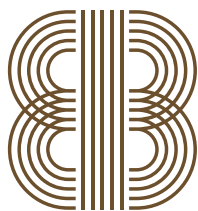


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**E. BON HOLDINGS LIMITED**  
(Incorporated in the Cayman Islands with limited liability)  
**怡邦行控股有限公司**

**Stock Code: 599**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

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 2016 (the “period”).

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016*

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2016</b>	<b>2015</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	4	<b>241,815</b>	298,491
Cost of sales		<b>(127,278)</b>	(181,197)
<b>Gross profit</b>		<b>114,537</b>	117,294
Other income		<b>1,889</b>	481
Distribution costs		<b>(43,041)</b>	(44,280)
Administrative expenses		<b>(38,928)</b>	(43,651)
<b>Operating profit</b>		<b>34,457</b>	29,844
Finance costs, net		<b>(744)</b>	(639)
<b>Profit before income tax</b>	5	<b>33,713</b>	29,205
Income tax expense	6	<b>(6,494)</b>	(5,774)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>27,219</b>	23,431

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2016</b>	<b>2015</b>
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other comprehensive income</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
	Exchange loss on translation of financial statements of foreign operations	<u>(862)</u>	<u>(522)</u>
<b>Other comprehensive loss for the period, net of tax</b>		<u>(862)</u>	<u>(522)</u>
<b>Total comprehensive income for the period, net of tax</b>		<u><u>26,357</u></u>	<u><u>22,909</u></u>
Earnings per share for profit attributable to equity holders of the Company			
	— Basic and diluted	<u><u>8</u></u> <u><b>HK4.5 cents</b></u>	<u><u>HK3.9 cents</u></u> <sup>1</sup>

<sup>1</sup> Adjusted for the effect of the bonus shares issue on 8 June 2016

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016**

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2016</b>	2016
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>146,735</b>	148,584
Investment properties	<b>28,400</b>	28,400
Deferred income tax assets	<b>3,084</b>	3,158
Trade, retention and other receivables	<b>18,561</b>	19,083
	<u><b>196,780</b></u>	<u>199,225</u>
<b>Current assets</b>		
Inventories	<b>192,619</b>	130,628
Current income tax recoverable	–	3,773
Trade, retention and other receivables	<b>126,503</b>	148,315
Derivative financial assets	–	1,310
Restricted cash	<b>2,966</b>	2,966
Cash and cash equivalents	<b>117,477</b>	127,781
	<u><b>439,565</b></u>	<u>414,773</u>
<b>Total assets</b>	<u><b>636,345</b></u>	<u>613,998</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	<b>60,060</b>	30,030
Reserves	<b>349,094</b>	394,805
<b>Total equity</b>	<u><b>409,154</b></u>	<u>424,835</u>

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2016</b>	2016
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>72,560</b>	69,264
Dividend payable		<b>42,042</b>	–
Receipts in advance		<b>54,760</b>	39,614
Derivative financial liabilities		–	377
Borrowings		<b>34,761</b>	58,851
Current income tax liabilities		<b>6,526</b>	4,515
		<u><b>210,649</b></u>	<u>172,621</u>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<u><b>16,542</b></u>	<u>16,542</u>
<b>Total liabilities</b>		<u><b>227,191</b></u>	<u>189,163</u>
<b>Total equity and liabilities</b>		<u><b>636,345</b></u>	<u>613,998</u>

Notes:

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited interim condensed consolidated financial information (“interim financial information”) 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 financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, 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 are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in those annual financial statements.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
HKFRS 14	Regulatory deferral accounts

The adoption of these amendments and interpretation had no material financial impact on the Group’s results and financial position for the current and prior accounting periods.

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

## 2. 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 2016.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 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 2016.

There have been no changes in the risk management controls or in any risk management policies since the year end.

#### 3.2 Liquidity risk

Compared to year end, there has been no material change in the contractual undiscounted cash out flows for financial liabilities.

### 4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the importing, wholesale, retail and/or installation of architectural builders hardware, bathroom, kitchen collections and furniture in Hong Kong and the People's Republic of China (the "PRC") and the provision of construction services for property developers in the PRC. Revenue recognised is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sale of goods	<b>205,744</b>	228,780
Contract revenue	<b>36,071</b>	69,711
	<b>241,815</b>	298,491

#### Primary reporting format — business segments

The wholesale segment derives its revenue primarily from the import and wholesale of architectural builders' hardware, bathroom collections, furniture, and kitchen collections to contractors, property developers and dealers, along with the provision of installation services of kitchen collections and furniture.

The retail segment derives its revenue primarily from the import and sale of architectural builders' hardware, bathroom collections, furniture, and kitchen collections through retail outlets, along with the provision of installation services of kitchen collections.

The construction and decoration segment derives its revenue from construction and decoration contracts, primarily carried out in the PRC.

	<b>Unaudited</b>			
	<b>Six months ended 30 September 2016</b>			
	<b>Construction and decoration</b>			
	<b>Wholesale</b>	<b>Retail</b>	<b>decoration</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Reportable segment revenue from external customers	<u>195,602</u>	<u>45,681</u>	<u>532</u>	<u>241,815</u>
Reportable segment profit/(loss)	<u>36,247</u>	<u>8,525</u>	<u>(1,653)</u>	<u>43,119</u>
	<b>Unaudited</b>			
	<b>As at 30 September 2016</b>			
	<b>Construction and decoration</b>			
	<b>Wholesale</b>	<b>Retail</b>	<b>decoration</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Reportable segment assets	<u>268,412</u>	<u>72,935</u>	<u>3,736</u>	<u>345,083</u>
Reportable segment liabilities	<u>89,335</u>	<u>38,906</u>	<u>1,601</u>	<u>129,842</u>
	<b>Unaudited</b>			
	<b>Six months ended 30 September 2015</b>			
	<b>Construction and decoration</b>			
	<b>Wholesale</b>	<b>Retail</b>	<b>decoration</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Reportable segment revenue from external customers	<u>243,313</u>	<u>54,901</u>	<u>277</u>	<u>298,491</u>
Reportable segment profit/(loss)	<u>27,336</u>	<u>9,131</u>	<u>(1,931)</u>	<u>34,536</u>
	<b>Audited</b>			
	<b>As at 31 March 2016</b>			
	<b>Construction and decoration</b>			
	<b>Wholesale</b>	<b>Retail</b>	<b>decoration</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Reportable segment assets	<u>255,161</u>	<u>53,671</u>	<u>3,581</u>	<u>312,413</u>
Reportable segment liabilities	<u>76,791</u>	<u>33,477</u>	<u>1,685</u>	<u>111,953</u>

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total reportable segment profit	<b>43,119</b>	34,536
Unallocated corporate income	<b>1,416</b>	502
Unallocated corporate expenses	<b>(10,078)</b>	(5,194)
Finance costs, net	<b>(744)</b>	(639)
	<u><b>33,713</b></u>	<u>29,205</u>
	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 September</b>	31 March
	<b>2016</b>	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	<b>345,083</b>	312,413
Deferred income tax assets	<b>3,084</b>	3,158
Other corporate assets	<b>288,178</b>	298,427
	<u><b>636,345</b></u>	<u>613,998</u>
	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 September</b>	31 March
	<b>2016</b>	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment liabilities	<b>129,842</b>	111,953
Deferred income tax liabilities	<b>16,542</b>	16,542
Borrowings	<b>34,761</b>	58,851
Other corporate liabilities	<b>46,046</b>	1,817
	<u><b>227,191</b></u>	<u>189,163</u>



## Geographical information

	Revenue from external customers		Non-current assets	
	Unaudited		Unaudited	Audited
	Six months ended		As at	As at
	30 September		30 September	31 March
	2016	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (domicile)	225,538	244,362	189,342	190,632
PRC	16,277	53,356	7,124	8,275
Others	–	773	314	318
Total	<u>241,815</u>	<u>298,491</u>	<u>196,780</u>	<u>199,225</u>

## 5. EXPENSES BY NATURE

	Unaudited	
	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Cost of inventories	112,676	174,253
Depreciation of property, plant and equipment	5,392	6,115
Operating lease payments in respect of premises	24,545	23,986
(Reversal of provision)/provision for slow-moving inventories, included in cost of inventories	(1,672)	1,192
Staff costs, including directors' emoluments	<u>32,604</u>	<u>36,136</u>

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The charge comprises:

	Unaudited	
	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	5,613	4,736
PRC Corporate income tax	881	1,038
	<u>6,494</u>	<u>5,774</u>
Deferred income tax	–	–
Tax expense for the period	<u>6,494</u>	<u>5,774</u>

## 7. DIVIDEND

The Board has declared the payment of an interim dividend of HK1.5 cents (2015: HK1.5 cents, as restated<sup>1</sup>).

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend of HK1.5 cents (2015: HK1.5 cents, as restated <sup>1</sup> ) per share	<b>9,009</b>	9,009

At a board meeting held on 22 November 2016, the Board has declared an interim dividend of HK1.5 cents (30 September 2015: HK1.5 cents, as restated<sup>1</sup>) per ordinary share. Such interim dividends are not reflected as dividend payables in the Group's interim financial information for the period. It will be recognised in shareholders equity in the year ending 31 March 2017.

<sup>1</sup> Dividend per share data has been adjusted for the effect of the bonus shares issue on 8 June 2016.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the period of HK\$27,219,000 (six months ended 30 September 2015: HK\$23,431,000) and the 600,600,000 ordinary shares (30 September 2015: 600,600,000 ordinary shares, as restated (note)) 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.

*Note:* The weighted average number of ordinary share is adjusted to reflect the effect of the bonus issue by the Company on the basis of one bonus share for every share then existing. The issue of the bonus shares was completed on 8 June 2016.

## 9. CAPITAL EXPENDITURE AND DISPOSAL

During the period, the Group incurred capital expenditure of approximately HK\$3,609,000 for property, plant and equipment (six months ended 30 September 2015: HK\$2,154,000). No disposal of property, plant and equipment was made during the period (six months ended 30 September 2015: same).

## 10. TRADE RECEIVABLES

Included in the balance are trade receivables, that are not impaired, with the following ageing analysis based on invoice date:

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2016</b> <i>HK\$'000</i>	Audited As at 31 March 2016 <i>HK\$'000</i>
1–90 days	<b>63,807</b>	98,763
91–365 days	<b>34,936</b>	19,625
Over 365 days	<b>6,206</b>	5,083
	<b>104,949</b>	123,471

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.

## 11. TRADE PAYABLES

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

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2016</b> <i>HK\$'000</i>	Audited As at 31 March 2016 <i>HK\$'000</i>
0–90 days	<b>47,214</b>	45,825
91–365 days	<b>148</b>	54
Over 365 days	<b>7</b>	939
	<b>47,369</b>	46,818

## **INTERIM DIVIDEND**

At a board meeting held on 22 November 2016, the Board of Directors has declared an interim dividend of HK1.5 cents per share for the six months ended 30 September 2016 (six months ended 30 September 2015: HK1.5 cents, as restated<sup>1</sup>) payable on Wednesday, 18 January 2017 to members whose names appear on the principal or branch register of the Company in the Cayman Islands or Hong Kong respectively (collectively the “Register of Members”) as at the close of business of Friday, 16 December 2016.

<sup>1</sup> Adjusted for the effect of the bonus shares issue on 8 June 2016.

## **CLOSURE OF REGISTER OF MEMBERS**

The Company’s Register of Members will be closed from Thursday, 15 December 2016 to Friday, 16 December 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 14 December 2016.

## **REVIEW OF OPERATIONS**

### **BUSINESS REVIEW**

The Group mainly engages in import and sale of architectural builders’ hardware, bathroom collections, furniture, and kitchen collections to contractors, property developers and dealers and through retail outlets, along with the provision of installation services of kitchen collections and furniture.

Facing multiple and complex social political and economic challenges, the performance of the global economy including Hong Kong will be subject to uncertainties in the forthcoming year. During the six months ended 30 September 2016, despite these global uncertainties, the market sentiment for home purchases in Hong Kong remained strong. Aggressive sales strategies were introduced by leading real estate developers to promote primary housing which helped boost its sales and affected the secondary market. The Euro currency remained at relatively low levels which kept our cost of purchase low as the majority of our imports originated in Europe.

For the six months ended 30 September 2016, the Group’s total turnover decreased by 19.0% as compared with the same period last year; its impact to net profit was offset by the increase in gross profit margin percentage and reduction in operating expenses.

### **REVENUE REVIEW**

For the six months ended 30 September 2016, the Group’s total turnover was HK\$241.8 million which was decreased by 19.0% 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			30 September	
	2016	2015	Change	2016	2015
	HK\$'000	HK\$'000	(%)		
Wholesale	<b>195,602</b>	243,313	<b>(19.6)</b>	<b>80.9</b>	81.5
Retail	<b>45,681</b>	54,901	<b>(16.8)</b>	<b>18.9</b>	18.4
Construction and decoration	<b>532</b>	277	<b>92.1</b>	<b>0.2</b>	0.1
	<b>241,815</b>	298,491	<b>(19.0)</b>	<b>100</b>	100

## Profitability by business segment

	Reportable segment profit			As a percentage of sales (%)	
	Unaudited 30 September			30 September	
	2016	2015	Change	2016	2015
	HK\$'000	HK\$'000	(%)		
Wholesale	<b>36,247</b>	27,336	<b>32.6</b>	<b>18.5</b>	11.2
Retail	<b>8,525</b>	9,131	<b>(6.6)</b>	<b>18.7</b>	16.6
Construction and decoration	<b>(1,653)</b>	(1,931)	<b>14.4</b>	<b>(310.7)</b>	(697.1)
Total	<b>43,119</b>	34,536	<b>24.9</b>	<b>17.8</b>	11.6

The revenue from the wholesale segment decreased by 19.6% to HK\$195.6 million as compared to the same period last year (2015: HK\$243.3 million) mainly due to the slowdown of rising completion rates during the period. The weak Euro against Hong Kong Dollars continued to enhance the gross margin of project sales. During the period, we supplied products for projects like Alto Residences, Island Garden, 2GETHER and The Papillons.

Revenue from the retail segment decreased by 16.8% to HK\$45.7 million as compared to the same period last year (2015: HK\$54.9 million). During the period, the secondary residential property market was crowded out by the primary market, resulting lower renovation demands and retail sales.

The overall gross profit amounted to HK\$114.5 million (2015: HK\$117.3 million), representing a decrease of 2.4% over the same period last year, despite a significant decrease in turnover from HK\$298.5 million by 19.0% to HK\$241.8 million. The drop in turnover was mainly caused by project completion progress of residential property developments as compared to the same period last year, while the reduction in gross profit was at a lesser extent due to the weak Euro value.

The Group's operating profit was HK\$34.5 million (2015: HK\$29.8 million), representing an increase of 15.5% from the same period last year. Profit after tax approximated to HK\$27.2 million (2015: HK\$23.4 million), which increased by 16.2% as compared with the corresponding period.

The increase in net profit was caused by a reduction of operating expenses. The amount of administrative expenses and distribution expenses decreased by 6.8% to HK\$82.0 million (2015: HK\$87.9 million) due to less bonus distribution for the period. We continued to control costs and maintain effective use of resources. In addition, efforts have been made in consolidating sales network. More importantly, rental expenses became more stable as a result of the continuation of the slow-down in retail sales sector in Hong Kong that, in turn, cool-down retail property market.

## **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 2.1 (31 March 2016: 2.4) and 1.2 (31 March 2016: 1.6), respectively, while cash and cash equivalents approximated HK\$117.5 million as at 30 September 2016 (31 March 2016: HK\$127.8 million).

The inventories increased to HK\$192.6 million (31 March 2016: HK\$130.6 million) mainly due a rise of goods-in-transit and bulk project orders placed towards the end of the period which is expected to be delivered to customers during the second half of the financial year. The trade, retention and other receivables decreased to HK\$126.5 million (31 March 2016: HK\$148.3 million).

As at 30 September 2016, the Group has a net cash position. Gearing ratio is not applicable (31 March 2016: same). The interest-bearing borrowings of the Group, including bills payable and trust receipt loans, reduced to HK\$34.8 million (31 March 2016: HK\$58.9 million) as at 30 September 2016.

### **Treasury Policy**

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

### **Contingent Liabilities**

We seek to manage our cash flow and capital commitments 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 are the mortgaged property acquired and certain bank deposits. As at 30 September 2016, performance bonds of approximately HK\$23,169,000 (31 March 2016: HK\$16,465,000) have been issued by the Group to customers as security of contracts. In respect of which, restricted

cash of HK\$2,966,000 (31 March 2016: HK\$2,966,000) was held as security for the performance bonds. Save for the rental commitment of our retail outlets and warehouses and performance bonds for projects; the Group has no other material financial commitments and contingent liabilities as at 30 September 2016.

## **FUTURE PROSPECTS**

Following globalisation, political and economic developments of various parts of the world will continue to contribute to uncertainties to the development prospects to the other parts of world and therefore the world as a whole including regional and local economies. Investments and currency exchange rates will be affected by political events such as the presidential election in the U.S. (Post note: Donald Trump was elected as the new president) and national elections in Europe and add to the uncertainty to the global economy for the years to come. The Euro currency may remain relatively low. The potential interest-rate hike in the U.S. may increase the burden of home-ownership in Hong Kong which will have an adverse effect on property prices. The global finance uncertainty will encourage people to save money rather than to spend it and this in turn, slow down economic activities and business.

In Hong Kong, the supply of primary housing has been more active as a result of the Government's land sale policy in recent years, and is expected to grow at a moderate rate. Nevertheless, the strong housing demand will always be the driving force behind the property market and the Government expects that more new construction projects will stabilise the price in the long run. We will continue to capitalise our strength of quality after-sale services to collaborate with well-established property developers, architects and designers and we are cautious about the outlook of our business in future.

While enhancing our strength, we shall remain vigilant to potential external factors in order to stay competitive. The property market is affected by both global and Hong Kong economic performance. Moreover, the Hong Kong Government's fiscal and financial policies may create an adverse impact on the Hong Kong real estate market that would affect our business performance and results. (Post note: To stabilise the property market by curbing property speculation and maintain housing affordability, Hong Kong Government, on 4 November 2016, announced that new measures to curb the property market be introduced with immediate effect. A flat rate of 15% stamp duty is applied to all residential acquisitions by individual or corporations with the exception of first-time buyers who are Hong Kong permanent residents. The measures are likely to have a direct impact on market transactions especially on the small and medium-sized housing units (that would affect our business in retail sales) but given that we are still in the low interest environment, the effectiveness of these new measures on property prices on the long term basis has yet to be seen.) We will continue to monitor the market trends and refine our strategies accordingly.

## **EVENTS AFTER THE REPORTING PERIOD**

Pursuant to an announcement made by the Company on 2 November 2016, the Company is considering a proposed spin-off and separate listing of the Group's kitchen and furniture business on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Detail of the announcement is available on the websites of the Stock Exchange and the Company.

## **SUSTAINABLE DEVELOPMENT**

### **Customers**

The Group's objective is to become one of the leading quality suppliers of architectural builder 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; 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.

### **Human Resources**

As at 30 September 2016, our workforce was recorded at 162 employees (31 March 2016: 169).

The Group believes its success, long-term growth and development depend upon the quality, performance and commitment of its staff members. Competitive packages are offered to attract, retain and motivate competent individuals. In addition, the Group provides employee benefits such as subsidised medical scheme and travel allowance. The Group supports the staff's family life by providing children's scholarship.

### **Environment**

We endeavour to minimising pollution and protecting the environment by conserving natural resources, reducing the use of energy and waste. We first implement the business activities for which we bear responsibility and addressing the environmental issues by integrating environment considerations in our business such as procurement of operation consumables and adoption of eco-friendly habits and resource recycling. We use low energy light bulbs in our retail shops, warehouses and offices. We create the environmental awareness amongst our staff members and whenever possible and practical to do so, we encourage our staff to use public transport; for those that are not accessible by public transport means, to car share when travelling on business. As a supplier of home fittings, we provide a range of green products such as water saving taps and eco-sensor water-saving taps to the market. We seek to assist the general public to take the concept of "environmental protection" in practice which will eventually contribute to future generations. Our aim is to contribute to the sustainable future and be in harmony with the global environment.



## **Communities**

The Group is committed to being an active participant in the local community wherever it operates. The Group also encourages its business partners and employees to do the same to contribute to their neighbourhood. A care to the society will eventually benefit our future generations.

## **Suppliers**

The Group also understands the importance of maintaining good relationships with suppliers and business partners to achieve long-term business goals. Accordingly, directors and senior management keep good communication, promptly exchange ideas and share business updates with them when appropriate.

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

In the opinion of the directors, the Company has complied with all the code provisions in the Code of Corporate Governance Practice (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 2016, with the exception of the following deviations:

Under the code provision A.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. An insurance cover for directors has been arranged effective from 1 September 2016; and that prior to the said date no insurance cover had been arranged.

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 for the review of its effectiveness. The Board will continue review 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 Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors. Having made specific enquiry of the directors, all directors have confirmed compliance with the required standard as set out in the Model Code throughout the six months ended 30 September 2016.

## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. LEUNG Kwong Kin, *J.P.* (Chairman), Mr. WONG Wah, Dominic and Mr. WAN Sze Chung. The Audit Committee has reviewed, with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2016.

## PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

## 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 2016 will be despatched to the shareholders and available on the same websites in due course.

By order of the Board  
**TSE Sun Fat, Henry**  
*Chairman*

Hong Kong, 22 November 2016

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

*As at the date hereof, the Board of Directors comprises eight Directors, of which five are Executive Directors, namely Messrs. TSE Sun Fat, Henry, TSE Sun Wai, Albert, TSE Sun Po, Tony, TSE Hon Kit, Kevin and LAU Shiu Sun and three are Independent Non-executive Directors, namely Messrs. LEUNG Kwong Kin, J.P., WONG Wah, Dominic and WAN Sze Chung.*