

ANNOUNCEMENT OF ANNUAL RESULTS

For the year ended 31 MARCH 2005



E. BON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

怡邦行控股有限公司

(Stock Code : 599)

FINANCIAL HIGHLIGHTS

For the year ended 31 MARCH 2005

Turnover increased to	Retails Increased by	Wholesale Increased by	Operating Profit	Earnings per share	Proposed dividend per share
HK\$199 million	54%	27%	HK\$11.3 million	HK5 cents	HK2.5 cents

RESULTS

The Board of Directors of E. Bon Holdings Limited (the "Company") announces that the audited annual results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2005 are as follows:

	Note	2005 HK\$'000	2004 HK\$'000
Turnover	2	199,090	153,897
Gross profit		(117,871)	(104,930)
Cost of sales		81,219	48,967
Other revenues		172	264
Selling and distribution expenses		(49,854)	(40,974)
Administrative expenses		(20,253)	(22,954)
Operating profit/(loss)	3	11,284	(14,697)
Finance costs		(53)	(56)
Profit/(Loss) before taxation		11,231	(14,753)
Taxation	4	(1,056)	874
Profit/(Loss) for the year		10,175	(13,879)
Dividend	5	5,000	NIL
Basic earnings/(loss) per share	6	5 cents	(7 cents)

Notes:

1. **Basis of preparation**
The accounts have been prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRS") accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention as modified by the revaluation of land and buildings. The financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the disclosure requirements of the Hong Kong Companies Ordinance.
The HKICPA has issued a number of new and revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these HKFRSs but is not yet in a position to state whether these HKFRSs would have a significant impact on its results of operations and financial position.

2. **Turnover**
The Group is organised in Hong Kong into two main business segments:
Wholesale – importing and wholesale of architectural builders hardware and bathroom collections to dealers, traditional hardware stores, contractors and property developers.
Retail – sale of architectural builders hardware and bathroom collections through the Group's retail outlets.

Segment results

	2005 HK\$'000	2004 HK\$'000
Turnover		
Wholesale	173,743	136,491
Retail	63,692	41,356
Inter-segment elimination	(38,345)	(23,950)
Total turnover	199,090	153,897
Segment operating profit/(loss)		
Wholesale	9,413	(9,707)
Retail	1,871	(4,990)
Total operating profit/(loss)	11,284	(14,697)

No geographical analysis 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.

3. **Operating profit/(loss)**
Operating profit is stated after charging depreciation of fixed assets of HK\$5,324,000 (2004: HK\$4,732,000), staff costs, including directors' remunerations of HK\$26,120,000 (2004: HK\$27,055,000).

4. **Taxation**
Hong Kong profits tax is calculated at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the year.

	2005 HK\$'000	2004 HK\$'000
Hong Kong profits tax		
– current year	336	–
– over/(under) provision in previous year	(367)	19
Deferred taxation	1,087	(893)
Taxation charged/(credit)	1,056	(874)

5. **Dividend**
The Board has resolved to recommend a final dividend of HK2.5 cents (2004: nil) per ordinary share for the year ended 31 March 2005.

6. **Earnings/(loss) per share**
The calculation of basic earnings per share for the year ended 31 March 2005 is based on the Group's profit for the year of HK\$10,175,000 (2004: loss of HK\$13,879,000) and on the outstanding number of 200,000,000 shares in issue (2004: 200,000,000 shares) during the year.
Diluted earnings per share was not disclosed as there were no dilutive potential ordinary shares.

DIVIDEND
The Board has resolved to recommend a final dividend of HK2.5 cents (2004: nil) per ordinary share for the year ended 31 March 2005 at the forthcoming annual general meeting to be held on 7 September 2005 (the "AGM"). The final dividend, if approved by the members, will be paid on 7 October 2005 to members whose names appear on the principal or branch register of members of the Company in Cayman Islands or Hong Kong respectively (collectively the "Register of Members") as at the close of business on 7 September 2005.

CLOSURE OF REGISTER OF MEMBERS
The Company's Register of Members will be closed from 1 September 2005 (Thursday) to 7 September 2005 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 31 August 2005 (Wednesday).

MANAGEMENT DISCUSSION AND ANALYSIS
The following discussion provides information on contribution to revenue, operating profit, profit after tax, financial condition, liquidity and capital expenditure of the Group.

Results of Operations
We are pleased to announce an operating profit of HK\$11.3 million, turning from an operating loss of HK\$14.7 million in 2004. The Group's turnover for the year ended 31 March 2005 was HK\$199 million representing an increase of 29% as compared to last year with 54% and 27% increase in sales over the last year of our retail business and property development projects respectively which is due to the active real estate market as a result of the appropriate policy on land supply and of the economic recovery. During this year, we have managed to reduce our administrative costs by 12% down to HK\$20.2 million while we have been able to maintain our effort in expanding our operations.

Despite the unfavourable foreign exchange rate for our import products, the Group was managed to improve its gross profit margin from 32% to 40% by the change in sales of product mix contributed mainly by the significant increase in our retail business which has a higher profit margin and a relatively higher rate of inventory turnover.

Wholesales/Retails
The increasing pace of economic recovery in Hong Kong experienced since the last half of 2004 results in the increase in the volume of sales both in the wholesale and retail operations. In September 2004 and February

2005 we expanded 2 further outlets for sales of bathroom accessories and kitchenware. In our project sale operation, we have been supplying our high end products to prestige projects including the Arch, Grand Promenade etc.. The Group will also supply the high end products to projects such as the Legend, Canary West in Hong Kong and La Baie Du Noble of Macau. We are pleased to report that the turnover from China operation jumped from about HK\$1 million last year to HK\$9 million this year. We will continue to expand our China operation sagaciously.

Financial Resources and Liquidity
The Group remains prudent in its financial management, we obtain our supplies mainly by trading on open accounts or documents against acceptance. The current ratio and quick ratio are 5.85 (2004: 5.76) and 3.82 (2004: 3.94) respectively, while the cash and bank balances amounted to HK\$29 million as at 31 March 2005 (2004: HK\$33 million). The Group's gearing ratio (the ratio of total liabilities to the sum of total liabilities and owners' equity) increases slightly to 15.3% as of 31 March 2005 (2004: 15.1%). In addition, the Group had no bank borrowing as at 31 March 2005 (2004: nil).

The Group's exposure to foreign currency fluctuation is not material as cash balances are primarily denominated in Hong Kong Dollars while the Group continues to adopt prudently a hedging policy against any foreign exchange risk.

Contingent Liabilities

(a) In August 2001, a subsidiary of the Company ("the Subsidiary") sued one of its customers ("Defendant") for recovery of an amount of approximately HK\$5,333,000 in respect of goods sold and delivered to Defendant. In September 2001, Defendant filed a counter-claim in a sum of approximately HK\$6,148,000 against the Subsidiary for the alleged losses and damages as a result of the alleged breach of the supply agreement entered into between Defendant and the Subsidiary. The proceedings are still in the pleadings stage and the directors of the Company, on the basis of independent legal advice obtained, consider the Subsidiary has a good arguable case against Defendant 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 Group.

(b) As at 31 March 2005, the Company had guarantees given to certain banks for banking facilities utilised by certain subsidiaries to the extent of approximately HK\$18,200,000 (2004: HK\$17,000,000). Apart from the above, the Group and the Company had no material litigation or contingent liabilities as at 31 March 2005 and up to the date of the approval of these accounts.

People
As at 31 March 2005, our workforce increased to 125 (2004: 110 employees) as a result of the expansion of our retail operations. In July 2004, we are pleased to appoint Mr. YICK Kai Chung as an executive director of the Company, Mr. YICK who joined the Group in 1979 and has been responsible for overseeing major accounts and wholesale business of the Group and products sourcing and technical support. In addition, our executive director Mr. MAK So aged 65 was re-designated as a non executive director. The Board would like to thank Mr. MAK for his contribution to the success of the Group and is pleased to have his continue support as non-executive director.

In September 2004, we have appointed Mr. WAN Sze Chung, who has experience in corporate and personal training, as a member of the Board as an independent non-executive director. Mr. Wan is the Hong Kong Chapter Leader of International Coach Federation (USA).

The Board would like to thank PricewaterhouseCoopers who have been our Auditors for five years since we listed in the Stock Exchange, and for the purpose of good corporate governance, PricewaterhouseCoopers resigned at the Board's request and on 18 March 2005, Messrs. Moores Rowland Mazars were appointed as the auditors of the Group to fill this casual vacancy until the conclusion of the forthcoming annual general meeting. PricewaterhouseCoopers stated that there were no circumstances connected with their resignation which they considered should be brought to the attention to the holders of securities or creditors of the Group.

FUTURE PROSPECTS

The economic recovery of Hong Kong is expected to hold on in 2005, with the opening of Disney Theme Park in September this year and the change of the Chief Executive of Hong Kong Special Administrative Region, we share with the sentiments of most of the businessmen in Hong Kong that with the strengthened administrative leadership in the Public sector, the territory remains competitive with other cities in the region for the next few years.

The upholding of the housing policy recently introduced by the Hong Kong Government results in a gradual increase in the property price caused by the increase in demand in the next three years. We are optimistic that the market demand for our products will be on the upward trend.

We continue to expand our business in China, and Macau, we have now generated more sales in Macau and expand further our customer base includes La Baie Du Noble, meanwhile we are now working on other Macau's development projects. In China, we have secured approximately 75 local dealerships for our products since last year, and we are happy to record a large increase in our China sales resulted from the high annual growth rate of economic development in China. We remain optimistic in the continue development of China economy and the potential business that may be brought in by the 2008 Olympic games in Beijing and the 2010 World Expo in Shanghai.

USE OF PROCEEDS FROM THE PUBLIC OFFERING

The company raised approximately HK\$62 Million ("Net Proceeds") from the new issue and placing of shares in early April 2000. During the year the application for net proceeds by the Group was in compliance with the intended use of proceeds as set out in the Company's prospectus dated 28 March 2000 and the subsequent amendment on 5 August 2002, details of the utilization up to 31 March 2005 are as follows:–

- Approximately HK\$19.56 million was used for the expansion of distribution network, it mainly represents cost of establishment of new retail outlets and offices in China.
- Approximately HK\$2.33 million was used to enhance existing computer system and software application.
- Approximately HK\$2.87 million was used for securing new distributorships.
- Approximately HK\$13 million was used for working capital including expansion of product range.

The remaining balance has been placed with banks in Hong Kong as short-term deposits for working capital purposes.

AUDIT COMMITTEE

An audit committee, comprises a non-executive director, Mr. MAK So and two independent non-executive directors, namely Mr. LEUNG Kwong Kin, JP and Mr. WONG Wah, Dominic.

During the year, the audit committee met a few times with management to review the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters (including the Interim and annual accounts prior to recommending them to the Board for approval).

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the then Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Group for the year ended 31 March 2005 containing all the information required by paragraphs 45 (1) to 45 (3) of Appendix 16 of the Listing Rules in force prior to 31 March 2004 which remains applicable to results announcement in respect of accounting periods commencing before 1 July 2004 under transitional arrangement will be published on the website of the Stock Exchange in due course.

BOARD OF DIRECTORS

As at the date hereof, the Board comprises ten Directors, of which six are Executive Directors, namely Messrs. TSE Sun Fat, Henry, TSE Sun Po, Tony, TSE Sun Lung, Alan, WONG Tin Cheung, Ricky, LAU Shiu Sun and YICK Kai Chung, and one Non-Executive Director, namely MAK So and three Independent Non-Executive Directors, namely Messrs. LEUNG Kwong Kin, JP, WONG Wah, Dominic and WAN Sze Chung.

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

Hong Kong, 14 July 2005