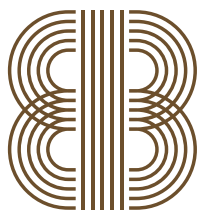


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E. BON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

怡邦行控股有限公司

(Stock Code: 599)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2019**

The Board of Directors (the “Board”) of E. Bon Holdings Limited (the “Company”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	3	539,758	584,720
Cost of sales	4	(328,954)	(345,419)
Gross profit		210,804	239,301
Other income	3	1,223	994
Other (losses)/gains, net	3	(2,232)	117
Distribution costs	4	(111,926)	(109,134)
Administrative expenses	4	(77,563)	(76,898)
Operating profit		20,306	54,380
Finance income		76	99
Finance costs		(1,033)	(897)
Finance costs, net		(957)	(798)
Profit before income tax		19,349	53,582
Income tax expense	5	(4,264)	(9,388)
Profit for the year attributable to equity holders of the Company		15,085	44,194

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Other comprehensive (loss)/income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange (loss)/gain on translation of financial statements of foreign operations		(2,201)	2,884
<i>Items that will not be reclassified subsequently to profit or loss</i>			
(Deficit)/surplus on revaluation of properties held for own use		(465)	25,497
Tax effect relating to revaluation of properties held for own use		77	(4,207)
		<hr/>	<hr/>
Other comprehensive (loss)/income for the year, net of tax		(2,589)	24,174
		<hr/>	<hr/>
Total comprehensive income for the year attributable to equity holders of the Company		12,496	68,368
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (expressed in HK cents per share)			
— Basic and diluted	7	2.51 cents	7.36 cents
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		194,722	189,735
Investment properties		34,700	36,100
Deferred income tax assets		4,767	4,491
Trade, retention and other receivables	8	14,396	18,070
		<u>248,585</u>	<u>248,396</u>
Current assets			
Inventories		169,546	168,497
Current income tax recoverable		7,983	1,973
Trade, retention and other receivables	8	124,161	171,780
Contract assets	8	3,677	–
Restricted cash		–	3,008
Cash and cash equivalents		66,365	62,357
		<u>371,732</u>	<u>407,615</u>
Total assets		<u>620,317</u>	<u>656,011</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		60,060	60,060
Reserves		402,816	419,151
Total equity		<u>462,876</u>	<u>479,211</u>

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
LIABILITIES			
Current liabilities			
Trade and other payables	9	38,655	51,300
Contract liabilities	9	54,118	–
Receipts in advance		–	51,328
Derivative financial liabilities		576	–
Borrowings		36,587	41,382
Current income tax liabilities		3,047	7,392
		<u>132,983</u>	<u>151,402</u>
Non-current liabilities			
Other provision		2,500	2,500
Deferred income tax liabilities		21,958	22,898
		<u>24,458</u>	<u>25,398</u>
Total liabilities		<u>157,441</u>	<u>176,800</u>
Total equity and liabilities		<u>620,317</u>	<u>656,011</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of E. Bon Holdings Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of leasehold land and buildings held for own use, investment properties and derivative financial instruments, which are carried at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

- (a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning on or after 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRSs	Annual Improvement to HKFRSs 2014–2016 Cycle

Except for the adoption of HKFRS 15, the application of the above new and revised standards had no material impact on the Group’s result and financial position.

- (b) New standards, amendments to standards and interpretations have been issued but are effective for the financial year beginning on or after 1 January 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKAS 19	Employee Benefits	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to HKFRS 3	Definition of Business	1 January 2020
Amendments to HKFRS 9	Prepayment Features with Negative Comparison	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019

(i) **HKFRS 16 “Leases”**

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the statement of financial position. Instead, all long-term leases must be recognised in the statement of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the statement of financial position. In the statement of comprehensive income, rental expenses will be replaced with depreciation and interest expense.

The standard will affect primarily the accounting for Group’s operating leases. As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK\$138,160,000. Upon adoption of HKFRS 16, the majority of operating lease commitments will be recognised in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use assets will be depreciated on a straight-line basis during the lease term.

The Group will adopt the standard for the financial year beginning on 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered in to on or after the date of initial application.

The expected impacts of the adoption of the other new standards, interpretation and amendments to standards are still being assessed by the management, and management is not yet in a position to state whether they would have a significant impact on the Group’s results of operations and financial position.

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 consolidated financial statements.

(a) **HKFRS 9 “Financial Instruments”**

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of HKFRS 9 resulted in changes in accounting policies.

(i) *Classification and measurement*

On 1 April 2018 (the date of initial application of HKFRS 9), the Group’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

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 fair value through profit or loss (“FVPL”) and the Group did not have any such liabilities.

(ii) *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.

The Group has two types of financial assets that are subject to the new expected credit loss model in HKFRS 9:

- trade and retention receivables and contract assets; and
- other financial assets carried at amortised cost.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade and retention receivables and contract assets

For trade and retention receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which permits the use of the lifetime expected losses for all these receivables.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade and retention receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade and retention receivables are a reasonable approximation of the loss rates for the contract assets.

Future cash flows for each group receivables are estimated on the basis of historical loss experience on payment profiles of sales over the periods before the end of the reporting period, adjusted to reflect the effects of current conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP) and the unemployment rate of the region in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance and determined whether specific provisions are required. Receivables are written off when there is no reasonable expectation of recovery.

The Group has assessed the adoption of expected credit loss model on trade and retention receivables and contract assets and the change in impairment methodologies has no significant impact to the Group's consolidated financial statements and the opening loss allowance as at 1 April 2018 is not restated.

Other financial assets carried at amortised cost

The Group's other financial assets carried at amortised cost include deposits and other receivables in the consolidated statement of financial position. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month expected credit loss. The 12-month expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

The Group has assessed the adoption of the expected credit loss model on deposits and other receivables as at 1 April 2018 and the change in impairment methodologies has no significant impact to the Group's consolidated financial statements and the opening loss allowance as at 1 April 2018 is not restated.

(b) HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a single revenue recognition framework and replaced HKAS 18, HKAS 11 and related interpretations. The adoption of HKFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. 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 details below.

		31 March 2018	Impact of	1 April 2018
	<i>Note</i>	As originally presented	HKFRS 15	Restated
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Consolidated statement of financial position				
(extract)				
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>	<i>HK\$'000</i>
At 31 March 2018, as originally presented		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
As at 1 April 2018, as restated		<u>251,515</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 either surveys of work performed or actual stage of completion 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 earnings.

(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.

The amount by each financial statements line items affected in the current year and year to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that were previously in effect before the adoption of HKFRS 15 is as follows:

	For the year ended 31 March 2019		
	Amounts before the adoption of HKFRS 15 HK\$'000	Effects of the adoption of HKFRS 15 HK\$'000	Amounts as reported HK\$'000
Consolidated statement of comprehensive income (extract)			
Revenue	539,688	70	539,758
Cost of sales	328,285	669	328,954
Income tax expenses	4,361	(97)	4,264
Profit for the year attributable to equity holders of the Company	<u>15,587</u>	<u>(502)</u>	<u>15,085</u>
Earnings per share (expressed in HK cents per share)			
— Basic and diluted	<u>2.60 cents</u>	<u>(0.09) cents</u>	<u>2.51 cents</u>

At 31 March 2019

	Amounts before the adoption of HKFRS 15 <i>HK\$'000</i>	Effects of the adoption of HKFRS 15 <i>HK\$'000</i>	Amounts as reported <i>HK\$'000</i>
Consolidated statement of financial position (extract)			
Amounts due from customers for contract work	9,502	(9,502)	–
Inventories	168,143	1,403	169,546
Contract assets	–	3,677	3,677
Current income tax recoverable	6,574	1,409	7,983
Trade and other payables	38,419	236	38,655
Amounts due to customers for contract work	1,517	(1,517)	–
Receipts in advance	47,168	(47,168)	–
Contract liabilities	–	54,118	54,118
Current income tax liabilities	3,383	(336)	3,047
Exchange reserve	291	(34)	257
Retained earnings	253,906	(8,312)	245,594

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue		
Sale of goods	479,501	512,660
Contract revenue	60,257	72,060
	<u>539,758</u>	<u>584,720</u>
Timing of revenue recognition:		
— At a point in time	479,501	512,660
— Over time	60,257	72,060
	<u>539,758</u>	<u>584,720</u>
Other income		
Rental income	896	840
Others	327	154
	<u>1,223</u>	<u>994</u>
Other (losses)/gains, net		
Net foreign exchange (loss)/gain		
— Forward contracts	(2,771)	–
— Other exchange gain/(loss)	1,947	(1,631)
Fair value (loss)/gain on investment properties	(1,400)	3,400
Loss on disposal of fixed assets	(8)	(1,652)
	<u>(2,232)</u>	<u>117</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, borrowings (excluding trust receipt loans), derivative financial liabilities and other corporate liabilities which are managed on central basis and are not directly attributable to the business activities of any operating segment.

	2019		
	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 revenue from external customers	390,722	149,036	539,758
Reportable segment cost of sales	(225,889)	(103,065)	(328,954)
Reportable segment gross profit	<u>164,833</u>	<u>45,971</u>	<u>210,804</u>
Depreciation of property, plant and equipment (Provision)/reversal of provision for inventory obsolescence	(2,886) (751)	(4,090) 2,882	(6,976) 2,131
Reportable segment assets	305,997	96,060	402,057
Additions to non-current segment assets during the year	2,618	15,376	17,994
Reportable segment liabilities	<u>74,219</u>	<u>43,797</u>	<u>118,016</u>

	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 revenue from external customers	434,565	150,155	584,720
Reportable segment cost of sales	<u>(263,365)</u>	<u>(82,054)</u>	<u>(345,419)</u>
Reportable segment gross profit	<u>171,200</u>	<u>68,101</u>	<u>239,301</u>
Depreciation of property, plant and equipment	(3,511)	(1,627)	(5,138)
Provision for inventory obsolescence	(380)	(666)	(1,046)
Write-back of provision for impaired receivables	233	–	233
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 consolidated financial statements as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Reportable segment gross profit	<u>210,804</u>	<u>239,301</u>
Group gross profit	<u>210,804</u>	<u>239,301</u>
Reportable segment assets	402,057	439,876
Property, plant and equipment	104,091	107,935
Investment properties	34,700	36,100
Deferred income tax assets	4,767	4,491
Current income tax recoverable	7,983	1,973
Restricted cash	–	3,008
Cash and cash equivalents	66,365	62,357
Other corporate assets	354	271
Group assets	<u>620,317</u>	<u>656,011</u>
Reportable segment liabilities	118,016	136,552
Borrowings	13,345	9,461
Current income tax liabilities	3,047	7,392
Derivative financial liabilities	576	–
Deferred income tax liabilities	21,958	22,898
Other corporate liabilities	499	497
Group liabilities	<u>157,441</u>	<u>176,800</u>

Geographical information

	Revenue from external customers		Non-current assets (excluding financial assets and deferred income tax assets)	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Hong Kong (domicile)	514,415	555,626	225,474	223,905
PRC	25,343	29,094	3,948	1,930
Total	<u>539,758</u>	<u>584,720</u>	<u>229,422</u>	<u>225,835</u>

The geographical location of customers is determined based on the location at which the goods were delivered. The geographical location of the non-current assets is determined based on the physical location of the assets.

During the year ended 31 March 2019, no single customer contributed over 10% of the Group's revenue (2018: same).

4. EXPENSES BY NATURE

	2019 HK\$'000	2018 HK\$'000
Employee benefit expenses	77,589	79,203
Auditors' remuneration		
— Audit services	2,368	2,368
— Non-audit services	148	120
Cost of inventories	304,992	317,693
Depreciation	13,086	10,305
Operating lease charges in respect of land and buildings	53,774	55,310
Direct operating expenses arising from investment properties that generated rental income	103	109
(Reversal of provision)/provision for inventory obsolescence	(2,131)	1,046
Write-back of provision for impaired receivables	—	(233)
	<u> </u>	<u> </u>

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year. The applicable tax rate for the PRC subsidiaries of the Group is 25% (2018: 25%) for the year.

	2019 HK\$'000	2018 HK\$'000
Current tax		
Hong Kong profits tax	5,511	11,263
PRC enterprise income tax	236	12
(Over)/under provision in prior years	(248)	551
Total current tax	<u>5,499</u>	<u>11,826</u>
Deferred taxation	<u>(1,235)</u>	<u>(2,438)</u>
Income tax expense	<u>4,264</u>	<u>9,388</u>

6. DIVIDENDS

(a) Dividends declared and paid during the year

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Final dividend in respect of 2018 of HK2.5 cents (2018: in respect of 2017 of HK2.5 cents) per share	15,015	15,015
Interim dividend in respect of 2019 of HK1 cent (2018: in respect of 2018 of HK1 cent) per share	6,006	6,006
	21,021	21,021

(b) Dividends for the year

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interim dividend of HK1 cent (2018: HK1 cent) per share	6,006	6,006
Proposed final dividend of HK1.5 cents (2018: HK2.5 cents) per share (<i>Note</i>)	9,009	15,015
	15,015	21,021

Note: The proposed final dividend have been proposed by the directors after the reporting date. The proposed final dividend, subject to the shareholders' approval at the forthcoming annual general meeting, is not reflected as dividend payables as at 31 March 2019.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of ordinary shares in issue during the year.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit attributable to equity owners of the Company	15,085	44,194
Number of ordinary shares in issue (thousands)	600,600	600,600

(b) Diluted

Diluted earnings per share for the year ended 31 March 2019 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued (2018: same).

8. TRADE, RETENTION, OTHER RECEIVABLES AND CONTRACT ASSETS

Details of the trade, retention, other receivables and contract assets as at 31 March 2019 are listed below:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	112,985	137,081
Less: provision for impairment of trade receivables	(630)	(636)
	112,355	136,445
Retention receivables	3,790	5,368
Less: provision for impairment of retention receivables	(269)	(287)
	115,876	141,526
Amounts due from customers for contract work	–	15,277
Contract assets	3,677	–
Other receivables, deposits and prepayments	22,681	33,047
	142,234	189,850
Less: non-current portion		
Retention receivables	(3,477)	(4,085)
Deposits and prepayments	(10,919)	(13,985)
Current portion	127,838	171,780

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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
1–90 days	78,091	107,702
91–365 days	21,931	16,778
Over 365 days	12,963	12,601
	112,985	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.

The movement in the provision of impairment for doubtful debts is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Balance at beginning of the year	923	1,115
Write-back of provision for impaired receivables	–	(233)
Exchange difference	(24)	41
	<hr/>	<hr/>
Balance at end of the year	899	923
	<hr/> <hr/>	<hr/> <hr/>

As at 31 March 2019, provision of impairment for doubtful debt of HK\$899,000 (2018: HK\$923,000) is recognised in respect of customers that were in delinquency of payments, in which the directors are of the opinion that whole outstanding amount is expected not to be recovered.

As at 31 March 2019, the carrying values of trade and other receivables approximate their fair values (2018: same).

9. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables	27,306	36,063
Accrued charges and other payables	11,349	12,949
Amounts due to customers for contract work	–	2,288
Contract liabilities	54,118	–
	<hr/>	<hr/>
	92,773	51,300
	<hr/> <hr/>	<hr/> <hr/>

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–90 days	26,696	36,003
91–365 days	605	53
Over 365 days	5	7
	<hr/>	<hr/>
	27,306	36,063
	<hr/> <hr/>	<hr/> <hr/>

As at 31 March 2019, the carrying values of trade and other payables approximate their fair values (2018: same).

MANAGEMENT DISCUSSION AND ANALYSIS

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").

A business review of the Group and an analysis of the Group's performance using financial key performance indicators during the year are provided in the Management Discussion and Analysis. Further details will be provided in the Company's Annual Report 2019. In addition, discussions on the Group's environmental policies and performance and an account of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends will be provided in the Environmental, Social and Governance Report of the Annual Report 2019.

Details of the Company's compliance with the code provisions set out in the Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") will be provided in the Corporate Governance Report of the Annual Report 2019. Save as disclosed herein, during the year ended 31 March 2019, the Company has complied with the requirements under the Listing Rule, the Securities and Futures Ordinance (the "SFO") and the Cayman Islands Companies Law.

During the year, the number of residential units completed in Hong Kong climbed to a record high in the decade and then slowed down towards the end of the financial year. Small- and medium-sized flats remained prevailing in new housing supply; home fittings at lower unit price were preferred over high-end products.

Pursuant to the announcement on 2 November 2016, the Company considered 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 "Spin-off"). The Board subsequently announced, on 8 March 2019, that the proposed Spin-off would not be further considered. Details of the announcements are available on the websites of the Stock Exchange and the Company.

REVENUE REVIEW

For the year ended 31 March 2019, the Group's total turnover was HK\$539.8 million, representing a decrease of 7.7% as compared with the previous year.

Revenue by business segment

	Revenue from external customers			As a percentage of sales (%)	
	31 March			31 March	
	2019	2018	Change	2019	2018
	HK\$'000	HK\$'000	(%)		
Architectural builders' hardware, bathroom collections and others	390,722	434,565	(10.1)	72.4	74.3
Kitchen collection and furniture	149,036	150,155	(0.8)	27.6	25.7
	<u>539,758</u>	<u>584,720</u>	<u>(7.7)</u>	<u>100.0</u>	<u>100.0</u>

Profitability by business segment

	Reportable segment gross profit			Gross profit margin (%)	
	2019			2019	
	2019	2018	Change	2019	2018
	HK\$'000	HK\$'000	(%)		
Architectural builders' hardware, bathroom collections and others	164,833	171,200	(3.7)	42.2	39.4
Kitchen collection and furniture	45,971	68,101	(32.5)	30.8	45.4
	<u>210,804</u>	<u>239,301</u>	<u>(11.9)</u>	<u>39.1</u>	<u>40.9</u>

Revenue from the architectural builders' hardware, bathroom collections and others segment decreased by 10.1% to HK\$390.7 million (2018: HK\$434.6 million) as compared to the previous year. With small- and medium-sized homes being the majority of new housing supply, the demand for home fittings in plain and space-saving design, low unit prices remained significant in our product mix. During the year, we supplied for projects such as Centra Horizon, Grand Montara, Poggibonsi and The Consonance.

Revenue from the kitchen collection and furniture segment slightly decreased by 0.8% to HK\$149.0 million (2018: HK\$150.2 million) as compared to the previous year. Budget concern for high-end kitchen cabinets and wardrobes became more evident in both premium retail and luxury home projects, which is in line with the conservative investing and spending sentiment in view of the weakening wealth effect. During the year, we supplied products for projects like Cullinan West II.

The overall gross profit of the Group amounted to HK\$210.8 million (2018: HK\$239.3 million), representing a decrease of 11.9% from the previous year. The overall gross profit margin slightly decreased to 39.1% from 40.9% due to the drop in gross profit ratio from the kitchen collection and furniture segment.

The Group's operating profit was HK\$20.3 million (2018: HK\$54.4 million), representing a decrease of 62.7% from the prior year. The amount of administrative expenses and distribution costs increased by 1.9% to HK\$189.5 million (2018: HK\$186.0 million) mainly due to a onetime relocation of a flagship showroom and its related expenses. We have strived hard to control costs and maintain effective use of resources to stay competitive in the market.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continues to expand its business in Hong Kong and the PRC while adopting a prudent financial management policy. The current ratio and quick ratio are 2.8 (2018: 2.7) and 1.5 (2018: 1.6), respectively. Cash and cash equivalents approximated HK\$66.4 million as at 31 March 2019 (2018: HK\$62.4 million).

Inventories slightly increased to HK\$169.5 million (2018: HK\$168.5 million). The trade, retention and other receivables decreased to HK\$138.6 million (2018: HK\$189.9 million), while the trade and other payables decreased to HK\$38.7 million (2018: HK\$51.3 million).

As at 31 March 2019, the Group has a net cash position. Gearing ratio is therefore not applicable (2018: same). The interest-bearing borrowings of the Group decreased to HK\$36.6 million (2018: HK\$41.4 million) as at 31 March 2019.

Treasury Policy

Borrowings, cash and cash equivalents are primarily denominated in Hong Kong Dollars (“HK\$”) and Euro. During the year, the Group entered into certain 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

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 31 March 2019, performance bonds of approximately HK\$20.0 million (2018: HK\$20.7 million) have been issued by the Group to customers as security of contracts. In respect of which, no restricted cash (2018: HK\$3.0 million) was placed in bank as security for the performance bonds. Save for the rental and capital 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 31 March 2019.

FUTURE PROSPECTS

The macro-economic growth is expected to remain slow amid the uncertain and complicated economic and political environment. The trade war between the United States and the PRC will continue to spill-over across nations and sectors around the globe. The trade war was likely partly responsible for contractions in fixed investment and goods export. Unless a trade deal is reached swiftly, the outlook remains downbeat for this year. As Hong Kong is a small and open economy, the local investment and consumer confidence is expected to remain cautious in light of the volatile political and economic landscape.

The Hong Kong Government's proactive approach to address land shortage and encourage quick releasing of flats for sale will impact the supply of residential properties in the primary market. The Government's adjustment of public-private flat ratio from 60:40 to 70:30 may reduce the land allocated for private housing, limiting the demand for high-end products. As it takes time to see the effects of housing policies, we expect the trend of small flats will continue and home prices will remain at a relatively high level, and thus plain design and space-saving home fittings (which have a lower unit price) will stay in high demand in building projects. For luxury home projects, simplified ranges of premium brands may become more popular. In addition, the Central Government of the PRC unveiled the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area in February 2019, under which Hong Kong would take an active role in the development of this region; more growth opportunities in the region are expected. Capitalising on our competence in product ranges and relationship with well-established developers, we are closely monitoring market trends and adjusting strategies accordingly.

In view of the spending attitude of the retail market, we will continue to rationalise sales network to improve efficiency, and at the same time to upgrade product display to enhance customer experience. We will also continue to review our product mix, which has been enhanced with new brands and line-ups, in order to satisfy the growing demand for superior products at reasonable price.

While enhancing our strength, we shall remain vigilant to external factors that might have an impact to our business. The property market is affected by housing policies, global and local economic performance, political environment, stability of global trade and interest rate, economic performance of the PRC; and changes in the Hong Kong property market environment will inevitably affect our business performance and results. We will continue to monitor market trends and refine our strategies to get prepared against probable odds.

SUSTAINABLE DEVELOPMENT

Sustainability is embedded in the Group's business operations that creates sustainable value with its stakeholders in economic, environmental and social dimensions. The Group has developed a dedicated sustainability policy which directs its operations towards the best practice in areas such as business growth, environmental protection, employment and labour practices, operating practices and community involvement.

Full details of the Environmental, Social and Governance Report will be set out in the Annual Report 2019. The Group's environmental and social policies are highlighted as below:

Environment

The Group endeavours to minimise pollution and 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 the environmental issue by integrating environment considerations in our business. We create 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 31 March 2019, our workforce was recorded at 161 employees (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 visits 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.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to properly protect and promote the interests of its shareholders.

Full details of the Corporate Governance Report will be set out in the 2019 Annual Report of the Company.

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 (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2019, with the exception of the following:

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, at least annually, this arrangement going forward in light of the evolving needs of the Group.

Under the code provision E.1.5 (with effect from January 2019), the Company should have a policy on payment of dividends. The Board has approved and adopted a dividend policy on 14 March 2019 with immediate effect; and prior to the said date the Company had not adopted any formal dividend policy.

COMPLIANCE OF MODEL CODE FOR SECURITIES TRANSACTIONS

The Group 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 securities transactions by directors. Having made specific enquiry of the directors, all directors confirmed compliance with the required standards set out in the Model Code throughout the year ended 31 March 2019.

DIVIDEND

The Board declared and paid an interim dividend of HK1 cent per share for the six months ended 30 September 2018 (for the six months ended 30 September 2017: HK1 cent per share), totalling HK\$6,006,000 (for the six months ended 30 September 2017: HK\$6,006,000).

The Board has resolved to recommend, at the forthcoming Annual General Meeting (the “AGM”) to be held on 10 September 2019, a final dividend of HK1.5 cents per share for the year ended 31 March 2019 (for the year ended 31 March 2018: HK2.5 cents per share) (the “Final Dividend”), totalling HK\$9,009,000 (for the year ended 31 March 2018: HK\$15,015,000).

If it is duly approved by the members at the AGM, the Final Dividend will be distributed 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 on 19 September 2019. The payment will be made on 9 October 2019.

During the year, the Board has approved and adopted a dividend policy. Details of which will be set out in the Annual Report 2019.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 10 September 2019 (“the 2019 AGM”). Notice of the 2019 AGM will be published and sent to shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

- (a) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from 5 September 2019 to 10 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the right to attend and vote at the AGM, all 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 4 September 2019.
- (b) For the purpose of determining shareholders who qualify for the Final Dividend, the register of members of the Company will be closed from 18 September 2019 to 19 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Final Dividend, all transfer forms accompanied by the relevant share certificates must be lodged with Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on 17 September 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year.

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 consolidated financial statements for the year ended 31 March 2019.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review

Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF FINANCIAL INFORMATION

This result announcement is published on the websites of the Company (www.ebon.com.hk) and The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>). The Company's Annual Report 2019 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, 26 June 2019

Website: 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 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.