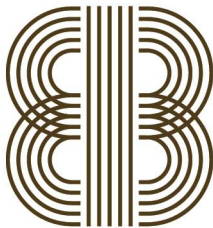


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**E. BON HOLDINGS LIMITED**  
(Incorporated in the Cayman Islands with limited liability)  
**怡邦行控股有限公司**

(Stock Code: 599)

## **CONTINUING CONNECTED TRANSACTION**

For the year ended 31 March 2012, it is duly noted that the Group had made a total purchase of ironmongeries in a sum of HK\$12,373,618 in the financial year of 2011/2012 ending on 31 March 2012 and in a sum of HK\$4,279,249 for the period from 1 April to 31 October 2012 from a vendor in Dongguan, Guangdong, China known as Argo Corporation Limited ('Argo'). Mr. Yik Kai Kwong, Benny, the owner of Argo, is the brother of Mr. Yick Kai Chung, an executive director of the Company, and therefore Argo is a connected person to the Group in the transaction. As a result thereof, the Group's purchases constituted a continuing connected transaction under Chapter 14A of the Listing Rules and the Company is in breach of these rules for failing to report and seek independent shareholders' approval.

The Company will take a remedial step by appointing Mr. Tse Hon Kit, Kevin, who will be assisted by a CPA, to ensure due compliance of the Listing Rules.

## **INTRODUCTION**

For the year ended 31 March 2012, it is noted that the Company's wholly owned Hong Kong subsidiaries, H2O (Pro) Limited and Techpro Trading Limited had made a purchase of ironmongeries in the sum of HK\$3,318,420 and HK\$5,179,710 respectively (totally: HK\$8,498,130) from a vendor in Dongguan known as Argo Corporation Limited ('Argo') in the year of 2011 as compared to HK\$1,404,893 and HK\$2,872,283 respectively (totally: HK\$4,277,176) in the year of 2010. The Argo was at all material times and still is wholly owned by Mr. Yik Kai Kwong, Benny who is the brother of Mr. Yick Kai Chung, an executive director of the Company. It was thought that the purchase from Argo was to fill in the mid and lower range-priced market and would not be significant.

However, further analysis of accounts from the Company's subsidiaries in Shanghai reveals that its wholly-owned subsidiaries Shanghai Tech Pro International Trading Company Limited and Shanghai Tech Pro Interior Decoration Company Limited had made a purchase of ironmongeries in the sum HK\$2,755,353 and HK\$1,120,135 respectively (totally: HK\$3,875,488) from Argo in the year of 2011 as compared to HK\$1,045,035 and nil respectively in the year of 2010.

This means that the Group had made a total purchase from Argo in a sum of HK\$12,373,618 (HK\$3,875,488 + HK\$8,498,130) for the financial year of 2011/2012.

It is further noted that the Group had made a total purchase in the sum of HK\$4,279,248 from Argo from 1 April 2012 to 31 October 2012.

## **LISTING RULES IMPLICATION**

Although it is not a discloseable transaction under listing rule 14.08 as the relevant ratios are less than 5%; nevertheless, it is a connected transaction under listing rule 14A.13 because Mr. Yik Kai Kwong, Benny, the owner of the manufacture Argo Corporation Limited, is a brother of Mr. Yick Kai Chung, an executive director of the Company. As the connected transaction does not fall within the scope of exemptions under listing rule 14A.33 and 14A.34, therefore, it is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the independent shareholders' approval requirements.

As a result of failure to report and obtain Independent Shareholders' approval of the above transaction in time, the Company is in breach of the Listing Rule 14A. The non-compliance of the listing rules was due to, among other things that it was not a discloseable transaction as it was below the relevant threshold ratios.

## **REMEDIAL STEPS TAKEN BY THE COMPANY**

In addition to the opinion expressed by the independent non-executive directors that it was an arm's length transaction because these purchases were made on terms no less favourable to the Company than terms available to or from other independent third parties and its gross profit margin is similar to those sourced from other vendors, the Directors have, on 19 November 2012, held a board meeting to ratify, confirm and approve the abovementioned connected transaction as they considered that Mr. Yick Kai Chung had no influence whatsoever in respect of purchases made to Argo which were made purely on commercial reasons to fill the niche of the market and the doubling of purchase from previous year suggested a high demand for their products. The above resolution was backed by the support and approval of more than 50% of independent shareholders after they had been duly briefed on the matter, which the continuing connected transaction for the year of 2011/12 with an annual cap limit up to HK\$15 million.

The Company has taken a remedial step by appointing Mr. Tse Hon Kit, Kevin, who will be assisted by a person with CPA qualification to oversee the transaction related to Argo's account on a weekly basis to ensure that the Company complies with the Listing Rules and to conduct annual review of connected transaction in accordance with the Listing Rules.

Definition:

“Argo” means Argo Corporation Limited

“Board” means the board of Directors

“Company” means E. Bon Holdings Limited

“Group” means the Company and its subsidiaries

“Independent Shareholders’ approval” as defined in Listing Rule 14A.18.

“Listing Rules” means the Listing Rules of The Stock Exchange of Hong Kong Limited

By Order of the Board  
**E. Bon Holdings Limited**  
TSE Sun Fat, Henry  
*Chairman*

Hong Kong, 26 November 2012

*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 Wai, Albert, TSE Sun Po, Tony, TSE Hon Kit, Kevin, LAU Shiu Sun and YICK Kai Chung and three are Independent Non-executive Directors, namely Messrs. LEUNG Kwong Kin, J.P., WONG Wah, Dominic and WAN Sze Chung.*