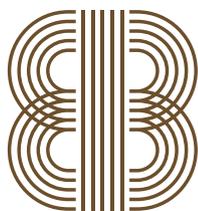


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E. BON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

怡邦行控股有限公司

(Stock Code: 599)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	2	454,764	494,592
Cost of sales	3	<u>(274,158)</u>	<u>(311,096)</u>
Gross profit		180,606	183,496
Other income	2	782	2,005
Other gains/(losses), net	2	1,003	(1,361)
Net impairment losses on financial and contract assets		(2,431)	(94)
Distribution costs	3	(90,141)	(94,699)
Administrative expenses	3	<u>(71,544)</u>	<u>(70,189)</u>
Operating profit		18,275	19,158
Finance income		1,886	161
Finance costs		<u>(3,492)</u>	<u>(3,737)</u>
Finance costs, net		<u>(1,606)</u>	<u>(3,576)</u>
Profit before income tax		16,669	15,582
Income tax expense	4	<u>(2,596)</u>	<u>(3,688)</u>
Profit for the year attributable to equity holders of the Company		<u>14,073</u>	<u>11,894</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other comprehensive (loss)/income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange (losses)/gains on translation of financial statements of foreign operations		(410)	294
<i>Items that will not be reclassified subsequently to profit or loss</i>			
(Losses)/gains on revaluation of properties held for own use		(3,422)	3,721
Tax effect relating to revaluation of properties held for own use		552	(614)
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Other comprehensive (loss)/income for the year, net of tax		(3,280)	3,401
Total comprehensive income for the year attributable to equity holders of the Company		10,793	15,295
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Earnings per share (expressed in HK cents per share)			(Restated)
— Basic and diluted	6	2.22 cents	1.95 cents
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		302,032	269,162
Right-of-use assets		35,902	45,444
Deferred income tax assets		5,352	5,873
Retention and other receivables	7	4,744	6,003
		<u>348,030</u>	<u>326,482</u>
Current assets			
Inventories		144,909	115,420
Trade, retention and other receivables	7	94,298	148,649
Contract assets	7	3,269	4,338
Derivative financial assets		223	–
Current income tax recoverable		3,183	3,136
Time deposits with maturity over three months		23,365	–
Cash and cash equivalents		123,296	104,199
		<u>392,543</u>	<u>375,742</u>
Total assets		<u>740,573</u>	<u>702,224</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		71,884	60,060
Reserves		424,831	410,461
Total equity		<u>496,715</u>	<u>470,521</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Other provision	8	6,021	5,000
Lease liabilities		8,460	22,094
Deferred income tax liabilities		17,201	18,900
		<u>31,682</u>	<u>45,994</u>
Current liabilities			
Trade and other payables	8	43,254	34,386
Contract liabilities	8	70,643	75,337
Derivative financial liabilities		–	935
Lease liabilities		29,143	27,902
Borrowings		63,969	42,083
Current income tax liabilities		5,167	5,066
		<u>212,176</u>	<u>185,709</u>
Total liabilities		<u>243,858</u>	<u>231,703</u>
Total equity and liabilities		<u>740,573</u>	<u>702,224</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 disclosure 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) New and amended standards adopted by the Group

The Group has applied the following standards, and amendments for the first time for the annual reporting period commencing 1 April 2022:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16 (March 2021)	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

Except for HKFRS 16, the adoption of the above new standards and amendments to standards did not have any significant financial impact on these consolidated financial statements.

(b) New and amended standards and interpretations not yet adopted

Certain new and amended accounting standards amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting period and have been not early adopted by the Group:

		Effective for accounting year beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management is in the process of making an assessment of the impact of the above new standard, interpretation and amendment to standard 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. REVENUE, OTHER INCOME, OTHER GAINS/(LOSSES), NET AND SEGMENT INFORMATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		
Sale of goods and services	381,020	430,955
Contract revenue	73,744	63,637
	<u>454,764</u>	<u>494,592</u>
Timing of revenue recognition:		
— At a point in time	381,020	430,955
— Over time	73,744	63,637
	<u>454,764</u>	<u>494,592</u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income		
Rental income	–	715
Government grants (<i>Note</i>)	34	–
Others	748	1,290
	<u>782</u>	<u>2,005</u>
Other gains/(losses), net		
Net foreign exchange loss		
— Forward contracts	(3,269)	(2,154)
— Other exchange gain	1,906	634
Impairment loss on leasehold land and buildings	(1,304)	–
Fair value loss on investment properties	–	(2,000)
Loss on disposal of property, plant and equipment	–	(292)
COVID-19-related rent concession	3,670	2,451
	<u>1,003</u>	<u>(1,361)</u>

Note:

Government subsidies of HK\$34,000 granted from The Government of Macau Special Administrative Region's 10-Billion-Pataca Fund. The Group has complied all attached conditions before 31 March 2023 and recognised in the consolidated statement of comprehensive income.

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

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, interior design services, project and contract management

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, derivative financial assets, time deposits with maturity over three months, cash and cash equivalents, property, plant and equipment related to the office premises and warehouse 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.

	2023		
	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	314,574	140,190	454,764
Reportable segment cost of sales	<u>(204,854)</u>	<u>(69,304)</u>	<u>(274,158)</u>
Reportable segment gross profit	<u>109,720</u>	<u>70,886</u>	<u>180,606</u>
Depreciation of property, plant and equipment	(6,140)	(4,514)	(10,654)
Depreciation of right-of-use assets	(17,904)	(12,176)	(30,080)
(Provision for)/reversal of provision for inventory obsolescence	(4,101)	836	(3,265)
Finance income	1,854	32	1,886
Finance costs	(1,900)	(1,592)	(3,492)
Net impairment losses on financial and contract assets	(2,401)	(30)	(2,431)
Reportable segment assets	321,838	71,923	393,761
Additions to non-current segment assets during the year	554	7,152	7,706
Reportable segment liabilities	<u>110,322</u>	<u>73,122</u>	<u>183,444</u>

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

	2022		
	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	362,269	132,323	494,592
Reportable segment cost of sales	<u>(244,091)</u>	<u>(67,005)</u>	<u>(311,096)</u>
Reportable segment gross profit	<u>118,178</u>	<u>65,318</u>	<u>183,496</u>
Depreciation of property, plant and equipment	(6,356)	(4,201)	(10,557)
Depreciation of right-of-use assets	(17,624)	(13,027)	(30,651)
Reversal of provision for/(provision for) inventory obsolescence	1,140	(94)	1,046
Finance income	159	2	161
Finance costs	(1,766)	(1,940)	(3,706)
Net impairment losses on financial and contract assets	(47)	(47)	(94)
Reportable segment assets	273,603	118,849	392,452
Additions to non-current segment assets during the year	4,292	1,780	6,072
Reportable segment liabilities	<u>84,126</u>	<u>81,165</u>	<u>165,291</u>

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

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>		
Reportable segment gross profit	180,606	183,496		
Group gross profit	180,606	183,496		
Reportable segment assets	393,761	392,452		
Property, plant and equipment	190,909	196,116		
Deferred income tax assets	5,352	5,873		
Current income tax recoverable	3,183	3,136		
Time deposits with maturity over three months	23,365	–		
Cash and cash equivalents	123,296	104,199		
Derivative financial assets	223	–		
Other corporate assets	484	448		
Group assets	740,573	702,224		
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>		
Reportable segment liabilities	183,444	165,291		
Borrowings	37,501	40,962		
Current income tax liabilities	5,167	5,066		
Derivative financial liabilities	–	935		
Deferred income tax liabilities	17,201	18,900		
Other corporate liabilities	545	549		
Group liabilities	243,858	231,703		
Geographical information				
	Revenue from external customers		Non-current assets (excluding financial assets and deferred income tax assets)	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (domicile)	436,198	480,283	337,310	312,548
PRC	18,566	14,309	624	2,058
Total	454,764	494,592	337,934	314,606

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 2023, no single customer contributed over 10% of the Group's revenue. During the year ended 31 March 2022, HK\$53,605,000 or approximately 11% of the Group's revenue was derived from a single external customer.

3. EXPENSES BY NATURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Employee benefit expenses (<i>Note</i>)	69,103	72,100
Auditor's remuneration		
— Audit services	1,760	1,770
— Non-audit services	195	195
Cost of inventories	253,061	294,322
Depreciation of property, plant and equipment	19,103	16,763
Depreciation of right-of-use asset	30,080	30,651
Expenses relating to short-term lease	154	4,983
Direct operating expenses arising from investment properties that generated rental income	—	118
Provision for/(reversal of provision for) inventory obsolescence	3,265	(1,046)

Note:

Wages subsidies of approximately HK\$2,951,000 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 May to July 2022.

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year. The applicable tax rate for the PRC subsidiaries of the Group is 25% (2022: 25%) for the year.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	3,116	2,877
PRC enterprise income tax	153	622
Total current tax	3,269	3,499
Deferred taxation	(673)	189
Income tax expense	2,596	3,688

5. DIVIDENDS

(a) Dividends declared and paid during the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend in respect of 2022 of HK1 cent (2022: in respect of 2021 of HK0.5 cent) per share	6,006	3,003
Interim dividend in respect of 2022 of HKNil (2022: in respect of 2021 of HK0.5 cent) per share	—	3,003
	<u>6,006</u>	<u>6,006</u>

(b) Dividends for the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend of HKNil (2022: HK0.5 cent) per share	—	3,003
Proposed final dividend of HK0.5 cent (2022: HK1 cent) per share (<i>Note</i>)	3,594	6,006
	<u>3,594</u>	<u>9,009</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 2023.

6. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the years.

	2023 <i>HK cents</i>	2022 <i>HK cents</i> (Restated)
Basic earnings per share attributable to the owners of the Company	<u>2.22</u>	<u>1.95</u>

(b) Diluted earnings per share

Diluted earnings per share for the year ended 31 March 2023 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued (2022: Nil).

6. EARNINGS PER SHARE (Continued)

(c) Reconciliations of earnings used in calculating earning per share

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Basic earnings per share		
Profit attributable to the owners of the Company used in calculating basic earnings per share	<u>14,073</u>	<u>11,894</u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Diluted earnings per share		
Profit attributable to the owners of the Company used in calculating diluted earnings per share	<u>14,073</u>	<u>11,894</u>

(d) Weighted average number of shares used as the denominator

	2023 Number of shares	2022 Number of shares (Restated)
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic and diluted earnings per share (<i>Note</i>)	<u>632,838,238</u>	<u>608,849,268</u>

Note: Basic and diluted earnings per share for the year ended 31 March 2022 have been restated to take into account the effects of the bonus element in ordinary shares issued as a result of the rights issue of the Company completed in January 2023.

7. TRADE, RETENTION AND OTHER RECEIVABLES AND CONTRACT ASSETS

Details of the trade, retention and other receivables and contract assets as at 31 March 2023 are listed below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	71,605	124,584
Less: provision for impairment of trade receivables	(1,118)	(859)
	70,487	123,725
Retention receivables	1,435	2,645
Less: provision for impairment of retention receivables	(264)	(288)
	71,658	126,082
Contract assets	3,284	4,344
Less: provision for impairment of contract assets	(15)	(6)
	74,927	130,420
Other receivables, deposits and prepayments	27,384	28,570
	102,311	158,990
Less: non-current portion		
Retention receivables	(367)	(272)
Deposits and prepayments	(4,377)	(5,731)
Current portion	97,567	152,987

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1–90 days	31,311	60,766
91–365 days	25,270	28,157
Over 365 days	15,024	35,661
	71,605	124,584

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.

7. TRADE, RETENTION AND OTHER RECEIVABLES AND CONTRACT ASSETS (Continued)

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 expected credit loss on trade, retention receivables and contract assets is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Balance at beginning of the year	1,153	1,044
Loss allowance for the year	2,431	94
Written-off	(2,169)	–
Exchange difference	(18)	15
	<u>1,397</u>	<u>1,153</u>

As at 31 March 2023, the carrying values of trade and other receivables approximate their fair values (2022: same).

8. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	29,854	19,999
Accrued charges and other payables	13,400	14,387
Contract liabilities	70,643	75,337
Other provision	6,021	5,000
	<u>119,918</u>	<u>114,723</u>
Less: non-current portion		
Other provision	(6,021)	(5,000)
Current portion	<u>113,897</u>	<u>109,723</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–90 days	22,022	13,513
91–365 days	4,074	4,346
Over 365 days	3,758	2,140
	<u>29,854</u>	<u>19,999</u>

As at 31 March 2023, the carrying values of trade and other payables approximate their fair values (2022: same).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in importing, wholesale, retailing and installing architectural builders' hardware, bathroom, kitchen collections and furniture and providing interior design services, project and contract management 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. In addition, discussions on the Group's environmental policies and implementation 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 are provided in the Environmental, Social and Governance Report of the Annual Report 2022/23.

Details of the Company's compliance with the code provisions in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are provided in the Corporate Governance Report of the Annual Report 2022/23. Except the code provision D.2.5 of Appendix 14 of the Listing Rules, during the year ended 31 March 2023, the Company has complied with the requirements under the Listing Rules, the Hong Kong Companies Ordinance (Cap. 622), the Securities and Futures Ordinance and the Cayman Islands Companies Act.

For many years in Hong Kong, businessmen have always been able to focus on commercial priorities and not worry too much about political developments. However, much more than before, it is challenging to avoid geopolitical issues in our board meetings when formulating any future business plans.

The Russian-Ukraine conflict has seriously affected the global economies, especially commodities and agriculture sectors, causing high food and energy prices and combining the United States (the US), the United Kingdom (UK) and Europe (EU) sanctions against Russia, creating inflationary pressure. It, in turn, affects the US monetary policy by increasing rates steadily over a year to curb inflation. The Federal Reserve (the US Fed), the European Central Bank and central banks in other developed countries have continued to raise interest rates in 2023, but at a slower pace than last year, which saw the most aggressive monetary tightening in a decade and the high-interest rate is expected to remain at the similar level this year. Global liquidity has contracted, and capital has flowed out of the emerging markets. As a result, Hong Kong's financial market has been affected.

According to the World Economic Situation and Prospects issued by the United Nations (UN) Department of Economic and Social Affairs Economic Analysis on 16 May 2023, it suggested that "as of mid-2023, Global trade remains under pressure due to geopolitical tensions, weakening global demand and tighter monetary and fiscal policies. Global trade volume in goods and services is forecast to grow by 2.3 per cent in 2023, well below the pre-pandemic trend." The relatively weak Global trade performance suggested that a global slowdown continued to pose challenges to the Global economic growth outlook.

Hong Kong's correlation with Russia in terms of direct trade is relatively low. On 13 March 2022, Hong Kong Financial Secretary Paul Chan assessed that the overall risks of the conflict between Ukraine and Russia in Hong Kong are manageable. Still, Hong Kong remains "highly vigilant" for any possible impact on financial markets. "Ukraine accounted for 0.05% of Hong Kong's goods exports last year, while Russia made up 0.78%." Therefore, the impact of the Russia-Ukraine conflict on Hong Kong's energy and agricultural product supply is limited.

Last year, the global economy softened due to the continued impact of tightening monetary policy and the Russia-Ukraine conflict. Hong Kong has to raise its rates simultaneously, which means higher borrowing costs for the Government, corporations and households. Therefore, Hong Kong has also faced risks from high inflation and the aggressive monetary tightening in advanced economies with higher borrowing costs and a pessimistic economic outlook hitting asset prices,

As a result of PRC's "Dynamic Zero COVID-19" policy aimed to keep cases as close to Zero as possible, the Chinese economy shrank 4.2 per cent year on year in the fourth quarter of 2022, marking a fourth consecutive quarter of contraction. The full-year figure for 2022 was worse than government forecasts of a 3.2 per cent decline. PRC's economy expanded 4.5 per cent in the first quarter of the 2023 year on year at a constant price, marking the highest growth since the first quarter of last year mainly because of the ending of COVID restrictions end of last year, indicating that PRC's economic recovery is appropriately on track.

However, the Chinese economy, which has been the primary engine of regional and global growth for decades, is expected to slow considerably in the face of new challenges such as corporate debt climbing to pre-pandemic, continuing tax cuts, high unfavourable demographics, slowing down of productivity, the trade disputes between PRC and other jurisdictions will likely dampen credit and investment growth in the future.

More importantly, the impact of the US restricting the export of sensitive technology to PRC in the last quarter of last year, specifically regarding advanced computing, supercomputing, semiconductor capabilities, and artificial intelligence, on its economic performance has yet to be assessed.

Hong Kong's economic growth has been very dependent on the Mainland, so the slowdown of PRC's economy due to the pandemic was a primary contributing factor to the poor financial performance last year, much less the interest hike in response to the US Fed's monetary policy; US-China trade dispute and the contraction of trade volume due to the Russia-Ukraine conflict, Hong Kong's economy suffered a 3.5 per cent contraction last year.

According to the Trade Development Council's June 2023 report, Hong Kong's Gross Domestic Product increased by 2.7% in real terms from a year earlier. It is mainly due to the strong recovery of inbound tourism and domestic demand as the value of retail sales, in nominal terms, was provisionally estimated to have increased by 19.9% for the first four months of 2023 over the same period in 2022. The Government forecasts economic growth of 3.5% to 5.5% in real terms for 2023.

Economic growth turnaround indicated an end to a recession after four consecutive quarters of contraction last year. However, Hong Kong is also facing new challenges: the uncertainty of the economic performance of PRC due to geopolitical conflict, high-interest rates, shortage of workers across the trades, the relatively poor performance of export trade due to lower demands of goods from the leading economies as a result of high-interest rates and inflation pressure.

Hong Kong's residential price dropped by about 15% due to high-interest rates last year, but it rebounded by 5% in the first quarter of this year; with the reopening of the city's border and the end of the "Dynamic Zero COVID-19" policy, and a relatively stable interest rate, it was still 10% lower than those a year ago. The new home buyers from Hong Kong and PRC are expected to create more demand for residential housing, and the price will remain at this level for this year.

There is slightly decline in our revenue for the financial year ended on 31 March 2023, when compared with year 2021/22, which impacted by the general economic and market conditions in Hong Kong and mainland China. However, despite these challenges, our group would continue to capitalize our experience, work hard to maintain and strength our working relationship in Hong Kong & PRC and co-operation with reputable property developers.

REVENUE REVIEW

Revenue by business segment

For the year ended 31 March 2023, the Group's total turnover was HK\$454.8 million, representing a decrease of 8.1% as compared with the previous year.

	Revenue from external customers			As a percentage of sales	
	2023	31 March 2022	Change	31 March 2023	2022
	HK\$'000	HK\$'000	(%)	(%)	(%)
Architectural builders' hardware, bathroom collections and others	314,574	362,269	(13.2)	69.2	73.2
Kitchen collection and furniture	140,190	132,323	5.9	30.8	26.8
	<u>454,764</u>	<u>494,592</u>	<u>(8.1)</u>	<u>100.0</u>	<u>100.0</u>

Profitability by business segment

	Reportable segment gross profit			Gross profit margin	
	2023	2022	Change	2023	2022
	HK\$'000	HK\$'000	(%)	(%)	(%)
Architectural builders' hardware, bathroom collections and others	109,720	118,178	(7.2)	34.9	32.6
Kitchen collection and furniture	70,886	65,318	8.5	50.6	49.4
	<u>180,606</u>	<u>183,496</u>	<u>(1.6)</u>	<u>39.7</u>	<u>37.1</u>

Revenue from the architectural builders' hardware, bathroom collections and others segment decreased by 13.2% to HK\$314.6 million (2022: HK\$362.3 million) as compared to the previous year. During the year, we supplied for projects such as KT Marina 1, High Park, Skycity, Cullinan Sky.

Revenue from the kitchen collection and furniture segment increased by 5.9% to HK\$140.2 million (2022: HK\$132.3 million) as compared to the previous year. During the year, we supplied for projects such as The Southland.

The overall gross profit of the Group amounted to HK\$180.6 million (2022: HK\$183.5 million), representing an decrease of 1.6% from the previous year. The overall gross profit margin slightly increased to 39.7% from 37.1%.

The Group's operating profit was HK\$18.3 million (2022: HK\$19.2 million), representing an decrease of 4.6% from the prior year. The amount of administrative expenses and distribution costs decreased by 0.5% to HK\$164.1 million (2022: HK\$164.9 million) which reflected our efforts in controlling selling expenses despite resumption in selling activities and employment subsidies from the Government and cost control in staffing and distribution. Government subsidies received by the Group during the year totalled HK\$2.9 million (2022: the Group did not receive any government subsidies).

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 1.9 (2022: 2.0) and 1.2 (2022: 1.4), respectively. Cash and cash equivalents and time deposits with maturity over three months approximated HK\$146.7 million as at 31 March 2023 (2022: HK\$104.2 million).

Inventories increased to HK\$144.9 million (2022: HK\$115.4 million). The trade, retention and other receivables decreased to HK\$99.0 million (2022: HK\$154.7 million), while the trade and other payables increased to HK\$43.3 million (2022: HK\$34.4 million).

As at 31 March 2023, the gearing ratio (net debt divided by total equity) of the Group is not applicable, the Group has a net cash position (2022: same). The interest-bearing borrowings of the Group increased to HK\$64.0 million (2022: HK\$42.1 million) as at 31 March 2023.

Treasury Policy

Borrowings, cash and cash equivalents are primarily denominated in Hong Kong Dollars ("HK\$") and Euro ("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 2023, performance bonds of approximately HK\$23.3 million (2022: HK\$32.5 million) have been issued by the Group to customers as security of contracts. Save for the performance bonds for projects, the Group has no other material financial commitments and contingent liabilities as at 31 March 2023.

USE OF PROCEEDS FROM RIGHTS ISSUE

On 9 January 2023, the Company completed a rights issue and issued 118,238,942 rights shares, on the basis of one (1) rights share for every four (4) then existing shares, at a price of HK\$0.192 per rights share (the “2023 Rights Issue”). Upon completion of the 2023 Rights Issue, the Company received net cash proceeds of approximately HK\$21.4 million (the “Net Proceeds”). The Company intended to apply the Net Proceeds as to: (i) approximately HK\$11.7 million for financing the estimated renovation costs and related expenses for setting up a new showroom and warehouse in connection with the Group’s kitchen collection and furniture business; (ii) approximately HK\$7.7 million for repayment of bank loans; and (iii) approximately HK\$2.0 million as general working capital of the Group.

The following table sets forth the information in relation to the use of the Net Proceeds raised from the 2023 Rights Issue:

	Intended use of Net Proceeds as disclosed in the prospectus dated 14 December 2022	Actual use of Net Proceeds up to 31 March 2023 as originally intended	Unutilised Net Proceeds as at 31 March 2023	Intended use and expected timeline
Financing the estimated renovation costs and related expenses for setting up a new showroom and warehouse in connection with the Group’s kitchen collection and furniture business	HK\$11.7 million	HK\$3.5 million	HK\$8.2 million	To be used as originally intended during the first half of 2023 and through 2024
Repayment of bank loans	HK\$7.7 million	HK\$1.7 million	HK\$6.0 million	To be used as originally intended from January 2023 to June 2024
General working capital of the Group	HK\$2.0 million	HK\$0.6 million	HK\$1.4 million	To be used as originally intended from January 2023 to March 2024

FUTURE PROSPECTS

As discussed in our business review, the contraction of the economic performance of Hong Kong in 2022 was mainly due to the uncertainty arising from PRC's "Dynamic Zero COVID-19" policy on the one hand and, on the other hand, the Russian-Ukraine conflict that had seriously affected the global economies, especially commodities and agriculture sectors, causing high food and energy prices and combining the US, UK and EU sanctions against Russia, creating inflationary pressure. It, in turn, affects the US monetary policy by increasing rates steadily over a year to curb inflation. Global trade remains under pressure due to geopolitical tensions, weakening global demand and tighter monetary and fiscal policies.

Still, the Hong Kong economy improved in the first quarter of 2023. Its economy grew by 2.7% year-on-year in the first quarter of 2023, recovering from a downward contraction in the previous year led by the strong recovery of inbound tourism ((7.3 million visitors (5.7 million from Mainland) over the period, representing around 30% of pre-pandemic levels)) and domestic demand. The Government forecasts economic growth of 3.5%. Likewise, PRC's economy grew by 4.5% in the first quarter of 2023 after it had ended the "Dynamic Zero COVID-19" policy end in 2022, and it is expected that the Gross Domestic Product (GDP) will achieve 6% growth at the end of this year.

PRC's economy relies heavily on fixed asset investment, exports and domestic consumption, while its property market accounts for a large share of GDP. Despite the reopening, PRC's real estate sector has not fully recovered from the credit crunch on property developers and several property firms, most notably Evergrande (its offshore bond default in mid-2021), have since struggled to maintain liquidity. New home construction still declines as developers struggle to finish existing projects, pressuring future income. The local governments will also feel the heat due to weaker economic growth and fiscal revenue from plummeting land sales.

The Chinese government has recently unveiled sweeping measures to rescue the struggling real property sector. The banking regulator and central bank issued a 16-point set of internal directives to promote the "stable and healthy development" of the industry. The measures include credit support for debt-laden housing developers, financial support to ensure the completion and handover of projects to homeowners, and assistance for deferred-payment loans for homebuyers. The directive signals the end of the golden age of real estate development with an adverse effect towards local governments and financial institutions.

Thus, China still faces long-term persistent challenges to maintain its growth momentum. As Hong Kong depends on China for its economic growth, its economic performance would affect Hong Kong.

Looking forward, there may be plenty of reasons to be confident about the continued improvement in the Chinese Mainland and Hong Kong economies. It is too early to be optimistic given that both economies are still recovering from the pandemic, weakening in consumer sentiment and business confidence Index, and will face external economic challenges such as global economic pressures, Russia Ukraine conflict, high inflation, high-interest rate, geopolitical tensions and technological competition with the US in the year ahead. For these reasons, we expect to see a slow recovery of the Hong Kong economy.

According to the Housing Bureau of Hong Kong, the estimated total public housing production by the Housing Authority and the Hong Kong Housing Society in the five years from 2023/24 to 2027/28 is about 128,800 flats, comprising about 82,900 public rental housing/Green Form Subsidised Home Ownership Scheme apartments and about 45,900 other subsidised sale flats). The actual completion of flats would inevitably be affected by factors such as site constraints, inclement weather, contractors' progress, labour shortage, materials supply of the construction industry, etc. The yearly housing production is, therefore, subject to adjustments accordingly.

According to the Hong Kong Rating and Valuation Department, the forecast completions for private and domestic in 2023 and 2024 are 19,950 and 26,970 units, respectively.

Although the private domestic price index rebounded in the first quarter by nearly 5 per cent, the strength of the rebound would be impacted by factors such as high-interest rates, consumer sentiment, weakening demand, the uncertainty of external fiscal environments and an oversupply of newly built private and domestic flats.

The Hong Kong government's new round of the Consumption Voucher Scheme 2023, with a total value of HK\$5,000 in instalments for each eligible Hong Kong resident, was expected to increase HK GDP by 0.6% in 2023. The vouchers will be disbursed in two instalments: HK\$3,000 in April 2023 and the remaining HK\$2,000 in mid-2023. Non-Hong Kong residents who are in the city to study or through different admission programmes will receive vouchers worth HK\$2,500. Still, the prospect of higher interest rates is expected to continue to depress Hong Kong's secondary housing market until next year.

Our revenue last year was marginally lower at HK\$455 million as compared to the previous year. The weakening demand for housing units in Hong Kong will likely remain for 2023 due to those mentioned external and local market environments. Considering market trends impacted by external factors, this year will be a difficult challenge for our business; as usual, we will continue minimising our operation costs, lowering the debt-to-equity/leverage ratio, capitalising on our strengths in product ranges, and our relationships with well-established developers to adjust 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 2023. 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 and Remuneration Policy

As at 31 March 2023, our workforce was recorded at 141 employees (2022: 147). Total staff costs (including Directors' emoluments) amounted to HK\$69,103,000 (2022: HK\$72,100,000). Competitive packages are offered to attract, retain and motivate competent individuals. Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market conditions and both the Group's and individual performances.

The Group is committed to promoting equal opportunities for all of our employees, the provision of a healthy and safe workplace and encouraging work-life balance.

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

As our operations connect us to a wide range of stakeholders along the supply chain, we strive to make sure that sustainability considerations have been embedded in our procurement practices. Our environmental and social policy is in place to facilitate communication and align our sustainability expectations with our suppliers and sub-contractors. We conduct appraisals to evaluate performance of suppliers and sub-contractors. Factors assessed include production capacity, technical capability, quality control systems, personnel quality and sustainability performance.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining its high standard of corporate governance, and continues to review and reinforce its corporate governance measures. Full details of the which will be set out in the Corporate Governance Report contained in the Annual Report 2022/23 of the Company.

In the opinion of the Directors, the Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2023, except for the following:

Under the code provision D.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. However, the Board has put in place adequate measures to perform the internal audit function. The Board reviews the Group's complex risk management and internal control systems from time to time so as to assure its adequacy and 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 all Directors, the Directors confirmed compliance with the required standard set out in the Model Code throughout the year ended 31 March 2023.

DIVIDENDS

The Board did not declare and paid an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: HK0.5 cent per share totalling HK\$3,003,000).

The Board has resolved to recommend, at the forthcoming annual general meeting (the "AGM") to be held on 7 September 2023, a final dividend of HK0.5 cent per share for the year ended 31 March 2023 (year ended 31 March 2022: HK1 cent per share) (the "Final Dividend"), totalling HK\$3,594,000 (year ended 31 March 2022: HK\$6,006,000).

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 15 September 2023. The payment will be made on 12 October 2023.

ANNUAL GENERAL MEETING

The AGM will be held on 7 September 2023. Notice of the AGM will be published and despatched 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 4 September 2023 to 7 September 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 1 September 2023.
- (b) For the purpose of determining shareholders who qualify for the Final Dividend, the register of members of the Company will be closed on 15 September 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 14 September 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries had purchased or sold 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 audited consolidated financial statements for the year ended 31 March 2023.

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 2023 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 2022/23 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 June 2023

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.