



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 2003

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 2003 are as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT For the six months ended 30 September 2003

		Unaudited Six months ended 30 September 2003	2002 As restated HK\$'000
	Note	HK\$'000	HK\$'000
Turnover	1	72,585	67,229
Cost of sales		(50,468)	(42,710)
Gross profit		22,117	24,519
Other revenue		165	216
Selling and distribution expenses		(17,609)	(16,271)
Administrative expenses		(10,795)	(13,502)
Operating loss	2	(6,122)	(5,038)
Finance costs		(35)	(21)
Loss before taxation		(6,157)	(5,059)
Taxation	3	689	744
Loss attributable to shareholders		(5,468)	(4,315)
Basic loss per share	4	(HK 3 cents)	(HK2 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 2003	2002
	HK\$'000	HK\$'000
Segment results		
Turnover		
Wholesale	66,540	60,935
Retail	18,424	17,101
Inter-segment elimination	(12,379)	(10,807)
Total turnover	72,585	67,229
Segment operating gain/(loss)		
Wholesale	1,426	(4,495)
Retail	(7,548)	(543)
Total operating loss	(6,122)	(5,038)

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\$2,042,568 (30 September 2002: HK\$1,892,000).

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 2003).

4. Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$5,468,000 (six months ended 30 September 2002: loss of HK\$4,315,000 (as restated)) and 200,000,000 shares (30 September 2002: 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 2003, 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 2003, the Group's unaudited accounts show that consolidated turnover was HK\$72.59 million 8% increased from the same period in 2002 (six months ended 30 September 2002: HK\$67.23 million) and consolidated loss after taxation was HK\$5.46 million (six months ended 30 September 2002: HK\$4.31 million) respectively. The sales for first quarter of the current year was overshadowed by the SARS epidemic which saw a significant drop in wholesale and retail sales while the project sales remain at low level due to the change of the housing policy. However, the second quarter saw an increase in sales volume with retail sales picked up gradually. In fact the sales in second quarter constitute a significant portion of the sales in the said six month period.

During the period, about 50% of the sales was generated from the sales to building projects (six months ended 30 September 2002: 38%), while the remaining sales are from retail and wholesale operation reflecting impacts from the SARS epidemics in the first quarter of this accounting period.

At 30 September 2003, the sales to projects in China have been moving steadily and prudently and the building project sale includes Shangri La Hotel Zhongshan, and the Woodland in the same neighbourhood during the period. In addition, the Group has established over forty outlets for sales or offering for sale of 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 110 devoted employees all of whom are vital to our operation.

FINANCIAL POSITION

Despite the fact that the dampening of local economy as a result of the SARS epidemic, the Group's overall financial position remains sound. We have been able to increase the sales volume during the current adverse operating environment. However, the gross profit margin lowered to 30.5% partly resulting from the weakening of Hong Kong Dollars against foreign currencies such as Euro and Japanese Yen which accounts for about 80% of payment of our imports, and these currencies have appreciated up to some 15% over the period. This is the price, as have been the case for other part of our economy, we have to paid under our PEG Dollar System. On the other hand, the competition in the market drives our price down in order to maintain the market share of our products during the quarter after the SARS epidemics. Despite of the narrowing of our profit margin in our sales, we are pleased to note that the Group remains strong in its cash position with HK\$33 million in deposit. The Group has no bank borrowings as at 30 September 2003 (31 March 2003: NIL) and the current ratio, which is calculated based on current assets over current liabilities of the Group, at 30 September 2003 was 7.08 (31 March 2003: 8.33). 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 2003.

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 of the Subsidiary.

(b) As at 30 September 2003, the Group had indemnities in respect of performance bonds amounting to approximately HK\$351,000 (31 March 2003: HK\$322,000) 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 2003 and up to the date of the approval of these condensed interim accounts.

FUTURE PROSPECTS

The Group has taken a critical review on its retail operation which has become a major contributors to the Group business, with a view to widening our network and streamlining our operation, the Group has expanded its retail outlets with an addition store in Lockhart Road Wan Chai with retail floor space in excess of 3,000 square feet, but the showroom in Happy Valley with floor space of about 700 square feet will be closed down.

The Closer Economic Partnership Arrangement (CEPA) with the Mainland China opens up further opportunity to our China operation and a further relaxation of individual travelers from China to Hong Kong has gradually improved the local economy which will stimulate the growth of our business to hotel improvement and development projects. The public awareness and worry of SARS epidemic is having a positive effect in our sales of bathroom and kitchen accessories. The Directors have shared the views of most business people that the Hong Kong economy is likely to bottom out in the first quarter of 2004 and continue to carry its momentum throughout next year. The gradual improvement of economy will reduce the number of owners of negative equity. The Group will identify business opportunity in quality lifestyle for products and services catered for the middle class both in Hong Kong and Mainland China.

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 2003.

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 2003.

PUBLICATION OF FINANCIAL INFORMATION

The unaudited condensed interim report of the Group for the six months ended 30 September 2003 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, 3 December 2003
website: www.ebon.com.hk