



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

**怡邦行控股有限公司**

**(Stock Code: 599)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005**

The directors of E. Bon Holdings Limited (the “Company”) announce that unaudited condensed results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2005 are as follows:

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005**

		<b>Unaudited Six months ended 30 September</b>	
	<i>Note</i>	<b>2005 HK\$'000</b>	<b>2004 HK\$'000</b>
Turnover	2	<b>99,012</b>	95,589
Cost of sales		<b>(62,836)</b>	(58,583)
Gross profit		<b>36,176</b>	37,006
Other revenue		<b>199</b>	97
Selling and distribution expenses		<b>(17,211)</b>	(15,394)
Administrative expenses		<b>(14,985)</b>	(18,220)
Operating profit	3	<b>4,179</b>	3,489
Finance costs		<b>(19)</b>	(17)
Profit before taxation		<b>4,160</b>	3,472
Taxation	4	<b>–</b>	(33)
Profit attributable to shareholders		<b>4,160</b>	3,439
Dividend	5	<b>2,000</b>	NIL
Basic earnings per share	6	<b>HK2 cents</b>	HK2 cents

**CONDENSED CONSOLIDATED BALANCE SHEET**  
*AS AT 30 SEPTEMBER 2005*

	<b>Unaudited</b> <b>30 September</b> <b>2005</b> <i>HK\$'000</i>	Audited 31 March 2005 <i>HK\$'000</i>
Fixed assets	32,886	25,983
Deferred tax assets	2,271	2,271
Current assets		
Inventories	45,637	44,628
Trade receivables, other receivables, deposits and prepayments	50,207	54,507
Cash and bank balances	36,226	29,465
	<u>132,070</u>	<u>128,600</u>
Current liabilities		
Trade payables, accruals and deposits received	15,277	15,731
Bills payable	6,253	5,525
Current portion of obligations under finance leases	262	262
Tax payable	420	457
	<u>22,212</u>	<u>21,975</u>
Net current assets	<u>109,858</u>	<u>106,625</u>
Total assets less current liabilities	<u>145,015</u>	<u>134,879</u>
Financed by:		
Share capital	20,000	20,000
Reserves	122,021	112,848
Shareholder' funds	142,021	132,848
Non-current liabilities	2,994	2,031
	<u>145,015</u>	<u>134,879</u>

*Notes:*

**1. Basis of preparation and accounting policies**

The unaudited interim consolidated accounts have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosable provisions of Appendix 16 of Listing Rules of The Stock Exchange of Hong Kong Limited.

These condensed interim accounts should be read in conjunction with the 2005 annual accounts.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS"). Hong Kong Accounting Standard (HKAS's) and interpretations (hereinafter collectively referred to as "new HKFRS's") issued by HKICPA that effective for accounting periods beginning on or after 1 January 2005. The adoption of the new HKFRSs had no material impact on the Group's results of operations and financial position. The accounting policies used in the condensed financial accounts are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2005, except as set out below:-

### Owner-occupied Leasehold Interest in Land

In previous periods, owner occupied leasehold land and building were included in property, plant and equipment and measured using the revaluation model, in the current period, the Group has applied HKAS 17 "Leases" Under HKAS 17, the land and building elements of a lease of land and building are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between land and building elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between land and building elements can be made reliably the leasehold interest in land are reclassified to lease prepayments on land use rights under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. The change in accounting policy has been applied over the lease term on a straight-line basis. Where the allocation between land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

### 2. Turnover, revenue and segment information

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

All of the turnover and operating profit 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	
	2005 HK\$'000	2004 HK\$'000
Turnover		
Wholesale	90,205	88,453
Retail	35,227	29,396
Inter-segment elimination	(26,420)	(22,260)
Total turnover	<u>99,012</u>	<u>95,589</u>
Segment operating profit		
Wholesale	2,432	2,093
Retail	1,747	1,396
Total operating profit	<u>4,179</u>	<u>3,489</u>

No geographical analysis of turnover and operating profit 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

Operating profit is stated after depreciation of fixed assets of HK\$2,480,000 (30 September 2004: HK\$2,266,000).

### 4. Taxation

No provision for Hong Kong profits tax has been made in the accounts as the Group has accumulated tax losses brought forward from previous periods.

### 5. Dividend

The Board has resolved to recommend the payment of dividend of HK1 cent (2004: Nil) per share for the six months ended 30 September 2005.

### 6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$4,160,000 (six months ended 30 September 2004: profit of HK\$3,439,000) and 200,000,000 shares (30 September 2004: 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

The Board of Directors has resolved to recommend the payment of an interim dividend of HK1 cent per share in respect of the six months ended 30 September 2005 (interim dividend for six months ended 30 September 2004: nil). The dividend will be paid on 10 January 2006 (Tuesday) for members whose names appear on the principal or branch register of the Company in Grand Cayman or Hong Kong respectively (collectively the "Register of Members") as at the close of business of 7 December 2005.

## CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from 1 December 2005 (Thursday) to 7 December 2005 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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 30 November 2005 (Wednesday).

## **REVIEW OF OPERATIONS**

For the past six months ended 30 September 2005, the Group's unaudited accounts show that consolidated turnover was HK\$99.0 million (six months ended 30 September 2004: HK\$95.5 million) and consolidated profit after taxation was HK\$4.16 million (six months ended 30 September 2004: HK\$3.44 million). As mentioned in our annual report of 2005, we have been able to participate in a number of prestige residential projects, including One Silver Sea, Centerstage, Mount Beacon, Metro Town and Manhattan Hill as Hong Kong economy has been visibly and steadily recovered since late 2004. Meanwhile, the sales to projects in China and Macau have been moving steadily in the positive direction, the Group has now established approximately 80 outlets for sales or showrooms for its products in order to expand its presence and business into Mainland China. The group has conducted the business in China discreetly and circumspectly.

The Group's workforce consists of 120 devoted employees all of whom are vital to our operation. In addition, during this period, the Company formed a remuneration committee comprises mainly Non-executive Directors chaired by Mr. Wong Wah, Dominic one of our Independent Non-Executive Directors to advise the Board on the Group's remuneration policy.

## **FINANCIAL POSITION**

The Group records profit after tax during the period and its overall financial position is sound. The unfavourable exchange rate of Hong Kong Dollars against other foreign currencies such as Euro and Japanese Yen, continues to have an impact on gross margin as we have not been able to transfer such increase to our customers, we have managed to maintain our profit margin to 36.5% (30 September 2004: 38.7%) contributed by our wholesale and retail operations when recording a 20.9% increase in operating profit via improvement in operating efficiency, the Group holds approximately HK\$36.2 million in cash deposit and has no bank borrowings (31 March 2005: nil). The Group strengthen further its current ratio, which is calculated based on current assets over current liabilities, to 5.94 at 30 September 2005 (31 March 2005: 5.85). During the period, the Group has no significant exposure to foreign currency fluctuation and no assets of the Group was held under charge. Moreover, the Group has no material capital commitment as at 30 September 2005.

## **FUTURE PROSPECTS**

We share the optimistic view expressed by major developers in Hong Kong that the sales of high-ends apartments continues to be on the upward trend, the adverse effects of increase in interest rates and the oil price are expected to be temporary as suggested by the leading economists but the impact on Hong Kong Economy due to the potential but foreseeable pandemic of an avian flu would be unpredictable and would very much dependent on the scale of the infected areas on the global level. Subject to these observations, we still expect our sales to residential projects continue to grow towards the remaining half of this financial year. In October 2005, in addition to our existing showrooms, we have, for the first time, set up our new showrooms in central business district of Hong Kong – Central for ease of access to customers who look for our prestigious branded products. During the period, we noted that the developers in Hong Kong have upgraded their newly developed residential developments which fitted with quality bathroom and kitchen fittings and all our sale indicators suggest that we are cautiously optimistic about the outlook of the economy of Hong Kong.

## **CONTINGENT LIABILITIES**

- (a) In August 2001, a subsidiary of the Company ("the Subsidiary") sued one of its customers (the "Customer") for recovery of an amount of approximately HK\$5,333,000 in respect of goods sold and delivered. In September 2001, the Customer 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 the Customer and the Subsidiary. The proceedings are still in the pleadings stage and the directors of the Subsidiary, on the basis of independent legal advice obtained, consider the Subsidiary 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.

- (b) As at 30 September 2005, the Group had indemnities in respect of performance bonds amounting to approximately HK\$716,000 (31 March 2005: Nil) 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 2005 and up to the date of the approval of these condensed interim accounts.

#### **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.

#### **MODEL CODE FOR SECURITIES TRANSACTION**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors. Having made specific enquiry of the directors, all directors have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2005.

#### **CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2005, with the exception of the following deviation:

Under the code provision A.4.1, non-executive directors should be appointed for a specific term. Currently, non-executive directors are not appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, they are subject to retirement by rotation at each annual general meeting under the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

#### **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 2005.

#### **REMUNERATION COMMITTEE**

To comply with the Code, a remuneration committee was established on 29 September 2005 with specific written terms of reference which deal clearly with its authority and duties. The members of the remuneration committee comprises 4 members, of which two independent non-executive directors, namely Mr. Wong Wah and Mr. Leung Kwong Kin JP, one non-executive director, namely Mr. Mak So and one executive director, namely Mr. Tse Sun Lung, Alan.

#### **PUBLICATION OF FINANCIAL INFORMATION**

The unaudited condensed interim report of the Group for the six months ended 30 September 2005 containing all the information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

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

Hong Kong, 15 November 2005

Website: [www.ebon.com.hk](http://www.ebon.com.hk)

*As at the date hereof, the Board of Directors comprises, Mr. Tse Sun Fat Henry, Mr. Tse Sun Po Tony, Mr. Tse Sun Lung Alan, Mr. Wong Tin Cheung Ricky, Mr. Lau Shiu Sun and Mr. Yick Kai Chung Donald as Executive Directors; Mr. Mak So as Non-executive Director and Mr. Leung Kwong Kin JP, Mr. Wong Wah Dominic and Mr. Wan Sze Chung as Independent Non-executive Directors.*

“Please also refer to the published version of this announcement in The Standard.”