

Chairman's Statement

Fellow Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Fulbond Holdings Limited (the "Group") for the year ended 31 December 2001.

FINANCIAL RESULTS

For the year ended 31 December 2001, the Group recorded a turnover of US\$35,833,000, as compared to US\$74,533,000 last year. The decrease in turnover is mainly due to a partial disposal of a former 67.4% owned subsidiary and a deemed disposal of a 51% owned former subsidiary in the second half of 2000. These two former subsidiaries became associates of the Group, where under the accounting treatment, only results are accounted for. Attributable to the completion of the restructuring proposal and the bank loans and interest provision written back in early 2001, net profit reported a significant turnaround, growing to US\$24,255,000, compared to last year's net loss of US\$10,349,000. Basic earnings per share were US0.43 cents.

DIVIDEND

No dividend was paid during the year.

BUSINESS REVIEW

2001 marked a significant milestone for the Group with the implementation of its successful restructuring strategy.

The Group successfully completed a financial and corporate restructuring in March 2001. As a result of this restructure, the financial position of the Group was fully restored and the Group's business has been diversified from existing timber business to other high technology related businesses.

THE TIMBER BUSINESS

In 2001, the timber business continued to be the principal activity of the Group.

While timber operation was anticipating a moderate recovery beginning from the third quarter of Year 2001, 911 tragedy had unfortunately washed away our expectations involuntary. As a result, the export of timber related products to overseas market shrank significantly and consequently the over supply of timber products were directed to and flooded the China domestic market where 95% of our joint venture business arises.

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Despite the above unforeseen factor which affects the performance of timber operation, the rapid and steady growth from Jilin Fudun Timber Co. Ltd. ("Fudun"), in which, the Group has the biggest investment so far has more or less balanced off the negative result. The market for moulded door includes domestic market which satisfies product differentiation strategy and export market which fulfills scale of economy and low cost strategy. It is anticipated that Fudun will continue broaden its sales revenue and profitability under the assistance and guidance rendered from the Group.

To further strengthen its profitability, the Group entered a share transaction agreement to acquire a 51% equity interest in a timber-related company, Shenyang Fusheng Wood Clipboard Co., Limited ("Fusheng"), in October 2001. During the year, the Company has made the payment of NT\$3 million as a deposit for the acquisition. However, the completion of the acquisition is pending for the consents of relevant government authorities in the PRC.

Fusheng is principally engaged in the manufacturing and sale of medium density fibre board for use in a variety of furniture and building material applications. It is located close to the facilities of Shenyang Fuyang Wood-Based Panel Ltd. ("Fuyang"), which is a 40% associate company of the Company and the principal activities of Fusheng are complementary to the business of the Group. The acquisition is expected to create synergy for Fuyang's operations in terms of marketing, purchasing and other savings in operating costs and overheads and contribute positively to the Group's timber operations.

THE HIGH TECHNOLOGY RELATED BUSINESSES

High technology businesses are seeing long term and continuing development around the globe. Leveraging the new management's long-term and in-depth experience in the industry, the Group made the leap from its existing timber-related business into the high technology arena, grasping the business opportunities arising around the world, and notably in the Asian market.

In 2001, The Company started to test the market by selling wireless LAN products, supplied by Z-Com, Inc. – a leading wireless LAN company in Taiwan, under "Fulbond" brand name. Wireless LAN products turn out to be a highly growing market with rapid price erosion. The Company then decides take a conservative approach by focusing on long-term development of IC design business related to this market.

To strengthen its technology arm, the Group entered a subscription agreement with UNiSVR Global Information Technology Corp. (UNiSVR) in October 2001, conditionally agreeing to subscribe up to 5,440,000 new UNiSVR shares. As at 31 December 2001, the Group had an approximately 13% shareholding in UNiSVR.

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UNiSVR is principally engaged in the provision of information technology outsourcing services through the Internet including information software design, data and information processing, information system management and related services. There is a growing trend for enterprises to outsource IT functions stemming from high costs and management complexities. UNiSVR, with its experienced management, technical veteran and business network in the US, will benefit from this growth.

CHANGE OF COMPANY NAME

To better reflect the restructure Group's business focus, the Company's name was changed from Ta Fu International Holdings Limited to Fulbond Holdings Limited in March 2001, a name which believed will be keeping with its strategy to aim at a higher level of technology in future.

FUTURE PLANS AND PROSPECTS

Looking to the future, the Group will continue its commitment to strengthen its timber business and high technology related businesses, and enhance the Group's profitability by broadening income streams, implementing prudent financial management and stringent cost controls.

For the timber business, China's accession to the World Trade Organization has gradually relaxed import controls and import taxes, which will on the one hand, increase imported materials to release China's resource deficit, and on the other, create stronger competition. The Group, however, is confident that more business opportunities will arise and cheaper resources will benefit the market as a whole.

In view of the excellent performance of Fudun in the sales of moulded doors, the Group will establish sales and marketing offices as well as showrooms in major cities of the PRC to enhance the performance of sales and marketing and establishment of brand image.

For the high technology related businesses, riding on the new management's profound experience and excellent business relations in the high technology sector in the US and Taiwan, the Group is closely monitoring market moves, evaluating potential investment projects as well as introducing them to the market.

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Among the various potential projects under evaluation, the Group is starting with integrated circuit ("IC") design services business. IC design is perceived as one of the core emphasis of the next wave of the development of the IC industry. This area requires a great deal of investment for professional specialists. Riding on the Group's strong professional expertise and industry ties, together with UNiSVR's comprehensive broadband internet application platform for IC design tools and data management, the Group is uniquely positioned to develop its IC design service business. This IC design services business will be launched in the second half of 2002, focusing initially on the Greater China region.

The Group will continue to enhance its research and development and explore potential investment opportunities to accelerate the pace of its high technology related businesses.

By order of the Board

Yang Ding-Yuan

Chairman

Hong Kong, 25 April 2002