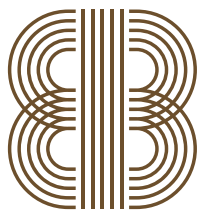


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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 2018**

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 2018 (the “period”).

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

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018*

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2018</b>	<b>2017</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	5	<b>258,239</b>	249,605
Cost of sales		<b>(160,498)</b>	(141,856)
<b>Gross profit</b>		<b>97,741</b>	107,749
Other income	5	<b>464</b>	450
Other gains/(losses), net	5	<b>1,303</b>	(2,077)
Distribution costs		<b>(50,819)</b>	(47,210)
Administrative expenses		<b>(31,307)</b>	(30,975)
<b>Operating profit</b>		<b>17,382</b>	27,937
Finance costs, net		<b>(834)</b>	(725)
<b>Profit before income tax</b>	6	<b>16,548</b>	27,212
Income tax expense	7	<b>(2,575)</b>	(5,567)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>13,973</b>	21,645

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other comprehensive (loss)/income</b>		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Exchange (loss)/gain on translation of financial statements of foreign operations	<u>(2,678)</u>	<u>1,162</u>
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<u>(2,678)</u>	<u>1,162</u>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<u><u>11,295</u></u>	<u><u>22,807</u></u>
Earnings per share (expressed in HK cents per share)		
— Basic and diluted	9 <u><u>HK2.3 cents</u></u>	<u><u>HK3.6 cents</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2018**

		<b>Unaudited 30 September 2018 HK\$'000</b>	Audited 31 March 2018 HK\$'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>194,914</b>	189,735
Investment properties		<b>36,100</b>	36,100
Deferred income tax assets		<b>4,365</b>	4,491
Trade, retention and other receivables	<i>11</i>	<b>15,327</b>	18,070
		<u><b>250,706</b></u>	<u>248,396</u>
<b>Current assets</b>			
Inventories		<b>181,808</b>	168,497
Current income tax recoverable		<b>3,518</b>	1,973
Trade, retention and other receivables	<i>11</i>	<b>99,467</b>	171,780
Contract assets		<b>2,203</b>	–
Restricted cash		–	3,008
Cash and cash equivalents		<b>92,730</b>	62,357
		<u><b>379,726</b></u>	<u>407,615</u>
<b>Total assets</b>		<u><b>630,432</b></u>	<u>656,011</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		<b>60,060</b>	60,060
Reserves		<b>407,621</b>	419,151
<b>Total equity</b>		<u><b>467,681</b></u>	<u>479,211</u>

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2018</b>	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>41,505</b>	51,300
Dividend payable		<b>15,015</b>	–
Receipts in advance		–	51,328
Contract liabilities		<b>53,788</b>	–
Derivative financial liabilities	<i>13</i>	<b>1,456</b>	–
Borrowings		<b>15,404</b>	41,382
Current income tax liabilities		<b>10,185</b>	7,392
		<hr/> <b>137,353</b> <hr/>	<hr/> 151,402 <hr/>
<b>Non-current liabilities</b>			
Other provision		<b>2,500</b>	2,500
Deferred income tax liabilities		<b>22,898</b>	22,898
		<hr/> <b>25,398</b> <hr/>	<hr/> 25,398 <hr/>
<b>Total liabilities</b>		<hr/> <b>162,751</b> <hr/>	<hr/> 176,800 <hr/>
<b>Total equity and liabilities</b>		<hr/> <b>630,432</b> <hr/>	<hr/> 656,011 <hr/>

*Notes:*

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

This unaudited interim condensed consolidated financial information for the six months ended 30 September 2018 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 2018, 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 2018, as described in those annual financial statements.

*(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. Of these, the following are relevant to the Group’s interim condensed consolidated financial information:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendment to HKFRS 15	Clarifications to HKFRS 15

The impact of the adoption of these standards and the new accounting policies are 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 9 (Amendments)	Prepayment features with negative compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate and joint venture	To be determined

Management is in the process of making an assessment of 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

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's interim condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to those applied in prior periods.

### (a) HKFRS 9 Financial Instruments

#### (1) Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost; and
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group classifies its financial assets to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (2) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

##### — Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

— Fair value through other comprehensive income (“FVOCI”)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

— Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

**(3) Impairment**

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*Impact of adoption*

(1) Classification and measurement of financial instruments

The Group’s financial assets measured at amortised cost continue with their classification and measurements upon the adoption of HKFRS 9.

There is no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Group does not have any such liabilities.

(2) Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses model rather than incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost and contract assets under HKFRS 15. The Group has assessed the expected credit loss model applied and the change in impairment methodologies does not have material impact on the loss allowance.

**(b) HKFRS 15 Revenue from Contracts with Customers**

**(1) Revenue recognition**

*(i) Sales of goods*

The Group sells architectural builders’ hardware, bathroom, kitchen collections and furniture in the wholesale and retail market. Revenue from sales of goods is recognised when control of the goods has transferred, being when the goods are delivered to the customer.

(ii) *Contract revenue*

The Group engages in importing, selling and installation of kitchen collections, and other construction and decoration works to contractors and property developers. Revenue from the services rendered by the Group is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced. The Group has applied the output method in recognising the revenue from construction contracts over time. The progress towards complete satisfaction of a performance obligation of construction contracts is measured with reference to either surveys of work performed or the completion of a physical proportion of the contract work.

(2) *Contract assets and contract liabilities*

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceed the measure of the remaining unsatisfied performance obligations.

*Impact of adoption*

The Group has adopted HKFRS 15 from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the interim condensed consolidated financial information. The Group has adopted the modified retrospective approach with the cumulative effect on initial adoption recognised at the date of initial application, which is 1 April 2018, and comparative information has not been restated.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail below.

		<b>31 March 2018</b>		<b>1 April 2018</b>
		<b>As originally</b>	<b>Impact of</b>	
	<i>Note</i>	<b>presented</b>	<b>HKFRS 15</b>	<b>Restated</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Consolidated statement of financial position (extract)</b>				
Contract assets	<i>(ii)</i>	–	1,322	1,322
Amounts due from customers for contract work	<i>(i), (ii)</i>	15,277	(15,277)	–
Inventories	<i>(i)</i>	168,497	9,365	177,862
Contract liabilities	<i>(ii)</i>	–	58,484	58,484
Receipts in advance	<i>(ii)</i>	51,328	(51,328)	–
Amounts due to customers for contract work	<i>(i), (ii)</i>	2,288	(2,288)	–
Current income tax liabilities	<i>(i)</i>	7,392	(1,648)	5,744
Retained earnings	<i>(i)</i>	259,325	(7,810)	251,515



The impact on the Group's retained earnings as at 1 April 2018 is as follows:

	<i>Note</i>	<b>Unaudited Retained earnings HK\$'000</b>
<b>At 31 March 2018, as originally presented</b>		259,325
Accounting for the provision of construction services	<i>(i)</i>	(9,458)
Increase in current income tax liabilities	<i>(i)</i>	1,648
<b>As at 1 April 2018, as restated</b>		<u><u>251,515</u></u>

(i) Accounting for costs to fulfil a contract

In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the progress towards complete satisfaction of a performance obligation after the adoption of HKFRS 15. Under HKAS 11, construction costs were charged to profit or loss by reference to the stage of completion of the contract, which is measured by reference to the either surveys of work performed or the completion of a physical proportion of the contract work that have been performed to date. Under HKFRS 15, costs that related to fulfilling performance obligations are expensed as incurred. Deferred materials of HK\$9,365,000 were reclassified from amounts due from customers for contract work to inventories. Construction costs of HK\$9,458,000 that have been incurred but deferred and included in amounts due from customers for contract work under HKAS 11 were charged to retained earnings. The related tax effect of HK\$1,648,000 was recognised in tax payable and included in adjustment to retained profits.

(ii) Presentation of contract assets and contract liabilities

Reclassifications were made as at 1 April 2018 to reflect the terminology used under HKFRS 15.

Contract assets recognised in relation to construction contracts were previously presented as amounts due from customers for contract work within trade, retention and other receivables.

Contract liabilities recognised in relation to construction contracts and sales of goods were previously presented as amounts due to customers for contract work within trade and other payables and receipts in advance.

### 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 2018.

### 4. FINANCIAL RISK MANAGEMENT

#### 4.1 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 2018.

There have been no changes in the risk management controls or in any risk management policies since the year ended 31 March 2018.

#### 4.2 Liquidity risk

Compared to year ended 31 March 2018, there has been no material change in the contractual undiscounted cash out flows for financial liabilities.

#### 4.3 Fair value estimation

The Group measures its fair value of the financial instruments carried at fair value as at 30 September 2018 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments carried at fair value as at 30 September 2018:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 September 2018</b>				
<b>Liabilities</b>				
Foreign exchange forward contracts				
— not qualified for hedge				
accounting	—	(1,456)	—	(1,456)

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

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Sale of goods	235,587	226,954
Contract revenue	22,652	22,651
	<u>258,239</u>	<u>249,605</u>
<b>Other income</b>		
Rental income	428	420
Others	36	30
	<u>464</u>	<u>450</u>
<b>Other gains/(losses), net</b>		
Net foreign exchange gain/(loss)		
— Forward contracts	(1,456)	—
— Other exchange gain/(loss), net	2,749	(2,077)
Gain on disposal of fixed assets	10	—
	<u>1,303</u>	<u>(2,077)</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, restricted cash, 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) and other corporate liabilities which are managed on central basis and are not directly attributable to the business activities of any operating segment.

	<b>Unaudited</b>		
	<b>Six months ended 30 September 2018</b>		
	<b>Architectural builders' hardware, bathroom collections and others <i>HK\$'000</i></b>	<b>Kitchen collection and furniture <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Reportable segment revenue from external customers</b>	<b>205,337</b>	<b>52,902</b>	<b>258,239</b>
<b>Reportable segment cost of sales</b>	<b>(134,873)</b>	<b>(25,625)</b>	<b>(160,498)</b>
<b>Reportable segment gross profit</b>	<b><u>70,464</u></b>	<b><u>27,277</u></b>	<b><u>97,741</u></b>
Depreciation of property, plant and equipment	(1,131)	(1,884)	(3,015)
Reversal of provision/(provision) for inventory obsolescence	1,440	(458)	982
<b>Reportable segment assets</b>	<b>262,554</b>	<b>122,715</b>	<b>385,269</b>
Additions to non-current segment assets during the period	2,552	9,392	11,944
<b>Reportable segment liabilities</b>	<b><u>60,342</u></b>	<b><u>48,639</u></b>	<b><u>108,981</u></b>
	<b>Unaudited</b>		
	<b>Six months ended 30 September 2017</b>		
	<b>Architectural builders' hardware, bathroom collections and others <i>HK\$'000</i></b>	<b>Kitchen collection and furniture <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Reportable segment revenue from external customers	197,973	51,632	249,605
Reportable segment cost of sales	(116,751)	(25,105)	(141,856)
Reportable segment gross profit	<b><u>81,222</u></b>	<b><u>26,527</u></b>	<b><u>107,749</u></b>
Depreciation of property, plant and equipment	(2,036)	(754)	(2,790)
Provision for inventory obsolescence	(828)	(326)	(1,154)
Write-back of provision for impaired receivables	–	111	111

	Audited As at 31 March 2018		
	Architectural builders' hardware, bathroom collections and others <i>HK\$'000</i>	Kitchen collection and furniture <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	344,428	95,448	439,876
Additions to non-current segment assets during the year	1,717	8,642	10,359
Reportable segment liabilities	<u>67,926</u>	<u>68,626</u>	<u>136,552</u>

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:

	Unaudited Six months ended 30 September	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Reportable segment gross profit</b>	<u>97,741</u>	107,749
<b>Group gross profit</b>	<u>97,741</u>	107,749
	<b>Unaudited</b> As at <b>30 September</b> <b>2018</b> <i>HK\$'000</i>	<b>Audited</b> As at 31 March 2018 <i>HK\$'000</i>
<b>Reportable segment assets</b>	<b>385,269</b>	439,876
Property, plant and equipment	<b>108,195</b>	107,935
Investment properties	<b>36,100</b>	36,100
Deferred income tax assets	<b>4,365</b>	4,491
Current income tax recoverable	<b>3,518</b>	1,973
Restricted cash	–	3,008
Cash and cash equivalents	<b>92,730</b>	62,357
Other corporate assets	<u>255</u>	271
<b>Group assets</b>	<u><b>630,432</b></u>	<u>656,011</u>
<b>Reportable segment liabilities</b>	<b>108,981</b>	136,552
Borrowings	<b>3,696</b>	9,461
Current income tax liabilities	<b>10,185</b>	7,392
Derivative financial liabilities	<b>1,456</b>	–
Dividend payable	<b>15,015</b>	–
Deferred income tax liabilities	<b>22,898</b>	22,898
Other corporate liabilities	<u>520</u>	497
<b>Group liabilities</b>	<u><b>162,751</b></u>	<u>176,800</u>

## Geographical information

	Revenue from external customers		Non-current assets (excluding financial assets and deferred income tax assets)	
	Unaudited Six months ended 30 September		Unaudited As at 30 September	Audited As at 31 March
	2018	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (domicile)	249,499	242,325	227,949	223,905
PRC	8,740	7,280	3,065	1,930
Total	<u>258,239</u>	<u>249,605</u>	<u>231,014</u>	<u>225,835</u>

## 6. EXPENSES BY NATURE

	Unaudited Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Cost of inventories	150,068	123,003
Depreciation	6,508	5,238
Operating lease charges in respect of land and buildings	26,753	25,459
Write-back of provision for impaired receivables	–	(111)
(Reversal of provision)/provision for inventory obsolescence	(982)	1,154
Direct operating expenses arising from investment properties that generated rental income	51	54
Employment benefit expenses	<u>28,639</u>	<u>27,203</u>

## 7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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	
	2018	2017
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	3,550	5,581
PRC Corporate income tax	(975)	(14)
	<u>2,575</u>	<u>5,567</u>
Deferred income tax	–	–
Tax expense for the period	<u>2,575</u>	<u>5,567</u>

## 8. DIVIDEND

The Board has declared the payment of an interim dividend of HK1 cent (2017: HK1 cent) per share.

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Interim dividend of HK1 cent (2017: HK1 cent) per share	<b>6,006</b>	6,006

At a board meeting held on 27 November 2018, the Board has declared an interim dividend of HK1 cent (30 September 2017: HK1 cent) per ordinary share. Such interim dividends are 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 2019.

## 9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the period of HK\$13,973,000 (six months ended 30 September 2017: HK\$21,645,000) and the 600,600,000 ordinary shares (30 September 2017: 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 2017: same).

## 10. CAPITAL EXPENDITURE AND DISPOSAL

During the period, the Group incurred capital expenditure of approximately HK\$11,944,000 for property, plant and equipment (six months ended 30 September 2017: HK\$2,069,000) and disposed HK\$45,000 of the net book value of property, plant and equipment (six months ended 30 September 2017: nil).

## 11. TRADE, RETENTION AND OTHER RECEIVABLES

Details of trade, retention and other receivables as at 30 September 2018 are listed below:

	<b>Unaudited As at 30 September 2018 HK\$'000</b>	Audited As at 31 March 2018 HK\$'000
Trade receivables	<b>81,671</b>	137,081
Less: provision for impairment of trade receivables	<b>(629)</b>	(636)
	<b>81,042</b>	136,445
Retention receivables	<b>4,853</b>	5,368
Less: provision for impairment of retention receivables	<b>(263)</b>	(287)
	<b>85,632</b>	141,526
Amounts due from customers for contract work	–	15,277
Other receivables, deposits and prepayments	<b>29,162</b>	33,047
	<b>114,794</b>	189,850
Less: non-current portion		
Retention receivables	<b>(3,549)</b>	(4,085)
Deposits and prepayments	<b>(11,778)</b>	(13,985)
Current portion	<b>99,467</b>	171,780

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

	<b>Unaudited As at 30 September 2018 HK\$'000</b>	Audited As at 31 March 2018 HK\$'000
1–90 days	<b>48,020</b>	107,702
91–365 days	<b>19,416</b>	16,778
Over 365 days	<b>14,235</b>	12,601
	<b>81,671</b>	137,081

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.



## 12. TRADE AND OTHER PAYABLES

Details of trade and other payables as at 30 September 2018 are listed below:

	<b>Unaudited As at 30 September 2018 HK\$'000</b>	Audited As at 31 March 2018 HK\$'000
Trade payables	31,354	36,063
Accrued charges and other payables	10,151	12,949
Amounts due to customers for contract work	–	2,288
	<u>41,505</u>	<u>51,300</u>

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

	<b>Unaudited As at 30 September 2018 HK\$'000</b>	Audited As at 31 March 2018 HK\$'000
0–90 days	30,173	36,003
91–365 days	231	53
Over 365 days	950	7
	<u>31,354</u>	<u>36,063</u>

## 13. DERIVATIVE FINANCIAL LIABILITIES

	<b>Unaudited As at 30 September 2018 Liabilities HK\$'000</b>	Audited As at 31 March 2018 Liabilities HK\$'000
Not qualified for hedge accounting		
Foreign exchange forward contracts, at market value ( <i>Note</i> )	<u>(1,456)</u>	<u>–</u>

*Note:* The notional principal amounts of the outstanding foreign exchange forward contracts as at 30 September 2018 and 31 March 2018 are as follows:

	<b>Unaudited As at 30 September 2018 HK\$'000</b>	Audited As at 31 March 2018 HK\$'000
Sell US\$ for Euro	<u>36,326</u>	<u>–</u>

## INTERIM DIVIDEND

At a board meeting held on 27 November 2018, the Board of Directors has declared an interim dividend of HK1 cent per share for the six months ended 30 September 2018 (six months ended 30 September 2017: HK1 cent per share) payable on Wednesday, 16 January 2019 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, 17 December 2018.

## CLOSURE OF REGISTER OF MEMBERS

The Company’s Register of Members will be closed from Friday, 14 December 2018 to Monday, 17 December 2018, 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 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Thursday, 13 December 2018.

## 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”).

During the period, the home completion rate in Hong Kong has slowed down despite remained at a high level, of which larger-sized residential units have increased. The competition for home-fittings supply continued to be fierce in light of bulk purchases being common in primary residential projects.

### REVENUE REVIEW

For the six months ended 30 September 2018, the Group’s total turnover was HK\$258.2 million which was increased by 3.5% 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 2018	2017	Change	2018	2017
	HK\$’000	HK\$’000	(%)		
Architectural builders’ hardware, bathroom collections and others	205,337	197,973	3.7	79.5	79.3
Kitchen collection and furniture	52,902	51,632	2.5	20.5	20.7
	<u>258,239</u>	<u>249,605</u>	<u>3.5</u>	<u>100.0</u>	<u>100.0</u>

## Profitability by business segment

	Reportable segment gross profit			Gross profit margin (%)	
	Unaudited 30 September		Change (%)	30 September	
	2018 HK\$'000	2017 HK\$'000		2018	2017
Architectural builders' hardware, bathroom collections and others	70,464	81,222	(13.2)	34.3	41.0
Kitchen collection and furniture	27,277	26,527	2.8	51.6	51.4
	<u>97,741</u>	<u>107,749</u>	<u>(9.3)</u>	<u>37.8</u>	<u>43.2</u>

Revenue from the architectural builders' hardware, bathroom collections and others segment increased by 3.7% to HK\$205.3 million as compared to the same period last year (2017: HK\$198.0 million). Subsequent to the popularity of small- and medium-sized flats in the primary housing market, demands for space-saving products (featuring lower unit price and margin) stayed strong and significant in our product mix, contributing to the drop in the gross profit margin. During the period, we supplied products for projects such as Le Pont, LP6, maya and One•ArtLane.

Revenue from the kitchen collection and furniture segment increased by 2.5% to HK\$52.9 million as compared to the same period last year (2017: HK\$51.6 million), which corresponded to the recent upward trend in luxury flat completions. During the period, we supplied products for projects such as 3 MacDonnell Road.

The overall turnover of the Group increased by 3.5% to HK\$258.2 million (2017: HK\$249.6 million), yet the gross profit reduced by 9.3% to HK\$97.7 million (2017: HK\$107.7 million) as compared to the same period last year as a result of a lower gross profit margin in the segment of architectural builders' hardware, bathroom collections and others.

The Group's operating profit was HK\$17.4 million (2017: HK\$27.9 million), representing a decrease of 37.8% from the same period last year. Profit after tax approximated to HK\$14.0 million (2017: HK\$21.6 million), which decreased by 35.4% as compared to the corresponding period. Coupled with the rise in turnover, the amount of administrative expenses and distribution costs recorded an inflationary increase of 5.0% to HK\$82.1 million (2017: HK\$78.2 million). Apart from that, we have strived hard to control costs and maintain effective use of resources.

## **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 2.8 (31 March 2018: 2.7) and 1.4 (31 March 2018: 1.6), respectively, while cash and cash equivalents approximated HK\$92.7 million as at 30 September 2018 (31 March 2018: HK\$62.4 million).

The inventories increased to HK\$181.8 million (31 March 2018: HK\$168.5 million) mainly due to a rise of goods-in-transit and bulk project orders placed towards the end of the period which will be delivered to customers during the second half of the financial year. The trade, retention and other receivables decreased by 39.5% to HK\$114.8 million (31 March 2018: HK\$189.9 million), while the trade and other payables reduced to HK\$41.5 million (31 March 2018: HK\$51.3 million) due to settlement of receivables and payables respectively. Receipts in advance decreased to zero balance (31 March 2018: HK\$51.3 million) due to the adoption of HKFRS 15.

As at 30 September 2018, the Group has a net cash position. Gearing ratio is not applicable (31 March 2018: same). The interest-bearing borrowings of the Group, including bills payable and trust receipt loans, decreased to HK\$15.4 million (31 March 2018: HK\$41.4 million) as at 30 September 2018.

### **Treasury Policy**

Borrowings and cash and cash equivalents are primarily denominated in Hong Kong Dollars (“HK\$”) and Euro. During the period, we 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 are the mortgaged property acquired. As at 30 September 2018, performance bonds of approximately HK\$21.8 million (31 March 2018: HK\$20.7 million) have been issued by the Group to customers as security of contracts. In respect of which, no restricted cash (31 March 2018: HK\$3.0 million) was placed in bank 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 2018.

## **FUTURE PROSPECTS**

There is no certainty that the trade war between the United States (the US) and the PRC would end shortly, and it has caused notable spillover effects and impacts on major economies especially South East Asian countries. It is weighing on global trade and investment sentiment. Hong Kong, being a special administrative region of the PRC, is at the crossfire of the trade war, and it is expected that Hong Kong's re-export business would be affected and therefore it may slow down the current strong growth trend that Hong Kong has experienced in recent years. Fearing there is no end in sight, the trade war is likely to remain one of the key uncertainties of business sectors for the next year. Hong Kong's economic growth has experienced slower growth in the last quarter, and the gross domestic product for 2018 is now facing a downside risk. Furthermore, it appears that the Brexit would slow down the United Kingdom economy because of the fall of sterling pounds and of uncertainty when dealing with the new European Union market. The local business sentiment has become more cautious in recent months.

The consolidation of the capital market in the PRC, aiming at fostering healthier economic development, would affect the investment and business environment in Hong Kong. The impact of the trade war on the exchange rate of Chinese Yuan on the Hong Kong economy especially the property market sector has yet to be ascertained.

Regionally, the commencement of High-Speed Rail and Hong Kong-Zhuhai-Macao Bridge has facilitated a closer connection and therefore greater economic integration between Hong Kong and neighbouring cities in the Greater Bay Area. The Hong Kong Government believes that the infrastructures would reinforce the city's role as an international logistics hub and ultimately Hong Kong would stand benefit from it.

The Government's proactive approach in housing supply in recent years, together with fluctuations in the macroeconomic development worldwide, have made a cooling effect on investor sentiment and home prices. To increase land supply, the Government established a Task Force on Land Supply in September 2017, and its initial report indicated that the land shortfall of at least 1,200 ha and the problem of the land shortage is real and needs to be resolved. Any change of land policy would bring significant impact on the residential market in the short-, medium- and long-terms.

While small- and medium-sized homes continued to be dominant in the primary market, the rising supply of larger flats (which generally equipped with deluxe home-fittings) would offer more choices to home buyers and offer us more business opportunities. We expect a quiet retail market in view of the weakening wealth effect because of the uncertainty of the impact of the trade war and the economic situation in Hong Kong and the PRC. We shall examine the impact of such trends on our operations and respond accordingly.

While furthering our core strengths in our market, we shall remain vigilant to monitor any factors that may have an impact on our business in order to stay competitive. The property market is affected by both global and local economic performance and Hong Kong short-, medium- and long-term housing policies. Moreover, any introduction of the Hong Kong Government's fiscal and financial policies on finance and property markets that may create an adverse impact on the Hong Kong property market would inevitably affect our business performance and results. We will continue to monitor market trends and refine our strategies accordingly.

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"). Details of the announcement are available on the websites of the Stock Exchange and the Company. As at the date of this announcement, the Company is still considering the proposed spin-off and separate listing.

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

There were no significant events 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 2018, our workforce was recorded at 165 employees (31 March 2018: 173).

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 conduct factory visit to inspect their 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.

## **Communities**

The Group is committed to be an active participant in the local community wherever it operates. We also encourage staff members to do the same to contribute to their neighbourhood. A care to the society will eventually benefit our future generations.

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

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 2018, with the exception of the following deviation:

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 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 2018.

## **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, 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 2018.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018.

## **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 Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's Interim Report 2018 containing all the financial and other related information of the Company required by the Listing Rules will be despatched to shareholders of the Company and published on the same websites in due course.

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

Hong Kong, 27 November 2018

*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.*