 and circular dated 28 June 2010 (the "Circular") in relation to, inter alia, the acquisition of the entire issued share capital of and the assignment of the shareholder's loan of Allywing by Good Base, a wholly owned subsidiary of the Company from Mr. Zhang, an executive Director of the Company. Terms defined in the Circular shall have the same meanings when used herein unless otherwise specified.

After the Acquisition Completion, the Company through the Target Company holds 60% equity interest in Xi'an Yuansheng, a company incorporated in the PRC, which in turn holds the land use and development rights of the Land situate at Weiyang District, Xi'an City, the PRC.

THE MANAGEMENT AGREEMENT

On 29 November 2010, Allywing and the Manager entered into the Management Agreement, pursuant to which the Manager agreed to provide professional management and consultancy services to Allywing in relation to the Property Project.

Date

29 November 2010

Parties

- (1) Allywing, a wholly owned subsidiary of the Company
- (2) the Manager

Principal Terms of the Management Agreement

- (1) The Manager agrees to provide Allywing with management and consultancy services in the Property Project, a brief summary thereof are set out as follows:
 - (a) maintaining or approving the inter-relationships among the parties involved in the Property Project, including but not limited to the relevant governmental departments and authorities;

- (b) manipulating managing and controlling the works of all contractors, sub-contractors and contracting parties, including preparation of agreements with contractors, selection of contractors and sub-contractors and reporting of the construction works' progresses;
- (c) managing supervising and coordinating the designing works in every design step;
- (d) organizing managing and supervising the purchase of materials and equipments, including organizing tender processes of all construction works and liaising with potential suppliers in respect of the prices and qualities of materials and equipments;
- (e) controlling coordinating and maintaining the continuing progress of construction works pursuant to designed plans;
- (f) providing suggestions in relation to chosen of raw materials, equipments and operating systems, usage of the construction sites and possibility of different construction plans;
- (g) providing suggestions in relation to the terms of construction contracts and contents of design plans;
- (h) assisting to control the construction prices. The Manager shall within one month after the signing of the Management Agreement, suggest to Allywing a mechanism of controlling the construction prices; and within three months after completion of all construction works, assist to complete the settlement of accounts with all relevant parties and, with the final approval of Allywing, settle the balances of the accounts;
- (i) within one month after completion of construction works, compiling and delivering to Allywing the original and one copy of the whole set of files in relation to all the construction works involved;
- (j) organizing controlling ensuring the quality of all construction works up to standards as required;
- (k) providing on-site management control and services in the constructions sites to ensure that the safety, protection, supporting and transport of materials in the construction sites fulfill the requirements of relevant regulations in Xi'an City;
- (l) coordinating and assisting all checking and investigation procedures taken out by relevant governmental departments and authorities after completion of construction works;
- (m) coordinating and supervising the maintenance works in compliance with all relevant maintenance agreements and thereafter compiling all such agreements information and documents in relation to maintenance for delivering the same to Allywing; and
- (n) organizing recommending and arranging the signing of all relevant insurance policies to ensure that the assets of Allywing are covered and protected under insurance.

(2) Allywing agrees to pay to the Manager:

- (a) an inclusive management fee of HK\$50,000,000 (save as bonus, if any), which will be settled by Allywing by 3 installments as follows:
- (i) first installment : HK\$23,000,000 being 46% of the total management fee and payable within 15 days after the effective date of the Management Agreement;
 - (ii) second installment : HK\$13,500,000 being 27% of the total management fee and payable within 15 days after the issue of certificate of approval for presale of commercial premises (商品房預售許可證) (the “Second Installment Condition”);
 - (iii) third installment : HK\$13,500,000 being 27% of the total management fee and payable within 15 days after issue of certificates of compliance confirming completion of all constructions works in the Property Project and settlement of accounts (which have been audited by independent third parties) with all contracting parties (the “Third Installment Condition”).
- (b) (1) the Manager shall be responsible for Allywing’s financial loss if (i) construction works are delayed and (ii) the Manager is default in performing its duties pursuant to the Management Agreement. The amount of compensation payable by the Manager thereby will be subject to negotiation between the parties, but in any event not more than the management fee (after deduction of tax) payable by Allywing.
- (2) Since the Acquisition Completion, the building plans of the Property Project had been changed to develop luxury residential buildings. Based on the existing building plans and estimated budget, the estimated total construction fee is RMB3.5 billion.
- (3) If the Manager defaults in submitting to Allywing any plan, meeting record, management report (in electronic format) or examination report on time pursuant to the Management Agreement, the Manager shall pay to Allywing a penalty fee equivalent to 0.05% of such instalment of management fee per day (i.e. penalty fee = days of default x instalment of management fee x 0.05%).
- (4) The Management Agreement is conditional upon the Independent Shareholders’ approval of the Management Agreement including the Annual Caps at the SGM in accordance with the Listing Rules.

- (5) The terms of the Management Agreement will be commenced upon approval of the Management Agreement including the Annual Caps by the Independent Shareholders at the SGM in accordance with the Listing Rules and terminated upon issue of certificates of compliance confirming completion of all constructions works in the Property Project and settlement of accounts (which have been audited by independent third parties) with all contracting parties and the payment of last installment of the management fee by Allywing. The term is estimated to be five years from the commencement of the Management Agreement. Guangdong Securities will explain why a longer period for the Management Agreement is required and confirm that it is normal business practice for contracts of this type to be of such duration, in compliance with the Listing Rules.

Annual Caps

The estimated Annual Caps for the continuing connected transactions for the period ending 31 December 2011, the financial years of the Group ending 31 December 2012, 31 December 2013, 31 December 2014, 31 December 2015 and the five months ending 31 May 2016 are as follows:

	For the period ending 31 December 2011	For the financial year ending 31 December 2012	For the financial year ending 31 December 2013	For the financial year ending 31 December 2014	For the financial year ending 31 December 2015	For the five months ending 31 May 2016
Annual Caps	HK\$36,500,000 ¹	HK\$27,000,000 ²	HK\$27,000,000 ²	HK\$27,000,000 ²	HK\$27,000,000 ²	HK\$27,000,000 ²

1. The estimated Annual Cap for the period ending 31 December 2011 is determined with reference to the first installment of the management fee at the sum of HK\$23,000,000 payable by Allywing within 15 days after the effective date of the Management Agreement together with the second installment at the sum of HK\$13,500,000 payable by Allywing in the event that the Second Installment Condition is fulfilled.
2. The estimated Annual Caps for the financial years of the Group ending 31 December 2012, 31 December 2013, 31 December 2014, 31 December 2015 and the five months ending 31 May 2016 are determined with reference to the second installment of the management fee at the sum of HK\$13,500,000 and the third installment of the management fee at the sum of HK\$13,500,000 payable by Allywing in the event that the Second Installment Condition and the Third Installment Condition are fulfilled.

REASONS FOR ENTERING INTO THE MANAGEMENT AGREEMENT

As mentioned in the Circular, the Directors consider that the Acquisition, which provides the Group an opportunity to participate in the real estate market in the PRC, will enable the Group to diversify its business to the property development sector and it is expected that this would provide positive contributions to the operation of the Group in long term.

The Group is principally engaged in the business of manufacturing and sale of wooden products, which needs a party in providing professional advice and assisting in management and control of the Property Project.

The Manager is principally engaged in management service of investment, development, management of property and has engaged a management team with extensive experience in the property development and management in the PRC. The Directors believe that the Manager can provide professional advice to the Group and assist the Group in managing and operating the Property Project.

The management fee was agreed after arm's length negotiation and was determined with reference to the duties and responsibilities under the Management Agreement, the experiences and qualifications of the personnel of the Manager.

The Directors (including the independent non-executive Directors, but excluding Mr. Zhang) consider that the terms of the Management Agreement to be fair and reasonable. As far as the Company and the Independent Shareholders are concerned, these terms are on normal commercial terms and are in the interests of the Company the Independent Shareholders as a whole.

Listing Rules Implications

Ms. Zhang holds 60% issued share capital of the Manager. Since Ms. Zhang is a sister of Mr. Zhang who is an executive Director and the Chairman of the Company, she is therefore a connected person of the Company. The entering into of the Management Agreement between Allywing and the Manager constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Given the applicable percentage ratios (other than the profit ratio) of the Listing Rules exceed 2.5% and the annual consideration is more than HK\$10,000,000, the Management Agreement is therefore subject to the reporting, announcement and Independent Shareholders' approval and annual review pursuant to Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, save for Mr. Zhang and his associates, no Shareholder has a material interest in the Management Agreement. Therefore, save for Mr. Zhang and his associates, no Shareholder is required to abstain from voting in relation to the resolution(s) to be proposed for approving the Management Agreement including the Annual Caps at the SGM.

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Management Agreement including the Annual Caps. Guangdong Securities has been appointed to advise the independent board committee of the Company and the Independent Shareholders in respect of the Management Agreement including the Annual Caps.

GENERAL

The Circular containing, among others, (i) further details of the Management Agreement; (ii) letter from the independent board committee of the Company to the Independent Shareholders in relation to the Management Agreement including the Annual Caps; (iii) letter of advice from Guangdong Securities to the independent board committee of the Company and the Independent Shareholders in respect of the Management Agreement including the Annual Caps; and (iv) a notice of the SGM will be dispatched to the Shareholders on or before 20 December 2010.

DEFINITIONS

In this announcement, the following terms shall have the meanings respectively set opposite them unless the context requires otherwise:

“Allywing”	Allywing Investments Limited, a wholly-owned subsidiary of the Company
“Annual Caps”	the annual aggregate maximum amount of management fee payable by Allywing to the Manager pursuant to the Management Agreement

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“Good Base”	Good Base Investments Limited, a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance and the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in relation to the Management Agreement and the transactions contemplated thereunder
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Zhang and his associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Management Agreement”	建設項目管理委托合同 dated 29 November 2010 and entered into between Allywing and the Manager
“Manager”	Harvest Day Limited, a company incorporated in Cayman Islands and its 60% issued share capital is held by Ms. Zhang
“Mr. Zhang”	Mr. Zhang Xi, an executive Director and Chairman of the Company
“Ms. Zhang”	Ms. Zhang Hua Fang (張華芳), who is a sister of Mr. Zhang and holds 60% equity interests in the capital of the Manager
“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan Region
“SGM”	a special general meeting to be held by the Company to consider and, if thought fit, approve the Management Agreement including the Annual Caps

“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xi’an Yuansheng”	西安遠聲實業有限公司(Xi’an Yuansheng Enterprises Limited), a company incorporated in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent

By Order of the Board
Fulbond Holdings Limited
Zhang Xi
Chairman

Hong Kong, 29 November 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, Ms. Ma Yin Fan, Mr. Yu Pan and Mr. Leung Hoi Ying.