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 2018

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 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*2*	**584,720**	505,981
Cost of sales	*3*	**(345,419)**	(294,542)
Gross profit		**239,301**	211,439
Other income	*2*	**994**	996
Other gains, net	*2*	**117**	5,124
Distribution costs	*3*	**(109,134)**	(97,091)
Administrative expenses	*3*	**(76,898)**	(69,679)
Operating profit		**54,380**	50,789
Finance income		**99**	619
Finance costs		**(897)**	(1,005)
Finance costs, net		**(798)**	(386)
Profit before income tax		**53,582**	50,403
Income tax expense	*4*	**(9,388)**	(8,096)
Profit for the year attributable to equity holders of the Company		**44,194**	42,307

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange gain/(loss) on translation of financial statements of foreign operations		**2,884**	(1,734)
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of properties held for own use		**25,497**	20,966
Tax effect relating to revaluation of properties held for own use		**(4,207)**	(3,459)
Other comprehensive income for the year, net of tax		**24,174**	15,773
Total comprehensive income for the year attributable to equity holders of the Company		**68,368**	58,080
Earnings per share (expressed in HK cents per share) — Basic and diluted	*6*	**7.36 cents**	7.04 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**189,735**	165,666
Investment properties		**36,100**	32,700
Deferred income tax assets		**4,491**	2,618
Trade, retention and other receivables	7	**18,070**	10,418
		248,396	211,402
Current assets			
Inventories		**168,497**	146,058
Current income tax recoverable		**1,973**	6,131
Trade, retention and other receivables	7	**171,780**	136,587
Restricted cash		**3,008**	2,981
Cash and cash equivalents		**62,357**	79,706
		407,615	371,463
Total assets		**656,011**	582,865
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**60,060**	60,060
Reserves		**419,151**	371,804
Total equity		**479,211**	431,864

	Notes	**2018** *HK$'000*	2017 *HK$'000*
LIABILITIES			
Current liabilities			
Trade and other payables	*8*	**51,300**	43,041
Receipts in advance		**51,328**	47,175
Borrowings		**41,382**	38,115
Current income tax liabilities		**7,392**	3,252
		151,402	131,583
Non-current liabilities			
Other provision		**2,500**	–
Deferred income tax liabilities		**22,898**	19,418
		25,398	19,418
Total liabilities		**176,800**	151,001
Total equity and liabilities		**656,011**	582,865

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 ("HKFRS"). 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 and investment properties, which are carried at fair values.

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

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning on or after 1 January 2017 but they have no significant impact to the Group's results and financial position or are not currently relevant to the Group:

Amendment to HKAS 7	Disclosure initiative
Amendment to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendment to HKFRS 12	Disclosure of interest in other entities

(b) New standards, amendments to standards and interpretations have been issued but are effective for the financial year beginning on or after 1 January 2018 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Employee benefits	1 January 2019
Amendment to HKAS 28	Investments in associates and joint ventures	1 January 2018
Amendment to HKAS 40	Transfers of investment property	1 January 2018
Amendment to HKFRS 1	First time adoption of HKFRS	1 January 2018
Amendment to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendment to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRSs	Annual improvement to HKFRSs 2015–2017 cycle	1 January 2018
HK(IFRIC)22	Foreign currency transactions and advance consideration	1 January 2018
HK(IFRIC)23	Uncertainty over income tax treatments	1 January 2019

(i) HKFRS 9 "Financial Instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

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

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect material changes to the impairment provision for trade receivables.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The impacts on the Group's financial results and position upon the adoption of HKFRS 9 are not expected to be material. The Group intends to adopt the standard for the financial year beginning on 1 April 2018.

(ii) HKFRS 15 "Revenue from Contracts with Customers"

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition: (1) Identify the contract(s) with a customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to each performance obligation; and (5) Recognise revenue when each performance obligation is satisfied.

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group is currently assessing the impact of adopting HKFRS 15 on the Group's consolidated financial statements, by identifying the separate performance obligations in the contracts with customers and allocating the transactions price. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position. The Group intends to adopt the standard retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application on 1 April 2018.

(iii) HKFRS 16 "Leases"

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

The standard will affect primarily the accounting for Group's operating leases. As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$165,581,000. Upon adoption of HKFRS 16, the majority of operating lease commitments will be recognised in the consolidated balance sheet as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use assets will be depreciated on a straight-line basis during the lease term. The Group intends to adopt the standard for the financial year beginning on 1 April 2019.

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

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**512,660**	431,552
Contract revenue	**72,060**	74,429
	584,720	505,981
Other income		
Rental income	**840**	827
Others	**154**	169
	994	996
Other gains, net		
Net foreign exchange (loss)/gain		
— Forward contracts	**–**	(1,517)
— Other exchange (loss)/gain, net	**(1,631)**	2,637
Fair value gain on investment properties	**3,400**	4,300
Loss on disposal of fixed assets	**(1,652)**	(296)
	117	5,124

The executive directors of the Company (the "Executive Directors") are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purposes of allocating resources and assessing performance.

The Group's reportable operating segments are as follows:

— Architectural builders' hardware, bathroom collections and others segment — importing, wholesale and retail of architectural builders' hardware and bathroom collections and others

— Kitchen collection and furniture segment — designing, importing, wholesale, retail and installation of kitchen collections and furniture

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs.

The Executive Directors assess the performance of the operating segments based on the measure of gross profit. Other operating income and expenses are not allocated to the operating segments as the information is not regularly reviewed by the Executive Directors.

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

Segment liabilities include all liabilities but exclude current and deferred income tax liabilities, borrowings (excluding trust receipt loans) and other corporate liabilities which are managed on central basis and are not directly attributable to the business activities of any operating segment.

	2018		
	Architectural builders' hardware, bathroom collections and others *HK$'000*	**Kitchen collection and furniture** *HK$'000*	**Total** *HK$'000*
Reportable segment revenue from external customers	**434,565**	**150,155**	**584,720**
Reportable segment cost of sales	**(263,365)**	**(82,054)**	**(345,419)**
Reportable segment gross profit	**171,200**	**68,101**	**239,301**
Depreciation of property, plant and equipment	**(3,511)**	**(1,627)**	**(5,138)**
Provision for inventory obsolescence	**(380)**	**(666)**	**(1,046)**
Write-back of provision for impaired receivables	**233**	**–**	**233**
Reportable segment assets	**344,428**	**95,448**	**439,876**
Additions to non-current segment assets during the year	**1,717**	**8,642**	**10,359**
Reportable segment liabilities	**67,926**	**68,626**	**136,552**

	2017		
	Architectural builders' hardware, bathroom collections and others *HK$'000*	Kitchen collection and furniture *HK$'000*	Total *HK$'000*
Reportable segment revenue from external customers	359,071	146,910	505,981
Reportable segment cost of sales	(225,902)	(68,640)	(294,542)
Reportable segment gross profit	133,169	78,270	211,439
Depreciation of property, plant and equipment	(4,186)	(1,932)	(6,118)
Reversal of provision/(provision) for inventory obsolescence	2,312	(787)	1,525
Write-back of provision/(provision) for impaired receivables	4,578	(48)	4,530
Reportable segment assets	278,631	81,460	360,091
Additions to non-current segment assets during the year	5,315	1,765	7,080
Reportable segment liabilities	67,524	41,288	108,812

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:

	2018 *HK$'000*	2017 *HK$'000*
Reportable segment gross profit	**239,301**	211,439
Group gross profit	**239,301**	211,439
Reportable segment assets	**439,876**	360,091
Property, plant and equipment	**107,935**	98,366
Investment properties	**36,100**	32,700
Deferred income tax assets	**4,491**	2,618
Current income tax recoverable	**1,973**	6,131
Restricted cash	**3,008**	2,981
Cash and cash equivalents	**62,357**	79,706
Other corporate assets	**271**	272
Group assets	**656,011**	582,865
Reportable segment liabilities	**136,552**	108,812
Borrowings	**9,461**	19,023
Current income tax liabilities	**7,392**	3,252
Deferred income tax liabilities	**22,898**	19,418
Other corporate liabilities	**497**	496
Group liabilities	**176,800**	151,001

Geographical information

	Revenue from external customers		Non-current assets (excluding financial assets and deferred income tax assets)	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**555,626**	469,061	**223,905**	197,667
PRC	**29,094**	36,920	**1,930**	699
Total	**584,720**	505,981	**225,835**	198,366

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 2018, no single customer contributed over 10% of the Group's revenue (2017: same).

3. EXPENSES BY NATURE

	2018	2017
	HK$'000	*HK$'000*
Employee benefit expenses	**79,203**	71,645
Auditors' remuneration		
— Audit services	**2,368**	2,797
— Non-audit services	**120**	120
Cost of inventories	**317,693**	274,721
Depreciation	**10,305**	10,665
Operating lease charges in respect of land and buildings	**55,310**	47,864
Direct operating expenses arising from investment properties that generated rental income	**109**	106
Provision/(reversal of provision) for inventory obsolescence	**1,046**	(1,525)
Write-back of provision for impaired receivables	**(233)**	(4,530)

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the subsidiaries operate.

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**11,263**	8,126
Overseas income tax	**12**	550
Under/(Over) provision in prior years	**551**	(401)
Total current tax	**11,826**	8,275
Deferred taxation	**(2,438)**	(179)
Income tax expense	**9,388**	8,096

5. DIVIDENDS

(a) Dividends declared and paid during the year

	2018	2017
	HK$'000	*HK$'000*
Final dividend in respect of 2017 of HK2.5 cents (2017: in respect of 2016 of HK2 cents) per share	**15,015**	12,012
Special dividend in respect of 2016 of HK5 cents per share	**–**	30,030
Interim dividend in respect of 2018 of HK1 cent (2017: in respect of 2017 of HK1.5 cents) per share	**6,006**	9,009
	21,021	51,051

(b) Dividends for the year

	2018	2017
	HK$'000	*HK$'000*
Interim dividend of HK1 cent (2017: HK1.5 cents) per share	**6,006**	9,009
Proposed final dividend of HK2.5 cents (2017: HK2.5 cents) per share *(Note)*	**15,015**	15,015
	21,021	24,024

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 2018.

6. 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.

	2018	2017
	HK$'000	*HK$'000*
Profit attributable to equity owners of the Company	**44,194**	42,307
Number of ordinary shares in issue (thousands)	**600,600**	600,600

(b) Diluted

Diluted earnings per share for the year ended 31 March 2018 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued (2017: same).

7. TRADE, RETENTION AND OTHER RECEIVABLES

Details of the trade, retention and other receivables as at 31 March 2018 are listed below:

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**137,081**	115,226
Less: provision for impairment of trade receivables	**(636)**	(855)
	136,445	114,371
Retention receivables	**5,368**	6,308
Less: provision for impairment of retention receivables	**(287)**	(260)
	141,526	120,419
Amounts due from customers for contract work	**15,277**	2,596
Other receivables, deposits and prepayments	**33,047**	23,990
	189,850	147,005
Less: non-current portion		
Retention receivables	**(4,085)**	(5,672)
Deposits and prepayments	**(13,985)**	(4,746)
Current portion	**171,780**	136,587

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:

	2018	2017
	HK$'000	*HK$'000*
1–90 days	**107,702**	85,789
91–365 days	**16,778**	21,886
Over 365 days	**12,601**	7,551
	137,081	115,226

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 ageing analysis of trade receivables that are not impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Not yet past due	**65,264**	57,348
1–90 days past due	**45,351**	35,442
91–365 days past due	**14,464**	14,885
Over 365 days past due	**11,366**	6,696
	136,445	114,371

Receivables that were past due but not impaired relate to a wide range of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are expected to be fully recoverable. The Group does not hold any collateral over these balances.

The movement in the provision for impairment of trade and retention receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
Balance at beginning of the year	**1,115**	5,688
Write-back of provision for impaired receivables	**(233)**	(4,530)
Exchange difference	**41**	(43)
Balance at end of the year	**923**	1,115

At each reporting date, the Group reviews receivables for evidence of impairment on both an individual and collective basis. As at 31 March 2018, the Group determined trade and retention receivables of HK$923,000 (2017: HK$1,115,000) as individually impaired. The impaired trade and retention receivables are due from customers that were in default or delinquency of payments.

As at 31 March 2018, the carrying values of trade and other receivables approximate their fair values (2017: same).

8. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**36,063**	24,293
Accrued charges and other payables	**12,949**	7,006
Amounts due to customers for contract work	**2,288**	11,742
	51,300	43,041

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

	2018	2017
	HK$'000	*HK$'000*
0–90 days	**36,003**	23,242
91–365 days	**53**	124
Over 365 days	**7**	927
	36,063	24,293

As at 31 March 2018, the carrying values of trade and other payables approximate their fair values (2017: same).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the importing, wholesale 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 2018. 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 2018.

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 2018. Save as disclosed herein, during the year ended 31 March 2018, the Company has complied with the requirements under the Listing Rule, the Securities and Futures Ordinance (the "SFO") and the Cayman Islands Companies Law.

During the year, the number of residential units completed in Hong Kong remained at high level, with small- and medium-sized flats continuing to be the majority in the market. The demand for home fittings increased but the market was inclined to products at competitive prices.

REVENUE REVIEW

For the year ended 31 March 2018, the Group's total turnover was HK$584.7 million, representing an increase of 15.6% as compared with the previous year.

Revenue by business segment

	Revenue from external customers 31 March			**As a percentage of sales (%) 31 March**	
	2018	2017	**Change**	**2018**	2017
	HK$'000	*HK$'000*	*(%)*		
Architectural builders' hardware, bathroom collections and others	**434,565**	359,071	**21.0**	**74.3**	71.0
Kitchen collection and furniture	**150,155**	146,910	**2.2**	**25.7**	29.0
	584,720	505,981	**15.6**	**100.0**	100.0

Profitability by business segment

	Reportable segment gross profit			Gross profit margin (%)	
	2018	2017	**Change**	**2018**	2017
	HK$'000	*HK$'000*	*(%)*		
Architectural builders' hardware, bathroom collections and others	**171,200**	133,169	**28.6**	**39.4**	37.1
Kitchen collection and furniture	**68,101**	78,270	**(13.0)**	**45.4**	53.3
	239,301	211,439	**13.2**	**40.9**	41.8

Revenue from the architectural builders' hardware, bathroom collections and others segment increased by 21.0% to HK$434.6 million (2017: HK$359.1 million) as compared to the previous year. Construction of small-sized residential units prevailed in the primary residential market in the current year. The demand for products that cater for a compact living environment and having a lower unit price continued to increase. During the year, we supplied products for projects such as Cetus • Square Mile, Fleur Pavilia, Le Cap, Malibu and Solaria.

Revenue from the kitchen collection and furniture segment slightly increased by 2.2% to HK$150.2 million (2017: HK$146.9 million) as compared to the previous year. During the year, we supplied products for projects like Cullinan West.

The overall gross profit of the Group amounted to HK$239.3 million (2017: HK$211.4 million), representing an increase of 13.2% from the previous year. The overall gross profit margin remained stable as compared to the prior year.

The Group's operating profit was HK$54.4 million (2017: HK$50.8 million), representing a rise of 7.1% from the prior year. The increase is mainly due to a rise in turnover which the impact was partially offset by an increase in distribution costs and administrative expenses. The amount of administrative expenses and distribution costs increased by 11.6% to HK$186.0 million (2017: HK$166.8 million) mainly due to a decrease in write-back of provision for doubtful debts of HK$4.3 million, increases in staff remuneration by HK$7.6 million and rental expenses by HK$7.4 million during the year. We have strived hard to control costs and maintain effective use of resources whilst keeping growth in business development.

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 2.7 (2017: 2.8) and 1.6 (2017: 1.7), respectively. Cash and cash equivalents approximated HK$62.4 million as at 31 March 2018 (2017: HK$79.7 million) and had been utilised in purchasing inventories pending for deliveries.

Inventories increased to HK$168.5 million (2017: HK$146.1 million) mainly because bulk project orders were placed towards the end of the year which will be delivered to customers during the next financial year. The trade, retention and other receivables increased to HK$189.9 million (2017: HK$147.0 million) as a result of increase in sales, while the trade and other payables increased to HK$51.3 million (2017: HK$43.0 million) due to inventory purchases made towards the end of the year.

As at 31 March 2018, the Group has a net cash position. Gearing ratio is therefore not applicable (2017: same). The interest-bearing borrowings of the Group increased to HK$41.4 million (2017: HK$38.1 million) as at 31 March 2018 due to an increase in bills payable for goods purchased towards the end of the year.

Treasury Policy

Borrowings, cash and cash equivalents are primarily denominated in Hong Kong Dollars ("HK$") and Euro. 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 and certain bank deposits. As at 31 March 2018, performance bonds of approximately HK$20.7 million (2017: HK$23.0 million) have been issued by the Group to customers as security of contracts. In respect of which, restricted cash of HK$3.0 million (2017: HK$3.0 million) was held as security for the performance bonds. Save for the rental commitment of our retail outlets and warehouses and performance bonds for projects, the Group has no other material financial commitments and contingent liabilities as at 31 March 2018.

FUTURE PROSPECTS

In the coming year, it is expected that Hong Kong will continue to be affected by political and economic uncertainties around the globe. The progress of negotiation of peace/security arrangements between the United States (the US) and its allies, disputes on multilateral trade treaties between the US and its allies on one hand and between the US and the PRC on the other hand has created an unquantifiable economic impact on Hong Kong local economy which is a highly open and small economy. The trade war will affect the global supply chain and agricultural sector. It drives up the inflation rate. It certainly affects business sentiment and global investment momentum which causes the recent volatility in the financial market worldwide.

The PRC Government's measures in stabilising economic development may affect the local business environment and consumption sentiment that the slow-down in growth of the number of Mainland China visitors to Hong Kong has translated into trouble for retail sales and tourism industry in Hong Kong. In Hong Kong, while business sentiment has remained cautiously optimistic generally, signs of economic growth may be affected by external factors such as geopolitical tensions and monetary policy changes of major economies. As Hong Kong dollar is pegged to the US dollar, the market expectation of further US interest rate hike will affect Hong Kong interest rates in the coming year that in turn may have an impact on housing prices.

Following a change of administration on 1 July 2017, the Hong Kong Government has adopted a proactive approach in making land available for residential and commercial use. The land-use policy of Hong Kong has arrived to a point yet to be turned; meanwhile the housing demand is expected to remain robust and prices will likely to stay on the rise (due to a relatively short supply of land for private residential market). The trend of building small flats and bulk purchases of home-fittings will likely to continue; and accordingly the supply of architectural builders' hardware and bathroom collections will have to remain competitive and we are aware that the expected interest rate increase and the uncertainty of the global economic outlook because of the trade wars would have potential impact on the private residential market. We are keen to foster our competence in bringing quality products and services to our customers.

Given the uncertainty of the global economy, we shall expand our presence in the market of kitchen collection and furniture in response to the growing importance of interior design in residential properties. To fit with home-buyers' budget, small-sized housing units will continue to strive hard to stay dominant in the primary residential market. We shall monitor and review this trend carefully from time to time, exploring new opportunities and sales channels in the market.

Our retail shop rental payments are expected to remain stable. We shall continue to improve operating efficiency and shop utilisation.

While enhancing our strength, we shall remain vigilant to external factors in order to stay competitive. The property market is affected by global, the PRC and local economic performance. Moreover, the Hong Kong Government's fiscal and financial policies and further cooling measures on housing price hike may create an adverse impact on Hong Kong real estate market. We will continue to monitor the market trends and refine our strategies from time to time accordingly.

Pursuant to the announcement on 2 November 2016, the Company is considering a proposed spin-off and separate listing of the Group's kitchen and furniture business on the Main Board of The Stock Exchange of Hong Kong Limited. Details of the announcement are available on the websites of the Stock Exchange and the Company. As at the date of this announcement, the Company is still considering the proposed spin-off and separate listing.

SUSTAINABLE DEVELOPMENT

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

Full details of the Environmental, Social and Governance Report will be set out in the Annual Report 2018. The Group's environmental and social policies are highlighted as below:

Environment

The Group endeavours to minimise pollution and protect the environment by conserving natural resources, reducing the use of energy and waste. We first implement business activities for which we bear responsibility and address the environmental issue by integrating environment considerations in our business. We create environmental awareness amongst our staff members and whenever possible and practical to do so. Our aim is to contribute to the sustainable future and be in harmony with the global environment.

Human Resources

As at 31 March 2018, our workforce was recorded at 173 employees (2017: 164).

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

Customers

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

Suppliers

We pay attention to the operating practices of our suppliers (including but not limited to employment practices, product responsibility, anti-corruption policy). We regularly conduct factory visits to inspect their production capacity, technical capability, quality control systems, production facilities, testing capability and personnel quality. In selection of 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 properly protect and promote the interests of its shareholders.

Full details of the Corporate Governance Report will be set out in the 2018 Annual Report of the Company.

COMPLIANCE OF CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with all the code provisions in the Code of Corporate Governance (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2018, with the exception of the following deviation:

Under the code provision C.2.5, the Company should have an internal audit function. Given the current scale of operations, the Company does not have an internal audit department. The Board is directly responsible for risk management and internal control systems of the Group and for the review of its effectiveness. The Board will continue 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 2018.

DIVIDEND

The Board declared and paid an interim dividend of HK1 cent per share for the six months ended 30 September 2017 (for the six months ended 30 September 2016: HK1.5 cents), totalling HK$6,006,000 (for the six months ended 30 September 2016: HK$9,009,000).

The Board has resolved to recommend, at the forthcoming Annual General Meeting (the "AGM") to be held on 19 September 2018, a final dividend of HK2.5 cents per share for the year ended 31 March 2018 (for the year ended 31 March 2017: HK2.5 cents) (the "Final Dividend"), totalling HK$15,015,000 (for the year ended 31 March 2017: HK$15,015,000).

If it is duly approved by the members at the AGM, the Final Dividend will be distributed to members, whose names appear on the principal or branch register of members of the Company in the Cayman Islands or Hong Kong respectively (collectively the "Register of Members") as at the close of business on 2 October 2018. The payment will be made on 16 October 2018.

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 12 September 2018 to 19 September 2018, 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 transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 11 September 2018.

(b) For the purpose of determining shareholders who qualify for the Final Dividend, the register of members of the Company will be closed from 28 September 2018 to 2 October 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 27 September 2018.

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. LEUNG Kwong Kin, *J.P.* (Chairman), Mr. WONG Wah, Dominic and Mr. WAN Sze Chung. The Audit Committee has reviewed, with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, financial reporting matters including a review of the consolidated financial statements for the year ended 31 March 2018.

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 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF FINANCIAL INFORMATION

This result announcement is published on the websites of the Company (www.ebon.com.hk) and The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk). The Company's Annual Report 2018 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, 27 June 2018

Website: www.ebon.com.hk

As at the date of this announcement, the Board of Directors comprises eight Directors, of which five are Executive Directors, namely Messrs. TSE Sun Fat, Henry, TSE Sun Wai, Albert, TSE Sun Po, Tony, TSE Hon Kit, Kevin and LAU Shiu Sun and three are Independent Non-executive Directors, namely Messrs. LEUNG Kwong Kin, J.P., WONG Wah, Dominic and WAN Sze Chung.