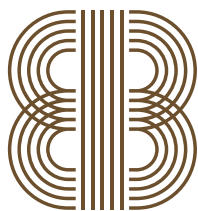


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance 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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

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 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	3	510,436	539,758
Cost of sales	4	(303,706)	(328,954)
Gross profit		206,730	210,804
Other income	3	3,632	1,223
Other losses, net	3	(4,110)	(2,232)
Distribution costs	4	(104,228)	(111,926)
Administrative expenses	4	(79,876)	(77,563)
Operating profit		22,148	20,306
Finance income		136	76
Finance costs		(5,895)	(1,033)
Finance costs, net	5	(5,759)	(957)
Profit before income tax		16,389	19,349
Income tax expense	6	(5,063)	(4,264)
Profit for the year attributable to equity holders of the Company		11,326	15,085

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Other comprehensive (loss)/income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange losses on translation of financial statements of foreign operations		(1,369)	(2,201)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Deficit on revaluation of properties held for own use		(9,150)	(465)
Tax effect relating to the revaluation of properties held for own use		1,509	77
Other comprehensive loss for the year, net of tax		(9,010)	(2,589)
Total comprehensive income for the year attributable to equity holders of the Company		2,316	12,496
Earnings per share (expressed in HK cents per share)			
— Basic and diluted	8	1.89 cents	2.51 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		175,057	194,722
Right-of-use assets		72,188	–
Investment properties		31,600	34,700
Deferred income tax assets		6,458	4,767
Trade, retention and other receivables	9	6,163	14,396
		<u>291,466</u>	<u>248,585</u>
Current assets			
Inventories		144,870	169,546
Current income tax recoverable		1,400	7,983
Trade, retention and other receivables	9	153,822	124,161
Contract assets	9	3,629	3,677
Cash and cash equivalents		83,434	66,365
		<u>387,155</u>	<u>371,732</u>
Total assets		<u>678,621</u>	<u>620,317</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		60,060	60,060
Reserves		390,117	402,816
Total equity		<u>450,177</u>	<u>462,876</u>

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
LIABILITIES			
Current liabilities			
Trade and other payables	<i>10</i>	34,544	38,655
Contract liabilities	<i>10</i>	77,189	54,118
Derivative financial liabilities		807	576
Lease liabilities		33,617	–
Borrowings		10,656	36,587
Current income tax liabilities		4,642	3,047
		<u>161,455</u>	<u>132,983</u>
Non-current liabilities			
Other provision		3,500	2,500
Lease liabilities		43,929	–
Deferred income tax liabilities		19,560	21,958
		<u>66,989</u>	<u>24,458</u>
Total liabilities		<u>228,444</u>	<u>157,441</u>
Total equity and liabilities		<u>678,621</u>	<u>620,317</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 1 April 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Comparison
Amendments to HKFRSs	Annual Improvement to HKFRSs 2015–2017 Cycle

The Group had to change its accounting policies following the adoption of HKFRS 16 “Leases” (“HKFRS 16”). The adoption of other amendments and interpretation listed above did not have material impact on the Group’s accounting policies and consolidated financial statements.

- (b) New standards and amendments to standards have been issued but are not yet effective for the financial year beginning on 1 April 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting	1 January 2020
Amendments to HKFRS 3	Definition of Business	1 January 2020
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 HKFRS 16	COVID-19 Related Rent Concession	1 June 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

Management is in the process of making an assessment of the impact of the above new and amended standards but is not yet in a position to state whether they will result in substantial changes to the Group’s significant accounting policies and the presentation of its financial statements.

2. CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 on the Group's consolidated financial statements.

As indicated in note 1(a) above, the Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 April 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.3%.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.

The reconciliation between the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 and the lease liabilities recognised in the opening of consolidated statement of financial position as at 1 April 2019 (date of initial application of HKFRS 16) is as follows:

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	<u>138,160</u>
Discounted using the lessee's incremental borrowing rate at the date of initial application	125,643
Less: short-term leases recognised on a straight-line basis as expense	<u>(7,660)</u>
Lease liabilities recognised as at 1 April 2019	<u><u>117,983</u></u>
Of which are:	
Current lease liabilities	37,965
Non-current lease liabilities	<u>80,018</u>
	<u><u>117,983</u></u>

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	1 April 2019 <i>HK\$'000</i>
Properties	<u><u>116,516</u></u>

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 April 2019:

- right-of-use assets — increase by HK\$116,516,000
- property, plant and equipment — decrease by HK\$1,797,000
- accruals — decrease by HK\$3,264,000
- lease liabilities — increase by HK\$117,983,000

3. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue		
Sale of goods	460,966	479,501
Contract revenue	49,470	60,257
	<u>510,436</u>	<u>539,758</u>
Timing of revenue recognition:		
— At a point in time	460,966	479,501
— Over time	49,470	60,257
	<u>510,436</u>	<u>539,758</u>
Other income		
Rental income	903	896
Others	2,729	327
	<u>3,632</u>	<u>1,223</u>
Other losses, net		
Net foreign exchange gain/(loss)		
— Forward contracts	(1,491)	(2,771)
— Other exchange gain	2,159	1,947
Fair value loss on investment properties	(3,100)	(1,400)
Loss on disposal of fixed assets	(31)	(8)
Loss on disposal of right-of-use assets	(1,647)	—
	<u>(4,110)</u>	<u>(2,232)</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 to allocate resources and assess 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 Executive Directors do not regularly review the information.

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

	2020		
	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	389,393	121,043	510,436
Reportable segment cost of sales	(217,274)	(86,432)	(303,706)
Reportable segment gross profit	172,119	34,611	206,730
Depreciation of property, plant and equipment	(2,972)	(5,148)	(8,120)
Depreciation of right-of-use assets	(21,745)	(15,943)	(37,688)
Reversal of provision for inventory obsolescence	3,337	2,908	6,245
Reportable segment assets	298,902	157,320	456,222
Additions to non-current segment assets during the year	13,766	11,084	24,850
Reportable segment liabilities	72,146	123,369	195,515
	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	164,833	45,971	210,804
Depreciation of property, plant and equipment	(2,886)	(4,090)	(6,976)
(Provision)/reversal of provision for inventory obsolescence	(751)	2,882	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	74,219	43,797	118,016

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Reportable segment gross profit	206,730	210,804
Group gross profit	206,730	210,804
Reportable segment assets	456,222	402,057
Property, plant and equipment	95,367	104,091
Right-of-use assets	3,863	–
Investment properties	31,600	34,700
Deferred income tax assets	6,458	4,767
Current income tax recoverable	1,400	7,983
Cash and cash equivalents	83,434	66,365
Other corporate assets	277	354
Group assets	678,621	620,317
Reportable segment liabilities	195,515	118,016
Borrowings	3,450	13,345
Current income tax liabilities	4,642	3,047
Derivative financial liabilities	807	576
Deferred income tax liabilities	19,560	21,958
Lease liabilities	3,943	–
Other corporate liabilities	527	499
Group liabilities	228,444	157,441

Geographical information

	Revenue from external customers		Non-current assets (excluding financial assets and deferred income tax assets)	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong (domicile)	496,997	514,415	272,775	225,474
PRC	13,439	25,343	6,070	3,948
Total	510,436	539,758	278,845	229,422

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 2020, HK\$68,214,000 or approximately 13% of the Group's revenue was derived from a single external customer. During the year ended 31 March 2019, no single customer contributed over 10% of the Group's revenue.

4. EXPENSES BY NATURE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Employee benefit expenses	75,151	77,589
Auditors' remuneration		
— Audit services	1,980	2,368
— Non-audit services	185	148
Cost of inventories	285,049	304,992
Depreciation-property, plant and equipment	14,313	13,086
Depreciation-right-of-use assets	41,551	—
Short-term lease expenses (2019: Operating lease charges in respect of land and buildings)	8,572	53,774
Direct operating expenses arising from investment properties that generated rental income	105	103
Reversal of provision for inventory obsolescence	(6,245)	(2,131)
	<u>75,151</u>	<u>77,589</u>

5. FINANCE COST, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Finance costs		
Bank borrowing	1,298	1,033
Interest on lease liabilities	4,597	—
	<u>5,895</u>	<u>1,033</u>
Finance income		
Interest income	(136)	(76)
	<u>(136)</u>	<u>(76)</u>
Finance costs, net	<u>5,759</u>	<u>957</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year. 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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	7,588	5,511
PRC enterprise income tax	11	236
Under/(over)-provision in prior year	86	(248)
	<u>7,685</u>	<u>5,499</u>
Deferred taxation	<u>(2,622)</u>	<u>(1,235)</u>
Income tax expense	<u>5,063</u>	<u>4,264</u>

7. DIVIDENDS

(a) Dividends declared and paid during the year

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Final dividend in respect of 2019 of HK1.5 cents (2019: in respect of 2018 of HK2.5 cents) per share	9,009	15,015
Interim dividend in respect of 2020 of HK1 cent (2019: in respect of 2019 of HK1 cent) per share	<u>6,006</u>	<u>6,006</u>
	<u><u>15,015</u></u>	<u><u>21,021</u></u>

(b) Dividends for the year

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interim dividend of HK1 cent (2019: HK1 cent) per share	6,006	6,006
Proposed final dividend of HK0.5 cent (2019: HK1.5 cents) per share (<i>Note</i>)	<u>3,003</u>	<u>9,009</u>
	<u><u>9,009</u></u>	<u><u>15,015</u></u>

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 2020.

8. 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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit attributable to equity owners of the Company	<u>11,326</u>	<u>15,085</u>
Number of ordinary shares in issue (thousands)	<u><u>600,600</u></u>	<u><u>600,600</u></u>

(b) Diluted

Diluted earnings per share for the year ended 31 March 2020 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued (2019: same).

9. TRADE, RETENTION, OTHER RECEIVABLES AND CONTRACT ASSETS

Details of the trade, retention, other receivables and contract assets as at 31 March 2020 are listed below:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	138,986	112,985
Less: provision for impairment of trade receivables	(626)	(630)
	138,360	112,355
Retention receivables	3,478	3,790
Less: provision for impairment of retention receivables	(252)	(269)
	141,586	115,876
Contract assets	3,629	3,677
Other receivables, deposits and prepayments	18,399	22,681
	163,614	142,234
Less: non-current portion		
Retention receivables	(779)	(3,477)
Deposits and prepayments	(5,384)	(10,919)
Current portion	157,451	127,838

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
1–90 days	75,183	78,091
91–365 days	50,627	21,931
Over 365 days	13,176	12,963
	138,986	112,985

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

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a life time expected loss allowance for all trade and retention receivables and contract assets.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance at beginning of the year	899	923
Exchange difference	(21)	(24)
Balance at end of the year	878	899

As at 31 March 2020, provision of impairment for doubtful debt of HK\$878,000 (2019: HK\$899,000) 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 2020, the carrying values of trade and other receivables approximate their fair values (2019: same).

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	22,815	27,306
Accrued charges and other payables	11,729	11,349
Contract liabilities	77,189	54,118
	<u>111,733</u>	<u>92,773</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–90 days	19,665	26,696
91–365 days	2,567	605
Over 365 days	583	5
	<u>22,815</u>	<u>27,306</u>

As at 31 March 2020, the carrying values of trade and other payables approximate their fair values (2019: same).

11. EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

a. Impact of Coronavirus Disease 2019 outbreak (“COVID-19 outbreak”)

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

b. Major transaction

On 29 May 2020, the Group has entered into a preliminary agreement with an independent third party of purchasing a property located in Hong Kong at a consideration of HK\$68,500,000. On 23 June 2020, the Group has entered into a formal agreement with the vendor. As at the date of this announcement, the transaction has not yet been completed.

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 2020. 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 2020.

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 2020. Save as disclosed herein, during the year ended 31 March 2020, the Company has complied with the requirements under the Listing Rule, the Securities and Futures Ordinance and the Cayman Islands Companies Law.

In the latter half of the year, months of protests and the United States (the US)-PRC trade war had pushed Hong Kong into a recession for the first time in a decade. According to the Government statistics, the economy of Hong Kong shrank by 8.9 per cent on a year-on-year basis in the first quarter of 2020, after a 3 per cent decline in the previous quarter (last quarter of 2019). The on-going Hong Kong social unrest and the US-PRC dispute making any prospect for resolving the issues any time soon are dim. Now together with the coronavirus disease (COVID-19) outbreak threatens to further derail the Hong Kong economy even further.

REVENUE REVIEW

For the year ended 31 March 2020, the Group's total turnover was HK\$510.4 million, representing a decrease of 5.4% as compared with the previous year.

Revenue by business segment

	Revenue from external customers			As a percentage of sales (%)	
	31 March		Change	31 March	
	2020	2019		2020	2019
	HK\$'000	HK\$'000	(%)		
Architectural builders' hardware, bathroom collections and others	389,393	390,722	(0.3)	76.3	72.4
Kitchen collection and furniture	121,043	149,036	(18.8)	23.7	27.6
	<u>510,436</u>	<u>539,758</u>	<u>(5.4)</u>	<u>100.0</u>	<u>100.0</u>

Profitability by business segment

	Reportable segment gross profit			Gross profit margin (%)	
	2020		Change	2020	
	2020	2019		2020	2019
	HK\$'000	HK\$'000	(%)		
Architectural builders' hardware, bathroom collections and others	172,119	164,833	4.4	44.2	42.2
Kitchen collection and furniture	34,611	45,971	(24.7)	28.6	30.8
	<u>206,730</u>	<u>210,804</u>	<u>(1.9)</u>	<u>40.5</u>	<u>39.1</u>

Revenue from the architectural builders' hardware, bathroom collections and others segment slightly decreased by 0.3% to HK\$389.4 million (2019: HK\$390.7 million) as compared to the previous year. The progress of construction projects remained stable despite minor disruption in the supply chain due to COVID-19. During the year, we supplied for projects such as Aquila • Square Mile, K. Summit, Sea to Sky and Wetland Seasons Park.

Revenue from the kitchen collection and furniture segment decreased by 18.8% to HK\$121.0 million (2019: HK\$149.0 million) as compared to the previous year. The weakening wealth effects lowered demands for high-end kitchen cabinets for residential projects. The outbreak of COVID-19, and its subsequent social distancing and pessimistic consumption sentiment, caused a hit to our performance on premium kitchen and furniture retail. During the year, we supplied for projects such as Grand Homm.

The overall gross profit of the Group amounted to HK\$206.7 million (2019: HK\$210.8 million), representing a decrease of 1.9% from the previous year. The overall gross profit margin slightly increased to 40.5% from 39.1%.

The Group's operating profit was HK\$22.1 million (2019: HK\$20.3 million), representing an increase of 9.1% from the prior year. The amount of administrative expenses and distribution costs decreased by 2.8% to HK\$184.1 million (2019: HK\$189.5 million). In the previous year, there was a onetime flagship showroom relocation which had contributed to an increase in administrative expenses and distribution costs; no similar relocation happened this year.

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 2.4 (2019: 2.8) and 1.5 (2019: 1.5), respectively. Cash and cash equivalents approximated HK\$83.4 million as at 31 March 2020 (2019: HK\$66.4 million).

Inventories slightly decreased to HK\$144.9 million (2019: HK\$169.5 million). The trade, retention and other receivables increased to HK\$160.0 million (2019: HK\$138.6 million), while the trade and other payables decreased to HK\$34.5 million (2019: HK\$38.7 million).

As at 31 March 2020, the gearing ratio (net debt divided by total equity) of the Group is 1.1%. Gearing ratio was not applicable as at 31 March 2019 as the Group had a net cash position. The interest-bearing borrowings of the Group decreased to HK\$10.7 million (2019: HK\$36.6 million) as at 31 March 2020.

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. As at 31 March 2020, performance bonds of approximately HK\$31.7 million (2019: HK\$20.0 million) have been issued by the Group to customers as security of contracts. The Group has no other material financial commitments and contingent liabilities as at 31 March 2020.

Event after the Date of Statement of Financial Position

(a) Impact of Coronavirus Disease 2019 outbreak (COVID-19 outbreak)

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

(b) Major transaction

On 29 May 2020, the Group has entered into a preliminary agreement of purchasing a property located in Hong Kong at a consideration of HK\$68,500,000. On 23 June 2020, the Group has entered into a formal agreement of purchasing that property. As at the date of this announcement, the transaction has not yet been completed.

FUTURE PROSPECTS

The trade dispute between the US and the PRC and the fallout from this year's global COVID-19 pandemic has manifested itself in the form of economic conflict between the two countries. The pandemic has further complicated the already difficult PRC and the US relationship, the US's threat of removing Hong Kong from its special trade status will create uncertainty as to Hong Kong's role as a global hub of trade, commerce, and finance. On the whole, the prolonged tension between the two powers is not good for Hong Kong. To stay ahead of the storm, Hong Kong business will inevitably have to reinvent itself and to adjust to the business environment around. We will prepare for the downturns and structuring our business to be more resilient in the face of economic recession and weak demand.

The on-going dispute between the US and the PRC, the social unrest in Hong Kong together with the global pandemic of COVID-19 have caused severe disruption of business sentiment and consumer confidence and weakened the domestic demand in the first half-year of 2020. The economic recession deepened as the real GDP contracted sharply in the first quarter from a year earlier. Undoubtedly, the different levels of lockdown measures adopted in other countries are expected to affect their respective economic performances that in turn, will affect the Hong Kong economy this year. With the massive relief packages rolling out by the Hong Kong Government aiming at stabilising the employment and stimulating local demand, it might slow down the downturn of Hong Kong economy. How it may affect our business is yet to be seen.

The demand for housing units in Hong Kong is likely to remain stable despite external and local market turbulences. According to the Government statistics, the private flat supply will go up gradually. Having considered market trends as impacted by the above factors, we, as usual, will continue to capitalise our strengths in product ranges and relationship with well-established developers, and respond to the ever-changing market environment by adjusting our strategies accordingly.

SUSTAINABLE DEVELOPMENT

Sustainability is embedded in the Group's business operations that create 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 2020. The Group's environmental and social policies are highlighted 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. We aim to contribute to the sustainable future and be in harmony with the global environment.

Human Resources

As at 31 March 2020, our workforce was recorded at 152 employees (2019: 161).

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 the 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, the 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 protect and promote the interests of its shareholders properly.

Full details of the Corporate Governance Report will be set out in the 2020 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 as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2020, except for 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 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 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 2020.

DIVIDEND

The Board declared and paid an interim dividend of HK1 cent per share for the six months ended 30 September 2019 (for the six months ended 30 September 2018: HK1 cent per share), totalling HK\$6,006,000 (for the six months ended 30 September 2018: HK\$6,006,000).

The Board has resolved to recommend, at the forthcoming Annual General Meeting (the “AGM”) to be held on 8 September 2020, a final dividend of HK0.5 cent per share for the year ended 31 March 2020 (for the year ended 31 March 2019: HK1.5 cents per share) (the “Final Dividend”), totalling HK\$3,003,000 (for the year ended 31 March 2019: HK\$9,009,000).

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 16 September 2020. The payment will be made on 14 October 2020.

ANNUAL GENERAL MEETING

The AGM will be held on 8 September 2020. Notice of the 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 3 September 2020 to 8 September 2020, 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 2 September 2020.
- (b) For the purpose of determining shareholders who qualify for the Final Dividend, the register of members of the Company will be closed from 15 September 2020 to 16 September 2020, 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 14 September 2020.

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. WAN Sze Chung (Chairman), Mr. WONG Wah, Dominic and Dr. LUK Wang Kwong. The Audit Committee has reviewed, with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, financial reporting matters including a review of the consolidated financial statements for the year ended 31 March 2020.

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 2020 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 draft 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 2020 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, 24 June 2020

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 Mr. TSE Sun Fat, Henry, Mr. TSE Sun Wai, Albert, Mr. TSE Sun Po, Tony, Mr. TSE Hon Kit, Kevin and Mr. LAU Shiu Sun and three are independent non-executive Directors, namely Mr. WONG Wah, Dominic, Mr. WAN Sze Chung and Dr. LUK Wang Kwong.