



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

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

The directors of E. Bon Holdings Limited (the “Company”) announce that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2002 are as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT For the six months ended 30 September 2002

		Unaudited Six months ended 30 September 2002	2001
	Note	HK\$'000	HK\$'000
Turnover	1	67,229	78,934
Cost of sales		(42,710)	(53,878)
Gross profit		24,519	25,056
Other revenue		216	655
Selling and distribution expenses		(16,271)	(21,882)
Administrative expenses		(13,502)	(16,149)
Operating loss	2	(5,038)	(12,320)
Finance costs		(21)	(610)
Loss before taxation		(5,059)	(12,930)
Taxation	3	28	–
Loss attributable to shareholders		(5,031)	(12,930)
Basic loss per share	4	(HK3 cents)	(HK6 cents)

Notes:

#### 1 Revenues, turnover and segment information

The Group is principally engaged in the importing and sale of architectural builders hardware and bathroom collection in Hong Kong.

All of the turnover and operating loss of the Group for the period are contributed by importing and sales of architectural builders hardware and bathroom collection.

	Unaudited Six months ended 30 September 2002	2001
	HK\$'000	HK\$'000
Segment results		
Turnover		
Wholesale	60,935	74,322
Retail	17,101	16,735
Inter-segment elimination	(10,807)	(12,123)
Total turnover	67,229	78,934
Segment operating loss		
Wholesale	(4,495)	(9,118)
Retail	(543)	(3,202)
Total operating loss	(5,038)	(12,320)

No geographical analysis of turnover and operating loss is provided as less than 10% of the consolidated turnover and less than 10% of the consolidated trading results of the Group are attributable to markets outside Hong Kong.

#### 2 Operating loss

Operating loss is stated after charging depreciation of fixed assets of HK\$1,892,000 (30 September 2001: HK\$1,566,000).

#### 3 Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group has no assessable profits for the period (six months ended 30 September 2002).

#### 4 Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$5,031,000 (six month ended 30 September 2001: loss of HK\$12,930,000) and 200,000,000 shares (30 September 2001: 200,000,000 shares) in issue during the period. Diluted earnings per share for the periods were not disclosed as there were no dilutive potential ordinary shares.

### INTERIM DIVIDEND

As a result of losses sustained for the six months ended 30 September 2002, the directors do not recommend any interim dividend be paid to shareholders for this period.

### REVIEW OF OPERATIONS

For the past six months ended 30 September 2002, the Group's unaudited accounts show that consolidated turnover was HK\$67.23 million (six months ended 30 September 2001: HK\$78.93 million) and consolidated loss after taxation was HK\$5.03 million (six months ended 30 September 2001: Loss HK\$12.93 million) respectively. It represents a lowering of turnover by 14% as compared with the same period last year. However the loss incurred during this period was substantially lower by 61% as compared with the same period last year. The suspension of sales of Home Ownership Scheme flats has now been made on an indefinite term as addressed by the Secretary for Housing, Planning and Lands in October this year. As stated in our 2002 annual report, much efforts have now been made in replacing the loss of project sales in the public sector by private sector projects and in expanding in retail sales of high end products such as bathroom accessories.

The allegation made against 4 directors of the Company and 2 directors and 3 employees of one of its subsidiaries by the Independent Commission Against Corruption (“ICAC”) was concluded in October this year. 3 employees were acquitted in the middle of trial and the directors alleged to be involved in this case were acquitted with the costs order in favour of the said directors. The Board of Director (“the Board”) is pleased with the Court decision, which simply confirms our earlier announcements related to this case.

During the period, about 38% (six months ended 30 September 2001: 53%) of the Group's turnover was generated from the sale of goods for property development projects. Despite the unnecessary adverse publicity attracted as the result of allegation made public by the ICAC, the Group has been able to obtain various development contracts including the Liberté and Private Sector Housing Estate in Sham Mong Road in West Kowloon. Prestigious projects include 117 Repulse Bay Road and the renovation of the Landmark in Central. This simply lends support that our past good record and commitment to quality products and maintenance works have gained confidence and loyalty among the developers, main contractors and subcontractors. We deal with every project and business transaction with both the skill and heart. No doubt, our customers are one of the key factors to our business success.

At 30 September 2002, the Group employed about 130 devoted employees who continue to improve their working efficiency during the period. Facing with the lowering of turnover due to the continuous worsening and difficult operating environment, the Group has managed to operate effectively, while keeping in line of the prevailing market trend, with the lowering of overheads by some 22% without any recourse to redundancy. To this end, we would like to thank our staff for their efforts and support during this period of the unprecedented challenge.

### FINANCIAL POSITION

Notwithstanding the losses incurred during this interim period, we are pleased to report that the Group remains strong financially, with cash generated from wholesale and retail sales via the outlets. The Group has managed to reduce further its reliance on bank borrowings with cash in hand at 30 September amounted to HK\$31.14 million. The Group has no bank borrowings as at 30 September 2002 (31 March 2002 – Nil) and the current ratio, which is calculated based on current assets over current liabilities of the Group, at 30 September 2002 was 12 (31 March 2002: 11.5). The Group has no significant exposure to foreign currency fluctuations. No asset of the Group was held under charge and there was no material capital commitment as at 30 September 2002. During the period the Board had proposed that certain proceeds (approximately HK\$12 million) from the public offering which was originally intended for investment in electronic commerce, will be used to invest in environmental conservation projects in light of and in line with the recent government policy on sustainability. The Group has looked into certain potential products or service lines relating to this area and will continue to do so.

### CONTINGENT LIABILITIES

- (a) In August 2001, the Company sued one of its customer (“Defendant A”) for recovery of an amount of approximately HK\$5,333,000 in respect of goods sold and delivered to Defendant A. In September 2001, Defendant A filed a counter-claim in a sum of approximately HK\$6,148,000 against the Company for the alleged losses and damages as a result of the alleged breach of the supply agreement entered into between Defendant A and the Company. The proceedings are still in the pleadings stage and the directors of the Company, on the basis of independent legal advice obtained, consider the Company has a good arguable case against Defendant A for the counter-claim and accordingly no provision in respect of the amount of the counter-claim has been made in the accounts of the Company.
- (b) In August 2001, the Company sued another customer (“Defendant B”) for recovery of an amount of approximately HK\$1,017,000 in respect of goods sold and delivered to Defendant B. In September 2001, Defendant B filed a counter-claim in a sum of approximately HK\$1,443,000 against the Company for the alleged losses and damages as a result of the alleged breach of contract by the Company. The proceedings are still in the pleadings stage and the directors of the Company, on the basis of independent legal advice obtained, consider the Company has a good arguable case against Defendant B for the counter-claim and accordingly no provision in respect of the amount of the counter-claim has been made in the accounts of the Company.
- (c) In November 2001, the Company sued another customer (“Defendant C”) for recovery of an amount of approximately HK\$1,325,000 in respect of goods sold and delivered to Defendant C. In March 2002, Defendant C filed a counter-claim for unspecified amount of damages on the Company for the alleged breach of contract and misrepresentation by the Company. The proceedings are still in the pleadings stage and the directors of the Company, on the basis of independent legal advice obtained, consider the Company has a good arguable case against the customer for the counter-claim and accordingly no provision in respect of the amount of the counter-claim has been made in the accounts of the Company.
- (d) As at 30 September 2002, the Group had indemnities in respect of performance bonds amounting to approximately HK\$2,107,678 (31 March 2002: HK\$2,152,647) given to certain customers in respect of commitments for the supply of goods to such customers.

Apart from the above, the Group had no material litigation or contingent liabilities as at 30 September 2002 and up to the date of the approval of these condensed interim accounts.

### FUTURE PROSPECTS

As Hong Kong people do understand, it will take some time for the gradual recovery of the local property market and the recent radical, decisive and welcome change of Government housing policy, including the restructuring of statutory housing bodies, will no doubt accelerate the recovery of the market. However, as mentioned in our annual reports for the past 2 years, until and unless the issue of the negative equity owners has been resolved or a new middle class of Hong Kong comes into existence to replace them, either of which are unlikely to be seen in near future, we are cautiously optimistic about the recovery of the economy in Hong Kong.

In order to cope with the slow down of the housing projects, both private and public, the Group has and will continues to expand its distribution network in Hong Kong. We have opened further retail outlets during this period. These include Sunny Pro in Wan Chai and H2O (Pro) in Portland Street. The Group will also open a new showroom in Electric Street Wan Chai named OVO LIVING to provide our prestigious customers not only the high end bathroom and kitchen accessories but also the selected luxurious designer living room furniture and accessories. The retail sales from retail operations have and will contribute higher profit margin than project sales and lower the risk of doubtful debts.

Meanwhile, the Group continues to expand its operation in China, with China attaining her membership to WTO, the Beijing Olympic in 2008 followed by the World Expo in Shanghai in 2010, this represents an ample of business opportunities as for the Group in Beijing, Shanghai and other part of China. Shanghai Tech Pro International Trading Company Limited, a wholly owned subsidiary, will be expanding its operation and be opening an office to Tinjiang as well as the office in Beijing to ensure that the Group is strategically positioned in these areas. During this period, the Group supplied materials to various building projects in China including JinJiang Hotel in Pudong Shanghai, China World Hotel in Beijing.

### PURCHASE, SALES OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 in the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30 September 2002.

### AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adapted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 September 2002.

### PUBLICATION OF FINANCIAL INFORMATION

The unaudited condensed interim report of the Group for the six months ended 30 September 2002 containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange.

On behalf of the Board  
TSE, Sun Fat, Henry  
Chairman

Hong Kong, 17 December 2002  
website: www.ebon.com.hk