



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

怡邦行控股有限公司

(Stock code: 599)

**ANNOUNCEMENT OF RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006**



## Financial Highlights

For the six months ended 30 September 2006  
(Compared to the same period in 2005)

- Turnover increased 67.6% to HK\$166 million
- 3.63 times increase in net profit to HK\$15.12 million
- Earnings per share HK7.56 cents
- Dividend for the period HK4 cents  
(HK1.5 cents paid on 9 October 2006)
- Outstanding Contracts approximately HK\$112 million

Reach a new climax,  
We are no more on the same step.  
We are no more on the same individual.

**We are, on the same race!**

The board of directors (the “Directors”) of E. Bon Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2006.

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		<b>Unaudited Six months ended 30 September</b>	
	<i>Note</i>	<b>2006 HK\$'000</b>	<b>2005 HK\$'000</b>
Turnover	2	<b>165,980</b>	99,012
Cost of sales		<b>(100,787)</b>	(62,836)
Gross profit		<b>65,193</b>	36,176
Other revenue		<b>407</b>	199
Selling and distribution expenses		<b>(24,257)</b>	(17,211)
Administrative expenses		<b>(23,832)</b>	(14,985)
Finance costs		<b>(453)</b>	(19)
Profit before taxation	3	<b>17,058</b>	4,160
Taxation	4	<b>(1,937)</b>	–
Profit for the period		<b>15,121</b>	4,160
Dividends	5	<b>8,000</b>	2,000
Basic earnings per share	6	<b>HK7.56 cents</b>	HK2 cents

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2006

	<b>Unaudited 30 September 2006 HK\$'000</b>	<b>Audited 31 March 2006 HK\$'000</b>
Non-current assets		
Property, plant and equipment	<b>31,310</b>	31,741
Deferred tax assets	<b>3,792</b>	3,792
	<b>35,102</b>	35,533
Current assets		
Inventories	<b>61,535</b>	60,276
Trade receivables, other receivables, deposits and prepayments	<b>83,602</b>	64,237
Bank balances and cash	<b>44,424</b>	36,371
	<b>189,561</b>	160,884
Current liabilities		
Trade payables, accruals and deposits received	<b>31,013</b>	33,134
Bills payable	<b>30,489</b>	15,671
Current portion of obligations under finance leases	<b>83</b>	159
Interest bearing borrowing	<b>–</b>	1,052
Tax payable	<b>2,294</b>	721
	<b>63,879</b>	50,737
Net current assets	<b>125,682</b>	110,147
Total assets less current liabilities	<b>160,784</b>	145,680
Non-current liabilities		
Obligation under finance leases	<b>–</b>	39
Deferred tax liabilities	<b>2,878</b>	2,878
	<b>2,878</b>	2,917
Net assets	<b>157,906</b>	142,763
Financed by:		
Share capital	<b>20,000</b>	20,000
Reserves	<b>137,906</b>	122,763
Shareholders' funds	<b>157,906</b>	142,763

### Notes:

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

These unaudited interim consolidated condensed accounts (“interim 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 disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed interim accounts should be read in conjunction with the 2006 annual accounts.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31 March 2006.

The Group has adopted HKAS 39 and HKFRS 4 (Amendments) “Financial Guarantee Contracts” effective for accounting period beginning on 1 April 2006.

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified term of a debt instrument. The directors consider adoption of this amendment would have no significant impact on the Group's financial statements.

*Future changes in HKFRS*

At the date authorization of these interim accounts, the HKICPA has issued a number of new/revised HKFRS that are not yet effective and the Group has not early adopted. The directors anticipate that the adoption of these new/revised HKFRS in the future accounting periods will have no significant impact on the result of the Group.

**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 and kitchen collections.

	Unaudited Six months ended 30 September	
	2006 HK\$'000	2005 HK\$'000
Turnover		
Wholesale	153,013	90,205
Retail	32,417	35,227
Inter-segment elimination	(19,450)	(26,420)
Total turnover	165,980	99,012
Segment operating profit		
Wholesale	14,795	2,432
Retail	2,716	1,747
Total operating profit	17,511	4,179

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. Profit before taxation**

Profit before taxation is stated after depreciation of fixed assets of HK\$2,412,000 (30 September 2005: HK\$2,480,000).

**4. Taxation**

Hong Kong Profits Tax has been provided at the rate of 17.5% (2005: 17.5%) of the estimated assessable profits for the period. Overseas taxation has been provided on the estimated assessable profits for the period at the rates of taxation prevailing in the relevant jurisdictions.

The charge comprises:

	Unaudited Six months ended 30 September	
	2006 HK\$'000	2005 HK\$'000
Hong Kong profits tax	1,937	-
Deferred taxation	-	-
Taxation	1,937	-

**5. Dividend**

The Board has resolved to recommend the payment of dividend of HK4 cents (2005: HK1 cent) per share for the six months ended 30 September 2006.

**6. Earnings per share**

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$15,121,000 (six months ended 30 September 2005: profit of HK\$4,160,000) and 200,000,000 shares (30 September 2005: 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 HK4 cent per share, of which bonus dividend of 1.5 cent were paid in October 2006, in respect of the six months ended 30 September 2006 (interim dividend for six months ended 30 September 2005: 1 cent per share). The dividend will be paid on 28 December 2006 for members who 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 14 December 2006.

**CLOSURE OF REGISTER OF MEMBERS**

The Company's Register of Members will be closed from 8 December 2006 (Friday) to 14 December 2006 (Thursday), 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 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 7 December 2006 (Thursday).

**REVIEW OF OPERATIONS**

For the past six months ended 30 September 2006, the Group's unaudited accounts show that consolidated turnover was HK\$165.9 million (six months ended 30 September 2005: HK\$99.0 million) and consolidated profit after taxation was HK\$15.12 million (six months ended 30 September 2005: HK\$4.16 million). During the period, we have actively participated in the supplying of building materials for prestige projects including The Vineyard, Vision City in Hong Kong and Galaxy Starworld Hotel in Macau. Meanwhile, the sales to projects in China have been moving steadily in the positive direction, the Group has now established approximately 76 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 130 devoted employees all of whom are vital to our operation.

**FINANCIAL POSITION**

The Group records profit after tax during the period and its overall financial position is sound. We have managed to improve our profit margin to 39.2% (30 September 2005: 36.5%) contributed by our wholesale and retail operations when recording a 310.0% increase in operating profit via improvement in operating efficiency, the Group holds approximately HK\$44.4 million in cash deposit (31 March 2006: HK\$36 million) and has no bank borrowings (31 March 2006: HK\$1 million). The Group's current

ratio, which is calculated based on current assets over current liabilities, to 2.97 at 30 September 2006 (31 March 2006: 3.17). During the period, the Group has no significant exposure to foreign currency fluctuation and none of the assets of the Group was held under charge. Moreover, the Group has no material capital commitment as at 30 September 2006.

#### **FUTURE PROSPECTS**

During this period, we have achieved a significant increase in our project sales and this in turn has confirmed our view on the sales of luxurious apartments, the same optimism shared among the major developers in Hong Kong. We are pleased to see the healthy increase in turnover of kitchen furniture and other products which are in line with our forecast. The outstanding contracts in hand as at 30 September 2006 amounted to HK\$112.0 million (31 March 2006: HK\$105 million) after accounted for approximately HK\$65 million completed project sales during this six months period. Despite the fact that the oil price remain at high level, we are pleased to note that the increase in interest rates appears to ease off during the period. Looking forward, 2007 is the 10th Anniversary of the establishment of Hong Kong Special Administrative Region, when we have gone through a period of consolidation during the first few years, since then Hong Kong has benefited from the favourable policies from mainland China such as the influx of tourists and the listing of China enterprises and financial institutions in the Stock Exchange. These have helped the territory to boost its economy and affirming itself as the Regional Financial Centre, which result in the growth in the sales of our branded products for the growing luxurious residential property market. In addition, the expansion of business districts across the Victoria Harbour into Western Kowloon and revitalising urban areas such as Kwun Tong and To Kwa Wan, enable us to increase our sales in materials supply to commercial properties and other projects.

#### **CONTINGENT LIABILITIES**

- (a) In August 2001, a subsidiary of the Company ("the Subsidiary") sued one of its customers ("the Defendant") for recovery of an amount of approximately HK\$5,333,000 in respect of goods sold and delivered to the Defendant. In September 2001, the 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 the Defendant and the Subsidiary. The case is now in the stage where the parties' expert reports are to be exchanged and the directors of the Company, on the basis of independent legal advice obtained, consider the Subsidiary has a good arguable case against the Defendant for the counter-claim and accordingly no provision in respect of the debt due or the amount of the counter-claim has been made in the financial statements of the Group.
- (b) As at 30 September 2006, the Group had indemnities in respect of performance bonds amounting to approximately HK\$1,652,000 (31 March 2006: Nil) given to certain customers in respect of commitments for the supply of goods to such customers.
- (c) As at 30 September 2006, the Company had guarantees given to certain banks for banking facilities granted to certain subsidiaries to the extent of approximately HK\$60,000,000 (31 March 2006: HK\$60,000,000).

Apart from the above, the Group and the Company had no material litigation or contingent liabilities as at 30 September 2006 and up to the date of the approval of these interim accounts.

#### **PURCHASE, SALES OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period.

#### **CODE ON CORPORATE GOVERNANCE PRACTICE**

The Company has adopted all the code provisions in the Code of Corporate Governance Practice ("Code") as set out in Appendix 14 of the Listing Rules as its own code on corporate governance practices. During the six months ended 30 September 2006, the Company has met with the code provisions as set out in the Code, 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.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2006.

#### **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adapted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 September 2006.

#### **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

The Company's interim report which set out all the information required to be disclosed under Appendix 16 of the Listing Rules, will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By order of the Board  
**Tse Sun Fat, Henry**  
Chairman

Hong Kong, 21 November 2006

**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."