



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

怡邦行控股有限公司

(Stock Code: 599)

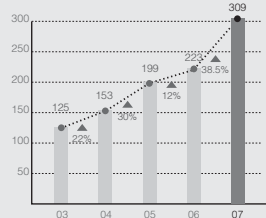
ANNOUNCEMENT OF ANNUAL RESULTS

For the year ended 31 March 2007

HIGHLIGHTS

- ◆ **Increase** in turnover by 38.5% to HK\$309 million (2006: HK\$223 million)
- ◆ **Increase** in profit before tax by 175% to HK\$31.4 million (2006: HK\$11.4 million)
- ◆ **Increase** in earnings per share by 116% to HK13 cents (2006: HK6 cents)
- ◆ **Increase** in outstanding contracts by 37%, amounted to HK\$144 million (31/3/2006: HK\$105 million)
- ◆ **Increase** in proposed Dividend, HK5.5 cents per share
Final HK3.5 cents and Bonus HK2 cents will be payable on 9 October 2007 (2006: HK2.5 cents)

TURNOVER (HK\$ million)



THE ART OF LIVING



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 2007 are as follows:

DIVIDEND

The Board has resolved to recommend a final dividend of HK3.5 cents (2006: HK2.5 cents) and a bonus dividend of HK2 cents per ordinary share for the year ended 31 March 2007 at the forthcoming annual general meeting to be held on 13 September 2007 (the “AGM”). The final and bonus dividend, if approved by the members, will be paid on 9 October 2007 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 13 September 2007.

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\$31.4 million (2006: HK\$11.4 million) an increase of 175%, while the profit after tax amounts to HK\$25.78 million (2006: HK\$11.98 million) an increase of 115%, with the Group turnover amounts to HK\$309.6 million (2006: HK\$223.5 million) represents an increase of 38.5% from last year.

We have been able to capture the continuous flourishing market in the sales of luxurious apartments and houses from major property developers in Hong Kong. Although there is an increase in proportion of project sales, we have been able to maintain our gross profit to 39% (2006: 38%). Furthermore, we are pleased to report that our sales in Kitchen fittings doubled in the year. The improvement in sales volume causes the increase in selling and distribution costs by 18% to HK\$62.2 million (2006: HK\$52.5 million) while we continue our attempt to keep the operating expenses at effective level, the administrative expenses increased by 30% from HK\$21.4 million to HK\$27.9 million.

Wholesales/Retails

2007 marks the 10th anniversary of the establishment of the Hong Kong SAR, it has been reported that economically we have recovered from the setback in previous years, the unemployment rate is at its lowest since 1997. The flourishing stock market attracts many China enterprises to raise capital in Hong Kong that leads to a healthy growth in the financial services industry which in turn fuel the property market especially in the luxurious sector where we market our products. Most of these reflect in the sales of building materials to brand new apartments/houses, while the secondary market remains steady, the increase in the establishment expenses for our outlets such as rental, general increase in staff salaries etc. present challenges to our earnings in our retail operations. Meanwhile, our strong presence in this market enables us to acquire new distributorships with suppliers of quality products for our project sales. During the year, the Group has won contracts to supply quality kitchen fittings, sanitary ware and hardware for prestige apartments and houses such as The Beverly Hills, Sasualito, Le Point, The Vineyard, Sha Po Road and Hung Hom Bay Residential Developments, Chai Wan Youth Centre Project, HSBC Data Center, Science Park Phase 2, One Island East, Suite Hotel at Union Square, W-Hotel, Royal View Hotel and Regal Oriental Hotel. In addition, we have made progress in expanding in Macau and Mainland China operations, featuring projects such as One Central, The Manhattan, Sofitel Macau @ Ponte 16, MGM Grand Macau, Crown Hotel and Cotai Hotel Project though we remain cautious in expanding in these areas. At as 31 March 2007, the contacts in hand increased by 37% amounted to HK\$144 million (2006: HK\$105 million).

Financial Resources and Liquidity

The Group continues to be prudent in its financial management, owing to the expansion in business, the current ratio and quick ratio are 2.74 (2006: 3.17) and 1.70 (2006: 1.98) respectively, while the cash and bank balances amounted to HK\$46 million as at 31 March 2007 (2006: HK\$36 million). The Group gearing ratio (the ratio of total liabilities to the sum of total liabilities and owners' equity) increase to 32% as of 31 March 2007 (2006: 27.3%) The interest-bearing borrowing of the Group amount to HK\$33.14 million (2006: HK\$16.88 million) including trade finance such as trust receipt loans for imports.

The Group's exposure to foreign currency fluctuations is insignificant as both the borrowing and cash balances are primarily denominated in Hong Kong Dollars while the Group continues to adopt prudently a hedging policy against any foreign exchange risk.

People

As at 31 March 2007, our loyal workforce which makes a significant contribution to the success of our operations remains at 135 (2006: 135).

FUTURE PROSPECTS

During the year, we noted a significant increase in the number of businesses in China going public and get listed in Hong Kong, this couples with the implementation of Qualified Domestic Institutional Investors programme (QDII) and the closer of business connections from the Pearl River delta to other provinces in the neighbourhood are likely to give further boost to the demand of quality products.

We remain optimistic and believe that concept of luxurious living will continue in the territory, we have established ourselves as a major player to capture the growth in this market, and continue to explore the opportunity to extent our operations into a total living concept from bathrooms, kitchens to living rooms.

RETIREMENT OF DIRECTOR

One of the executive directors, Mr. Wong Tin Cheung, Ricky should retire by rotation pursuant to the Articles of Association of the Company. In order to focus more on business operation in China, Mr. Wong has elected not to offer himself for re-election at the AGM and therefore retires at the conclusion of the AGM. Mr. Wong has confirmed that he has no disagreement with the Board and there are no other matters in respect of his retirement that need to be brought to the attention of the shareholders of the Company.

After retirement, Mr. Wong remains a member of the senior management of the Company's subsidiaries responsible for business in China.

The Board would like to thank Mr. Wong for his valuable contribution to the Company during his tenure of director's office.

CORPORATE GOVERNANCE

E. Bon Holdings Limited is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders.

Full details of the Corporate Governance Report are set out in the Annual Report 2007 of the Company.

COMPLIANCE OF 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 year ended 31 March 2007, 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 of service. 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.

COMPLIANCE OF MODEL CODE FOR SECURITIES TRANSACTIONS

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 year ended 31 March 2007.

REVIEW OF ANNUAL RESULTS

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 audited annual accounts for the year ended 31 March 2007.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Note	2007 HK\$'000	2006 HK\$'000
Turnover	2	309,595	223,466
Cost of sales		(187,826)	(138,668)
Gross profit		121,769	84,798
Other revenue		671	389
Selling and distribution expenses		(62,178)	(52,506)
Administrative expenses		(27,902)	(21,224)
Finance costs		(933)	(100)
Profit before taxation	3	31,427	11,357
Taxation	4	(5,648)	628
Profit for the year		25,779	11,985
Dividends	5	19,000	7,000
Basic earnings per share	6	13 cents	6 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	2007 HK\$'000	2006 HK\$'000
Non-current assets		
Property, plant and equipment	34,851	31,741
Deferred tax assets	2,446	3,792
	<u>37,297</u>	<u>35,533</u>
Current assets		
Inventories	73,783	60,276
Trade and other receivables	76,096	64,237
Bank balances and cash	45,978	36,371
	<u>195,857</u>	<u>160,884</u>
Current liabilities		
Trade and other payables	34,523	33,134
Interest bearing borrowings	33,140	16,882
Tax payables	3,866	721
	<u>71,529</u>	<u>50,737</u>
Net current assets	<u>124,328</u>	<u>110,147</u>
Total assets less current liabilities	<u>161,625</u>	<u>145,680</u>
Non-current liabilities		
Interest-bearing borrowings	125	39
Deferred tax liabilities	3,173	2,878
	<u>3,298</u>	<u>2,917</u>
NET ASSETS	<u>158,327</u>	<u>142,763</u>
Capital and reserve:		
Share capital	20,000	20,000
Reserves	138,327	122,763
TOTAL EQUITY	<u>158,327</u>	<u>142,763</u>

Notes:

I. Basis of preparation

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("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 leasehold land and buildings under long lease in Hong Kong. The financial statements also comply with 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.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2006 financial statements, except for the adoption of the amendments to HKAS39 Financial instruments: Recognition and measurement and HKFRS 4 Insurance contracts: Financial guarantee contracts. The adoption of this new accounting policy had no material effect on the results and financial positions for the current or prior accounting periods that have been prepared and presented.

2. Turnover and segment information

The Group is organized in Hong Kong into two main business segments:

- Wholesale – importing and wholesale of architectural builders hardware, bathroom and kitchen collections to dealers, traditional hardware stores, contractors and property developers.
- Retail – sale of architectural builders hardware, bathroom and kitchen collections through the Group's retail outlets.

Segment results

	2007 HK\$'000	2006 HK\$'000
Segment results		
Turnover		
Wholesale	283,310	195,529
Retail	71,751	65,154
Inter-segment elimination	(45,466)	(37,217)
Total turnover	<u>309,595</u>	<u>223,466</u>
Segment operating profit		
Wholesales	32,054	11,434
Retail	306	23
Total operating profit	<u>32,360</u>	<u>11,457</u>

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

Operating profit is stated after depreciation of fixed assets of HK\$5,234,000 (2006: HK\$4,749,000), staff costs, including directors' remunerations of HK\$33,788,000 (2006: HK\$27,771,000).

4. Taxation

Hong Kong profits tax is calculated at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the year.

	2007 HK\$'000	2006 HK\$'000
Hong Kong profits tax		
– current year	4,309	1,001
– over provision in previous year	(88)	(108)
PRC Enterprise Income Tax	206	–
Deferred taxation	1,221	(1,521)
	<u>5,648</u>	<u>(628)</u>

5. Dividend

A final dividend of HK3.5 cents (2006: HK2.5 cents) per share amounting to HK\$7,000,000 (2006: HK\$5,000,000) and a bonus dividend of HK2 cents (2006: Nil) per share amounting to HK\$4,000,000 (2006: NIL) have been proposed by the directors after the balance sheet date. The proposed dividends are not account for until it has been approved at the annual general meeting.

6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit for the year of HK\$25,779,000 (2006: HK\$11,985,000) and on the outstanding number of 200,000,000 shares in issue (2006: 200,000,000 shares) during the year.

Diluted earnings per share was not disclosed as there were no dilutive potential ordinary shares.

CONTINGENT LIABILITY

- (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 31 March 2007, the Company had guarantees given to certain banks for banking facilities utilized by certain subsidiaries to the extent of approximately HK\$79,500,000 (2006: HK\$60,000,000).

Apart from the above, the Group and the Company had no material litigation or contingent liabilities as at 31 March 2007 and, up to the date of the approval of these financial statements.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's auditors, Moores Rowland, ("the Auditor") to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditors on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Friday, 7 September 2007 to Thursday, 13 September 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and bonus dividends, 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, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 6 September 2007.

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

This results announcement is published on the websites of the Company (www.ebon.com.hk) and the Stock Exchange (www.hkex.com.hk). The Company's Annual Report 2007 will be dispatched to the shareholders and available on the same websites in due course.

On behalf of the Board
TSE Sun Fat, Henry
Chairman

Hong Kong, 5 June 2007

As at the date hereof, the Board comprises nine 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 three independent Non-Executive Directors, namely Messrs. LEUNG Kwong Kin, JP, WONG Wah, Dominic and WAN Sze Chung.

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