



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 Result

For the year ended 31 March 2008

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 2008 are as follows:

DIVIDEND AND BONUS SHARES

The Board has resolved to recommend, at the forthcoming annual general meeting to be held on 8 September 2008, a final dividend of HK5 cents (2007: HK3.5 cents) and per ordinary share for the year ended 31 March 2008 and a bonus issue on the basis of one bonus share at par for every ten shares of the Company held to shareholders instead of bonus dividend (2007 bonus dividend: 2 cents per share).

The proposed Final Dividend and Bonus Shares, the Bonus Shares will be issued and credited as fully paid and will rank *pari passu* with the then issued shares in all respects with effect from the date of issue except that they are not entitled to proposed dividend for the year ended 31 March 2008. Such Bonus Shares and Final Dividend are not reflected as dividend payables or share capital of the Group’s financial statements for the year.

If approved by the members, the Bonus Shares will be issued on or before 22 September 2008. Listing and Dealing Application will be made to the Listing Committee of the Hong Kong Stock Exchange for listing of and permission to deal in, the Bonus Shares. It is expected that the dealing of Bonus Shares on the Hong Kong Stock Exchange will commence on 25 September 2008. The Final Dividend will be paid on 9 October 2008.

Both Final Dividend and Bonus Shares are distributed to members whose name 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 8 September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion provides information and 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\$45.9 million (2007: HK\$31.4 million) an increase of 46%, while profit after tax amounts to HK\$37.81 million (2007: HK\$25.78 million) an increase of 47% with the Group turnover amounts to HK\$395.3 million (2007: HK\$309.6 million) represents an increase of 27.7% from last year.

We have been able to capture the continuous flourishing market in the sale of luxurious apartments and houses from major property developers in Hong Kong. Despite the increase in the costs of sales caused by the increase in the price of metal, oil and the continue appreciation of foreign currencies such as EURO against United States Dollar in which Hong Kong Dollar is pegged upon, we have been able to maintain our gross profit to 38% (2007: 39%). Furthermore, we are pleased to report that our sales in kitchen fittings increased to HK\$40 million from HK\$30 million in the year ended 31 March 2007. The improvement in sales volume causes the increase in selling and distribution costs by HK\$11.5 million to HK\$73.7 million (2007: HK\$62.2 million) while we continue our attempt to keep the operating expenses at effective level, the administrative expenses increased by 17% from HK\$27.9 million to HK\$32.6 million resulted from the increase support to our operations and inflation in general.

Wholesales/Retails

With the China economy remains flamboyant; we are pleased to see this is reflected in the increase in the sales and constructions of newly built luxurious apartments and houses. The increase in our retails sales resulted from various refurbishing projects of houses and apartments in prestige residential areas such as the south district of Hong Kong Island. Our newly opened showroom VIA 3 occupies some 12,000 square feet aims to bring in new ideas of designer bathroom and living room fittings. This has yielded an increase in sales of kitchen fitting as noted above. Furthermore, the emphasis on the stylish design of clubhouses in large private housing estates creates a new demand for our products when the market expects a “five-star” graded clubhouse in those estates. While we continue to supply large projects mentioned in our last year report, we have also been participating new projects such as Crowne Plaza Hotel, Yoho Town Phase 2, Yuen Long, Celestial Heights, Tao Fung Shan Site A, Shatin, 39 Conduit Road, SOHO 38, The Palazzo, One Central Macau, Nova Taipa Garden, Sanlitum Phase 1 Improvement Work South & North Tower commenced during the year.

At 31 March 2008, our contract in hand amounted to HK\$145 million (2007: HK\$144 million).

Financial Resources and Liquidity

The Group's continue to expand its business lines and volume while maintaining a prudent financial management policy, the current ratio and quick ratio are 2.35 (2007: 2.74) and 1.61 (2007: 1.70) respectively, while the cash and bank balances amounted to HK\$52 million as at 31 March 2008 (2007: HK\$46 million). The Group gearing ratio (the ratio of total liabilities to the sum of total liabilities and owners' equity) increased to 39% as of 31 March 2008 (2007: 32%). The interest bearing borrowing of the Group amounts to HK\$62.75 million (2007: HK\$33.27 million) including trade finance such as trust receipt loans for imports.

The Group has adopted a prudent hedging policy against foreign exchange risk on imported products. The borrowing and cash balances are primarily denominated in Hong Kong Dollars, the foreign exchange risk in this aspect is insignificant.

People

As at 31 March 2008, our loyal workforce which is a major ingredient to our successful operation increased to 143 (2007: 135).

During the year, Mr. Wong Tin Cheung, Ricky, a member of our senior management and former director of the Company passed away. The Board has on behalf of the Group conveyed our condolences to Mr. Wong's family. Mr. Wong is remembered as a significant contributor to the success of the Group during his 29-year services.

FUTURE PROSPECTS

The sales in home living products remain strong and continue to grow in positive direction. Since the beginning of 2008, as a natural extension to our lines of business from bathroom fitting into kitchen fittings, the Group has further expanded into the sale of living room fittings and designer furniture, marked by the grand opening of its largest showroom adjacent to Pacific Place Phase III in Admiralty serving our prestige customers. In addition, the Group is also seeking business opportunities to work with established developers in China for their luxurious resident and hotel projects in both Pearl River Delta and Shanghai area.

RETIREMENT OF DIRECTOR

One of the executive directors, Mr. Tse Sun Lung, Alan should retire by rotation pursuant to the Articles of Association of the Company. In order to pursue his other business interests, Mr. Tse is not going to offer himself for re-election at the forthcoming annual general meeting of the Company to be held on 8 September 2008 (the "AGM") and therefore retires at the conclusion of the AGM. Mr. Tse has confirmed that he has no disagreement with the Board and there are no other matters in respect of his retirement that needs to be brought to the attention of the shareholders of the Company.

The Board would like to thank Mr. Tse 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 2008 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 2008, 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 Group 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 2008.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed with management the accounting principles and practices adopted 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 2008.

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2008 HK\$'000	2007 HK\$'000
Turnover	2	395,285	309,595
Cost of sales		(244,378)	(187,826)
Gross profit		150,907	121,769
Other income		2,232	671
Selling and distribution expenses		(73,740)	(62,178)
Administrative expenses		(32,604)	(27,902)
Fair value change on derivative financial instruments		998	–
Finance costs		(1,917)	(933)
Profit before income tax	3	45,876	31,427
Income tax expense	4	(8,063)	(5,648)
Profit for the year		37,813	25,779
Dividends	5	15,500	19,000
Basic earnings per share	6	18.0 cents	12.3 cents

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Property, plant and equipment		40,054	34,851
Deferred tax assets		1,626	2,446
		41,680	37,297
Current assets			
Inventories		80,949	73,783
Trade and other receivables	7	123,210	76,096
Derivative financial instruments		998	–
Cash and cash equivalents		51,665	45,978
		256,822	195,857
Current liabilities			
Trade and other payables	8	45,064	34,523
Interest-bearing borrowings		60,644	33,140
Provision for tax		3,655	3,866
		109,363	71,529
Net current assets		147,459	124,328
Total assets less current liabilities		189,139	161,625
Non-current liabilities			
Interest-bearing borrowings		2,105	125
Deferred tax liabilities		3,685	3,173
		5,790	3,298
NET ASSETS		183,349	158,327
Equity attributable to Company's equity holders			
Share capital		21,000	20,000
Reserves		162,349	138,327
TOTAL EQUITY		183,349	158,327

Notes:

1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The financial statements have been prepared on a basis consistent with the accounting policies adopted in the previous year except for the adoption of HKAS 1 (Amendment) Capital Disclosures and HKFRS 7 Financial Instruments-Disclosures. The adoption of these standards has had no material financial impact on the Group’s results and financial position in the current and prior accounting periods.

2. Turnover

The Group is organised 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.

	2008 HK\$’000	2007 HK\$’000
Segment results		
Segment revenue		
Wholesale	350,332	283,310
Retail	85,639	71,751
Inter-segment elimination	(40,686)	(45,466)
Total revenue	395,285	309,595
Total gross profit	150,907	121,769
Segment results		
Wholesale	34,181	32,054
Retail	13,612	306
Total result	47,793	32,360
Finance costs		
Wholesale	(1,917)	(913)
Retail	–	(20)
Total finance cost	(1,917)	(933)
Total profit before income tax	45,876	31,427

No geographical analysis is provided as less than 10% of the consolidated turnover and less than 10% of the total assets and liabilities of the Group are attributable to markets outside Hong Kong.

3. Profit before income tax

Profit before income tax is stated after depreciation of property, plant and equipment of HK\$5,400,000 (2007: HK\$5,234,000), staff costs, including directors' remunerations of HK\$38,861,000 (2007: HK\$33,788,000).

4. Income tax expense

Hong Kong profits tax is calculated at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits for the year.

	2008 HK\$'000	2007 HK\$'000
Hong Kong profits tax		
– current year	6,947	4,309
– under/(over) provision in previous year	85	(88)
Mainland China Enterprise Income tax	224	206
	<hr/>	<hr/>
Deferred taxation	807	1,221
	<hr/>	<hr/>
	8,063	5,648

5. Dividends/Bonus Shares

	2008 HK\$'000	2007 HK\$'000
Interim dividend of HK2.5 cents (2007: HK2.5 cent) per share	5,000	5,000
Special interim dividend of HK\$ Nil (2007: HK1.5 cents) per share	–	3,000
Proposed final dividend of HK5 cents (2007: HK3.5 cents) per share (<i>Note</i>)	10,500	7,000
Proposed special final dividend of HK\$ Nil (2007: HK2 cents) per share (<i>Note</i>)	–	4,000
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	15,500	19,000

Note: For members whose name 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 8 September 2008, The Board has resolved to recommend:–

Final Dividend

A final dividend of HK5 cents (2007: HK3.5 cents) per ordinary share and no bonus dividend (2007: bonus dividend HK 2 cents) for the year ended 31 March 2008.

Bonus Shares

One bonus share for every ten shares held.

6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit for the year of HK\$37,813,000 (2007: HK\$25,779,000) and the 210,000,000 ordinary shares in issue (2007: 210,000,000 shares, restated) during the year.

Diluted earnings per share was not disclosed as there were no dilutive potential ordinary shares for the years ended 31 March 2008 and 2007.

The number of ordinary shares for both years for the purpose of basic earnings per shares has been adjusted for the bonus issue approved pursuant to the extraordinary general meeting held on 28 February 2008.

The adjustment to comparative earnings per share, arising from the bonus issue is as follows:

	<i>HK cents</i>
Reported figure before adjustments	12.9
Adjustment arising from the bonus issue	(0.6)
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Restated figure	12.3
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7. Trade and other receivables

Details of the trade and other receivables as at 31 March 2008 are listed below :

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade receivables	97,212	56,384
Less: provision for doubtful debts	(899)	(461)
	<hr/>	<hr/>
	96,313	55,923
Other receivables, deposits and prepayments	26,897	20,173
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	123,210	76,096
	<hr/>	<hr/>

The ageing analysis of trade receivables (net of specific provisions for doubtful debts) at the balance sheet date is as follows:

	2008 <i>HK\$'000</i>	Group 2007 <i>HK\$'000</i>
0 – 30 days	61,130	19,122
31 – 60 days	9,280	5,022
61 – 90 days	5,633	8,025
Over 90 days	20,270	23,754
	<hr/>	<hr/>
	96,313	55,923
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The majority of the Group's sales are with credit terms of 30 to 90 days. In some cases, customers may be granted an extended credit period of up to 120 days. Certain balances over 90 days are on letter of credit or document against payment.

8. Trade and other payables

	2008 HK\$'000	2007 HK\$'000
Trade payables	30,532	27,028
Accrued charges and other creditors	14,532	7,495
	<u>45,064</u>	<u>34,523</u>

Included in the trade and other payables of the Group are trade payables with the following ageing analysis:

	2008 HK\$'000	2007 HK\$'000
0 – 30 days	23,072	23,910
31 – 60 days	3,776	1,676
61 – 90 days	2,823	580
Over 90 days	861	862
	<u>30,532</u>	<u>27,028</u>

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 2008, the Company had executed corporate guarantees given to certain banks for banking facilities utilized by certain subsidiaries to the extent of approximately HK\$63,000,000 (2007: HK\$33,000,000).

POST BALANCE SHEET EVENT

On 25 February 2008, a wholly-owned subsidiary of E. Bon Holdings Limited, entered into the Provisional Sale and Purchase Agreement with Negotiator Consultants Limited (“the Vendor”) to acquire a commercial property located at 16-18th Floor, First Commercial Building, 33 Leighton Road, Causeway Bay, Hong Kong, at a consideration of HK\$34.2 million. The consideration will be satisfied by two parts: (i) HK\$17.2 million will be financed by the internal resources of the Group; and (ii) HK\$17 million will be funded by a mortgage loan from bank. The formal sale and purchase agreement was completed on 28 May 2008.

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 2008 have been agreed by the Group's auditors, Grant Thornton, ("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 2 September 2008 to 8 September 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend and bonus shares, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor 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 1 September 2008.

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 2008 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, 3 June 2008

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., LAU Shiu Sun, YICK Kai Chung and FUNG Cheuk Hang, Jackie and three Independent Non-Executive Directors, namely Messrs. LEUNG Kwong Kin, JP, WONG Wah, Dominic and WAN Sze Chung, Wilson.