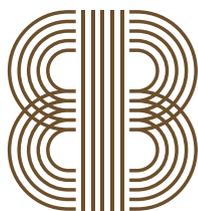


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E. BON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

怡邦行控股有限公司

(Stock Code: 599)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 2021 (the “period”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		Unaudited Six months ended 30 September	
	<i>Notes</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	251,862	223,013
Cost of sales		<u>(163,873)</u>	<u>(146,862)</u>
Gross profit		87,989	76,151
Other income	4	3,145	2,853
Other gains, net	4	1,944	1,363
Distribution costs		(42,150)	(38,616)
Administrative expenses		<u>(34,208)</u>	<u>(28,957)</u>
Operating profit		16,720	12,794
Finance costs, net	5	<u>(1,932)</u>	<u>(2,012)</u>
Profit before income tax	6	14,788	10,782
Income tax expense	7	<u>(3,366)</u>	<u>(2,263)</u>
Profit for the period attributable to equity holders of the Company		<u>11,422</u>	<u>8,519</u>

		Unaudited	
		Six months ended	
		30 September	
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange gain on translation of financial statements of foreign operations		<u>135</u>	<u>391</u>
Other comprehensive income for the period, net of tax		<u>135</u>	<u>391</u>
Total comprehensive income for the period attributable to equity holders of the Company		<u><u>11,557</u></u>	<u><u>8,910</u></u>
Earnings per share (expressed in HK cents per share)			
— Basic and diluted	9	<u><u>HK1.9 cents</u></u>	<u><u>HK1.4 cents</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

		Unaudited	Audited
		30 September	31 March
		2021	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		239,925	245,891
Right-of-use assets		57,092	65,141
Investment properties		32,300	32,300
Deferred income tax assets		7,032	7,019
Trade, retention and other receivables	<i>11</i>	5,918	5,874
		<u>342,267</u>	<u>356,225</u>
Current assets			
Inventories		136,626	142,451
Trade, retention and other receivables	<i>11</i>	143,587	93,109
Contract assets	<i>11</i>	2,263	4,325
Current income tax recoverable		3,483	3,604
Cash and cash equivalents		84,414	102,964
		<u>370,373</u>	<u>346,453</u>
Total assets		<u>712,640</u>	<u>702,678</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		60,060	60,060
Reserves		409,726	401,172
Total equity		<u>469,786</u>	<u>461,232</u>

		Unaudited	Audited
		30 September	31 March
		2021	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Other provision	<i>12</i>	3,800	3,800
Lease liabilities		32,771	41,920
Deferred income tax liabilities		19,276	19,276
		<u>55,847</u>	<u>64,996</u>
Current liabilities			
Trade and other payables	<i>12</i>	40,274	35,975
Contract liabilities	<i>12</i>	52,530	42,248
Derivative financial liabilities	<i>13</i>	1,237	851
Lease liabilities		29,330	28,477
Borrowings		54,254	66,574
Dividend payable		3,003	–
Current income tax liabilities		6,379	2,325
		<u>187,007</u>	<u>176,450</u>
Total liabilities		<u>242,854</u>	<u>241,446</u>
Total equity and liabilities		<u>712,640</u>	<u>702,678</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited interim condensed consolidated financial information for the six months ended 30 September 2021 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 2021, 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 2021.

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

A number of new or amended standards became applicable for the current reporting period and have been adopted by the Group for the first time for the financial year beginning on 1 April 2021:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform — Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16

The adoption of the above new amendments to standards did not have any significant financial impact on these condensed consolidated interim financial statements.

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*

		Effective for annual periods beginning on or after
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020 (amendments)	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous contracts — Cost of fulfilling a Contract	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contract	1 January 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 2020)	1 January 2023
Amendments to HKFRS 10 and HKAS 28	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 impact of the above new standards and amendments to 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. 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 2021.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2021.

There have been no changes in the risk management controls or in any risk management policies since the year ended 31 March 2021.

4. REVENUE, OTHER INCOME, OTHER GAINS, NET AND SEGMENT INFORMATION

	Unaudited	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Sale of goods	242,503	197,023
Contract revenue	9,359	25,990
	<u>251,862</u>	<u>223,013</u>
 Timing of revenue recognition:		
— At a point in time	242,503	197,023
— Over time	9,359	25,990
	<u>251,862</u>	<u>223,013</u>
 Other income		
Rental income	390	270
Government grants (<i>Note</i>)	–	780
Others	2,755	1,803
	<u>3,145</u>	<u>2,853</u>

Note: Government subsidies of HK\$730,000 were granted from the Retail Sector Subsidy Scheme and one-off subsidy for Transport Trades Subsidy under Anti-Epidemic Fund launched by the Government of the Hong Kong SAR.

Remaining subsidies of HK\$50,000 granted from The Government of Macau Special Administrative Region's 10-Billion-Pataca Fund.

	Unaudited	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other gains, net		
Net foreign exchange gains		
— Forward contracts	(386)	1,395
— Other exchange gain, net	689	485
Loss on disposal of property, plant and equipment	–	(2,792)
COVID-19 related rental concessions	1,641	2,275
	<u>1,944</u>	<u>1,363</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, 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.

	Unaudited		
	Six months ended 30 September 2021		
	Architectural builders' hardware, bathroom collection and others <i>HK\$'000</i>	Kitchen collections and furniture <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue from external customers	210,712	41,150	251,862
Reportable segment cost of sales	(141,988)	(21,885)	(163,873)
Reportable segment gross profit	68,724	19,265	87,989
Depreciation of property, plant and equipment	(1,537)	(2,793)	(4,330)
Depreciation of right-of-use assets	(8,714)	(7,128)	(15,842)
Reversal of provision for/(provision for) inventory obsolescence	1,292	(129)	1,163
Reportable segment assets	313,924	131,559	445,483
Additions to non-current segment assets during the period	9,477	642	10,119
Reportable segment liabilities	90,023	79,653	169,676

	Unaudited		
	Six months ended 30 September 2020		
	Architectural builders' hardware, bathroom collection and others <i>HK\$'000</i>	Kitchen collections and furniture <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue from external customers	170,691	52,322	223,013
Reportable segment cost of sales	(111,891)	(34,971)	(146,862)
Reportable segment gross profit	<u>58,800</u>	<u>17,351</u>	<u>76,151</u>
Depreciation of property, plant and equipment	(1,477)	(2,293)	(3,770)
Depreciation of right-of-use assets	(10,168)	(6,828)	(16,996)
Provision for inventory obsolescence	(1,439)	(5,490)	(6,929)

	Audited		
	As at 31 March 2021		
	Architectural builders' hardware, bathroom collection and others <i>HK\$'000</i>	Kitchen collections and furniture <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	300,221	84,781	385,002
Additions to non-current segment assets during the year	1,837	2,305	4,142
Reportable segment liabilities	<u>99,752</u>	<u>73,917</u>	<u>173,669</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	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment gross profit	<u>87,989</u>	<u>76,151</u>
Group gross profit	<u><u>87,989</u></u>	<u><u>76,151</u></u>
	Unaudited	Audited
	As at	As at
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	445,483	385,002
Property, plant and equipment	139,532	171,510
Investment properties	32,300	32,300
Deferred income tax assets	7,032	7,019
Current income tax recoverable	3,483	3,604
Cash and cash equivalents	84,414	102,964
Other corporate assets	396	279
Group assets	<u><u>712,640</u></u>	<u><u>702,678</u></u>
Reportable segment liabilities	169,676	173,669
Borrowings	42,792	44,834
Current income tax liabilities	6,379	2,325
Derivative financial liabilities	1,237	851
Dividend payable	3,003	–
Deferred income tax liabilities	19,276	19,276
Other corporate liabilities	491	491
Group liabilities	<u><u>242,854</u></u>	<u><u>241,446</u></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
	2021	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (domicile)	248,721	220,712	326,912	340,507
PRC	3,141	2,301	2,405	2,825
Total	<u>251,862</u>	<u>223,013</u>	<u>329,317</u>	<u>343,332</u>

5. FINANCE COSTS, NET

	Unaudited Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Finance costs		
Bank borrowings	749	593
Interest on lease liabilities	1,292	1,543
	<u>2,041</u>	<u>2,136</u>
Finance income		
Interest income	(109)	(124)
Finance costs, net	<u>1,932</u>	<u>2,012</u>

6. EXPENSES BY NATURE

	Unaudited Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Cost of inventories	157,255	136,043
Depreciation of property, plant and equipment	8,564	6,741
Depreciation of right-of-use assets	15,842	18,926
Expenses relating to short-term lease	3,286	1,690
(Reversal of provision for)/provision for inventory obsolescence	(1,163)	6,929
Direct operating expenses arising from investment properties that generated rental income	56	56
Employee benefit expenses	30,569	26,994
Government grants (<i>Note</i>)	–	(4,802)
	<u>–</u>	<u>(4,802)</u>

Note: Wage subsidies of approximately HK\$4,802,000 were granted from the Hong Kong SAR Government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to September 2020.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the period. The applicable tax rate of PRC subsidiaries of the Group is 25% (2020: 25%) for the period.

The charge comprises:

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Current tax		
Hong Kong profits tax	3,366	2,597
PRC Corporate income tax	–	(334)
	<u>3,366</u>	<u>2,263</u>
Deferred taxation	–	–
Tax expense for the period	<u><u>3,366</u></u>	<u><u>2,263</u></u>

8. DIVIDEND

The Board has declared the payment of an interim dividend of HK0.5 cent (2020: HK0.5 cent) per share.

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Interim dividend of HK0.5 cent (2020: HK0.5 cent) per share	<u><u>3,003</u></u>	<u><u>3,003</u></u>

At a board meeting held on 23 November 2021, the Board has declared an interim dividend of HK0.5 cent (30 September 2020: HK0.5 cent) per ordinary share. Such interim dividend is not reflected as dividend payable in the Group's interim financial information for the period. It will be recognised in shareholders' equity in the year ending 31 March 2022.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the period of HK\$11,422,000 (six months ended 30 September 2020: HK\$8,519,000) and the 600,600,000 ordinary shares (30 September 2020: 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 2020: same).

10. CAPITAL EXPENDITURE AND DISPOSAL

During the period, the Group incurred capital expenditure of approximately HK\$2,589,000 for property, plant and equipment (six months ended 30 September 2020: HK\$1,678,000) and no disposal of the property, plant and equipment during the period (six months ended 30 September 2020: HK\$2,792,000).

11. TRADE, RETENTION, OTHER RECEIVABLES AND CONTRACT ASSETS

Details of trade, retention, other receivables and contract assets as at 30 September 2021 are listed below:

	Unaudited As at 30 September 2021 HK\$'000	Audited As at 31 March 2021 HK\$'000
Trade receivables	123,393	78,356
Less: provision for impairment of trade receivables	<u>(772)</u>	<u>(720)</u>
	122,621	77,636
Retention receivables	1,189	1,161
Less: provision for impairment of retention receivables	<u>(289)</u>	<u>(285)</u>
	123,521	78,512
Contract assets	2,302	4,364
Less: provision for impairment of contract assets	<u>(39)</u>	<u>(39)</u>
	125,784	82,837
Other receivables, deposits and prepayments	<u>25,984</u>	<u>20,471</u>
	151,768	103,308
Less: non-current portion		
Retention receivables	(156)	(150)
Deposits and prepayments	<u>(5,762)</u>	<u>(5,724)</u>
Current portion	<u>145,850</u>	<u>97,434</u>

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:

	Unaudited As at 30 September 2021 HK\$'000	Audited As at 31 March 2021 HK\$'000
1–90 days	88,323	47,448
91–365 days	18,384	17,965
Over 365 days	<u>16,686</u>	<u>12,943</u>
	<u>123,393</u>	<u>78,356</u>

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

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a life time expected loss allowance for all trade and retention receivables and contract assets. Information about the impairment of these receivables and the Group's exposure to credit risk is consistent with those of the consolidated financial statements for the year ended 31 March 2021, as described in those annual financial statements.

12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

Details of trade and other payables and contract liabilities as at 30 September 2021 are listed below:

	Unaudited As at 30 September 2021 <i>HK\$'000</i>	Audited As at 31 March 2021 <i>HK\$'000</i>
Trade payables	26,871	25,115
Accrued charges and other payables	13,403	10,860
Contract liabilities	52,530	42,248
Other provision	3,800	3,800
	96,604	82,023
Less: non-current portion		
Other provision	(3,800)	(3,800)
	92,804	78,223

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

	Unaudited As at 30 September 2021 <i>HK\$'000</i>	Audited As at 31 March 2021 <i>HK\$'000</i>
0–90 days	23,560	19,612
91–365 days	345	2,744
Over 365 days	2,966	2,759
	26,871	25,115

13. DERIVATIVE FINANCIAL LIABILITIES

	Unaudited As at 30 September 2021 Liabilities HK\$'000	Audited As at 31 March 2021 Liabilities HK\$'000
Not qualified for hedge accounting		
Foreign exchange forward contracts, at market value (<i>Note</i>)	<u>(1,237)</u>	<u>(851)</u>

Note: The notional principal amounts of the outstanding foreign exchange forward contracts as at 30 September 2021 and 31 March 2021 are as follows:

	Unaudited As at 30 September 2021 HK\$'000	Audited As at 31 March 2021 HK\$'000
Sell HKD for EUR	<u>-</u>	<u>27,371</u>

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").

With the gradual rollout of mass Coronavirus disease (COVID-19) vaccination programmes worldwide, certain economies started easing restrictive measures as long as the medical facilities could cope with the number of sick COVID-19 patients. However, the experience in the past six months that it is not so straightforward. These countries have to tighten the containment measures at borders and lift them from time to time in response to the ever-changing situations of the pandemic. Thus, dealing with the virus is a complex and dynamic challenge to public health policy across economies.

Hong Kong has adopted the "zero-case" strategy. It has imposed strict quarantine requirements for inbound travelling. It has created a great challenge for local businesses and communities to respond to (and adjust) the pandemic.

According to the Government's latest statistics on private housing supply in the primary market, the number of private housing units completed will be at close to 20,000 units per year in 2021–2025. Small-sized flats with saleable areas smaller than 430 square feet would account for some 40% of completed private residential units in 2021 and 2022. Our sales performance were relatively stable during the period and recorded a moderate increase. The solid housing demand gave support to the residential property market.

We could not control the negative impacts from the adverse business environment, but we have managed to deal with it accordingly. Our flexibility will continue to facilitate the optimal operation in the ever-changing business conditions. We shall continue to closely observe market trends, capitalise on our strengths, and adjust our strategies accordingly.

REVENUE REVIEW

For the six months ended 30 September 2021, the Group's total turnover was HK\$251.9 million which was increased by 12.9% as compared with the previous first half-yearly period.

Revenue by business segment

	Revenue from external customers Unaudited			As a percentage of sales (%)	
	30 September 2021 HK\$'000	2020 HK\$'000	Change (%)	30 September 2021	2020
Architectural builders' hardware, bathroom collections and others	210,712	170,691	23.4	83.7	76.5
Kitchen collection and furniture	41,150	52,322	(21.4)	16.3	23.5
	<u>251,862</u>	<u>223,013</u>	<u>12.9</u>	<u>100.0</u>	<u>100.0</u>

Profitability by business segment

	Reportable segment gross profit Unaudited			Gross profit margin (%)	
	30 September		Change (%)	30 September	
	2021 HK\$'000	2020 HK\$'000		2021	2020
Architectural builders' hardware, bathroom collections and others	68,724	58,800	16.9	32.6	34.4
Kitchen collection and furniture	19,265	17,351	11.0	46.8	33.2
	87,989	76,151	15.5	34.9	34.1

Revenue from the architectural builders' hardware, bathroom collections and others segment increased by 23.4% to HK\$210.7 million as compared to the same period last year (2020: HK\$170.7 million). During the period, we supplied products for projects such as #LYOS, Manor Hill, The Arles and The Holborn.

Revenue from the kitchen collection and furniture segment decreased by 21.4% to HK\$41.2 million as compared to the same period last year (2020: HK\$52.3 million). During the period, we supplied products for projects such as Monaco.

The overall turnover of the Group increased by 12.9% to HK\$251.9 million (2020: HK\$223.0 million) and the gross profit increased by 15.5% to HK\$88.0 million (2020: HK\$76.2 million) as compared to the same period last year due to a general improvement in site progress leading to increased project deliveries.

The Group's operating profit was HK\$16.7 million (2020: HK\$12.8 million), representing an increase of 30.7% from the same period last year. Profit after tax approximated HK\$11.4 million (2020: HK\$8.5 million), which increased by 34.1% as compared to the corresponding period. The amount of administrative expenses and distribution costs recorded an increase of 13.0% to HK\$76.4 million (2020: HK\$67.6 million) mainly as a result of the absence of government grants for the pandemic.

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 2.0 (31 March 2021: 2.0) and 1.2 (31 March 2021: 1.2), respectively, while cash and cash equivalents approximated HK\$84.4 million as at 30 September 2021 (31 March 2021: HK\$103.0 million).

Inventories decreased to HK\$136.6 million (31 March 2021: HK\$142.5 million). The trade, retention and other receivables increased to HK\$149.5 million (31 March 2021: HK\$99.0 million) mainly caused by the timing difference between product deliveries and collection of receivables, while the trade and other payables increased to HK\$40.3 million (31 March 2021: HK\$36.0 million).

As at 30 September 2021, the gearing ratio (net debt divided by total equity) of the Group is 6.8% (31 March 2021: 7.4%). The interest-bearing borrowings of the Group decreased to HK\$54.3 million (31 March 2021: HK\$66.6 million) as at 30 September 2021.

Treasury Policy

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

Contingent Liabilities

We seek to manage our cash flow and capital commitments effectively to ensure that we have sufficient funds to meet our existing and future cash requirements. We have not experienced any difficulties in meeting our obligations as they become due. Assets under charge include mortgaged property acquired. As at 30 September 2021, performance bonds of approximately HK\$30.6 million (31 March 2021: HK\$37.6 million) have been issued by the Group to customers as security of contracts. Save for the short-term rental commitment of our retail outlets and warehouses and performance bonds for projects, the Group has no other material financial commitments and contingent liabilities as at 30 September 2021.

FUTURE PROSPECTS

The International Monetary Fund opined that advanced economies’ recovery depends on vaccination rates; the higher the vaccination rates, the better their economic growth forecast and vice versa. Vaccinations have been certified effective at mitigating the adverse health impacts of the virus. Moreover, countries have been promoting vaccination and adopting different approaches to safeguard public health. Therefore, the outlook for the global economy continues to hinge on public health and vaccine access.

In addition, the geopolitical situation of the Asia-Pacific region is complicated and unpredictable; the recent liquidity problem of certain Chinese real estate developers will continue as an uncertain factor to the Hong Kong financial markets. All these factors will have an impact on the economic performance of Hong Kong.

In Hong Kong, the economy is expected to be solid and partially recovered partly due to the restrictions on the movement of people eliminating tourism flows while benefiting domestic spending in response to the changing purchasing behaviour.

The Government stated that Hong Kong's economic recovery became more entrenched in the third quarter of 2021, with the real gross domestic product (GDP) growing by 5.4% compared to last year, following a 7.6% growth in the second quarter. It is expected that the real GDP would achieve about 6.4% growth this year, but rising inflation pose a threat as the increase to the average wage is failing to keep pace with inflation.

Housing is the foundation of people's livelihood and should provide people with dignity. In face of the long-standing housing problem of Hong Kong people, the Government has made housing and land supply a priority of the policy agenda. The Chief Executive of Hong Kong presented her annual policy address before the Legislative Council focusing primarily on housing and land supply.

In the policy address, she said that the Government would take a bold approach to solve the housing problem. The Government has identified about 350 hectares of land for 330,000 public housing units for the coming 10-year period from fiscal 2022 to 2032 to meet the estimated public housing demand of 301,000 units in the period. On private housing, the Government will secure about 170 hectares of land in the coming ten years for building about 100,000 units through land sales or putting up railway property developments for tender.

The Government aims to increase the supply of transitional housing and proposes to increase the overall supply of transitional housing to 20,000 units in the coming few years by providing 5,000 additional units.

More importantly, a highlight of the address is a massive plan for a Northern Metropolis; covering Yuen Long District and North District, which include the existing new towns in Tin Shui Wai, Yuen Long, Fanling, Sheung Shui, and their neighbouring rural areas, with a total land area about 300 square kilometres. The Northern Metropolis Development Strategy aims to transform the northern part of New Territories into a lively and attractive place for people to live, work and travel.

The Northern Metropolis would provide about 350,000 residential units. In addition, the Government will also make available 600 hectares of land in Northern Metropolis for residential and industrial purposes. It is estimated that about 165,000 to 186,000 additional residential units will be built in these 600 hectares of land in Northern Metropolis. Thus, it is expected that a total of 905,000 to 926,000 homes, including the existing 390,000 flats in Yuen Long District and North District, will be available to accommodate a population of about 2.5 million upon the full development of the entire Northern Metropolis.

With the Chief Executive of Hong Kong's visionary policy address speech, the Government has set new strategies in land and housing supply including the vision of making available of one million housing units in the next 20 to 25 years, 34% of what Hong Kong currently has in total (2.94 million units). In this new strategy, the northern part of Hong Kong will be developed into a metropolitan area which will be an important area in Hong Kong that facilitates the integration with Shenzhen and connection with the Greater Bay Area. The Government has now mapped out Hong Kong's vision and direction of future housing development in response to the demands of many different groups. It is bold and comprehensive, featured with an overall housing development programme that will take years

to materialise. It would not be an easy task partly due to the long timeframe and partly due to the complex allocation of resources among various stakeholders, unpredictable short-term economic changes and fluctuations in property prices. Nevertheless, it is undoubtedly a significant first step toward solving the Hong Kong housing problems that the land shortage has long plagued.

We look forward to the availability of more residential units as it represents more business opportunities. Therefore, we will follow up closely on the development and adjust our business strategies accordingly in response to the Government's way of developing different categories of housing units to the needs of different income groups of Hong Kong people.

The housing market may remain robust due to the supply shortage and strong demand for residential units in the near term. Therefore, this year we seek to keep up both the retail and project sales performance. As always, we have taken steps trying to understand the needs of our customers. We act on that understanding by creating a culture that empowers employees to suggest the best options for both customers and the Company in parallel. However, we cannot predict the future trends of our business as any radical change of geopolitical environment and trade dispute will disrupt the Hong Kong business environment that might have an impact on our performance.

Nevertheless, we have always paid attention to the Hong Kong market; and have been cautiously monitoring external factors to manage their impact on our operations. Leveraging our strength in product ranges, we will remain flexible to address market settings and trend changes. In addition, we continue to grasp opportunities to work with reputable developers, timely review our receivables portfolio, monitor business risks and exchange rate fluctuations to ensure sustainability in times of uncertainty.

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

SUSTAINABLE DEVELOPMENT

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.

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 2021, our workforce was recorded at 148 employees (31 March 2021: 149).

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

Customers

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

Suppliers

We pay attention to the operating practices of our suppliers (including but not limited to employment practices, product responsibility, anti-corruption policy). We regularly review suppliers' production capacity, technical capability, quality control systems 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.

Details of the Group's environmental and social policies are set out in the Environmental, Social and Governance Report in the Annual Report 2021.

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 2021, 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 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 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its shares during the six months ended 30 September 2021. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company’s listed securities during the six months ended 30 September 2021.

INTERIM DIVIDEND

At a board meeting held on 23 November 2021, the Board of Directors has declared an interim dividend of HK0.5 cent per share for the six months ended 30 September 2021 (six months ended 30 September 2020: HK0.5 cent per share) (the “Interim Dividend”) payable on Wednesday, 5 January 2022 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, 13 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The Company’s Register of Members will be closed from Friday, 10 December 2021 to Monday, 13 December 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Interim Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Thursday, 9 December 2021.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. WAN Sze Chung (Chairman), Mr. WONG Wah, Dominic and Dr. LUK Wang Kwong. The Audit Committee has reviewed, with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2021.

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 (www.hkexnews.hk). The Company's Interim Report 2021 will be despatched to the shareholders and available on the same websites in due course.

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

Hong Kong, 23 November 2021

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.