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

(Stock Code: 599)

SETTLEMENT OF CONTINGENT LIABILITY

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

A wholly owned subsidiary of the Company has settled, upon mediation its dispute with one of its customer, on a drop-hands basis, relating to the supply of its door locks to that customer in 2001. This is expected to realise a loss of earnings by Hong Kong cents 1.78 per share, which does not affect our business operations.

Shareholders and potential investors of securities of the Company should therefore exercise caution when dealing in the securities of the Company.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

As disclosed on page 93 of the annual report of E. Bon Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) dated 11 June 2010 regarding the legal action (High Court Action No. HCA 3441 of 2001) taken out by one of our wholly owned subsidiaries E. Bon Building Materials Company Limited (“E. Bon Building”) against Shun Shing Construction & Engineering Co. Ltd. (“Shun Shing”) for the recovery of the sum of HK\$5,333,000, being the price of its door locks sold to Shun Shing but its claim was met with Shun Shing’s purported counterclaim for damages in the sum of HK\$6,148,000, based on an alleged breach of the supply agreement to which we have categorically denied.

It was at all material times and has always been our Group’s business belief and philosophy to resolve any dispute or difference with our customer by way of commercial consideration rather than by way of litigation as the latter will only destroy, rather than advance and further, the mutual beneficial business relationship with that customer. We believe that providing good quality services and products to the satisfaction of our customers is the most important key to the success of our business. Thereupon, hardly would we be prepared to take our customers to court for resolving our dispute or difference unless we have run out of all other business options as this runs against the grain.

Following the Civil Justice Reform in January 2010, the High Court of Hong Kong Special Administrative Region encouraged Shun Shing and E. Bon Building to mediate with a view to exploring the settlement of the aforesaid legal action rather than resorting to have the dispute resolved by way of costly civil litigation. Both parties had taken the opportunity to explore the possibility of settlement before the case going to trial. Upon mediation, both parties had managed to make headway that eventually led to the conclusion of settlement of our dispute on a drop-hands basis which is made on an entirely without any admission of liabilities basis on the parts of E. Bon Building and Shun Shing respectively as both of us share the view that litigation will only destroy good business relationship. The Court has granted an order in terms of our settlement agreement on 29 March 2011.

Shun Shing's core business is mainly in logistics and property developments construction projects from the Government and private developers etc. We believe that the settlement is beneficial to our Group if we are able to maintain good business relationship and to tap into potential business with them. We are glad that we have now managed to put our difference behind and as with other valued customers, we will re-build business with them and become one of their reputable and reliable suppliers to their building projects.

Potential Financial Impact of the Group

The settlement agreement will avoid costly trial costs and uncertainty of the outcome of the aforesaid legal action; the Group is expected to realise the loss of HK\$5,333,000, being the price of the door locks sold to Shun Shing by E. Bon Building in 2001 or translated it into Hong Kong cents 1.78 per share. We must emphasize that the figure represents the estimation of the loss which does not affect our business operations, in addition, it is without taking into the account of any potential business which we may have with Shun Shing in future.

Important

Shareholders and potential investors of securities of the Company should therefore exercise caution when dealing in the securities of the Company.

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in importing and sale of architectural builders hardware, bathroom, kitchen collections and furniture.

By Order of the Board
E. Bon Holdings Limited
Lau Shiu Sun
Executive Director

Hong Kong, 30 March 2011

As at the date hereof, the Board of Directors comprises nine Directors, of which six are Executive Directors, namely Messrs. TSE Sun Fat, Henry, TSE Sun Po, Tony, LAU Shiu Sun, YICK Kai Chung, FUNG Cheuk Hang, Jackie and TSE Hon Kit, Kevin and three are Independent Non-executive Directors, namely Messrs. LEUNG Kwong Kin, J.P., WONG Wah, Dominic and WAN Sze Chung.