E. BON
怡邦行
stock code : 599

ANNUAL REPORT 2007

THE ART OF LIVING

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Contents

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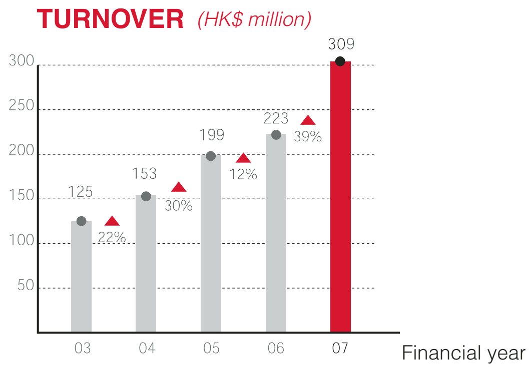
Financial Highlights



	As at 31 March	
	2007	2006
	HK$'000	HK$'000
Net asset value	**158,327**	142,763

	Year ended 31 March	
	2007	2006
	HK$'000	HK$'000
Turnover	**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	**31,427**	11,357
Taxation	**(5,648)**	628
Profit for the year	**25,779**	11,985
Dividends	**19,000**	7,000
Basic earnings per share	**13 cents**	6 cents

Chairman's Statement




Dear Shareholders

We are pleased to present the annual report for the year ended 31 March 2007.

This year is the 10th anniversary of the establishment of the Hong Kong Special Administrative Region and we have witnessed the visible effort made by the SAR Government and the Central Authorities in ensuring the smooth implementation of the one country two systems under the China's sovereignty and in maintaining the economic stability of Hong Kong SAR. We are pleased to report that this year has also been a good year for E. Bon Group. We have recorded the highest turnover in both our wholesale and retail operations since we went public in 2000 with notable increase in earnings. Our expansion into kitchen fittings has proved to be in a right direction and has been making positive contributions.

China's economy continues to flourish as it moves into its 11th Five Year Plan, it will remain one of the drivers for Global economy. Hong Kong has positioned itself successfully as a strategically important finance centre in this region. During the year there are a number of sizable China Enterprises successfully raised their capital in the territory. The total capitalization of Hong Kong Stock Market has increased 3 fold since 2003. We expect that the implementation of Qualified Domestic Institutional Investors programme (QDII) will further attract funds into the Stock Market creating demand for financial services, the ripple effect will in turn raise the demand of first class commercial buildings for enterprises, luxury apartments and houses for their executives. E. Bon Group, as one of the well known suppliers for quality builder hardware, bathroom collections and kitchen fittings, will continue to meet the demand for the quality products.

The resilience of Hong Kong economy has proved that Hong Kong entrepreneurs and people are capable of accepting new challenges and changes. The total employment in Hong Kong amounts to 3.5 million with the unemployment rate below 5%, this helps to reduce the number of owners of negative equity down to below 8,500. Hong Kong GDP has grown by 6.8% which is higher than expected. On the other hand, the trend of continuing weakening of US dollar against major currencies and the general increase in metal prices has already had and will have a definite impact on the costs of imported products which have posed challenges to our profitability due to the competitive environment of our business. It is expected that we may only be able to increase the prices in parallel with the rate of inflation.

It is noted that service industries accounts for 91% of our GDP and those enjoying fastest growth including financial services, import/export and logistics, as stated in our 2006 annual report, our concern is that Hong Kong SAR has now heavily relied on the role of service industry in our GDP which reflects the mind set of our leadership in shaping Hong Kong future but it will make our economic activity vulnerable to any sudden change of the global situation such as pandemic of avian flu which may last for a year. Severe Acute Respiratory Syndrome (SARS) is a good lesson for us which only lasted for a 6 month period but it almost grinded our economic machinery to a halt. Perhaps we should at least listen to the wisdom of Chinese Leaders in the Mainland China who are well aware of Hong Kong affairs that Hong Kong should have a forward looking strategy for formulation the innovation and technology as part of our economic strategy equation. It would be desirable if Hong Kong will have at

least 20% of our GDP from high end manufacturing companies established in Hong Kong for both China and International market before other cities such as Shanghai and Beijing will compete with us as basin for services. However, this requires the strong political and business leadership and the political power will strike the proper balance on the product mix which constitutes our GDP. Subject to the above observations, we are still optimistic about the economic outlook for 2007.

While we have focused and yielded good result locally in Hong Kong, we have expanded our presence in Macau and China during the year. We have been awarded for supply of builders hardware, bathroom and kitchen fittings for hotels and residential properties in these markets. We note that China Government might take further measures in cooling down the heated economy and the prices of the real property and also various measures in regulating the stock market in the Mainland, we will continue to explore and expand into the China market assiduously.

We continue our effort and to focus our objectives in managing the core business of our group with a view to enhancing the return to our shareholders' investment. I take this opportunity to thank our shareholders, suppliers, customers and my fellow directors and colleagues for their support.

TSE Sun Fat, Henry
Chairman
5 June 2007

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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 E. Bon Holdings Limited (the "Company") and its subsidiaries (collectively 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$11.99 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 32% from HK$21.2 million to HK$27.9 million.

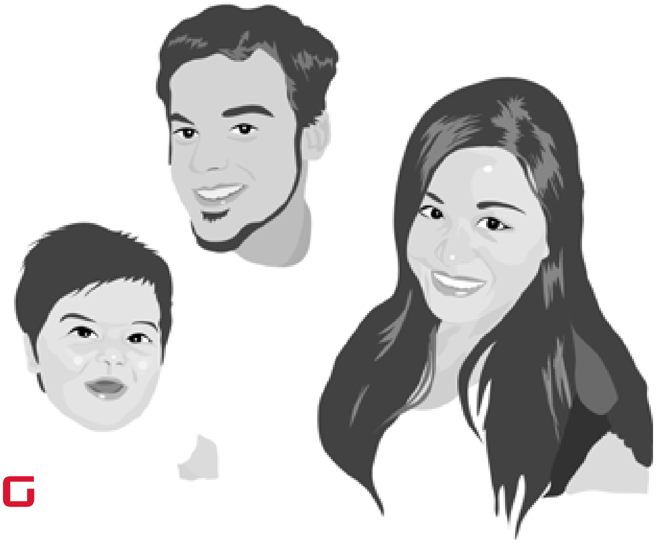
Wholesales/Retails

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 1.71 (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 borrowings of the Group amount to HK$33.27 million (2006: HK$16.92 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.



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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.

Group Structure

- E. Bon Holdings Limited (Cayman Islands)
  - E. Bon (BVI) Holdings Limited 100%
    - Right Century Limited 100%
    - Massford Holdings Limited 100%
      - Massford (Hong Kong) Limited 100%
    - Twinwood Venture Limited 100%
      - Bonco Ironmongery Limited 100%
    - Techpro Trading Limited 100%
    - H2O (Pro) Limited 100%
    - Asia Bon Company Limited 100%
    - Sunny Building And Decoration Materials Company Limited 100%
    - E. Bon Building Materials Company Limited 100%
    - Tech Pro (China) Limited 100%
      - Bonlex Properties Limited 100%
      - Sanfield Properties Limited 100%
      - Shanghai Tech Pro International Trading Company Limited 100%
    - Kitchen (Pro) Limited 100%
    - D. I. Y. Limited 100%

Corporate Information

Register office
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principle place of business
16th – 18th Floors
First Commercial Building
33 Leighton Road
Causeway Bay
Hong Kong

Company secretary
IP Fu Wa, Benthony
ACA, CPA

Auditors
Moores Rowland
Chartered Accountants
Certified Public Accountants
34th Floor
The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Authorised representatives
TSE Sun Lung, Alan
IP Fu Wa, Benthony
ACA, CPA

Hong Kong branch share registrar and transfer office
Abacus Share Registrars Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

Cayman Islands principal share registrar and transfer office
Butterfield Fund Services
(Cayman) Limited
Butterfield House, Fort Street,
P.O. Box 705, George Town
Grand Cayman, Cayman Islands
British West Indies

Legal advisers on Cayman Islands law
Conyers Dill & Pearman, Cayman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Legal advisers on Hong Kong law
Pang, Wan & Choi Solicitors
Rooms 1007-8, 77 Des Voeux Road
Central, Hong Kong

Principal bankers
Nanyang Commercial Bank Limited
Wing Lung Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
China Construction Bank (Asia) Limited
Shanghai Commercial Bank Limited
Fubon Bank (Hong Kong) Limited

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 March 2007.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the importing and sale of architectural builders hardware, bathroom and kitchen collections in Hong Kong.

Details of the analysis of the Group's turnover and contribution to operating profit for the year by principal activity and market is set out in note 7 to the financial statements.

Results and appropriations

The results of the Group for the year are set out in the consolidated income statement on page 29.

The Board of directors (the "Board") has resolved to recommend the payment of a final dividend of HK3.5 cents per share in respect of the year ended 31 March 2007 and a bonus dividend of HK2 cents per share at the forthcoming annual general meeting to be held on 13 September 2007 (the "AGM"). The final and bonus dividends, 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 Grand Cayman or Hong Kong respectively (collectively the "Register of Members") as at the close of business on 13 September 2007.

Reserves

Details of the movements in the reserves of the Group and of the Company during the year are set out in note 22 to the financial statements.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

Distributable reserves

Distributable reserves of the Company as at 31 March 2007 amounted to HK$113,542,000. Under Section 34 of the Companies Law of the Cayman Islands, the share premium is available for distribution to shareholders, provided that no distribution shall be paid to shareholders out of the Company's share premium unless the Company shall be able to pay its debts as they fall due in the ordinary course of business.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

Five years financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 26.

Purchase, sale or redemption of shares

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

Directors

The directors during the year and up to the date of this report were:

Executive directors

Mr. TSE Sun Fat, Henry
Mr. TSE Sun Po, Tony
Mr. TSE Sun Lung, Alan
Mr. WONG Tin Cheung, Ricky
Mr. LAU Shiu Sun
Mr. YICK Kai Chung

Non-executive directors

Mr. MAK So (resigned on 24 March 2007)

Independent non-executive directors

Mr. LEUNG Kwong Kin, J.P. [1]
Mr. WONG Wah, Dominic [1]
Mr. WAN Sze Chung, Wilson

1 Independent non-executive directors who entered into contracts with the Company for an initial fixed term of one year and thereafter shall continue for further successive periods of one year, provided that the Company may terminate the contracts at the end of each one year period by giving the other party at least one month's notice in writing thereof.

Mr. TSE Sun Po, Tony, Mr. WONG Wah, Dominic and Mr. WONG Tin Cheung, Ricky shall retire by rotation at the AGM in accordance with Articles 87 of the Company's Articles of Association. In order to focus more on business operation in China, Mr. Wong Tin Cheung, Ricky 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. All the retiring directors, except Mr. WONG Tin Cheung, Ricky, are eligible and offer themselves for re-election.

Directors' service contracts

Each of Mr. TSE Sun Fat, Henry, Mr. TSE Sun Po, Tony and Mr. TSE Sun Lung, Alan has entered into a service contract with the Company for a term of three years commencing on 1 March 2000 and continuing thereafter unless terminated by either party with at least three months advance notice in writing.

Each of Mr. WONG Tin Cheung, Ricky and Mr. LAU Shiu Sun has entered into a service contract with the Company for a term of three years commencing on 24 April 2001 and 10 December 2001 and will continue thereafter unless terminated by either party by three months prior written notice in writing. Mr. WONG Tin Cheung, Ricky shall not offer himself for re-election at the AGM.

Save as disclosed herein, none of the directors of the Company has entered into any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Directors' interests in contracts

Save as disclosed under the section "Continuing connected transactions" below, no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' benefits from rights to acquire shares or debentures

Under the terms of the Company's share option scheme adopted on 22 March 2000, the board of directors of the Company may, at their discretion, invite any full-time employees or executive directors of the Company or any of its subsidiaries to subscribe for ordinary shares of HK$0.10 each in the Company. The maximum number of shares in respect of which options may be granted under the scheme may not exceed 10% of the issued share capital of the Company. No options have been granted to the directors since its adoption. The Stock Exchange of Hong Kong Limited (the "Stock Exchange") amended the Listing Rules governing share option schemes. The new requirements have come into effect from 1 September 2002 and render some of the provisions of the existing Share Option Scheme no longer applicable.

Apart from the above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and underlying shares

At 31 March 2007, the interests or short positions of the directors and chief executives or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short position which such director or chief executive was taken or deemed to have under such provision of the SFO); or which required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:–

Long position in shares and underlying shares

	Number of ordinary shares held				
Director	Personal interest	Family interest	Corporate interest	Other interest	Percentage of issued capital
Mr. TSE Sun Fat, Henry *(Note)*	–	–	–	85,374,800	42.69%
Mr. TSE Sun Po, Tony *(Note)*	–	85,374,800	–	85,374,800	42.69%
Mr. TSE Sun Lung, Alan	9,470,000	–	–	–	4.73%
Mr. WONG Tin Cheung, Ricky	2,000,000	–	–	–	1.0%
Mr. YICK Kai Chung	4,850,800	–	–	–	2.43%

Note: The interests in shares of the Company is held by Tse Brothers Assets Management Limited, which is the trustee of The Tse Brothers Unit Trust (which is in turn held by a discretionary trust, The Tse's Family Trust). Mr. TSE Sun Fat, Henry is one of the objects of The Tse's Family Trust. In addition, the spouse and other family members of Mr. TSE Sun Po, Tony are objects of the The Tse's Family Trust.

Directors' interests in shares and underlying shares (cont'd)

Save as disclosed above, none of the directors and chief executive or their associates had, as at 31 March 2007, any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors and senior management's profiles

Executive directors

Mr. TSE Sun Fat, Henry, aged 50, is a founding member of the Group and the Chairman of the Company. Mr. TSE has over 25 years of experience in the trading of building materials. He is responsible for the planning of the Group's overall strategies and the overall management of the Group.

Mr. TSE Sun Po, Tony, aged 48, is the managing director of the Company and joined the Group in 1979. Mr. TSE has over 25 years of experience in the trading of building materials and is responsible for the retail business of the Group. Mr. TSE also assists in the strategic planning and management of the Group. He is a brother of Mr. TSE Sun Fat, Henry, the Chairman of the Group and a cousin of Mr. TSE Sun Lung, Alan the executive director of the Group.

Mr. TSE Sun Lung, Alan, aged 40, is an executive director of the Company. He joined the Group in 1990 and is now responsible for project sales and the marketing of products distributed by the Group. Mr. TSE Sun Lung, Alan is a cousin of Mr. TSE Sun Fat, Henry and Mr. TSE Sun Po, Tony.

Mr. WONG Tin Cheung, Ricky, aged 64, joined the Group in 1979. Mr. WONG was appointed as an executive director of the Company on 24 April 2001 and is responsible for the operation of the Group in project management. He has over 25 years of experience in selling building materials and was a civil servant before joining the Group. Mr. Wong has not elected himself for re-election at the AGM.

Mr. LAU Shiu Sun, aged 39, joined the Group in 1994. Mr. LAU was appointed as an executive director of the Company on 10 December 2001, before his appointment, Mr. LAU was a sales manager of the Group and is responsible for project sales. He graduated from Hong Kong Baptist University in 1992 with a bachelor of science degree.

Mr. YICK Kai Chung, aged 48, joined the Group in 1979. Mr. YICK was appointed as an executive director of the Company on 13 July 2004, and is a director of four subsidiaries of the Company. Mr. YICK has over 25 years of experience in building materials industry and is responsible for overseeing major financial statements and wholesale business of the Group and products sourcing and technical support.

Directors and senior management's profiles (cont'd)

Non-executive directors

Mr. LEUNG Kwong Kin J.P., aged 60, was appointed as an independent non-executive director in January 2000. Mr. LEUNG is a senior practicing director of Wong Lam Leung & Kwok C.P.A Ltd.. He is a fellow of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. Mr. LEUNG is also an associate member of the Institute of Chartered Accountants in England & Wales, the member of the Macau Society of Certified Practising Accountants, the Society of Chinese Accountants & Auditors, the Taxation Institute of Hong Kong, the Institute of Management and the International Institute of Management.

Mr. WONG Wah, Dominic, aged 58, was appointed as an independent non-executive director on 19 June 2001. He graduated from the Chinese University of Hong Kong in 1972 with honours bachelor's degree of Social Science in Economics. He was appointed director and general manager of Hongkong Ferry (Holdings) Ltd., formerly The Hongkong & Yaumatei Ferry Co., Ltd. until late 1989. He has been actively involved in China trade and garment industry over the last few years.

Mr. WAN Sze Chung, Wilson, aged 34, was appointed as an independent non-executive director on 27 September 2004. Mr. WAN obtained a Master degree in Business Administration from the Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. WAN is a director of Training and Consultancy Firm specializing in corporate and personal training. In addition, Mr. WAN is also the Hong Kong Chapter Leader of International Coach Federation (USA).

Mr. MAK So, aged 67, joined the Group in 1993. He has over 34 years of experience in the building materials industry. Mr. MAK was non-executive director since 2004 and resigned on 24 March 2007.

Senior management

Mr. AU Lai Chuen, Hercules, aged 50, joined the Group in 1982 and is a director of a subsidiary of the Company. Mr. AU has over 25 years of experience in the building materials industry and is responsible for project related sales and marketing activities.

Mr. LO Wai Man, Raymond, aged 53, joined the Group in 1979. Mr. LO is a technical director and is responsible for overseeing provision of technical support for bathroom collections. He has over 25 years of experience in selling building materials and is a licensed plumber.

Mr. CHANG Kai Chuen, Roy, aged 33, joined the Group in 1991. Mr. CHANG is a general manager of project sales division. He has over 10 years of experience in building materials industry and is responsible for project sales.

Mr. MAK Lai Man, Eric, aged 40, joined the Group since 1992. Mr. MAK obtained a diploma certificate in Sociology from Hong Kong Shue Yan University, formerly Shue Yan College and a certificate in Organizational Behaviour from Heriot-Watt University. He has over 10 years experience in building materials industry. Mr. Mak is a marketing manager of the Group and is now responsible for project sales in sanitary products.

Directors and senior management's profiles (cont'd)

Senior management (cont'd)

Ms. LAU Mei Fong, Cherry, aged 35, joined the Group since 1996. Ms. LAU is the general manager of the retail shops of the Group and is in charge of overall shop management. She has over 10 years of experience in retail business. Ms. LAU is a sister-in-law of Mr. TSE Sun Po, Tony, the managing director of the Group.

Mr. TSE Hon Kit, Kevin, aged 27, joined the Group since 2004. Mr. TSE graduated from University of Toronto with bachelor degree of Commerce. He is a director of a subsidiary of the Company and responsible for internal information technologies development and the marketing of products distributed by the Group. Mr. TSE is a nephew of Mr. TSE Sun Lung, Alan, the executive director of the Group.

Mr. FUNG Cheuk Hang, Jackie, aged 36, joined the Group since 2004. Mr. FUNG has over 10 years experience in kitchen industry and worked with various kitchen brands prior to joining the Group. He is now responsible for the project sales in kitchen products and supervising project supply contracts. He has obtained a bachelor degree of Business Administration from University of Toronto in 1994.

Substantial shareholders

The register of substantial shareholders maintained under Section 336 of the SFO of shows that as at 31 March 2007, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Long position in shares of the Company

Name of Shareholder	Number of Shares	Percentage of issued share capital
Tse Brothers Assets Management Limited *(Note)*	85,374,800	42.69%
Messrs. Kelvin K W Cheung & Chu Hei Chun *(Note)*	85,374,800	42.69%

Note: The entire issued share capital of Tse Brothers Assets Management Limited is held by Messrs. Kelvin K W Cheung & Chu Hei Chun (who are the trustee of the Tse's Family Trust). Tse Brothers Assets Management Limited and Messrs. Kelvin K W Cheung & Chu Hei Chun are respectively taken to be interested in these shares under Section 336 of SFO.

Save as disclosed above, the Company had not been notified of any other interests representing 5% or more in the Company's issued share capital as at 31 March 2007.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major suppliers and customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
The largest supplier	17%
Five largest suppliers combined	43%
Sales	
The largest customer	16%
Five largest customers combined	32%

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Continuing Connected transactions

The related party transaction as disclosed in note 25 to the financial statements for the year ended 31 March 2007 in respect of rental expenses of approximately HK$2,952,000 paid to Negotiator Consultants Limited ("NCL") also constitutes a continuing connected party transaction. NCL is a company wholly owned by Bache Hill Group Limited in which Mr. TSE Sun Fat, Henry, Mr. TSE Sun Po, Tony, Mr. TSE Sun Lung, Alan and Mr. WONG Tin Cheung, Ricky has beneficial interest.

The directors (including the independent non-executive directors) have reviewed and confirmed that the above continuing connected transaction has been entered into by the Group:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(c) in accordance with the relevant agreement governing it on terms that is fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditors of the Company has also reviewed this transaction and confirmed to the Board that:

(a) It has been approved by the Board of the Company;

(b) It has been entered into in accordance with the relevant agreement governing the transactions; and

(c) It has not exceeded the relevant annual caps disclosed in previous announcement.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of the Company's securities as required under the Listing Rules.

Auditors

The auditors, Moores Rowland Mazars have changed their name to Moores Rowland on 1 June 2007 and amalgamated their practice with Grant Thornton. As a result of this change, the directors proposed to appoint Grant Thornton as auditors of the Company at the forthcoming annual general meeting.

On behalf of the Board

Tse Sun Fat, Henry

Chairman

Hong Kong, 5 June 2007

Corporate Governance Report

The Company endeavors to maintain its high standard of corporate governance, and continues to review and reinforce its corporate governance measures. The Company believes that accountability and reporting system with high transparency for the Company's operation has been in place. Disclosure could also be made timely and accurately. At the same time, the rights of shareholders can be treated and protected equitably.

The Company is led by an efficient and responsible Board, which comprised individuals with high qualifications and relevant experience. This can ensure that the Group maintains good corporate governance practices and has comprehensive internal control systems, so as to cope with the Group's development strategies and increase the shareholders' value.

The Board has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 31 March 2007 with the exception of the code provision A.4.1. Appendix 14 of the Listing Rules stipulates the Code, and two levels of recommendations: (a) code provisions; and (b) recommended best practices. It also states that issuers are expected to comply with, but may choose to deviate from, the code provisions. The recommended best practices are for guidance only. The Company opted to comply with mandatory code provisions and provisions on recommended best practices that are considered by the Board as reasonable and appropriate.

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 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.

The Model Code in Appendix 10 of the Listing Rules sets a required standard against which directors must measure their conduct regarding transactions in securities of their listed companies. During the year, the Company has complied with all code provisions of the Model Code. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code throughout the year ended 31 March 2007.

During the year and up to the date of this report, the Board hereby presents information in relation to the Company's corporate governance practices as summarized below.

THE BOARD

The Board comprises six executive directors, one non-executive director and three independent non-executive directors. The names of the directors are as follows:

Executive directors

Mr. TSE Sun Fat, Henry (Chairman)
Mr. TSE Sun Po, Tony (Managing Director)
Mr. TSE Sun Lung, Alan
Mr. WONG Tin Cheung, Ricky
Mr. LAU Shiu Sun
Mr. YICK Kai Chung

Non-executive director

Mr. MAK So (Resigned on 24 March 2007)

Independent non-executive directors

Mr. LEUNG Kwong Kin, J.P.
Mr. WONG Wah, Dominic
Mr. WAN Sze Chung, Wilson

Biographies for all directors are listed in Directors and Senior Management's Profiles set out on pages 13–14.

The Board of the Company assumes responsibility for leadership and control of the Company and is responsible for promoting the success of the Company by directing and supervising its affairs.

The Board is responsible for establishing the strategic direction of the Company, setting the objectives of management, monitoring the performance of management, overseeing the management of the Company's relationships with shareholders, ensuring that a framework of prudent and effective controls is in place to enable risks to be assessed and managed, and setting the Company's values and standards.

When the Board delegates management and administrative functions to management, it has given clear directions on the powers of management with respect to the circumstances where management is to report back and obtain prior approval from the Board before making decisions or entering into any commitment on behalf of the Company.

The task of the management and staff of the Company is the successful implementation of the strategies and directions as determined by the Board. In doing so, they must apply business principles and ethics, which are consistent with those expected by the Board and shareholders and other stakeholders.

The independent non-executive directors help to ensure that the Board can make independent judgement efficiently. The independent non-executive directors possess appropriate professional qualification among them, some possess expertise in accounting and financial management. Each independent non-executive director has confirmed to the Stock Exchange his independence pursuant to the requirements of the Listing Rules, and has also submitted an annual written confirmation to the Company confirming his independence. Two independent non-executive directors are engaged by continuous contract every year and are subject to retirement in accordance with the Company's Articles of Association. As disclosed in our announcement on 28 March 2007, non-executive director, Mr. Mak So, was resigned from his position with effect from 24 March 2007.

Except as disclosed in the Annual Report, there is no special relationship, including financial, business, family or other material/relevant relationship among the members of the Board.

All directors actively participated in the Board meetings to discuss the overall strategies and business directions of the Group. Throughout the year, the Company held four regular and five non-regular Board meetings. To ensure that the directors could obtain all related information for performing their duties and responsibilities, documents for the Board meeting were supplied to directors for their consideration before the meeting according to the regulations set out in the Listing Rules and code provisions.

Throughout the year, the Company directors' attendance was as follows:

Executive directors	**Attendance**
Mr. TSE Sun Fat, Henry (Chairman)	9
Mr. TSE Sun Po, Tony (Managing Director)	9
Mr. TSE Sun Lung, Alan	4
Mr. WONG Tin Cheung, Ricky	2
Mr. YICK Kai Chung	7
Mr. LAU Shiu Sun	8
Non-executive directors	
Mr. MAK So	4
Independent non-executive directors	
Mr. LEUNG Kwong Kin, J.P.	3
Mr. WONG Wah, Dominic	3
Mr. WAN Sze Chung, Wilson	2

The Board makes arrangement to provide opportunities for all directors to include proposed discussion issued in the agenda of regular Board meetings. At least 14 days notice are given in respect of regular Board meetings. For all other Board meetings, reasonable notices are given.

Management provides the Board and committees with sufficient, adequate and timely information which are complete and reliable and which enable directors to make informed decisions on matters placed before them, and perform their duties and responsibilities as the directors. Management provides adequate explanations and information to the Board to enable directors to make an informed assessment of the financial and other information put before them for approval. In addition, the Board and each director have separate and independent access to the Company's senior management.

Minutes of each Board meeting and committee meeting are kept by the company secretary (the "Company Secretary") and are available for inspection by any director. Minutes record in sufficient details the matters considered by the Board and the decisions reached.

All directors have free access to the advice and services of the Company Secretary with a view to ensuring that Board procedures are followed and that applicable laws and regulations. Moreover, all directors may seek independent professional advice in appropriate circumstances in the furtherance of their duties and for the associated fees at the Company's expenses.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by holding a Board meeting set up for that purpose pursuant to a resolution passed in a Board meeting. Only independent non-executive director who, and whose associates, have no material interest in the transaction concerned will be present at such meeting. Directors' concerns must abstain from voting on any Board resolution and will not be counted in the quorum.

CHAIRMAN AND MANAGING DIRECTOR

Chairman of the Board and Managing Director (in this report, "Managing Director" is equivalent to "Chief Executive Officer" set out in Appendix 23 of the Listing Rules) are two clearly separated roles and are performed by different individuals. Mr. TSE Sun Fat, Henry, Chairman of the Board, is responsible for managing the Board. Mr. TSE Sun Po, Tony, Managing Director, is responsible for the Company's operations. The division of responsibilities between the Chairman of the Board and the Managing Director has been clearly defined and the written terms of reference have been set.

Responsibilities of the Chairman of the Board are as follows:

(a) Providing leadership for the Board;

(b) Ensuring all directors are properly briefed on matters to be discussed at Board meetings;

(c) Ensuring all directors receive adequate, complete and reliable information in a timely manner;

(d) Ensuring that the Board works effectively, discharges its responsibilities and discusses all key issues in a timely manner;

(e) Ensuring that, the Company Secretary settles and approves the agenda for Board meetings on the Chairman's behalf, taking into account any matters proposed by other directors for inclusion in the agenda;

(f) Providing effective communication with shareholders and that views of shareholders are communicated to the Board as a whole;

(g) Ensuring good corporate governance practices and procedures are in place;

(h) Giving each director an opportunity to express his views at Board meetings, encouraging all directors to fully contribute to the Board's affairs and ensuring that the Board acts in the best interests of the Company; and

(i) Facilitating the effective contribution of all directors, in particular non-executive directors, and building constructive relations between executive and non-executive directors.

The Managing Director is appointed by the Board, his responsibilities are as follows:

(a) Providing leadership for the management;

(b) Implementing and reporting to the Board on the Company's strategies;

(c) Overseeing the implementation by the Company of the objectives set by the Board;

(d) Providing all such information to the Board as is necessary to enable the Board to monitor the performance of Management;

(e) Leading the management of the Company's relationships with its stakeholders;

(f) Putting in place programmes for management development and succession;

(g) Working with the Head of Finance, establishing and maintaining proper internal controls and systems as well as disclosure controls and procedures; and

(h) Discharging such duties and authorities as may be delegated in writing to him by the Board.

BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference.

Remuneration Committee

The Remuneration Committee was established on 29 September 2005. It comprised two independent non-executive directors and one executive director. The Remuneration Committee is chaired by Mr. WONG Wah, Dominic.

Roles and function of the Remuneration Committee are as follows:

(a) Making recommendations to the Board on policy and structure for the remuneration of directors, senior management and all other employees of the corporate office and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(b) Determining the remuneration of all executive directors and senior management;

(c) Making recommendations to the Board on the remuneration of the non-executive directors;

(d) Reviewing and approving performance-based remuneration by referring to corporate goals and objectives set by the Board;

(e) Reviewing and approving the compensation payable to executive directors and senior management relating to any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms;

(f) Reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms; and

(g) Ensuring no director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee reports to the Board on its discussion results and recommendations after each meeting and provides sufficient resource to discharge its duties and is authorized by the Board to obtain independent legal or other professional advices.

Throughout the year, the Remuneration Committee met once to review the remuneration of the executive directors and senior management of the Company. Discussion results and recommendations have been proposed to the Board for its review.

Throughout the year, committee members' attendance was as follows:

Remuneration Committee Members	Attendance
Mr. WONG Wah, Dominic (Independent non-executive director) (Chairman of Remuneration Committee)	1
Mr. LEUNG Kwong Kin, J.P. (Independent non-executive director)	1
Mr. TSE Sun Lung, Alan (Executive director)	1

Audit Committee

Before the resignation of non-executive director, Mr. MAK So on 24 March 2007, the Audit Committee comprised two independent non-executive directors and one non-executive director. After the resignation of Mr. MAK So, independent non-executive director, Mr. WAN Sze Chung, Wilson was appointed on the same date as a member of the Audit Committee.

The Audit Committee established on 22 March 2000, and is currently comprised of three independent non-executive directors. The Audit Committee is chaired by Mr. LEUNG Kwong Kin, J.P.

Roles and functions of the Audit Committee are as follows:

(1) Handling the relationship between the Company and the external auditors, including: making recommendation to the Board on the appointment, re-appointment and removal of external auditors, approve remuneration and terms of engagement of the external auditors, handle issues for the resignation or dismissal of external auditors, review and monitor the independence and objectivity of the external auditors and effectiveness of the audit process and develop and implement policy on the engagement of an external auditor to supply non-audit services,

(2) Reviewing the financial information of the Company,

(3) Monitoring the financial reporting system and internal control procedures of the Company.

The Audit Committee reports to the Board on its discussion results and recommendations after each meeting.

Throughout the year, the Audit Committee reviewed the 2006 annual report and interim report of the Company, discussed the effectiveness of the internal control with external auditors, and reviewed the 2007 budget audit fees.

In addition, the Audit Committee considered and reviewed the annual report for the year ended 31 March 2007 and annual results on 5 June 2007, and proposed to the Board for their approval.

All members of the Audit Committee actively participated in the committee's meetings. Throughout the year, the Audit Committee met three times. Discussion results and recommendations have been proposed to the Board for its review, and related recommendations were adopted by the Board.

Throughout the year, committee members' attendance was as follows:

Audit Committee Members	Attendance
Mr. LEUNG Kwong Kin, J.P. (Independent non-executive director) (Chairman of audit committee)	3
Mr. WONG Wah, Dominic (Independent non-executive director)	3
Mr. MAK So (Non-executive director, resigned on 24 March 2007)	3
Mr. WAN Sze Chung, Wilson (Independent non-executive director, appointed on 24 March 2007)	0

All directors acknowledge their responsibilities in preparing the financial statements. As at 31 March 2007, none of the directors are aware of any uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. As such, the directors have prepared the Company's financial statements on a going concern basis.

Responsibilities of external auditors to the financial statements are set out in the Independent Auditors' Report of the 2007 annual report.

NOMINATION OF DIRECTORS

The Board has not established a nomination committee. According to the Articles of Association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. The Board reviews the structure, size and composition of the Board from time to time and makes recommendation on the appointment of directors. During the year, except as disclosed above, there was no change to the members of the Board.

REMUNERATION OF THE AUDITORS

For the year ended 31 March 2007, audit fee paid by the Company to Moores Rowland (independent auditors of the Company) was HK$530,000.

FINANCIAL REPORTING

The Board acknowledges its responsibility for preparing the financial statements of the Company and the Group. The reporting responsibilities of the auditors are set out in the Independent Auditors' Report on page 27–28 of the annual report.

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective internal control system for the Group. The system is for the interests of the shareholders by protecting the shareholders' investment and the assets of the Group.

For implementing internal control effectively, the Company has reviewed the following five elements for internal control:

(i) Overall control

The Group has established a comprehensive organization structure and deployed suitable personnel for the efficient implementation of policies. Adequate information is also provided. Executive directors and the senior management are granted appropriate authority to execute the strategies, policies and targets of the Group effectively when risks are within control. At the same time, the Board and senior management shall communicate the values and code of conduct of the Company to all the staff, for maintaining honesty and a high level of morality. In addition, all directors actively participate in the affairs of the Board and the work of all Board Committees.

(ii) Risk assessment

The Group determines annual operation targets, financial reporting targets and compliance targets in accordance with the development strategies set by the Board. This is to ensure that the Group operates within risks that are of tolerate and reasonable level.

The Company shall review the risks faced by the Group with external auditors regularly, so as to set a firm base for the Board to review the effectiveness of internal control and report to the shareholders on issues in relation to internal control.

(iii) Control activities

The Group carried out control activities comprising a diverse range of policies and procedures, which include conducting reviews of actual performance, reviewing of performance reports, checking information processing in transactions, performing physical controls, analyzing performance indicators and dividing and segregating duties amongst different people.

(iv) Information and communication

The Board and senior management shall communicate the importance of control to the staff, enabling the staff to understand that control must be implemented. The staff shall regularly report any information related to operation, financial and regulation to the Board and senior management.

The senior management shall provide the latest information on the Group to the Board and the Board Committees regularly or under material circumstances, in a view to have sufficient preparation for any risks.

In order to lower risks, the Company actively communicates with, and considers opinions from, all external parties, so that it is able to take appropriate actions in face of risks.

(v) Monitoring

The Company shall continuously assess and properly report the performance of the internal control system.

SHAREHOLDERS' RIGHTS AND INVESTORS' RELATIONSHIP

It is the Company's policies to have open communication and disclose information in a fair manner. Information disclosure is a key means to enhance corporate governance standard. Shareholders can assess the Company's performance based on the information and provide opinions to the Company. Information relating to the Group and its business, together with its financial condition, are disclosed in the 2007 annual report and the Company's website at www.ebon.com.hk.

All registered shareholders shall receive notice of the Annual General Meeting (the "AGM") and special general meeting (together the "Meeting") by post. The notice of the Meeting contains an agenda, resolutions proposed and a voting form. All shareholders, whose shares are registered in the register of members, are entitled to attend the Meeting. Shareholders who cannot attend the Meeting can appoint their proxies or the chairman of the meeting as their proxies by completing the proxy form enclosed with the notice of the meeting and returning it to the Company's share registrar. Pursuant to the Company's Articles of Association, every resolution shall be decided on a show of hands unless a poll is demanded in accordance with the Listing Rules, or by the Chairman or shareholders in accordance with the Listing Rules. Procedures for demanding a vote by poll, together with the notice of the meeting, have been enclosed with a circular dispatched to the shareholders. The procedures shall be read out at the Meeting by the chairman of the meeting.

In addition, separate resolutions for actually separated issues shall be proposed to the Meeting for the approval of shareholders.

The AGM is considered as an annual significant event of the Company. The AGM can provide a precious opportunity for the shareholders and the Board to exchange constructive opinions. All directors and the senior management shall attend the AGM. Apart from attending the AGM, the Chairman of the Board shall arrange the chairman of each Board Committee to attend and answer questions at the AGM.

Five Years Financial Summary

	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Profit (Loss) attributable to shareholders	**25,779**	11,985	10,175	(13,879)	(21,146)
Assets and liabilities					
Total assets	**233,154**	196,417	156,854	144,595	153,231
Total liabilities	**(74,827)**	(53,654)	(24,006)	(21,884)	(16,719)
Shareholders' funds	**158,327**	142,763	132,848	122,711	136,512

The results, assets and liabilities of the Group for each of the five years ended 31 March 2007 have been prepared on a consolidated basis.

Independent Auditors' Report

Moores Rowland

摩斯倫會計師事務所

To the members of

E. BON HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of E. Bon Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 56, which comprise the consolidated and the Company's balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Moores Rowland
Chartered Accountants
Certified Public Accountants

Hong Kong, 5 June 2007

Consolidated Income Statement

For the year ended 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	*6*	**309,595**	223,466
Cost of sales		**(187,826)**	(138,668)
Gross profit		**121,769**	84,798
Other revenue	*6*	**671**	389
Selling and distribution expenses		**(62,178)**	(52,506)
Administrative expenses		**(27,902)**	(21,224)
Finance costs	*8*	**(933)**	(100)
Profit before taxation	*8*	**31,427**	11,357
Taxation	*10(a)*	**(5,648)**	628
Profit for the year		**25,779**	11,985
Dividends	*12*	**19,000**	7,000
Basic earnings per share	*13*	**13 cents**	6 cents

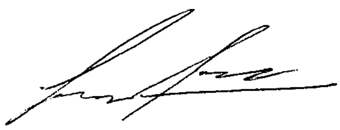
Consolidated Balance Sheet

As at 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**34,851**	31,741
Deferred tax assets	*10(b)*	**2,446**	3,792
		37,297	35,533
Current assets			
Inventories	*17*	**73,783**	60,276
Trade and other receivables	*18*	**76,096**	64,237
Bank balances and cash		**45,978**	36,371
		195,857	160,884
Current liabilities			
Trade and other payables	*19*	**34,523**	33,134
Interest-bearing borrowings	*20*	**33,140**	16,882
Tax payables		**3,866**	721
		71,529	50,737
Net current assets		**124,328**	110,147
Total assets less current liabilities		**161,625**	145,680
Non-current liabilities			
Interest-bearing borrowings	*20*	**125**	39
Deferred tax liabilities	*10(b)*	**3,173**	2,878
		3,298	2,917
NET ASSETS		**158,327**	142,763
Capital and reserves			
Share capital	*21*	**20,000**	20,000
Reserves	*22(a)*	**138,327**	122,763
TOTAL EQUITY		**158,327**	142,763

Approved and authorised for issue by the Board of Directors on 5 June 2007

Tse Sun Po, Tony
Director



Lau Shiu Sun
Director

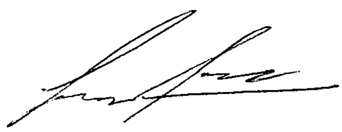
Balance Sheet

As at 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Interest in subsidiaries	*15*	**90,917**	90,917
Current assets			
Due from subsidiaries	*16*	**65,255**	64,020
Due from ultimate holding company	*16*	**–**	9
Tax receivables		**38**	104
Other receivables		**109**	152
Bank balances		**56**	46
		65,458	64,331
Current liabilities			
Other payables		**54**	–
Due to subsidiaries	*16*	**22,779**	8,745
		22,833	8,745
Net current assets		**42,625**	55,586
Total assets less current liabilities		**133,542**	146,503
NET ASSETS		**133,542**	146,503
Capital and reserves			
Share capital	*21*	**20,000**	20,000
Reserves	*22(b)*	**113,542**	126,503
TOTAL EQUITY		**133,542**	146,503

Approved and authorised for issue by the Board of Directors on 5 June 2007

Tse Sun Po, Tony
Director



Lau Shiu Sun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	2007	2006
	HK$'000	HK$'000
Total equity at 1 April	**142,763**	132,848
Exchange differences	**229**	(1)
Gain on revaluation of properties	**2,976**	5,977
Deferred tax effect on items recognised directly in equity	**(420)**	(1,046)
Net income recognised directly in equity	**2,785**	4,930
Dividends	**(13,000)**	(7,000)
Profit for the year	**25,779**	11,985
Total equity at 31 March	**158,327**	142,763

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Note	**2007 HK$'000**	2006 HK$'000
OPERATING ACTIVITIES			
Cash generated from operations	*23*	**12,888**	19,568
Hong Kong Profits Tax paid		**(1,041)**	(1,118)
Net cash from operating activities		**11,847**	18,450
INVESTING ACTIVITIES			
Interest received		**671**	348
Proceeds on disposal of property, plant and equipment		**80**	–
Purchase of property, plant and equipment		**(5,213)**	(4,531)
Net cash used in investing activities		**(4,462)**	(4,183)
FINANCING ACTIVITIES			
Interest paid on bank borrowings		**(906)**	(61)
Interest paid on obligations under finance leases		**(27)**	(39)
Dividends paid		**(13,000)**	(7,000)
Repayment of other bank loans		**(1,052)**	–
Repayment of obligations under finance leases		**(200)**	(261)
Increase in bills payable and trust receipt loans		**17,407**	–
Net cash from (used in) financing activities		**2,222**	(7,361)
Net increase in cash and cash equivalents		**9,607**	6,906
Cash and cash equivalents at the beginning of the year		**36,371**	29,465
Cash and cash equivalents at the end of the year, represented by bank balances and cash		**45,978**	36,371

1. GENERAL INFORMATION

E. Bon Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the importing and sale of architectural builders hardware, bathroom and kitchen collections in Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable 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 of Hong Kong Limited.

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 HKAS 39 and HKFRS 4 as explained in note 3 to the financial statements. A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of the financial statements is historical cost, except for leasehold land and buildings in Hong Kong, which are carried at revalued amount.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March each year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's balance sheet, the investment in subsidiaries is stated at cost less accumulated impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis. Results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Property, plant and equipment

Property, plant and equipment, other than leasehold land and buildings in Hong Kong, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation is provided to write off the cost or valuation less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately.

Leasehold land and buildings	Over the shorter of unexpired lease term and 50 years
Leasehold improvements	20%
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	20%

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the term of the leases.

Leasehold land and buildings in Hong Kong are stated at fair value at the date of valuation less accumulated depreciation and accumulated impairment losses. Fair value is determined by independent valuations which are performed periodically. Increases in valuation are credited to the revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same asset and are thereafter charged to the income statement. Any subsequent increases are credited to the income statement up to the amount previously charged and thereafter to revaluation reserve.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

Loans and receivables

Loans and receivables including trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

Financial liabilities

The Group's financial liabilities include trade and other payables, bank loans and other borrowings and obligations under finance leases. All financial liabilities except for derivatives are initially recognised at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income within trade and other payables at fair value, where such information is available, otherwise, it is recognised at consideration received and receivable. Subsequently, it is measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that is required to settle the commitment at the balance sheet date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment of other assets

At each balance sheet date, the Group reviews internal and external sources of information to determine whether its property, plant and equipment and investment in subsidiaries have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, except where the relevant asset is carried at valuation in which case the impairment loss is treated as a revaluation decrease.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately, except where the relevant asset is carried at valuation, in which case the reversal of impairment loss is treated as a revaluation increase.

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with time when the goods are delivered to customers and title has been passed.

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Employee benefits

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Long service payment

The Group's net obligation in respect of long service payment under the Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefit.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, the results and financial position of all the Group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet date;

(b) income and expenses for each income statement are translated at average exchange rates;

(c) all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity and recognised in consolidated income statement on disposal of foreign operations.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payables under operating leases are charged to income statement on the straight-line basis over the term of the relevant lease. Lease incentives are recognised in the income statement as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

2. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Related parties

A party is related to the Group if

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings, loans, tax balances, corporate and financing expenses.

Future changes in HKFRS

At the date of authorisation of these financial statements, the HKICPA has issued a number of new/revised HKFRS that are not yet effective for the year, which the Group has not early adopted. The directors anticipate that the adoption of these new/revised HKFRS in the future periods will have no material impact on the result of the Group.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKAS 39 Financial instruments: Recognition and measurement and HKFRS 4 Insurance contracts: Financial guarantee contracts

In prior years, financial guarantees issued by the Group were disclosed as contingent liabilities in accordance with HKAS 37, Provisions, contingent liabilities and contingent assets. No provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon.

With effect from 1 January 2006, HKAS 39 requires recognising financial guarantees issued as financial liabilities and measured initially at fair value, where the fair value can be reliably measured. Subsequently, they are measured at the higher of the amount initially recognised, less accumulated amortisation, and the amount of the provision, if any, that should be recognised in accordance with HKAS 37. 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. Details of the financial guarantees currently issued by the Company are set out in note 27 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies which are described in note 2 to the financial statements, the management makes various estimates based on past experience, future expectations and other information.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key sources affect the amounts recognised in the financial information as disclosed below.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Management's assessment is constantly reviewed and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

Allowance for inventories

The Group's management reviews the aging analysis of inventories at each balance sheet date, and makes allowance for obsolete and slow-moving items identified that are no longer recoverable. From the ninth month, a 10% provision is made for each successive month, thereafter until the eighteenth month when the provision reaches 100%.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation of collectability of the accounts receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate and result in an impairment of their ability to make payments, additional allowance will be required. At the balance sheet date, the carrying amount of receivables after provision for impairment amounted to HK$55,923,000 (2006: HK$52,408,000).

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, trade and other payables, cash and short-term deposits and interest-bearing borrowings. Details of the policies on how to mitigate the risks from these financial instruments are set out below. The Group's management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Foreign currency risk

The Group mainly operates in Hong Kong with most of the sales transactions settled in Hong Kong dollars. However, foreign currencies are required to settle the Group's purchases from overseas suppliers. The Group enters into derivatives transactions, principally forward currency contracts. The purpose is to manage currency risks arising from the Group's operations.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

6. TURNOVER AND REVENUE

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

	2007	2006
	HK$'000	HK$'000
Turnover		
Sale of goods	**309,595**	223,466
Other revenue		
Interest income	**671**	349
Exchange gain	**–**	40
	671	389
	310,266	223,855

7. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment is chosen as the primary reporting format.

Primary reporting format – business segments

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.

7. SEGMENT INFORMATION (cont'd)

Primary reporting format – business segments (cont'd)

	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	**309,595**	223,466
Cost of sales		
Wholesale	**(187,285)**	(135,362)
Retail	**(46,007)**	(40,523)
Inter-segment elimination	**45,466**	37,217
Total cost of sales	**(187,826)**	(138,668)
Gross profit		
Wholesale	**96,025**	60,167
Retail	**25,744**	24,631
Total gross profit	**121,769**	84,798
Other costs, net of other revenue		
Wholesale	**(63,971)**	(48,733)
Retail	**(25,438)**	(24,608)
Total other costs, net of other revenue	**(89,409)**	(73,341)
Segment operating profit		
Wholesale	**32,054**	11,434
Retail	**306**	23
Total operating profit	**32,360**	11,457
Finance costs	**(933)**	(100)
Total profit before taxation	**31,427**	11,357
Taxation		
Wholesale	**(5,068)**	835
Retail	**(518)**	(207)
Unallocated	**(62)**	–
Total taxation	**(5,648)**	628
Profit for the year	**25,779**	11,985

7. SEGMENT INFORMATION (cont'd)

Primary reporting format – business segments (cont'd)

	2007 HK$'000	2006 HK$'000
Capital expenditure		
Wholesale	**4,299**	303
Retail	**1,103**	4,227
Total capital expenditure	**5,402**	4,530
Depreciation		
Wholesale	**1,842**	1,539
Retail	**2,867**	3,210
Unallocated	**525**	–
Total depreciation	**5,234**	4,749
Segment assets		
Wholesale	**176,871**	211,201
Retail	**17,017**	124,992
Unallocated	**39,266**	–
Inter-segment elimination	**–**	(139,776)
Total assets	**233,154**	196,417
Segment liabilities		
Wholesale	**70,931**	75,261
Retail	**533**	118,169
Unallocated	**3,363**	–
Inter-segment elimination	**–**	(139,776)
Total liabilities	**74,827**	53,654
	158,327	142,763

Secondary reporting format – geographical segments

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

8. PROFIT BEFORE TAXATION

This is stated after charging:

	2007 HK$'000	2006 HK$'000
Finance costs		
Interest on bank borrowings	**906**	61
Interest on obligations under finance leases	**27**	39
	933	100
Other items		
Salaries and allowances, including directors' emoluments	**32,685**	26,768
Contributions to defined contribution plans	**1,103**	1,003
	33,788	27,771
Auditors' remuneration	**530**	470
Cost of inventories	**187,826**	138,668
Depreciation	**5,234**	4,749
Net exchange losses	**637**	658
Operating lease payments in respect of premises	**22,904**	20,650
Provision for slow-moving inventories, included in cost of inventories	**2,909**	1,180

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

The aggregate amount of emoluments received or receivable by the directors of the Company are as follows:

2007

	Directors' fees HK$'000	Salaries and other emoluments HK$'000	Discretionary bonuses HK$'000	Total HK$'000
Executive directors				
Tse Sun Fat, Henry	–	753	143	896
Tse Sun Po, Tony	–	753	173	926
Tse Sun Lung, Alan	–	753	205	958
Wong Tin Cheung, Ricky	–	252	50	302
Lau Shiu Sun	–	526	265	791
Yick Kai Chung	–	697	135	832
Non-executive director				
Mak So*	128	75	7	210
Independent non-executive directors				
Leung Kwong Kin, J.P.	99	–	–	99
Wong Wah, Dominic	99	–	–	99
Wan Sze Chung, Wilson	75	–	–	75
	401	3,809	978	5,188

* Resigned on 24 March 2007

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (cont'd)

(a) Directors' remuneration (cont'd)

2006

	Directors' fees HK$'000	Salaries and other emoluments HK$'000	Discretionary bonuses HK$'000	Total HK$'000
Executive directors				
Tse Sun Fat, Henry	–	748	37	785
Tse Sun Po, Tony	–	732	70	802
Tse Sun Lung, Alan	–	711	51	762
Wong Tin Cheung, Ricky	–	252	30	282
Lau Shiu Sun	–	478	70	548
Yick Kai Chung	–	672	65	737
Non-executive director				
Mak So	200	–	–	200
Independent non-executive directors				
Leung Kwong Kin, J.P.	90	–	–	90
Wong Wah, Dominic	90	–	–	90
Wan Sze Chung, Wilson	70	–	–	70
	450	3,593	323	4,366

No director has waived or agreed to waive their emoluments in respect of the years ended 31 March 2007 and 2006.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2006: four) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2006: one) individuals are as follows:

	2007 HK$'000	2006 HK$'000
Basic salaries and allowances	**1,906**	790
Retirement scheme contributions	**24**	12
	1,930	802

The emoluments are within the following bands:

	Number of individuals 2007	2006
HK$Nil – HK$1,000,000	1	1
HK$1,000,001 – HK$1,500,000	1	–

10. TAXATION

(a) Hong Kong Profits Tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the year. The income tax provision in respect of operations in the People's Republic of China (the "PRC") and overseas is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

	2007 **HK$'000**	2006 HK$'000
Current tax		
Hong Kong Profits Tax		
Current year	**4,309**	1,001
Overprovision in prior year	**(88)**	(108)
	4,221	893
PRC Enterprise Income Tax	**206**	–
	4,427	893
Deferred taxation	**1,221**	(1,521)
Tax expense (income) for the year	**5,648**	(628)

(b) The major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior year are as follows:

Deferred tax liabilities	**Accelerated tax depreciation**		**Revaluation of properties**		**Total**	
	2007 **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 HK$'000
At beginning of the year	**189**	189	**2,689**	1,643	**2,878**	1,832
(Credited) charged to income statement/equity	**(125)**	–	**420**	1,046	**295**	1,046
At balance sheet date	**64**	189	**3,109**	2,689	**3,173**	2,878

Deferred tax assets	**Tax losses**		**Others**		**Total**	
	2007 **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 HK$'000
At beginning of the year	**2,402**	1,267	**1,390**	1,004	**3,792**	2,271
(Charged) credited to income statement	**(1,514)**	1,135	**168**	386	**(1,346)**	1,521
At balance sheet date	**888**	2,402	**1,558**	1,390	**2,446**	3,792

At the balance sheet date, the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$3,495,000 (2006: HK$2,134,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

10. TAXATION (cont'd)

(c) Reconciliation of tax expense

	2007 HK$'000	2006 HK$'000
Profit before taxation	**31,427**	11,357
Income tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	**5,500**	1,987
Overprovision in prior years	**(88)**	(654)
Tax exempt revenue	**(17)**	(61)
Non-deductible expenses	**117**	10
Utilisation of previously unrecognised tax losses	**(68)**	(990)
Recognition of previously unrecognised deferred tax assets	**(263)**	(1,719)
Derecognised deferred tax assets	**–**	613
Unrecognised temporary differences	**227**	185
Unrecognised tax losses	**238**	110
Effect of different tax rate of a PRC subsidiary	**(40)**	(112)
Others	**42**	3
Tax expense (income) for the year	**5,648**	(628)

11. PROFIT FOR THE YEAR

Included in the profit for the year is a profit of HK$39,000 (2006: HK$245,000) which is dealt with in the financial statements of the Company.

12. DIVIDENDS

	2007 HK$'000	2006 HK$'000
Interim dividend of HK2.5 cents (2006: HK1 cent) per share	**5,000**	2,000
Special interim dividend of HK1.5 cents (2006: Nil) per share	**3,000**	–
Proposed final dividend of HK3.5 cents (2006: HK2.5 cents) per share *(Note)*	**7,000**	5,000
Proposed special final dividend of HK2 cents (2006: Nil) per share *(Note)*	**4,000**	–
	19,000	7,000

Note: 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 special final 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 accounted for until it has been approved at the annual general meeting.

13. 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 the 200,000,000 ordinary 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 for the years ended 31 March 2007 and 2006.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings under long leases in Hong Kong *(Note(a))* HK$'000	Land and buildings under long leases in the PRC HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 March 2006						
At beginning of year	13,023	1,689	7,295	3,301	675	25,983
Additions	–	6	4,180	344	–	4,530
Revaluation	5,977	–	–	–	–	5,977
Depreciation	–	(35)	(3,083)	(1,328)	(303)	(4,749)
At balance sheet date	19,000	1,660	8,392	2,317	372	31,741
Reconciliation of carrying amount – year ended 31 March 2007						
At beginning of year	19,000	1,660	8,392	2,317	372	31,741
Additions	–	–	4,348	865	189	5,402
Revaluation	2,976	–	–	–	–	2,976
Depreciation	(576)	(35)	(3,290)	(1,020)	(313)	(5,234)
Disposal	–	–	–	–	(37)	(37)
Exchange differences	–	–	–	3	–	3
At balance sheet date	**21,400**	**1,625**	**9,450**	**2,165**	**211**	**34,851**
At 1 April 2006						
Cost/valuation	19,000	1,779	23,945	13,794	1,673	60,191
Accumulated depreciation	–	(119)	(15,553)	(11,477)	(1,301)	(28,450)
	19,000	1,660	8,392	2,317	372	31,741
At 31 March 2007						
Cost/valuation	21,400	1,779	28,293	14,667	1,634	67,773
Accumulated depreciation	–	(154)	(18,843)	(12,502)	(1,423)	(32,922)
	21,400	**1,625**	**9,450**	**2,165**	**211**	**34,851**

(a) The leasehold land and buildings in Hong Kong were revalued by A.G. Wilkinson & Associates, an independent firm of professional valuers, on 31 March 2007 on market value existing use basis.

The carrying amount of the leasehold land and buildings in Hong Kong would have been approximately HK$3,469,000 (2006: HK$3,631,000) had they been stated at cost less accumulated depreciation and accumulated impairment losses.

(b) The carrying amount of the Group's property, plant and equipment includes an amount of HK$215,000 (2006: HK$306,000) in respect of assets held under finance leases.

15. INTEREST IN SUBSIDIARIES

	2007 HK$'000	2006 HK$'000
Unlisted shares, at cost	**90,917**	90,917

Details of the subsidiaries at the balance sheet date are as follows:

Name of subsidiary	**Place of incorporation/ establishment**	**Issued and fully paid up share capital/ registered capital**	**Principal activities and place of operation**	**Equity interest held**
Interest held directly:–				
E. Bon (BVI) Holdings Limited	British Virgin Islands	50,000 ordinary shares of US$1 each	Investment holding in Hong Kong	100%
Interests held indirectly:–				
Asia Bon Company Limited	Hong Kong	100 ordinary shares of HK$1,000 each	Property holding in Hong Kong	100%
E. Bon Building Materials Company Limited	Hong Kong	6,000 ordinary shares of HK$1,000 each	Importing and sale of architectural builders hardware and bathroom collections in Hong Kong	100%
Right Century Limited	Hong Kong	1,000 ordinary shares of HK$1 each	Retail of bathroom accessories and decoration materials in Hong Kong	100%
Sunny Building and Decoration Materials Company Limited	Hong Kong	6,000 ordinary shares of HK$1,000 each	Retail of architectural builders hardware and bathroom collections in Hong Kong	100%
Shanghai Tech Pro International Trading Company Limited	PRC	US$300,000	Importing and sale of architectural builders hardware and bathroom collections in the PRC	100%
Twinwood Venture Limited	British Virgin Islands	1 ordinary share of US$1 each	Investment holding in Hong Kong	100%
H2O (Pro) Limited	Hong Kong	2 ordinary shares of HK$1 each	Importing and sale of bathroom collections in Hong Kong	100%
Massford Holdings Limited	British Virgin Islands	1 ordinary share of US$1 each	Investment holding in Hong Kong	100%

15. INTEREST IN SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Principal activities and place of operation	Equity interest held
Interests held indirectly:– (cont'd)				
Techpro Trading Limited	Hong Kong	2 ordinary shares of HK$1 each	Importing and sale of architectural builders hardware in Hong Kong	100%
Massford (Hong Kong) Limited	Hong Kong	2 ordinary shares of HK$1 each	Supplying architectural builders hardware and bathroom collections for property development in Hong Kong	100%
Bonco Ironmongery Limited	Hong Kong	2 ordinary shares of HK$1 each	Importing and sale of architectural builders hardware in Hong Kong	100%
Kitchen (Pro) Limited	Hong Kong	2 ordinary shares of HK$1 each	Importing and sale of kitchen fittings in Hong Kong	100%
D.I.Y. Limited	Hong Kong	2 ordinary shares of HK$100 each	Handling of the human resources planning and development activities of the Group	100%
Sanfield Properties Limited	Hong Kong	2 ordinary shares of HK$1 each	Property holding in the PRC	100%
Tech Pro (China) Limited	Hong Kong	2 ordinary shares of HK$1 each	Investment holding in the PRC	100%
Bonlex Properties Limited	Hong Kong	10,000 ordinary shares of HK$1 each	Property holding in the PRC	100%

16. DUE FROM SUBSIDIARIES/DUE FROM ULTIMATE HOLDING COMPANY/DUE TO SUBSIDIARIES

The amounts due are unsecured, interest-free and repayable on demand.

17. INVENTORIES

	2007 HK$'000	2006 HK$'000
Finished goods	**73,783**	60,276

The amount of inventories carried at net realisable value is HK$8,261,000 (2006: HK$6,094,000).

18. TRADE AND OTHER RECEIVABLES

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

	2007 HK$'000	2006 HK$'000
0 – 30 days	**19,122**	24,720
31 – 60 days	**5,022**	8,492
61 – 90 days	**8,025**	5,281
Over 90 days	**23,754**	13,915
	55,923	52,408

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.

19. TRADE AND OTHER PAYABLES

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

	2007 HK$'000	2006 HK$'000
0 – 30 days	**23,910**	9,700
31 – 60 days	**1,676**	2,429
61 – 90 days	**580**	2,923
Over 90 days	**862**	1,099
	27,028	16,151

20. INTEREST-BEARING BORROWINGS

	2007 **HK$'000**	2006 HK$'000
Bills payable and trust receipt loans	**33,078**	15,671
Other bank loans, secured	**–**	1,052
Obligations under finance leases	**187**	198
	33,265	16,921
Current portion	**33,140**	16,882
Non-current portion	**125**	39
	33,265	16,921

All bills payables, trust receipt loans and other bank loans are wholly repayable within one year.

The bills payables and trust receipt loans carry at effective interest rate at 4.6% p.a.. Other bank loans bear interest at prime rate minus 2% p.a..

Obligations under finance leases

	Minimum lease payments		**Present value of minimum lease payments**	
	2007 **HK$'000**	2006 HK$'000	**2007** **HK$'000**	2006 HK$'000
Amount payable:				
Within one year	**72**	183	**63**	159
In the second to fifth years inclusive	**144**	50	**124**	39
	216	233	**187**	198
Future finance charges	**(29)**	(35)	**–**	–
Present value of lease obligations	**187**	198	**187**	198

21. SHARE CAPITAL

	2007 **HK$'000**	2006 HK$'000
Authorised		
1,000,000,000 ordinary shares at HK$0.1 each	**100,000**	100,000
Issued and fully paid		
200,000,000 ordinary share at HK$0.1 each	**20,000**	20,000

22. RESERVES

(a) Group

	Share premium HK$'000	Revaluation reserve HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2005	41,261	8,355	6,979	2,896	4	53,353	112,848
Exchange differences	–	–	–	–	(1)	–	(1)
Gain on revaluation of properties	–	5,977	–	–	–	–	5,977
Deferred tax effect on items recognised directly in equity	–	(1,046)	–	–	–	–	(1,046)
Dividends	–	–	–	–	–	(7,000)	(7,000)
Profit for the year	–	–	–	–	–	11,985	11,985
At 31 March 2006	41,261	13,286	6,979	2,896	3	58,338	122,763
At 1 April 2006	41,261	13,286	6,979	2,896	3	58,338	122,763
Exchange differences	–	–	–	–	229	–	229
Gain on revaluation of properties	–	2,976	–	–	–	–	2,976
Deferred tax effect on items recognised directly in equity	–	(420)	–	–	–	–	(420)
Dividends	–	–	–	–	–	(13,000)	(13,000)
Profit for the year	–	–	–	–	–	25,779	25,779
At 31 March 2007	**41,261**	**15,842**	**6,979**	**2,896**	**232**	**71,117**	**138,327**

(b) Company

	Share premium HK$'000	Retained Earnings HK$'000	Total HK$'000
At 1 April 2005	130,078	3,180	133,258
Dividends	(7,000)	–	(7,000)
Profit for the year	–	245	245
At 31 March 2006	123,078	3,425	126,503
At 1 April 2006	123,078	3,425	126,503
Dividends	(13,000)	–	(13,000)
Profit for the year	–	39	39
At 31 March 2007	110,078	3,464	113,542

23. CASH GENERATED FROM OPERATIONS

	2007 **HK$'000**	2006 HK$'000
Profit before taxation	**31,427**	11,357
Interest expense	**933**	100
Interest income	**(671)**	(348)
Provision for slow-moving inventories	**2,909**	1,180
Gain on disposal of property, plant and equipment	**(43)**	–
Depreciation	**5,234**	4,749
Exchange loss (gain)	**226**	(1)
Changes in working capital:		
Inventories	**(16,416)**	(16,828)
Trade and other receivables	**(12,106)**	(9,240)
Trade and other payables	**1,395**	28,599
Cash generated from operations	**12,888**	19,568

24. MAJOR NON-CASH TRANSACTION

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the lease of HK$189,000 (2006: Nil).

25. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these financial statements, during the year, the Group had the following transactions with related parties:

Related party relationship	**Nature of transaction**	**2007** **HK$'000**	2006 HK$'000
Key management personnel, including directors	Short-term employee benefits	**5,188**	4,366
A company under common control by the directors of the Company *(Note)*	Rental expenses paid to Negotiator Consultants Limited ("NCL")	**2,952**	2,510

Note: NCL is a company in which Mr. TSE Sun Fat, Henry, Mr. TSE Sun Po, Tony, Mr. TSE Sun Lung, Alan, and Mr. WONG Tin Cheung, Ricky, have beneficial interests. The rental expenses paid were in the normal course of business at terms mutually agreed between the Group and NCL.

26. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2007	2006
	HK$'000	HK$'000
Within one year	**21,319**	12,752
In the second to fifth years inclusive	**11,732**	10,418
	33,051	23,170

27. CONTINGENT LIABILITIES

The Group

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.

The Company

At 31 March 2007, the Company had executed corporate guarantees to secure general banking facilities granted to the subsidiaries. Facilities utilised by the subsidiaries amounted to HK$33,000,000 (2006: HK$16,000,000) as at 31 March 2007.