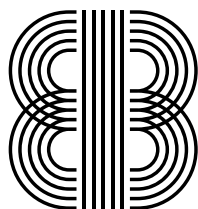


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**E. BON HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

**怡邦行控股有限公司**

(Stock Code: 599)

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008**

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 2008.

### **CONDENSED CONSOLIDATED INCOME STATEMENT**

		<b>Unaudited Six months ended 30 September</b>	
	<i>Note</i>	<b>2008 HK\$'000</b>	<b>2007 HK\$'000</b>
Turnover	2	<b>185,390</b>	191,789
Cost of sales		<b>(115,176)</b>	(108,216)
Gross profit		<b>70,214</b>	83,573
Other income		<b>1,937</b>	401
Selling and distribution expenses		<b>(34,399)</b>	(36,869)*
Administrative expenses		<b>(17,921)</b>	(15,072)*
Finance costs		<b>(1,027)</b>	(976)
Profit before income tax	3	<b>18,804</b>	31,057
Income tax expense	4	<b>(3,149)</b>	(5,053)
Profit for the period		<b>15,655</b>	26,004
Dividends	5	<b>2,310</b>	5,000
Basic earnings per share	6	<b>HK6.78 cents</b>	HK11.26 cents*

\* restated

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2008**

		<b>Unaudited 30 September 2008 HK\$'000</b>	<b>Audited 31 March 2008 HK\$'000</b>
	<i>Note</i>		
<b>ASSETS AND LIABILITIES</b>			
Non-current assets			
Property, plant and equipment		<b>75,039</b>	40,054
Deferred tax assets		<b>1,626</b>	1,626
		<hr/>	<hr/>
		<b>76,665</b>	41,680
		<hr/>	<hr/>
Current assets			
Inventories		<b>88,883</b>	80,949
Trade and other receivables	7	<b>100,820</b>	123,210
Derivative financial instruments		–	998
Cash and cash equivalents		<b>31,880</b>	51,665
		<hr/>	<hr/>
		<b>221,583</b>	256,822
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	8	<b>40,653</b>	45,064
Interest-bearing borrowings		<b>43,528</b>	60,644
Provision for tax		<b>6,353</b>	3,655
		<hr/>	<hr/>
		<b>90,534</b>	109,363
		<hr/>	<hr/>
Net current assets		<b>131,049</b>	147,459
		<hr/>	<hr/>
Total assets less current liabilities		<b>207,714</b>	189,139
Non-current liabilities			
Interest-bearing borrowings		<b>15,525</b>	2,105
Deferred tax liabilities		<b>3,685</b>	3,685
		<hr/>	<hr/>
		<b>19,210</b>	5,790
		<hr/>	<hr/>
NET ASSETS		<b>188,504</b>	183,349
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to Company's equity holders			
Share capital		<b>23,100</b>	21,000
Reserves		<b>165,404</b>	162,349
		<hr/>	<hr/>
TOTAL EQUITY		<b>188,504</b>	183,349
		<hr/>	<hr/>

Notes:

## 1. Basis of Preparation and accounting policies

These unaudited interim consolidated condensed financial statements (“interim financial statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2008.

HKICPA also issued several new and revised standards, amendments or interpretations which are not yet effective for the accounting period ending 30 September 2008. The Group is in the process of making an assessment of the impact of these new and amended HKFRS to the Group’s results of operations and financial position in the period of initial application.

## 2. Turnover, revenue and segment information

The Group is principally engaged in the importing and sale of architectural builders hardware, bathroom and kitchen collections. Turnover and revenue recognised during the period are as follows:

	<b>Unaudited Six months ended 30 September</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Segment results		
Turnover		
Wholesale	<b>164,184</b>	176,148
Retail	<b>44,863</b>	39,102
Inter-segment elimination	<b>(23,657)</b>	(23,461)
Total turnover	<b>185,390</b>	191,789
Total other costs, net of other income	<b>(50,383)</b>	(51,540)
Segment operating profit		
Wholesale	<b>12,741</b>	28,110
Retail	<b>7,090</b>	3,923
Total operating profit	<b>19,831</b>	32,033

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 income tax

Profit before income tax is stated after depreciation of fixed assets of HK\$2,863,000 (30 September 2007: 2,824,000).

### 4. Income tax expenses

Hong Kong Profits Tax has been provided at the rate of 16.5% (2007: 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:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax – Hong Kong profits tax		
Tax expenses for the period	<b>3,149</b>	<b>5,053</b>

### 5. Dividends

The Board has resolved to recommend the payment of dividend of HK1.0 cent (2007: HK2.5 cents).

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend of HK1.0 cent (2007: HK2.5 cents) per share	<b>2,310</b>	<b>5,000</b>

### 6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit for the period of HK\$15,655,000 (six month ended 30 September 2007: HK\$26,004,000) and the 231,000,000 ordinary shares (30 September 2007: 231,000,000 ordinary shares, restated) in issue during the period and corresponding figure is adjusted to reflect the bonus issue during the period. Diluted earnings per share for the periods were not disclosed as there were no dilutive potential ordinary shares.

## 7. Trade and other receivables

Included in the balance are trade receivables, net of provision, with the following aging analysis:

	<b>0–30 days</b> <i>HK\$'000</i>	<b>31–60 days</b> <i>HK\$'000</i>	<b>61–90 days</b> <i>HK\$'000</i>	<b>Over 90 days</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Balance at 30 September 2008	<u>34,257</u>	<u>16,397</u>	<u>8,607</u>	<u>20,849</u>	<u>80,110</u>
Balance at 31 March 2008	<u>61,130</u>	<u>9,280</u>	<u>5,633</u>	<u>20,270</u>	<u>96,313</u>

The majority of the Group's sales are with credit terms of 30 to 90 days. In some cases, customers may be granted extended credit period up to 120 days. Certain balances over 90 days are on letter of credit or document against payment.

## 8. Trade and other payables

Included in the balance are trade payables with the following aging analysis:

	<b>0–30 days</b> <i>HK\$'000</i>	<b>31–60 days</b> <i>HK\$'000</i>	<b>61–90 days</b> <i>HK\$'000</i>	<b>Over 90 days</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Balance at 30 September 2008	<u>7,695</u>	<u>2,125</u>	<u>1,247</u>	<u>757</u>	<u>11,824</u>
Balance at 31 March 2008	<u>23,072</u>	<u>3,776</u>	<u>2,823</u>	<u>861</u>	<u>30,532</u>

## INTERIM DIVIDEND

The Board of Directors has resolved to recommend the payment of an interim dividend of HK1.0 cent per share, which will be paid on 12 January 2009 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 31 December 2008.

## CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from 22 December 2008 (Monday) to 31 December 2008 (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, Tricor Abacus Limited, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on 19 December 2008 (Friday).

## **REVIEW OF OPERATIONS**

For the past six months ended 30 September 2008, the Group's unaudited accounts shows that consolidated turnover was HK\$185.4 million (six months ended 30 September 2007 HK\$191.8 million) and consolidated profit after taxation was HK\$16 million (six months ended 30 September 2007 HK\$26 million). During this period, we noted the easing on the growth of our sales as a result of the slowing down of global economic activities. The volume of our business (contracted project sales) remains steady, while the wholesale and retail markets were largely on the basic renovation materials and bathroom accessories, which commands lower profit margin.

## **FINANCIAL POSITION**

The Group records profit after taxation during the period and its overall financial position is sound. Gross margin is at 37.8% (30 September 2007 : 43.5%) which is in line with the year ended 31 March 2008 of 38.1%. The profit before taxation for the period amounts to HK\$18.8 million representing a decrease by 39.8% as a result of the change in the sales product mix to basic building materials with lower profit margin. Nevertheless the overhead expenditure remains under control results in the yield of HK\$15.6 million as profit after tax. At the beginning of this financial year, with the approval of shareholders of the Company, the Group acquired its own office space for HK\$35,571,335 partly paid by cash and partly by bank loan, the Group holds approximately HK\$32 million in cash (31 March 2008 : HK\$52 million) and interest bearing borrowings totaling HK\$59 million, in which HK\$17 million is the mortgage of office properties including HK\$15 million repayable after more than one year. The Group current ratio, which is calculated based on current assets over current liabilities is 2.45 (31 March 2008: 2.35). During the period, the Group has no significant exposure to foreign currency fluctuation. Assets under charge are the mortgaged property acquired this financial year. Moreover, the Group has no material capital commitment as at 30 September 2008.

## **FUTURE PROSPECTS**

As mentioned in our Annual Report 2008, the financial turmoil triggered by the sub prime crisis has surfaced in the United States and have radiated to Europe and other parts of the world. Hong Kong, as a financial centre in South East Asia, is inevitably affected. We expect a slowing down of building projects in Hong Kong, and the Board is monitoring the situation closely and cautiously and shall be able to response and adapt to any sudden change in economic climate. However, since last quarter, we have noted the continuous lowering of the oil price and the strengthening of US dollars against other foreign currencies, this will enable the Group to reduce the direct costs of sales. The Group has ridden through crises in 2003 and the downturn in economy during the SARS epidemics, and is confident that with the support of our shareholders, customers and loyal staff, we shall be able to operate effectively during this difficult time.

## **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 2008, the Group had indemnities in respect of performance bonds amounting to approximately HK\$3,553,000 (31 March 2008: HK\$2,348,000) 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 2008 and up to the date of the approval of these interim financial statements.

## **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 2008, 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 2008.

## 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 2008.

## 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 5 December 2008

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

*As at the date of this announcement, the executive directors of the Company are Mr. TSE Sun Fat, Mr. TSE Sun Po, Mr. YICK Kai Chung, Mr. LAU Shiu Sun, Mr. FUNG Cheuk Hang and Mr. TSE Hon Kit Kevin, and the independent non-executive directors are Mr. LEUNG Kwong Kin J.P., Mr. WONG Wah and Mr. WAN Sze Chung.*