



**E. BON HOLDINGS LIMITED**  
(Incorporated in the Cayman Islands with limited liability)  
**怡邦行控股有限公司**

## ANNOUNCEMENT

This announcement is to update investors and shareholders of the further development of an investigation by the Independent Commission Against Corruption ("ICAC") first commenced in April 2001 and is also made in response to certain articles published recently in a number of newspapers which set out inaccurate information concerning charges by the ICAC against a number of executive directors and employees of E. Bon Holdings Limited ("the Company", together with its subsidiaries, the "Group") on 8th January 2002.

The Company has established an independent board comprising members of the board of directors who are not implicated by the alleged offences to conduct an independent legal operational and business review and to ensure a smooth running of the business. The Company has also instructed its own legal advisor to deal with any aspect of the matter that may concern the Company as a result.

The Directors believe that the sales of Bonco and Alpha products and its contribution was not material for the Group as a whole as referred to in the Company's announcement of 8th June, 2001 and that there is no material impact on the business of the Group caused by the incident.

Further announcement will be made to inform the investors and shareholders of the latest development of the above matter as and when appropriate.

Shareholders of the Company and investors are advised to exercise caution when dealing in securities of the Company.

### Background

An announcement was published by the directors of the Company (the "**Directors**") on 27th April, 2001 in respect of investigations made against a number of the Directors concerning the business dealings of one of the subsidiaries of the Group by the ICAC.

### Inaccurate Newspaper Report

Certain articles published recently in a number of Chinese newspapers incorrectly state that 5 directors of the Company were charged of alleged conspiracy to defraud the Housing Authority by supplying counterfeit locks to a number of its projects under the brand name of **Bonco and Alpha**.

### The Facts

On 8th January, 2002, Messrs. Tse Sun Fat, Henry; Tse Sun Po, Tony and Lee Chi Wah, Rhodes, being respectively the Chairman, Managing Director and Deputy Managing Director of the Company and all being also directors of E. Bon Building Materials Co. Ltd, one of its wholly owned subsidiaries ("the Subsidiary") and 5 employees of the Company, were charged with alleged conspiracy to defraud certain construction companies by :

- (a) falsely representing that Bonco and Alpha locks supplied by the Subsidiary to certain contractors of Housing Authority were materials on the Approved List of Materials for Use in Housing Authority Building Contracts;
- (b) falsely representing that the said Bonco and Alpha locks were manufactured by Showa Limited and Alpha Corporation in Japan; and
- (c) causing the contractors to pay for the said locks.

Mr. Tse Sun Fat, Henry and Mr. Tse Sun Po, Tony are brothers. Of the 5 employees charged, only Mr. Tse Sun Ming, Almond and Mr. Yick Kai Chung form part of the senior management. In addition, Mr. Tse Sun Ming, Almond, is a cousin of Mr. Tse Sun Fat, Henry and Mr. Tse Sun Po, Tony.

The three directors and five employees being charged have denied all charges and are released on bail. The Board of Directors of the Company ("Board of Directors") has been advised by its own independent solicitors that pending the trial of the offences, there is no need for any of the persons charged to resign or be suspended from the execution of their duties in so far as (a) these do not touch upon the transactions under investigation and/or (b) a conflict of interest situation does not arise. However, the Company is currently not aware of any situation giving rise to the above.

The factual inaccuracies appearing in the said newspapers are regretted and the Company reserves its rights against the publishers concerned, should such need arise.

### Independent Board

In order to investigate the impact the allegations raised against the said directors and employees may have on the Company, and to ensure the smooth ongoing business operation, the Board of Directors have resolved to form an independent board ("Independent Board") comprising Mr. Leung Kwong Kin and Mr. Wong Wah, Dominic, being the two existing independent non-executive directors, as well as Mr. Wong Tin Cheung, Ricky and Mr. Mak So, two of the executive directors who are not in any way implicated by the allegations to conduct a business review as well as to oversee the management of the business of the Group. The Company has also instructed its own legal advisor to advise on the legal aspect of such review as well as steps that the Company may need to take in order to protect its interest in this matter. A terms of reference defining the scope of work for the aforesaid purpose is being prepared. The Independent Board expects to report to the Board of Directors on its findings within 3 months.

### Impact on Business

The Directors believe that the sales of Bonco locks and Alpha lock and their contribution to the Group's performance was not material for the Group as a whole as referred to in the Company's announcement of 8th June, 2001 by reason of the fact that sale of locks to the relevant contractors only occupied a small fraction of the relevant turnover of the Group. Further, there is no material adverse impact on the business of the Group caused by the incident vis-à-vis the allegations. In particular, the Group continues to supply its products to the private sector, which remain unaffected by the incident. Further analysis of the impact will, where material, be announced following the findings of the Independent Board.

The Company does not consider it necessary to deal with the allegations raised by ICAC in so far as they pertain the personal interest of the individuals concerned. The Company has already commenced legal proceedings against three of the contractors involved. In the meantime, the Company has been advised that it would be prudent to reserve its legal rights including the right to commence further legal proceedings should its interest be in any way jeopardised by the allegations raised, if so advised by the Independent Board. The three directors and five employees being charged continue to be employed by the Group.

Further announcement will be made to inform the investors and shareholders of the further development of the above matter as and when appropriate.

Shareholders of the Company and investors are advised to exercise caution when dealing in securities of the Company.

By order of the Board  
**Ricky Wong Tin Cheung**  
Executive Director