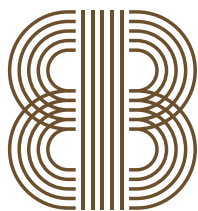


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**E. BON HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

怡邦行控股有限公司

(Stock Code: 599)

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The Board of Directors (the “Board”) of E. Bon Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 September 2020 (the “period”).

### **INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020*

		<b>Unaudited Six months ended 30 September</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	5	<b>223,013</b>	261,936
Cost of sales		<u>(146,862)</u>	<u>(159,627)</u>
<b>Gross profit</b>		<b>76,151</b>	102,309
Other income	5	<b>2,853</b>	724
Other gains/(losses), net	5	<b>1,363</b>	(42)
Distribution costs		<b>(38,616)</b>	(54,599)
Administrative expenses		<u>(28,957)</u>	<u>(32,487)</u>
<b>Operating profit</b>		<b>12,794</b>	15,905
Finance costs, net	6	<u>(2,012)</u>	<u>(2,809)</u>
<b>Profit before income tax</b>	7	<b>10,782</b>	13,096
Income tax expense	8	<u>(2,263)</u>	<u>(2,736)</u>
<b>Profit for the period attributable to equity holders of the Company</b>		<u><b>8,519</b></u>	<u>10,360</u>

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	<b>2019</b>
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other comprehensive income/(loss)</b>		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Exchange gain/(loss) on translation of financial statements of foreign operations	<u>391</u>	<u>(1,267)</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>391</u>	<u>(1,267)</u>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<u>8,910</u>	<u>9,093</u>
Earnings per share (expressed in HK cents per share)		
— Basic and diluted	<i>10</i> <u>HK1.4 cents</u>	<u>HK1.7 cents</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020**

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2020</b>	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>167,258</b>	175,057
Right-of-use assets		<b>61,332</b>	72,188
Investment properties		<b>31,600</b>	31,600
Deferred income tax assets		<b>6,480</b>	6,458
Trade, retention and other receivables	<i>12</i>	<b>6,260</b>	6,163
		<u>272,930</u>	<u>291,466</u>
<b>Current assets</b>			
Inventories		<b>127,562</b>	144,870
Current income tax recoverable		<b>1,220</b>	1,400
Trade, retention and other receivables	<i>12</i>	<b>144,276</b>	153,822
Contract assets		<b>2,140</b>	3,629
Cash and cash equivalents		<b>180,397</b>	83,434
		<u>455,595</u>	<u>387,155</u>
<b>Total assets</b>		<u><b>728,525</b></u>	<u>678,621</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		<b>60,060</b>	60,060
Reserves		<b>396,024</b>	390,117
<b>Total equity</b>		<u><b>456,084</b></u>	<u>450,177</u>

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2020</b>	2020
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>45,984</b>	34,544
Contract liabilities		<b>74,758</b>	77,189
Derivative financial liabilities	<i>14</i>	–	807
Lease liabilities		<b>28,703</b>	33,617
Borrowings		<b>51,571</b>	10,656
Dividend payable		<b>3,003</b>	–
Current income tax liabilities		<b>6,962</b>	4,642
		<u><b>210,981</b></u>	<u>161,455</u>
<b>Non-current liabilities</b>			
Other provision		<b>3,500</b>	3,500
Lease liabilities		<b>38,400</b>	43,929
Deferred income tax liabilities		<b>19,560</b>	19,560
		<u><b>61,460</b></u>	<u>66,989</u>
<b>Total liabilities</b>		<u><b>272,441</b></u>	<u>228,444</u>
<b>Total equity and liabilities</b>		<u><b>728,525</b></u>	<u>678,621</u>

*Notes:*

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

This unaudited interim condensed consolidated financial information for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

**1.1 Accounting policies**

Except as described below, the accounting policies applied to prepare this unaudited interim condensed consolidated financial information are consistent with those of the consolidated financial statements for the year ended 31 March 2020.

*(a) New standards and amendments to standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period and have been adopted by the Group for the first time for the financial year beginning on 1 April 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of Business
Amendment to HKFRS 16	COVID-19-Related Rent Concession
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

Except for Amendment to HKFRS 16, none of the new and amended standards have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in these condensed consolidated interim financial statements.

The impact of the adoption of Amendment to HKFRS 16 is disclosed in Note 2 below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

- (b) *New standards and amendments to existing standards have been published but are not yet effective and which the Group has not early adopted*

		<b>Effective for annual periods beginning on or after</b>
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 37	Onerous contracts — Cost of fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

Management is in the process of assessing the financial impact of adoption of these new standards and amendments to existing standards. The management will adopt the new standards and amendments to standards when they become effective.

## 2. CHANGE IN ACCOUNTING POLICIES

### **Amendment to HKFRS 16-COVID-19-Related Rent Concessions**

The Group has early adopted Amendment to HKFRS 16 — COVID-19-Related Rent Concessions retrospectively from 1 April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totaling approximately HK\$2,275,000 have been accounted for as negative variable lease payments and recognised in “Other gains/(losses), net” in the condensed interim statement of comprehensive income for the six months ended 30 September 2020, with a corresponding adjustment to the lease liabilities. There is no impact on the opening balance of equity as at 1 April 2020. A number of new or amended standards became applicable for the current reporting period. Except for the Amendment to HKFRS16 set out above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

### 3. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

### 4. FINANCIAL RISK MANAGEMENT

#### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2020.

There have been no changes in the risk management controls or in any risk management policies since the year ended 31 March 2020.

### 5. REVENUE, OTHER INCOME, OTHER GAINS/(LOSSES), NET AND SEGMENT INFORMATION

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
<b>Revenue</b>		
Sale of goods	197,023	240,587
Contract revenue	25,990	21,349
	<u>223,013</u>	<u>261,936</u>
Timing of revenue recognition:		
— At a point in time	197,023	240,587
— Over time	25,990	21,349
	<u>223,013</u>	<u>261,936</u>
<b>Other income</b>		
Rental income	270	468
Government grants		
— Retail Sector Subsidy Scheme ( <i>Note</i> )	720	—
— Other government grants	60	—
Others	1,803	256
	<u>2,853</u>	<u>724</u>

*Note:* The amount represents government subsidies granted under Anti-epidemic Fund launched by the Government of HKSAR for subsidising retail operations.

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other gains/(losses), net</b>		
Net foreign exchange gains/(losses)		
— Forward contracts	<b>1,395</b>	(796)
— Other exchange gain, net	<b>485</b>	754
Loss on disposal of fixed assets	<b>(2,792)</b>	–
COVID-19 related rental concession	<b>2,275</b>	–
	<u><b>1,363</b></u>	<u>(42)</u>

The executive directors of the Company (the “Executive Directors”) are the Group’s chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purposes of allocating resources and assessing performance.

The Group’s reportable operating segments are as follows:

- Architectural builders’ hardware, bathroom collections and others segment — importing, wholesale and retail of architectural builders’ hardware and bathroom collections and others
- Kitchen collection and furniture segment — designing, importing, wholesale, retail and installation of kitchen collections and furniture

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs.

The Executive Directors assess the performance of the operating segments based on the measure of gross profit. Other operating income and expenses are not allocated to the operating segments as the information is not regularly reviewed by the Executive Directors.

Segment assets include all assets but exclude current income tax recoverable, deferred income tax assets, investment properties, right-of-use assets, cash and cash equivalents, property, plant and equipment related to the office premises of the Group and other corporate assets which are managed on central basis and are not directly attributable to the business activities of any operating segment.

Segment liabilities include all liabilities but exclude current and deferred income tax liabilities, derivative financial liabilities, dividend payable, borrowings (excluding trust receipt loans), lease liabilities and other corporate liabilities which are managed on central basis and are not directly attributable to the business activities of any operating segment.



	Unaudited Six months ended 30 September 2020		
	Architectural builders' hardware, bathroom collection and others <i>HK\$'000</i>	Kitchen collections and furniture <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Reportable segment revenue from external customers</b>	<b>170,691</b>	<b>52,322</b>	<b>223,013</b>
<b>Reportable segment cost of sales</b>	<b>(111,891)</b>	<b>(34,971)</b>	<b>(146,862)</b>
<b>Reportable segment gross profit</b>	<b>58,800</b>	<b>17,351</b>	<b>76,151</b>
Depreciation of property, plant and equipment	(1,477)	(2,293)	(3,770)
Depreciation of right-of-use assets	(10,168)	(6,828)	(16,996)
Provision for inventory obsolescence	(1,439)	(5,490)	(6,929)
<b>Reportable segment assets</b>	<b>268,228</b>	<b>143,133</b>	<b>411,361</b>
Additions to non-current segment assets during the period	8,805	720	9,525
<b>Reportable segment liabilities</b>	<b>90,758</b>	<b>107,284</b>	<b>198,042</b>

	Unaudited Six months ended 30 September 2019		
	Architectural builders' hardware, bathroom collection and others <i>HK\$'000</i>	Kitchen collections and furniture <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue from external customers	203,783	58,153	261,936
Reportable segment cost of sales	(134,396)	(25,231)	(159,627)
Reportable segment gross profit	69,387	32,922	102,309
Depreciation of property, plant and equipment	(3,616)	(2,774)	(6,390)
Depreciation of right-of-use assets	(10,940)	(7,713)	(18,653)
Reversal of provision for inventory obsolescence	1,164	1,922	3,086

	Audited As at 31 March 2020		
	Architectural builders' hardware, bathroom collection and others <i>HK\$'000</i>	Kitchen collections and furniture <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	298,902	157,320	456,222
Additions to non-current segment assets during the year	13,766	11,084	24,850
Reportable segment liabilities	72,146	123,369	195,515

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the condensed consolidated financial information as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Reportable segment gross profit</b>	<b>76,151</b>	102,309
<b>Group gross profit</b>	<b>76,151</b>	102,309
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2020</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Reportable segment assets</b>	<b>411,361</b>	456,222
Property, plant and equipment	<b>95,260</b>	95,367
Right-of-use assets	<b>1,931</b>	3,863
Investment properties	<b>31,600</b>	31,600
Deferred income tax assets	<b>6,480</b>	6,458
Current income tax recoverable	<b>1,220</b>	1,400
Cash and cash equivalents	<b>180,397</b>	83,434
Other corporate assets	<b>276</b>	277
<b>Group assets</b>	<b>728,525</b>	678,621
<b>Reportable segment liabilities</b>	<b>198,042</b>	195,515
Borrowings	<b>42,393</b>	3,450
Current income tax liabilities	<b>6,962</b>	4,642
Derivative financial liabilities	–	807
Dividend payable	<b>3,003</b>	–
Deferred income tax liabilities	<b>19,560</b>	19,560
Lease liabilities	<b>1,992</b>	3,943
Other corporate liabilities	<b>489</b>	527
<b>Group liabilities</b>	<b>272,441</b>	228,444

## Geographical information

	Revenue from external customers		Non-current assets (excluding financial assets and deferred income tax assets)	
			Unaudited	Audited
	Six months ended		As at	As at
	30 September 2020	2019	30 September 2020	31 March 2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (domicile)	220,712	257,822	259,831	272,775
PRC	2,301	4,114	3,127	6,070
Total	<u>223,013</u>	<u>261,936</u>	<u>262,958</u>	<u>278,845</u>

## 6. FINANCE COST, NET

	Unaudited	
	Six months ended 30 September 2020	2019
	HK\$'000	HK\$'000
<b>Finance costs</b>		
Bank borrowings	593	884
Interest on lease liabilities	1,543	2,016
	<u>2,136</u>	<u>2,900</u>
<b>Finance income</b>		
Interest income	(124)	(91)
Finance costs, net	<u>2,012</u>	<u>2,809</u>

## 7. EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 September 2020	2019
	HK\$'000	HK\$'000
Cost of inventories	136,043	153,940
Depreciation of property, plant and equipment	6,741	7,375
Depreciation of right-of-use assets	18,926	20,594
Operating lease charges on short term leases with lease term shorter than 12 months	1,690	6,939
Provision for/(reversal of provision for) inventory obsolescence	6,929	(3,086)
Direct operating expenses arising from investment properties that generated rental income	56	59
Employment benefit expenses	26,994	29,829
Subsidy from Employment Support Scheme ( <i>Note</i> )	(4,802)	–
	<u>(4,802)</u>	<u>–</u>

*Note:* The amount represents wage subsidies granted under Anti-epidemic Fund by the Government of HKSAR for paying wages of employees from June to September 2020.

## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the period. The applicable tax rate of PRC subsidiaries of the Group is 25% (2019: 25%) for the period.

The charge comprises:

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Current income tax		
Hong Kong profits tax	2,597	3,289
PRC Corporate income tax	(334)	(553)
	<u>2,263</u>	<u>2,736</u>
Deferred income tax	—	—
Tax expense for the period	<u>2,263</u>	<u>2,736</u>

## 9. DIVIDEND

The Board has declared the payment of an interim dividend of HK0.5 cent (2019: HK1 cent) per share.

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Interim dividend of HK0.5 cent (2019: HK1 cent) per share	<u>3,003</u>	<u>6,006</u>

At a board meeting held on 24 November 2020, the Board has declared an interim dividend of HK0.5 cent (30 September 2019: HK1 cent) per ordinary share. Such interim dividend is not reflected as dividend payable in the Group's interim financial information for the period. It will be recognised in shareholders' equity in the year ending 31 March 2021.

## 10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the period of HK\$8,519,000 (six months ended 30 September 2019: HK\$10,360,000) and the 600,600,000 ordinary shares (30 September 2019: 600,600,000 ordinary shares) in issue during the period. Diluted earnings per share for the period is the same as the basic earnings per share as the Company had no potentially dilutive ordinary shares in issue during the period (six months ended 30 September 2019: same).

## 11. CAPITAL EXPENDITURE AND DISPOSAL

During the period, the Group incurred capital expenditure of approximately HK\$1,678,000 for property, plant and equipment (six months ended 30 September 2019: HK\$2,338,000) and disposed of the net book value of property, plant and equipment approximately HK\$2,792,000 during the period (six months ended 30 September 2019: no disposal).

## 12. TRADE, RETENTION, OTHER RECEIVABLES AND CONTRACT ASSETS

Details of trade, retention, other receivables and contract assets as at 30 September 2020 are listed below:

	<b>Unaudited As at 30 September 2020 HK\$'000</b>	Audited As at 31 March 2020 HK\$'000
Trade receivables	<b>117,046</b>	138,986
Less: provision for impairment of trade receivables	<b>(629)</b>	(626)
	<b>116,417</b>	138,360
Retention receivables	<b>1,632</b>	3,478
Less: provision for impairment of retention receivables	<b>(263)</b>	(252)
	<b>117,786</b>	141,586
Contract assets	<b>2,140</b>	3,629
Other receivables, deposits and prepayments	<b>32,750</b>	18,399
	<b>152,676</b>	163,614
Less: non-current portion		
Retention receivables	<b>(631)</b>	(779)
Deposits and prepayments	<b>(5,629)</b>	(5,384)
Current portion	<b>146,416</b>	157,451

All non-current receivables are due within five years from the end of the respective reporting dates.

The ageing analysis of trade receivables at the reporting date by invoice date is as follows:

	<b>Unaudited As at 30 September 2020 HK\$'000</b>	Audited As at 31 March 2020 HK\$'000
1–90 days	<b>46,271</b>	75,183
91–365 days	<b>59,083</b>	50,627
Over 365 days	<b>11,692</b>	13,176
	<b>117,046</b>	138,986

The majority of the Group's sales are with credit terms of 30 to 90 days, while some customers are granted an extended credit period of up to 120 days.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a life time expected loss allowance for all trade and retention receivables and contract assets. Information about the impairment of these receivables and the Group's exposure to credit risk is consistent with those of the consolidated financial statements for the year ended 31 March 2020, as described in those annual financial statements.

### 13. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

Details of trade and other payables and contract liabilities as at 30 September 2020 are listed below:

	<b>Unaudited As at 30 September 2020 HK\$'000</b>	Audited As at 31 March 2020 HK\$'000
Trade payables	31,058	22,815
Accrued charges and other payables	14,926	11,729
Contract liabilities	74,758	77,189
	<u>120,742</u>	<u>111,733</u>

The ageing analysis of trade payables at the reporting date by invoice date is as follows:

	<b>Unaudited As at 30 September 2020 HK\$'000</b>	Audited As at 31 March 2020 HK\$'000
0–90 days	28,435	19,665
91–365 days	34	2,567
Over 365 days	2,589	583
	<u>31,058</u>	<u>22,815</u>

### 14. DERIVATIVE FINANCIAL LIABILITIES

	<b>Unaudited As at 30 September 2020 Liabilities HK\$'000</b>	Audited As at 31 March 2020 Liabilities HK\$'000
Not qualified for hedge accounting		
Foreign exchange forward contracts, at market value ( <i>Note</i> )	–	807
	<u>–</u>	<u>807</u>

*Note:* The notional principal amounts of the outstanding foreign exchange forward contracts as at 30 September 2020 and 31 March 2020 are as follows:

	<b>Unaudited As at 30 September 2020 HK\$'000</b>	Audited As at 31 March 2020 HK\$'000
Sell HKD for Euro	–	34,022
	<u>–</u>	<u>34,022</u>

## **INTERIM DIVIDEND**

At a board meeting held on 24 November 2020, the Board of Directors has declared an interim dividend of HK0.5 cent per share for the six months ended 30 September 2020 (six months ended 30 September 2019: HK1 cent per share) (the “Interim Dividend”) payable on Wednesday, 6 January 2021 to members whose names appear on the principal or branch register of members of the Company in the Cayman Islands or Hong Kong respectively (collectively the “Register of Members”) as at the close of business of Monday, 14 December 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The Company’s Register of Members will be closed from Friday, 11 December 2020 to Monday, 14 December 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Interim Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Thursday, 10 December 2020.

## **REVIEW OF OPERATIONS**

### **BUSINESS REVIEW**

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the importing, wholesale, retail and installation of architectural builders’ hardware, bathroom, kitchen collections and furniture in Hong Kong and the People’s Republic of China (the “PRC”).

It has now entered into the 11th month of the outbreak of coronavirus disease (COVID-19) and the situation continues with worsening signs with no ends to it any time soon. The pandemic sharply interrupted economic activities across the world. During the period, the Hong Kong Government has introduced stringent prevention measures and arrangements including introducing screening at ports of entry, quarantine for infected people, social distancing, wearing a mask in a public place and closure of public places for gathering etc. in response to the recent third wave of COVID-19 outbreak in Hong Kong and meanwhile launched subsidies to affected industries and business in general which aided our operations. In addition, we have managed to get support from landlords on rentals.

The containment measures have stifled domestic activity and disrupted trade and transportation and coupling with the weakened consumption sentiment since late 2019, it had further contracted retail businesses in Hong Kong, and the unemployment rate rose to the 15-year high in the last quarter. The inevitable restrictions or ban imposed on Hong Kong business and travel by the Hong Kong Government, as may be changed from time to time depending on the epidemic situation, would be around with us with no end in sight in the near future. Despite the challenges of the pandemic, home completions in Hong Kong remained relatively steady, especially small- and medium-sized units as compared with past years.

## REVENUE REVIEW

For the six months ended 30 September 2020, the Group's total turnover was HK\$223.0 million which was decreased by 14.9% as compared with the previous first half-yearly period.

### Revenue by business segment

	Revenue from external customers			As a percentage of sales (%)	
	Unaudited			30 September	
	2020	2019	Change	2020	2019
	HK\$'000	HK\$'000	(%)		
Architectural builders' hardware, bathroom collections and others	170,691	203,783	(16.2)	76.5	77.8
Kitchen collection and furniture	52,322	58,153	(10.0)	23.5	22.2
	<u>223,013</u>	<u>261,936</u>	<u>(14.9)</u>	<u>100.0</u>	<u>100.0</u>

### Profitability by business segment

	Reportable segment gross profit			Gross profit margin (%)	
	Unaudited			30 September	
	2020	2019	Change	2020	2019
	HK\$'000	HK\$'000	(%)		
Architectural builders' hardware, bathroom collections and others	58,800	69,387	(15.3)	34.4	34.0
Kitchen collection and furniture	17,351	32,922	(47.3)	33.2	56.6
	<u>76,151</u>	<u>102,309</u>	<u>(25.6)</u>	<u>34.1</u>	<u>39.1</u>

Revenue from the architectural builders' hardware, bathroom collections and others segment decreased by 16.2% to HK\$170.7 million as compared to the same period last year (2019: HK\$203.8 million). During the period, we supplied products for projects such as Central Peak, El Futuro, Starfront Royale and The Pavilia Farm.

Revenue from the kitchen collection and furniture segment decreased by 10.0% to HK\$52.3 million as compared to the same period last year (2019: HK\$58.2 million). During the period, we supplied products for projects such as The Entrance.

The overall turnover of the Group decreased by 14.9% to HK\$223.0 million (2019: HK\$261.9 million) and the gross profit decreased by 25.6% to HK\$76.2 million (2019: HK\$102.3 million) as compared to the same period last year due to a change in product mix that budget concerns prevailed during the period and kitchen collection revenue pending for recognition.



The Group's operating profit was HK\$12.8 million (2019: HK\$15.9 million), representing a decrease of 19.6% from the same period last year. Profit after tax approximated to HK\$8.5 million (2019: HK\$10.4 million), which decreased by 17.8% as compared to the corresponding period. The amount of administrative expenses and distribution costs recorded a decrease of 22.4% to HK\$67.6 million (2019: HK\$87.1 million) mainly as a result of rental relief from landlords, employment subsidies from the Government and cost control in staffing and distribution.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

The Group continues to expand its business in Hong Kong and the PRC through the adoption of a prudent financial management policy. The current ratio and quick ratio are 2.2 (31 March 2020: 2.4) and 1.6 (31 March 2020: 1.5), respectively, while cash and cash equivalents approximated HK\$180.4 million as at 30 September 2020 (31 March 2020: HK\$83.4 million) of which HK\$61.7 million was earmarked for the acquisition for warehouse as described in the Company's circular dated 24 August 2020.

The inventories decreased to HK\$127.6 million (31 March 2020: HK\$144.9 million). The trade, retention and other receivables decreased by 5.9% to HK\$150.5 million (31 March 2020: HK\$160.0 million), while the trade and other payables increased to HK\$46.0 million (31 March 2020: HK\$34.5 million) mainly contributed by increase in trade payables.

As at 30 September 2020, the Group has a net cash position. Gearing ratio is not applicable (31 March 2020: 1.1%). The interest-bearing borrowings of the Group increased to HK\$51.6 million (31 March 2020: HK\$10.7 million) as at 30 September 2020.

### **Treasury Policy**

Borrowings, cash and cash equivalents are primarily denominated in Hong Kong Dollars ("HK\$") and Euro. During the period, the Group entered into certain simple forward contracts to buy Euro for settlement of purchases. The management will continue to monitor the foreign exchange risk exposure of the Group.

### **Contingent Liabilities and Commitments**

We seek to manage our cash flow and capital commitments effectively to ensure that we have sufficient funds to meet our existing and future cash requirements. We have not experienced any difficulties in meeting our obligations as they become due. Assets under charge include mortgaged property acquired. As at 30 September 2020, performance bonds of approximately HK\$34.8 million (31 March 2020: HK\$31.7 million) have been issued by the Group to customers as security of contracts. Save for the short-term rental commitment of our retail outlets and warehouses, performance bonds for projects and the committed acquisition for the warehouse scheduled to complete on 9 October 2020, the Group has no other material financial commitments and contingent liabilities as at 30 September 2020.

## **FUTURE PROSPECTS**

The COVID-19 has disrupted daily routines of the way of living, the way to do business and impacted the near-term growth of major economies. The recent new wave of global COVID-19 outbreak serves as a timely reminder that until a vaccine is readily widely available, there is no sign of ending the Global Pandemic situation any time soon. We consider that the prospect for getting back the business as usual is not optimistic in the near future (until vast majority of the population in the major economies has been vaccinated).

Also, Hong Kong is now caught in the middle of the geopolitical tensions between the United States (the US) and the PRC and the risk of decoupling the two major economies remains an uncertainty and challenges. The US Government's revoking of certain preferential exemptions on trading, custom, travel etc. to Hong Kong has made the business and investment environment volatile to new scenes of international relations and the American policy directions following the election in late 2020 add another uncertain factor to the Sino-US relations. We must learn how to adjust to such a geopolitical shift for the years to come. We are all navigating uncharted waters as business and society face up to the impact of the ever-changing situations of COVID-19 pandemic and geopolitical shift across the world.

Therefore, we find it very hard to be optimistic about the economy of Hong Kong in 2021. As with other business sectors which have been and will continue be under significant pressure, the retail industry is no exception, especially the high-end sector. A further downscaling of Hong Kong business is expected when the Government Employment Support Scheme subsidies come to an end in November this year. In view of the sharp deterioration of the economic environment, we have been rationalising our cost structure in order to maintain sufficient working capital for any upcoming uncertainty.

It is difficult to predict how the performance of the next year economy would affect the housing developments and the demand for housing. We expect that the market is more inclined towards mid-range products due to budget concerns and the demand for housing units may be softened despite the relatively low mortgage rate. As stated in previous years, we will continue to capitalise our strengths in product ranges and relationship with well-established developers and respond to the ever-changing market environment by adjusting our strategies accordingly.

## **EVENTS AFTER THE LATEST ANNUAL REPORT**

### **(a) Impact of Coronavirus Disease 2019 Outbreak**

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across many countries. The pandemic has already caused disruptions to the daily operations of the Group and this may potentially affect the Group's business and financial performance for the year ending 31 March 2021. As of the date of the announcement, the overall financial effect cannot be reliably and fully estimated and are subject to further evaluation. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

## **(b) Major transaction**

On 29 May 2020 and 23 June 2020, the Group entered into a preliminary agreement and a formal agreement respectively with an independent third party of purchasing a property located at in Hong Kong at a consideration of HK\$68,500,000 which constitutes a major transaction under the Listing Rules. The transaction was completed on 9 October 2020.

Saved as disclosed above, there was no significant event affecting the Company nor its subsidiaries after the latest annual report requiring disclosure in this announcement.

## **SUSTAINABLE DEVELOPMENT**

### **Environment**

The Group endeavours to minimise pollution and to protect the environment by conserving natural resources, reducing the use of energy and waste. We first implement business activities for which we bear responsibility and address environmental issues by integrating environment considerations in our business. We create the environmental awareness amongst our staff members and whenever possible and practical to do so. Our aim is to contribute to the sustainable future and be in harmony with the global environment.

### **Human Resources**

As at 30 September 2020, our workforce was recorded at 142 employees (31 March 2020: 152).

The Group believes its success, long-term growth and development depend upon the quality, performance and commitment of its staff members. We are committed to providing equal opportunity to our staff, matching the right people with the right job, and offering them a suitable platform to develop and excel in their career. Besides, we keep in mind to treat all staff members fairly and equally. We are committed to the provision of a healthy and safe workplace and encourage work-life balance of staff members.

### **Customers**

The Group's objective is to become one of the leading quality suppliers of architectural builders' hardware, bathroom, kitchen collections and furniture. Our goal is to enhance the brand value of the Group by managing customers' expectation of getting products that commensurate with their lifestyles. We strive to provide quality products and services to fulfil customers' needs; and to establish the brand and reputation of our Group for customers' recognition of our ability to serve them with two fundamental qualities, "sincerity" and "quality", which would enable us to build customer loyalty, allowing us to establish strong customer relationships for future businesses.

## **Suppliers**

We pay attention to the operating practices of our suppliers (including but not limited to employment practices, product responsibility, anti-corruption policy). We regularly review suppliers' production capacity, technical capability, quality control systems, production facilities, testing capability and personnel quality. In selecting installation sub-contractors, we consider a range of factors such as price, past performance, scale of the project, technical competence, environmental records, workplace health and safety standards.

## **COMPLIANCE OF CODE ON CORPORATE GOVERNANCE**

In the opinion of the directors, the Company has complied with all the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2020, except for the following:

Under the code provision A.6.7, independent non-executive Directors should attend general meetings of the Company. An independent non-executive Director was unable to attend the annual general meeting of the Company held on 8 September 2020 due to other engagement.

Under the code provision C.2.5, the Company should have an internal audit function. Given the current scale of operations, the Company does not have an internal audit department. The Board is directly responsible for risk management and internal control systems of the Group and the review of its effectiveness. The Board will continue to review, at least annually, this arrangement going forward in light of the evolving needs of the Group.

## **COMPLIANCE OF MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding transactions in the Company's securities by its directors. Having made specific enquiry of the directors, all directors have confirmed compliance with the required standard set out in the Model Code throughout the six months ended 30 September 2020.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. WAN Sze Chung (Chairman), Mr. WONG Wah, Dominic and Dr. LUK Wang Kwong. The Audit Committee has reviewed, with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2020.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Company had not redeemed any of its shares during the six months ended 30 September 2020. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the six months ended 30 September 2020.

## **PUBLICATION OF FINANCIAL INFORMATION**

This result announcement is published on the websites of the Company ([www.ebon.com.hk](http://www.ebon.com.hk)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's Interim Report 2020 will be despatched to the shareholders and available on the same websites in due course.

By order of the Board  
**E. Bon Holdings Limited**  
**TSE Sun Fat, Henry**  
*Chairman*

Hong Kong, 24 November 2020

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

*As at the date of this announcement, the Board of Directors comprises eight Directors, of which five are executive Directors, namely Mr. TSE Sun Fat, Henry, Mr. TSE Sun Wai, Albert, Mr. TSE Sun Po, Tony, Mr. TSE Hon Kit, Kevin and Mr. LAU Shiu Sun and three are independent non-executive Directors, namely Mr. WONG Wah, Dominic, Mr. WAN Sze Chung and Dr. LUK Wang Kwong.*