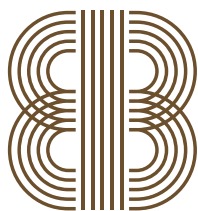


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E. BON HOLDINGS LIMITED

(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 2022

Reference is made to the announcement of E. Bon Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) dated 29 June 2022 in relation to the unaudited annual results of the Group for the year ended 31 March 2022 (the “Unaudited Results Announcement”).

The board of directors of the Company (the “Board”) is pleased to announce the audited consolidated financial results of the Group for the year ended 31 March 2022 as follows. Save for the disclosures in relation to the proposed final dividend, the audited consolidated financial results of the Group for the year ended 31 March 2022 (including consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto) remain the same as those disclosed in the Unaudited Results Announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	2	494,592	422,454
Cost of sales	3	(311,096)	(263,869)
Gross profit		183,496	158,585
Other income	2	2,005	3,711
Other (losses)/gains, net	2	(1,361)	3,587
Net impairment losses on financial and contract assets		(94)	(139)
Distribution costs	3	(94,699)	(81,956)
Administrative expenses	3	(70,189)	(67,047)
Operating profit		19,158	16,741
Finance income		161	178
Finance costs		(3,737)	(4,324)
Finance costs, net		(3,576)	(4,146)
Profit before income tax		15,582	12,595
Income tax expense	4	(3,688)	(1,826)
Profit for the year attributable to equity holders of the Company		11,894	10,769

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Other comprehensive income/(expenses)			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange gains on translation of financial statements of foreign operations		294	1,000
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gains on revaluation of properties held for own use		3,721	6,338
Tax effect relating to revaluation of properties held for own use		(614)	(1,046)
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		3,401	6,292
Total comprehensive income for the year attributable to equity holders of the Company		15,295	17,061
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (expressed in HK cents per share) — Basic and diluted	6	1.98 cents	1.79 cents
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		269,162	245,891
Right-of-use assets		45,444	65,141
Investment properties		–	32,300
Deferred income tax assets		5,873	7,019
Retention and other receivables	7	6,003	5,874
		<u>326,482</u>	<u>356,225</u>
Current assets			
Inventories		115,420	142,451
Trade, retention and other receivables	7	148,649	93,109
Contract assets	7	4,338	4,325
Current income tax recoverable		3,136	3,604
Cash and cash equivalents		104,199	102,964
		<u>375,742</u>	<u>346,453</u>
Total assets		<u>702,224</u>	<u>702,678</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		60,060	60,060
Reserves		410,461	401,172
Total equity		<u>470,521</u>	<u>461,232</u>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Other provision	8	5,000	3,800
Lease liabilities		22,094	41,920
Deferred income tax liabilities		18,900	19,276
		<u>45,994</u>	<u>64,996</u>
Current liabilities			
Trade and other payables	8	34,386	35,975
Contract liabilities	8	75,337	42,248
Derivative financial liabilities		935	851
Lease liabilities		27,902	28,477
Borrowings		42,083	66,574
Current income tax liabilities		5,066	2,325
		<u>185,709</u>	<u>176,450</u>
Total liabilities		<u>231,703</u>	<u>241,446</u>
Total equity and liabilities		<u>702,224</u>	<u>702,678</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) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning on or after 1 April 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 (amendments)
HKFRS 16	COVID-19-Related Rent Concessions (amendments)

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 standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on or after 1 January 2021 and have not been early adopted:

		Effective for annual periods beginning on or after
Accounting Guideline 5	Interest Rate Benchmark Reform — Phase 2 (amendments)	1 January 2022
Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020 (amendments)	1 January 2022
Amendment to HKFRS 3	Definition of a Business (amendments)	1 January 2022
Amendment to HKAS 16	Property, Plant and Equipment (amendments)	1 January 2022
Amendment to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendments)	1 January 2022
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)	1 January 2023
HKAS 8	Definition of Accounting Estimates (amendments)	1 January 2023

		Effective for annual periods beginning on or after
HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (amendments)	1 January 2023
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	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 (LOSSES)/GAINS, NET AND SEGMENT INFORMATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Sale of goods and services	430,955	381,594
Contract revenue	63,637	40,860
	<u>494,592</u>	<u>422,454</u>
Timing of revenue recognition:		
— At a point in time	430,955	381,594
— Over time	63,637	40,860
	<u>494,592</u>	<u>422,454</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Rental income	715	604
Government grants (<i>Note</i>)	—	780
Others	1,290	2,327
	<u>2,005</u>	<u>3,711</u>
Other (losses)/gains, net		
Net foreign exchange (loss)/gain		
— Forward contracts	(2,154)	544
— Other exchange gain	634	162
Fair value (loss)/gain on investment properties	(2,000)	700
Loss on disposal of property, plant and equipment	(292)	(3,847)
COVID-19-related rent concession	2,451	6,028
	<u>(1,361)</u>	<u>3,587</u>

Note:

Government subsidies of HK\$730,000 were granted from Retail Sector Subsidy Scheme and “One-off Subsidy” for the transport trades under Anti-Epidemic Fund launched by the Government of the Hong Kong SAR. The Group has complied all attached conditions before 31 March 2021 and recognised in the consolidated income statement.

Remaining subsidies of HK\$50,000 granted from The Government of Macau Special Administrative Region’s 10-Billion-Pataca Fund. The Group has complied all attached conditions before 31 March 2021 and recognised in the consolidated income statement.

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, investment properties, cash and cash equivalents, property, plant and equipment related to the office premises of the Group and other corporate assets which are managed on central basis and are not directly attributable to the business activities of any operating segment.

Segment liabilities include all liabilities but exclude current and deferred income tax liabilities, 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.

	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>
		2021	
	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	322,280	100,174	422,454
Reportable segment cost of sales	<u>(207,126)</u>	<u>(56,743)</u>	<u>(263,869)</u>
Reportable segment gross profit	<u>115,154</u>	<u>43,431</u>	<u>158,585</u>
Depreciation of property, plant and equipment	(6,162)	(4,411)	(10,573)
Depreciation of right-of-use assets	(23,592)	(13,949)	(37,541)
Provision for inventory obsolescence	(1,146)	(4,090)	(5,236)
Finance income	172	6	178
Finance costs	(1,192)	(182)	(1,374)
Net impairment losses on financial and contract assets	(85)	(54)	(139)
Reportable segment assets	300,221	84,781	385,002
Additions to non-current segment assets during the year	1,837	2,305	4,142
Reportable segment liabilities	<u>99,752</u>	<u>73,917</u>	<u>173,669</u>

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reportable segment gross profit	183,496	158,585
Group gross profit	183,496	158,585
Reportable segment assets	392,452	385,002
Property, plant and equipment	196,116	171,510
Investment properties	–	32,300
Deferred income tax assets	5,873	7,019
Current income tax recoverable	3,136	3,604
Cash and cash equivalents	104,199	102,964
Other corporate assets	448	279
Group assets	702,224	702,678
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reportable segment liabilities	165,291	173,669
Borrowings	40,962	44,834
Current income tax liabilities	5,066	2,325
Derivative financial liabilities	935	851
Deferred income tax liabilities	18,900	19,276
Other corporate liabilities	549	491
Group liabilities	231,703	241,446

Geographical information

	Revenue from external customers		Non-current assets (excluding financial assets and deferred income tax assets)	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (domicile)	480,283	409,579	312,548	340,507
PRC	14,309	12,875	2,058	2,825
Total	494,592	422,454	314,606	343,332

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 2022, HK\$53,605,000 or approximately 11% of the Group's revenue was derived from a single external customer. During the year ended 31 March 2021, no single customer contributed over 10% of the Group's revenue.

3. EXPENSES BY NATURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Employee benefit expenses	72,100	64,506
Government grants (<i>Note</i>)	–	(7,176)
Auditor's remuneration		
— Audit services	1,770	1,700
— Non-audit services	195	195
Cost of inventories	294,322	235,633
Depreciation of property, plant and equipment	16,763	16,269
Depreciation of right-of-use asset	30,651	37,541
Expenses relating to short-term lease	4,983	1,283
Direct operating expenses arising from investment properties that generated rental income	118	108
(Reversal of provision for)/provision for inventory obsolescence	<u>(1,046)</u>	<u>5,236</u>

Note:

Wages subsidies of approximately HK\$7,176,000 were granted from the Hong Kong SAR Government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020.

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year. The applicable tax rate for the PRC subsidiaries of the Group is 25% (2021: 25%) for the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	2,877	2,670
PRC enterprise income tax	<u>622</u>	<u>1</u>
Total current tax	3,499	2,671
Deferred taxation	<u>189</u>	<u>(845)</u>
Income tax expense	<u><u>3,688</u></u>	<u><u>1,826</u></u>

5. DIVIDENDS

(a) Dividends declared and paid during the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend in respect of 2021 of HK0.5 cent (2021: in respect of 2020 of HK0.5 cent) per share	3,003	3,003
Interim dividend in respect of 2022 of HK0.5 cent (2021: in respect of 2021 of HK0.5 cent) per share	<u>3,003</u>	<u>3,003</u>
	<u>6,006</u>	<u>6,006</u>

(b) Dividends for the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend of HK0.5 cent (2021: HK0.5 cent) per share	3,003	3,003
Proposed final dividend of HK1 cent (2021: HK0.5 cent) per share (<i>Note</i>)	<u>6,006</u>	<u>3,003</u>
	<u>9,009</u>	<u>6,006</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 2022.

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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit attributable to equity owners of the Company	<u>11,894</u>	<u>10,769</u>
Number of ordinary shares in issue (thousands)	<u>600,600</u>	<u>600,600</u>

(b) Diluted

Diluted earnings per share for the year ended 31 March 2022 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued (2021: same).

7. TRADE, RETENTION AND OTHER RECEIVABLES AND CONTRACT ASSETS

Details of the trade, retention and other receivables and contract assets as at 31 March 2022 are listed below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	124,584	78,356
Less: provision for impairment of trade receivables	(859)	(720)
	123,725	77,636
Retention receivables	2,645	1,161
Less: provision for impairment of retention receivables	(288)	(285)
	126,082	78,512
Contract assets	4,344	4,364
Less: provision for impairment of contract assets	(6)	(39)
	130,420	82,837
Other receivables, deposits and prepayments	28,570	20,471
	158,990	103,308
Less: non-current portion		
Retention receivables	(272)	(150)
Deposits and prepayments	(5,731)	(5,724)
Current portion	152,987	97,434

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1–90 days	60,766	47,448
91–365 days	28,157	17,965
Over 365 days	35,661	12,943
	124,584	78,356

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

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

The movement in the provision of expected credit loss on trade, retention receivables and contract assets is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of the year	1,044	878
Loss allowance for the year	94	139
Exchange difference	15	27
	<hr/>	<hr/>
Balance at end of the year	1,153	1,044
	<hr/> <hr/>	<hr/> <hr/>

As at 31 March 2022, the carrying values of trade and other receivables approximate their fair values (2021: same).

8. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	19,999	25,115
Accrued charges and other payables	14,387	10,860
Contract liabilities	75,337	42,248
Other provision	5,000	3,800
	<hr/>	<hr/>
	114,723	82,023
Less: non-current portion		
Other provision	(5,000)	(3,800)
	<hr/>	<hr/>
Current portion	109,723	78,223
	<hr/> <hr/>	<hr/> <hr/>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	13,513	19,612
91–365 days	4,346	2,744
Over 365 days	2,140	2,759
	<hr/>	<hr/>
	19,999	25,115
	<hr/> <hr/>	<hr/> <hr/>

As at 31 March 2022, the carrying values of trade and other payables approximate their fair values (2021: same).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the importing, wholesale, retail and installation of architectural builders' hardware, bathroom, kitchen collections and furniture and provision of 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. Further details will be provided in the Company's Annual Report 2022. 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 2022.

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 2022. Save as disclosed herein, during the year ended 31 March 2022, 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 Law.

During the year, pandemic control measures were gradually lifted in certain economies as the coronavirus disease (COVID-19) had slowly brought under control following mass vaccination worldwide. In Hong Kong, business and local consumption sentiment improved and the housing market remained stable. Supply chain and transportation disruptions caused an upsurge in raw materials and freight costs. The liquidity issue of real estate developers of the PRC has affected the capital market.

Hong Kong experienced an unexpected marked downturn in the economy in the first quarter of 2022, with gross domestic product ("GDP") contracting by 4.0% in real terms after an increase of 4.7% in the fourth quarter of 2021. It was mainly due to the fifth wave of the COVID-19 epidemic undergoing drastic changes in January 2022.

The government imposed anti-epidemic measures of inbound control by banning incoming flights from Australia, Canada, France, India, Pakistan, the Philippines, the United Kingdom and the United States (the US) and controlling the spread of highly infectious Omicron outbreak by strict social distancing policy and shutting down business such as beauty parlours, barber shops, the restaurant closed at dinner time 6 pm, bars and pubs to sports premises and karaoke establishments. Hong Kong banned most public activities on 7 January 2022. The fifth wave peaked in late March/early April 2022 and eased down in mid-April 2022. All these restrictive measures have dampened consumer confidence and sentiments.

On 21 April 2022, the government began to adjust the social distancing measures by reopening cosmetic beauty services and allowing the resumption of dinnertime dine-in services in response to the longing of Hong Kong citizens and the business sectors to resume business back to normal as soon as practicable. Since 19 May 2022, catering businesses are allowed to extend dinner services until midnight with a maximum of eight people per table. The government also introduced the COVID-19 vaccine pass as a condition of relaxing measures for people to access public activities.

In addition, the high geopolitical tensions have put the global economy at risk starting from the first quarter of 2022. This is due to the confluence of factors that includes military conflict in Ukraine; international sanctions such as by the US and Europe against Russia, coupled with geopolitical tensions between the PRC and the US, have adversely affected global trade, elevating prices for commodity food and oil, disrupting the supply chain and logistics. All these factors lead to unexpectedly high inflationary pressures at a worldwide level. The potential US interest rate hike further restrains the recovery of the global economy from the COVID-19 pandemic. These factors are yet to reflect in this reporting period.

The demand for residential property remained weak in the first quarter of 2022. Market sentiment was dampened by the uncertainties of current political situations in Europe, the US-China tensions, the rise in the prices of commodities and oil, and the local COVID-19 epidemic situation, with the latter also disrupting business and trading activities. The number of residential property transactions, in terms of the total number of sale and purchase agreements for residential property received by the Land Registry from January to March 2022 plunged by over 30% compared to the same period last year.

We have managed to achieve a growth in our revenue for the financial year ended on 31 March 2022. The above factors only affected the last quarter of our sales. The impact of the uncertainties above might have weakened our performance in the coming year. We would, as always, work hard to maintain and strengthen our working relationship and co-operation with reputable property developers.

REVENUE REVIEW

Revenue by business segment

For the year ended 31 March 2022, the Group's total turnover was HK\$494.6 million, representing an increase of 17.1% as compared with the previous year.

	Revenue from external customers			As a percentage of sales	
	2022	2021	Change	2022	2021
	HK\$'000	HK\$'000	(%)	(%)	(%)
Architectural builders' hardware, bathroom collections and others	362,269	322,280	12.4	73.2	76.3
Kitchen collection and furniture	132,323	100,174	32.1	26.8	23.7
	494,592	422,454	17.1	100.0	100.0

Profitability by business segment

	Reportable segment gross profit			Gross profit margin	
	2022	2021	Change	2022	2021
	HK\$'000	HK\$'000	(%)	(%)	(%)
Architectural builders' hardware, bathroom collections and others	118,178	115,154	2.6	32.6	35.7
Kitchen collection and furniture	65,318	43,431	50.4	49.4	43.4
	183,496	158,585	15.7	37.1	37.5

Revenue from the architectural builders' hardware, bathroom collections and others segment increased by 12.4% to HK\$362.3 million (2021: HK\$322.3 million) as compared to the previous year. During the year, we supplied for projects such as Baker Circle Dover, Grand Victoria, Sheraton Hong Kong Hotel and The Aperture.

Revenue from the kitchen collection and furniture segment increased by 32.1% to HK\$132.3 million (2021: HK\$100.2 million) as compared to the previous year. During the year, we supplied for projects such as La Marina.

The overall gross profit of the Group amounted to HK\$183.5 million (2021: HK\$158.6 million), representing an increase of 15.7% from the previous year due to a general improvement in site progress leading to increased project deliveries. The overall gross profit margin slightly decreased to 37.1% from 37.5%.

The Group's operating profit was HK\$19.2 million (2021: HK\$16.7 million), representing an increase of 14.4% from the prior year. The amount of administrative expenses and distribution costs increased by 10.7% to HK\$164.9 million (2021: HK\$149.0 million) which reflected our efforts in controlling selling expenses despite resumption in selling activities. During the year, the Group did not receive any government subsidies (2021: received HK\$8.0 million).

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 2.0 (2021: 2.0) and 1.4 (2021: 1.2), respectively. Cash and cash equivalents approximated HK\$104.2 million as at 31 March 2022 (2021: HK\$103.0 million).

Inventories decreased to HK\$115.4 million (2021: HK\$142.5 million). The trade, retention and other receivables increased to HK\$154.7 million (2021: HK\$99.0 million), while the trade and other payables reduced to HK\$34.4 million (2021: HK\$36.0 million).

As at 31 March 2022, the gearing ratio (net debt divided by total equity) of the Group is not applicable, the Group has a net cash position (2021: 7.4%). The interest-bearing borrowings of the Group reduced to HK\$42.1 million (2021: HK\$66.6 million) as at 31 March 2022.

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 2022, performance bonds of approximately HK\$32.5 million (2021: HK\$37.6 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 2022.

FUTURE PROSPECTS

Looking forward, the international political conflicts, military conflict in Europe and the COVID-19 Omicron pandemic will continue to transform the global supply chain landscape, price hikes in commodities and oil supply. International sanctions against Russia, interest hikes in central banks, and inflationary pressures on the worldwide economy threaten the financial and operational stability of business and traders around the world than they have ever seen for many years.

Given the world's geopolitical environment is never stable, the current uncertainties are unprecedented, mainly as geopolitics affect policies on the supply chain, tourism, logistics and trade, the downside risks in the global economy remain significant. In addition, the world economy will struggle to recover from COVID-19 pandemic outbreaks in 2022.

In the PRC, strict Omicron prevention and control measures in major cities led to a GDP fall in the second quarter of 2022; it might dampen GDP growth this year. In Hong Kong, anti-Omicron restrictive measures led to a GDP fall in the first quarter of 2022. The government data reveals that the private consumption expenditure decreased 5.5% in real terms from a year earlier, dampening consumer confidence and sentiments. Overall investment expenditure declined by 8.4% in real terms as business sentiment worsened. The uncertainties of a new wave of Omicron epidemic and the world's geopolitical environment remain a challenge to Hong Kong's economy. However, the Hong Kong government indicated that inflation would be 2% this year. With deteriorating export performance and dampened consumer confidence in the first half-year of 2022, Hong Kong's economic recovery is cautiously optimistic and mild.

Given the current trends in the number of residential units sold for the first quarter of 2022, we will keep a close eye on the residential property market. The uncertainties as suggested above remain challenging to our business as they are beyond our control.

In the near term, according to Rating and Valuation Department, the forecast for housing completions in 2022 and 2023 are 22,850 and 21,850 units, respectively. Nevertheless, the Hong Kong government's direction in increasing housing supply is expected to continue regardless of the change in administration in July 2022. The making of the Northern Metropolis will provide accommodation capacity in the long term.

The government's new round of the Consumption Voucher Scheme 2022, with a total value of \$10,000 or \$5,000 by instalments for each eligible participant, along with the 2022 Employment Support Scheme and Temporary Unemployment Relief Scheme, would create customer demand in Hong Kong retail, catering and food and beverage markets, that in turn, facilitate the recovery of Hong Kong economy in the later of 2022.

Hong Kong reduced its economic growth forecast down to 1%–2% for the year from an earlier forecast of 2%–3.5% because of the COVID-19 outbreak earlier this year, the potential COVID-19's sixth or seventh waves, the ever-changing international geopolitical circumstances have caused price hikes in food, commodities and oil, disruption of supply chain and logistics, the subsequent inflationary pressures lead to higher interest rates, all these would have a more significant impact and disruption on business and trade than they have ever seen for many years.

The Group has evolved to sustain growth amid challenges brought by the pandemic, and will continue to optimise structure to stay robust and flexible in the market. We will cautiously explore new growth opportunities in relevant business field, identify and acquire suitable premises for self-use. We will continue to closely monitor external factors such as geopolitical tensions, supply chain disruptions and currency rates and 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 2022. 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 2022, our workforce was recorded at 147 employees (2021: 149). Total staff costs (including Directors' emoluments) amounted to HK\$72,100,000 (2021: HK\$57,330,000). 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 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 2022, except for the following:

Under the code provision C.2.5, the Company should have an internal audit function. Given the current scale of operations, the Company does not have an internal audit department. The Board is directly responsible for risk management and internal control systems of the Group and the review of its effectiveness. The Board will continue to review, at least annually, this arrangement going forward in light of the evolving needs of the Group.

COMPLIANCE OF MODEL CODE FOR SECURITIES TRANSACTIONS

The 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 2022.

DIVIDENDS

The Board declared and paid an interim dividend of HK0.5 cent per share for the six months ended 30 September 2021 (six months ended 30 September 2020: HK0.5 cent per share) totalling HK\$3,003,000 (six months ended 30 September 2020: HK\$3,003,000).

The Board has resolved to recommend, at the forthcoming annual general meeting (the “AGM”) to be held on 7 September 2022, a final dividend of HK1 cent per share for the year ended 31 March 2022 (year ended 31 March 2021: HK0.5 cent per share) (the “Final Dividend”), totalling HK\$6,006,000 (year ended 31 March 2021: HK\$3,003,000).

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 2022. The payment will be made on 12 October 2022.

ANNUAL GENERAL MEETING

The AGM will be held on 7 September 2022. 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 2 September 2022 to 7 September 2022, 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 2022.
- (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 2022, 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 2022.

Remarks: The address of the Company’s Hong Kong Branch Share Registrar and Transfer Office, Tricor Abacus Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022. For details, please refer to the Company’s announcement to be made in due course.

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 2022.

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 2022 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 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, 14 July 2022

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.