E. BON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
怡 邦 行 控 股 有 限 公 司

(Stock Code: 599)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The Board of Directors (the "Board") of E. Bon Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 September 2023 (the "period").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

		Unaudited Six months ended 30 September	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**213,973**	233,893
Cost of sales		**(120,047)**	(138,974)
Gross profit		**93,926**	94,919
Other income	*4*	**–**	316
Other losses, net	*4*	**(2,338)**	(2,787)
Distribution costs		**(43,999)**	(39,639)
Administrative expenses		**(35,226)**	(32,476)
Operating profit		**12,363**	20,333
Finance costs, net	*5*	**(1,711)**	(942)
Profit before income tax	*6*	**10,652**	19,391
Income tax expense	*7*	**(2,241)**	(3,919)
Profit for the period attributable to equity holders of the Company		**8,411**	15,472

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

	Notes	Unaudited Six months ended 30 September **2023** ***HK$'000***	 2022 *HK$'000*
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss			
Exchange gain/(loss) on translation of financial statements of foreign operations		**152**	(634)
Other comprehensive income/(loss) for the period, net of tax		**152**	(634)
Total comprehensive income for the period attributable to equity holders of the Company		**8,563**	14,838
Earnings per share (expressed in HK cents per share)			(Restated)
— Basic and diluted	*9*	**HK1.2 cents**	HK2.5 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Notes	Unaudited 30 September 2023 HK$'000	Audited 31 March 2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**298,608**	302,032
Right-of-use assets		**32,770**	35,902
Deferred income tax assets		**4,721**	5,352
Retention and other receivables	*11*	**5,020**	4,744
		341,119	348,030
Current assets			
Inventories		**202,172**	144,909
Trade, retention and other receivables	*11*	**106,372**	94,298
Contract assets	*11*	**2,945**	3,269
Current income tax recoverable		**4,986**	3,183
Derivative financial assets	*13*	**–**	223
Time deposits with maturity over three months		**20,385**	23,365
Cash and cash equivalents		**86,872**	123,296
		423,732	392,543
Total assets		**764,851**	740,573
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**71,884**	71,884
Reserves		**429,800**	424,831
Total equity		**501,684**	496,715

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

	Notes	**Unaudited 30 September 2023** *HK$'000*	Audited 31 March 2023 *HK$'000*
LIABILITIES			
Non-current liabilities			
Other provision	*12*	**6,021**	6,021
Lease liabilities		**12,289**	8,460
Deferred income tax liabilities		**16,276**	17,201
		34,586	31,682
Current liabilities			
Trade and other payables	*12*	**50,648**	43,254
Contract liabilities	*12*	**66,380**	70,643
Derivative financial liabilities	*13*	**2,305**	–
Lease liabilities		**22,756**	29,143
Borrowings		**75,821**	63,969
Dividend payable		**3,594**	–
Current income tax liabilities		**7,077**	5,167
		228,581	212,176
Total liabilities		**263,167**	243,858
Total equity and liabilities		**764,851**	740,573

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Unaudited								
	Share Capital	**Share premium**	**Revaluation reserve**	**Merger reserve**	**Capital reserve**	**Exchange reserve**	**Statutory reserve**	**Retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2022	60,060	1,201	144,507	6,979	2,896	182	2,180	252,516	470,521
Profit for the period	–	–	–	–	–	–	–	15,472	15,472
Exchange loss on translation of financial statements of foreign operations	–	–	–	–	–	(634)	–	–	(634)
Total comprehensive income for the period	–	–	–	–	–	(634)	–	15,472	14,838
Dividends	–	–	–	–	–	–	–	(6,006)	(6,006)
Change in reserve	–	–	5,125	–	–	–	–	–	5,125
Appropriation to statutory reserve	–	–	–	–	–	–	(48)	48	–
Transactions with owners	–	–	5,125	–	–	–	(48)	(5,958)	(881)
At 30 September 2022	60,060	1,201	149,632	6,979	2,896	(452)	2,132	262,030	484,478
At 1 April 2023	**71,884**	**10,784**	**141,637**	**6,979**	**2,896**	**(228)**	**2,241**	**260,522**	**496,715**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,411**	**8,411**
Exchange gain on translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**–**	**152**	**–**	**–**	**152**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**152**	**–**	**8,411**	**8,563**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,594)**	**(3,594)**
Appropriation to statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**(160)**	**160**	**–**
Transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(160)**	**(3,434)**	**(3,594)**
At 30 September 2023	**71,884**	**10,784**	**141,637**	**6,979**	**2,896**	**(76)**	**2,081**	**265,499**	**501,684**

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited interim condensed consolidated financial statements for the six months ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 March 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

1.1 Accounting policies

Except as described below, the accounting policies applied to prepare this unaudited interim condensed consolidated financial information are consistent with those of the consolidated financial statements for the year ended 31 March 2023.

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

A number of new or amended standards became applicable for the current reporting period and have been adopted by the Group for the first time for the financial year beginning on 1 April 2023:

HKAS 1 and HKFRS Practice Statement 2 (amendment)	Disclosure of Accounting Policies
HKAS 8 (amendment)	Definition of Accounting Estimates
HKAS 12 (amendment)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
HKFRS 17 and HKFRS 17 (amendment)	Insurance Contracts (including Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information)

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

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

1.1 Accounting policies (Continued)

(b) New standards and amendments to existing standards have been published but are not yet effective and which the Group has not early adopted

		Effective for annual periods beginning on or after
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
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 16 (amendment)	Lease liability in a sale and leaseback	1 January 2024
HKAS 7 and HKFRS 7 (amendment)	Supplier Finance Arrangements	1 January 2024
HKFRS 10 and HKAS 28 (amendment)	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 standards and amendments to standards but is not yet in a position to state whether they will result in substantial changes to the Group's significant accounting policies and the presentation of its financial statements.

2. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2023.

There have been no changes in the risk management controls or in any risk management policies since the year ended 31 March 2023.

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

	Unaudited Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**193,577**	188,969
Contract revenue	**20,396**	44,924
	213,973	233,893
Timing of revenue recognition:		
— At a point in time	**193,577**	188,969
— Over time	**20,396**	44,924
	213,973	233,893
Other income		
Government grants *(Note)*	**–**	35
Others	**–**	281
	–	316

Note: Government subsidies of HK$35,000 granted from The Government of Macau Special Administrative Region's 10-Billion-Pataca Fund. The Group has complied all attached conditions before 31 March 2022 and recognised in the consolidated statement of comprehensive income.

	Unaudited Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Other losses, net		
Net foreign exchange losses		
— Forward contracts	**(2,528)**	(5,453)
— Other exchange loss, net	**(908)**	514
COVID-19 related rental concessions	**1,098**	2,152
	(2,338)	(2,787)

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.

4. **REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (Continued)**

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, 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, investment properties, 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, derivative financial liabilities, dividend payable, borrowings (excluding trust receipt loans) and other corporate liabilities which are managed on central basis and are not directly attributable to the business activities of any operating segment.

	Unaudited Six months ended 30 September 2023		
	Architectural builders' hardware, bathroom collection and others *HK$'000*	**Kitchen collections and furniture** *HK$'000*	**Total** *HK$'000*
Reportable segment revenue from external customers	**159,166**	**54,807**	**213,973**
Reportable segment cost of sales	**(90,978)**	**(29,069)**	**(120,047)**
Reportable segment gross profit	**68,188**	**25,738**	**93,926**
Depreciation of property, plant and equipment	**(3,889)**	**(2,831)**	**(6,720)**
Depreciation of right-of-use assets	**(8,655)**	**(9,257)**	**(17,912)**
(Provision for)/reversal of provision for inventory obsolescence	**(17)**	**401**	**384**
Finance income	**963**	**13**	**976**
Finance costs	**(1,652)**	**(1,035)**	**(2,687)**
Reportable segment assets	**317,963**	**95,242**	**413,205**
Additions to non-current segment assets during the period	**589**	**5,333**	**5,922**
Reportable segment liabilities	**109,277**	**70,633**	**179,910**

4. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (Continued)

	Unaudited Six months ended 30 September 2022		
	Architectural builders' hardware, bathroom collection and others	Kitchen collections and furniture	Total
	HK$'000	*HK$'000*	*HK$'000*
Reportable segment revenue from external customers	155,676	78,217	233,893
Reportable segment cost of sales	(100,075)	(38,899)	(138,974)
Reportable segment gross profit	55,601	39,318	94,919
Depreciation of property, plant and equipment	(3,106)	(2,764)	(5,870)
Depreciation of right-of-use assets	(5,628)	(8,885)	(14,513)
Provision for inventory obsolescence	(1,353)	(1,213)	(2,566)
Finance income	603	3	606
Finance costs	(755)	(793)	(1,548)

	Audited As at 31 March 2023		
	Architectural builders' hardware, bathroom collection and others	Kitchen collections and furniture	Total
	HK$'000	*HK$'000*	*HK$'000*
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	110,322	73,122	183,444

4. REVENUE, OTHER INCOME, OTHER 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 condensed consolidated financial information as follows:

	Unaudited Six months ended 30 September 2023	2022
	2023	2022
	HK$'000	*HK$'000*
Reportable segment gross profit	**93,926**	94,919
Group gross profit	**93,926**	94,919

	Unaudited As at 30 September 2023	Audited As at 31 March 2023
	HK$'000	*HK$'000*
Reportable segment assets	**413,205**	393,761
Property, plant and equipment	**232,088**	190,909
Deferred income tax assets	**4,721**	5,352
Current income tax recoverable	**4,986**	3,183
Time deposits with maturity over three months	**20,385**	23,365
Cash and cash equivalents	**86,872**	123,296
Derivative financial assets	**–**	223
Other receivable	**2,167**	–
Other corporate assets	**427**	484
Group assets	**764,851**	740,573
Reportable segment liabilities	**179,910**	183,444
Borrowings	**53,457**	37,501
Current income tax liabilities	**7,077**	5,167
Derivative financial liabilities	**2,305**	–
Dividend payable	**3,594**	–
Deferred income tax liabilities	**16,276**	17,201
Other corporate liabilities	**548**	545
Group liabilities	**263,167**	243,858

4. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION (Continued)

Geographical information

	Revenue from external customers		Non-current assets (excluding financial assets and deferred income tax assets)	
	Unaudited		**Unaudited**	Audited
	Six months ended 30 September		**As at 30 September**	As at 31 March
	2023	2022	**2023**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**200,054**	226,080	**330,941**	337,310
PRC	**13,919**	7,813	**437**	624
Total	**213,973**	233,893	**331,378**	337,934

5. FINANCE COSTS, NET

	Unaudited Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Finance costs		
Bank borrowings	**1,615**	732
Interest on lease liabilities	**1,072**	816
	2,687	1,548
Finance income		
Interest income	**(976)**	(606)
Finance costs, net	**1,711**	942

6. EXPENSES BY NATURE

	Unaudited Six months ended 30 September 2023 HK$'000	2022 HK$'000
Cost of inventories	**114,239**	129,489
Depreciation of property, plant and equipment	**10,230**	9,166
Depreciation of right-of-use assets	**17,912**	14,513
Expenses relating to short-term lease	**180**	658
(Reversal of provision for)/provision for inventory obsolescence	**(384)**	2,566
Employee benefit expenses	**30,921**	30,679
Government grant *(Note)*	**–**	(2,726)

Note: Wages subsidies of approximately HK$2,726,000 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.

7. INCOME TAX EXPENSE

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

The charge comprises:

	Unaudited Six months ended 30 September 2023 HK$'000	2022 HK$'000
Current tax		
Hong Kong profits tax	**2,239**	3,914
PRC Corporate income tax	**2**	5
	2,241	3,919
Deferred taxation	**–**	–
Tax expense for the period	**2,241**	3,919

8. DIVIDEND

The Board does not declare payment of an interim dividend (2022: nil) for the six months ended 30 September 2023.

9. 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.

	Unaudited Six months ended 30 September	
	2023	2022
	HK cent	*HK cent*
		(Restated)
Basic earnings per share attributable to the owners of the Company	**1.2**	2.5

(b) Diluted earnings per share

Diluted earnings per share for the year ended 30 September 2023 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued (2022: nil).

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

	Unaudited Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Basic earnings per share		
Profit attributable to the owners of the Company used in calculating basic earnings per share	**8,411**	15,472

	Unaudited Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
Diluted earnings per share		
Profit attributable to the owners of the Company used in calculating diluted earnings per share	**8,411**	15,472

9. **EARNINGS PER SHARE (Continued)**

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

	Unaudited Six months ended 30 September 2023	2022
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic and diluted earnings per share *(note)*	**718,838,942**	608,849,268

Note: Basic and diluted earnings per share for the period ended 30 September 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.

10. **CAPITAL EXPENDITURE AND DISPOSAL**

During the period, the Group incurred capital expenditure of approximately HK$6,809,000 for property, plant and equipment (six months ended 30 September 2022: HK$3,818,000) and no disposal of the property, plant and equipment during the period (six months ended 30 September 2022: nil).

11. **TRADE, RETENTION, OTHER RECEIVABLES AND CONTRACT ASSETS**

Details of trade, retention, other receivables and contract assets as at 30 September 2023 are listed below:

	Unaudited As at 30 September 2023 ***HK$'000***	Audited As at 31 March 2023 *HK$'000*
Trade receivables	**83,994**	71,605
Less: provision for impairment of trade receivables	**(1,118)**	(1,118)
	82,876	70,487
Retention receivables	**1,374**	1,435
Less: provision for impairment of retention receivables	**(264)**	(264)
	83,986	71,658
Contract assets	**2,960**	3,284
Less: provision for impairment of contract assets	**(15)**	(15)
	86,931	74,927
Other receivables, deposits and prepayments	**27,406**	27,384
	114,337	102,311
Less: non-current portion		
Retention receivables	**(680)**	(367)
Deposits and prepayments	**(4,340)**	(4,377)
Current portion	**109,317**	97,567

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

All non-current receivables are due within five years from the end of the respective reporting dates. The ageing analysis of trade receivables at the reporting date by invoice date is as follows:

	Unaudited As at 30 September 2023 ***HK$'000***	Audited As at 31 March 2023 *HK$'000*
1–90 days	**50,246**	31,311
91–365 days	**17,757**	25,270
Over 365 days	**15,991**	15,024
	83,994	71,605

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

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a life time expected loss allowance for all trade and retention receivables and contract assets. Information about the impairment of these receivables and the Group's exposure to credit risk is consistent with those of the consolidated financial statements for the year ended 31 March 2023, as described in those annual financial statements.

12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

Details of trade and other payables and contract liabilities as at 30 September 2023 are listed below:

	Unaudited As at 30 September 2023 ***HK$'000***	Audited As at 31 March 2023 *HK$'000*
Trade payables	**34,229**	29,854
Accrued charges and other payables	**16,419**	13,400
Contract liabilities	**66,380**	70,643
Other provision	**6,021**	6,021
	123,049	119,918
Less: non-current portion		
Other provision	**(6,021)**	(6,021)
	117,028	113,897

12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (Continued)

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

	Unaudited As at 30 September 2023 *HK$'000*	Audited As at 31 March 2023 *HK$'000*
0–90 days	**26,787**	22,022
91–365 days	**3,890**	4,074
Over 365 days	**3,552**	3,758
	34,229	29,854

As at 30 September 2023, the carrying values of trade and other payables approximate their fair values (2022: same).

13. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	Unaudited As at 30 September 2023 Liabilities *HK$'000*	Audited As at 31 March 2023 Assets *HK$'000*
Not qualified for hedge accounting		
Foreign exchange forward contract, at market value *(Note)*	**(2,305)**	223

Note: The notional principal amounts of the outstanding foreign exchange forward contracts as at 30 September 2023 and 31 March 2023 are as follows:

	Unaudited As at 30 September 2023 *HK$'000*	Audited As at 31 March 2023 *HK$'000*
Sell HKD for EUR	**20,742**	21,415
Sell USD for EUR	**43,594**	–

REVIEW OF OPERATIONS

BUSINESS REVIEW

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the importing, wholesale, retail and installation of architectural builders' hardware, bathroom, kitchen collections and furniture and provision of interior design services, project and contract management in Hong Kong and the People's Republic of China (the "PRC").

As highlighted in our previous year's annual report, the influence of events in the Russia-Ukraine conflict and the evolving between the United States and China ("US-China") relationship on the global economy hinged on a multitude of factors. Disruptions in the energy supply chain held the potential to propel energy prices upward, consequently affecting the performance of sectors reliant on global energy resources. Likewise, disruptions in food supply chains had the potential to contribute to global inflation, driven by higher interest rates, elevated commodity prices, supply chain interruptions, and constricting fiscal and monetary policies.

The Russia-Ukraine conflict and the dynamic US-China relationship have continued to reshape the global economic and geopolitical landscape during the initial half of 2023. This ongoing transformation has introduced new challenges and uncertainties that resonate worldwide. The economic repercussions stemming from these dynamics persistently exert a dampening effect on various aspects, including trade, consumer confidence, and investor sentiment, presenting a formidable challenge to the global economy.

According to the Organization for Economic Cooperation and Development ("OECD") report dated 22 November 2022, the Russia-Ukraine conflict is described as a "massive and historic energy shock" to the markets, leading to a deceleration in global economic growth from around 5.0% in 2022 to 2.2% in 2023. This decline in economic growth has far-reaching consequences, affecting consumer confidence and subsequently reducing the demand for consumer goods while eroding business and investor confidence. The impact extends to global investments, financial markets, supply chains, energy markets, business activities, and international trade.

China's economy has consistently grown with gradual improvements in major economic indicators. Notably, there was a period-to-period growth of 5.5% in Gross Domestic Product ("GDP") during the year's first half, marked by period-to-period growth rates of 4.5% and 6.3% in GDP for the first and second quarters, respectively. However, China's economic landscape faces a series of challenges, including the decline of foreign direct investment, which mirrors the geopolitical tensions of the time, along with a slowdown in the real estate market and mounting price level pressures. These factors collectively exert a dampening effect on economic growth and consumer confidence.

The technology sector assumes a pivotal role in the global economy. Escalating tensions between US-China can potentially disrupt technology companies, investment flows, and the development of cutting-edge technologies. This, in turn, may lead to shifts in the global tech landscape. Persistent or heightened trade tensions between the two countries have the capacity to disrupt global supply chains, erect trade barriers, and influence global trade volumes.

Consequently, China's economic outlook for the remainder of 2023 remains to be determined, contingent on its ability to effectively balance its growth objectives with structural reforms and navigate external challenges.

Given Hong Kong's deep economic interdependence with China, the US-China relationship assumes paramount importance in influencing Hong Kong's economic performance. Any deterioration in the US-China relationship can lead to diminished export opportunities for Hong Kong businesses, not to mention the potential imposition of trade restrictions or tariffs on Chinese goods, which could significantly impact Hong Kong's re-export industry.

Hong Kong serves as a crucial gateway for trade and investment between US-China. Consequently, any disruptions or alterations in trade policies, tariffs, or investment restrictions between these two economic powerhouses can have a direct and pronounced impact on Hong Kong's economy. Trade tensions or adjustments in the US-China trade relationship can reverberate through Hong Kong, influencing the volume and nature of goods passing through its ports and its role as a pivotal financial and business hub. During such times, investors tend to exhibit caution, potentially resulting in market volatility and capital outflows. The political and trade tensions between US-China have the capacity to impact business confidence and the overall appeal of Hong Kong as a destination for investment and business operations.

According to the Hong Kong Government's (the "Government") release on the "Economic situation in the second quarter of 2023 and latest GDP and price forecasts for 2023", dated 11 August 2023, it was reported that the total exports of goods saw a year-on-year decline of 17.0% in real terms during the first half of 2023. Furthermore, the Business confidence indicator plunged to at 6 in the third quarter from 15 in the second quarter, indicating a prevailing pessimistic outlook among enterprises. Although the Hong Kong economy exhibited noticeable improvement in the first quarter of 2023, this momentum waned during the second quarter due to the diminishing impact of fiscal stimulus and inbound tourism. The external and financial challenges further exacerbated the situation, resulting in a 1.5% year-on-year decline in real GDP growth during the second quarter. Consequently, the Government revised its real GDP growth forecast for 2023 to a range of 4.0%–5.0%, down from the earlier projection of 3.5%–5.5% made in its May review.

In the housing market, residential property prices in Hong Kong experienced a downward trend during the first half of 2023, with the average price falling by approximately 9.0% year-on-year in May 2023.

Notably, according to JLL's Hong Kong Residential Market Monitor released on 25 August 2023, only 55.0% of units in projects completed in the first half of 2023 were sold as of the end of June 2023, which is lower than the five-year average sell-through rate of 78.0%. This indicates a slowdown in residential sales, and demand in the primary market is anticipated to remain under pressure in the second half of the year. Given the current cautious sentiment among buyers, developers may need to adopt realistic pricing strategies, sometimes offering prices below the prevailing market rates, to achieve satisfactory sales velocity. Developers reluctant to adjust pricing strategies aggressively should anticipate slow market responses and potential launch delays.

Per the Rating Department, the primary market witnessed 6,085 transactions in the first half of this fiscal year, reflecting a 16.7% decrease compared to last year. In the secondary market, 15,288 units were traded during this time, indicating a 20.8% reduction from the corresponding period in the previous fiscal year. This starkly contrasts the turnover in the primary market (9,279 units) and secondary market (31,690 units) for the equivalent period in 2021.

More importantly, the poor market performance in the real estate sector can lead to reduced economic activity, affecting related industries such as construction, finance, and home improvement, reducing the Government's revenue from property-related transactions, and eroding investor confidence. A significant drop in property values can affect the collateral value of loans, potentially leading to increased default rates and impacting the stability of financial institutions.

The real estate market's poor performance in the first half of the 2023/24 fiscal year has significantly impacted the Government's revenue from land premiums. Since April of this year, approximately five months into the 2023/24 fiscal year, the Government has collected only HK$3.38 billion in land revenue, approximately 4.0% of its HK$85 billion budget for land premiums for the 2023/24 fiscal year. This was a 75.1% drop from last year when the land revenue collected was HK$13.57 billion despite the pandemic. Industry experts predicted that the Government would face difficulties meeting its land revenue goal for the current fiscal year. This outcome highlights the challenges and difficulties real estate developers face in the housing market, shedding light on both their approach and the sentiments of potential buyers.

Despite the uncertainties and challenges faced by Hong Kong in the first half of 2023, we achieved a marginal 8.5% decrease in revenue compared to the previous year's equivalent period. Notably, the gross profit exhibited only a slight reduction, approximately 1.2%, compared to the corresponding period last year, primarily attributed to a lower cost of goods sold ratio.

However, in response to market conditions and in an effort to control costs in the future, we made strategic moves such as relocating its kitchen furniture showroom to a new location in Causeway Bay from Admiralty, resulting in transitory increase of depreciation of right-of-use assets approximately HK$3.5 million and increase of PRC operating expenses approximately HK$1 million. Furthermore, there were expenses related to the depreciation and maintenance of property, plant, and equipment approximately HK$1.1 million, and combined with other minor increased operating expenses, contributing to an increase in operating expenses to approximately HK$7.3 million, ultimately indicating an expected decrease of approximately 45.1% in profit before tax for the six-month period. Consequently, the Group issued an announcement of profit warning on 2 November 2023.

Furthermore, if the current sluggish market conditions persist, there is a likelihood that our performance in the second half of the year will be adversely affected, and the prospects are not very optimistic as it would be increasingly challenging to secure new contracts with key clients. Given that the current clients are concerned about the uncertainty of the market situation, they might request extensions to delivery deadlines.

While we cannot control the ever-changing adverse market environment, we remain flexible and committed to optimising operations within this dynamic business landscape. Utilising the Company's extensive network and resources, we are committed to implementing preemptive and conscientious strategies to tackle the upcoming challenges.

REVENUE REVIEW

For the six months ended 30 September 2023, the Group's total turnover was HK$214.0 million which was decreased by 8.5% as compared with the previous first half-yearly period.

Revenue by business segment

	Revenue from external customers			**As a percentage of sales**	
	Unaudited			**(%)**	
	30 September			**30 September**	
	2023	2022	**Change**	**2023**	2022
	HK$'000	*HK$'000*	*(%)*		
Architectural builders' hardware, bathroom collections and others	**159,166**	155,676	**2.2**	**74.4**	66.6
Kitchen collection and furniture	**54,807**	78,217	**(29.9)**	**25.6**	33.4
	213,973	233,893	**(8.5)**	**100.0**	100.0

Profitability by business segment

	Reportable segment gross profit Unaudited 30 September			Gross profit margin (%) 30 September	
	2023	2022	**Change**	**2023**	2022
	HK$'000	*HK$'000*	*(%)*		
Architectural builders' hardware, bathroom collections and others	**68,188**	55,601	**22.6**	**42.8**	35.7
Kitchen collection and furniture	**25,738**	39,318	**(34.5)**	**47.0**	50.3
	93,926	94,919	**(1.0)**	**43.9**	40.6

Revenue from the architectural builders' hardware, bathroom collections and others segment increased by 2.2% to HK$159.2 million as compared to the same period last year (2022: HK$155.7 million). During the period, we supplied products for projects such as The Coast Line, Baker Circle Greenwich, Sutton, Mori and Phoenext.

Revenue from the kitchen collection and furniture segment decreased by 29.9% to HK$54.8 million as compared to the same period last year (2022: HK$78.2 million).

The overall turnover of the Group decreased by 8.5% to HK$214.0 million (2022: HK$233.9 million) as compared to the same period last year due to a slowing of completion caused by the weakening property market and the gross profit decreased by 1.0% to HK$93.9 million (2022: HK$94.9 million).

The Group's operating profit was HK$12.4 million (2022: HK$20.3 million), representing an decrease of 39.2% from the same period last year. Profit after tax approximated HK$8.4 million (2022: HK$15.5 million), which decreased by 45.6%, as compared to the corresponding period last year. The amount of administrative expenses and distribution costs recorded an increase of 9.9% to HK$79.2 million (2022: HK$72.1 million), details of the increase in various operating expenses are set out in the Business Review in this announcement.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continues to operate its business in Hong Kong and the PRC through the adoption of a prudent financial management policy. The current ratio and quick ratio are 1.9 (31 March 2023: 1.9) and 1.0 (31 March 2023: 1.2), respectively, while cash and cash equivalents and time deposits with maturity over three months approximated HK$107.3 million as at 30 September 2023 (31 March 2023: HK$146.7 million).

Inventories increased to HK$202.2 million (31 March 2023: HK$144.9 million) mainly caused by accumulation of products that pending for delivery to customer. The trade, retention and other receivables increased to HK$111.4 million (31 March 2023: HK$99.0 million) mainly caused by the timing difference between product deliveries and collection of receivables, while the trade and other payables increased to HK$50.6 million (31 March 2023: HK$43.3 million).

As at 30 September 2023, the gearing ratio (net debt divided by total equity) of the Group is 0.7% (31 March 2023: net cash position). The interest-bearing borrowings of the Group increased to HK$75.8 million (31 March 2023: HK$64.0 million) as at 30 September 2023.

Treasury Policy

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

Contingent Liabilities

We seek to manage our cash flow and capital commitments effectively to ensure that we have sufficient funds to meet our existing and future cash requirements. We have not experienced any difficulties in meeting our obligations as they become due. Assets under charge include mortgaged property acquired. As at 30 September 2023, performance bonds of approximately HK$9.0 million (31 March 2023: HK$23.3 million) have been issued by the Group to customers as security of contracts. Save for the performance bonds, the Group has no other material financial commitments and contingent liabilities as at 30 September 2023.

FUTURE PROSPECTS

The global economic landscape in the first half of 2023 has undergone significant transformations, primarily influenced by the ongoing Russia-Ukraine conflict, evolving dynamics in the US-China relationship, and the unexpected escalation of the Israeli-Palestinian conflict on 7 October 2023. These geopolitical events have introduced new challenges and uncertainties for international businesses, impacting various facets of the global economy.

The repercussions of these conflicts are evident in the energy market, where rising energy and commodity prices have driven up inflation, subsequently affecting interest rates and economic growth. This has prompted leading jurisdictions to implement contracting fiscal and monetary policies, further contributing to a drop in international trade and global GDP. The resultant decline in consumer and business confidence, coupled with adverse effects on manufacturing sectors, exacerbates the challenges faced by the worldwide economy.

The enduring impact on the long-term relationships between major players such as China, the United States, and Europe is particularly significant. Deterioration in trade and investment relations between these key entities threatens to impede the global recovery, introducing a layer of complexity to the post-pandemic economic scenario.

The sudden outbreak of the Israeli-Palestinian conflict has added a layer of complexity, particularly affecting the energy and commodity markets. Geopolitical tensions and conflicts in the Middle East act as an additional impediment to expediting the global economy's return to pre-pandemic levels. The ensuing market uncertainty and reduced investor confidence further contribute to the challenges.

These economic impacts are contingent on several variables, including the nature and scale of the conflicts, the global economic environment, and the resilience of individual countries' economies. Security concerns arising from conflicts in the Middle East directly affect business and investor sentiment in Hong Kong, potentially leading to a decline in confidence, which, in turn, can impact local investments, business activities, and economic growth.

As per the Centa-City Leading Index, the Housing Index in Hong Kong witnessed a decline and the index peaked at 185.62 points in September 2021 before experiencing a notable about 15.0% decline, settling at 157.93 points by August 2023. The downward trend in property prices can be attributed to rising interest rates and global geopolitical uncertainty, resulting in an economic slowdown in China and Hong Kong over the past year. The Monetary Authority's report, highlighting 11,123 residential mortgage loans in negative equity cases as of September 2023 (compared to 3,341 cases in June of the same year), underscores apprehensions among lending institutions regarding the financial risks associated with loans secured by property. The outlook for 2023-24 remains uncertain as Hong Kong confronts unprecedented challenges that lack immediate global solutions. The situation may exacerbate over time, requiring a nuanced and adaptive approach to navigate forthcoming uncertainties.

The Government has closely monitored these developments and seeks to adapt to changing economic conditions and uncertainties. The key measures to stabilising the housing prices, as disclosed in Mr John Lee, the Chief Executive, policy address on 25 October 2023, include (i) easing of property tax on residential property transactions from 15.0% to 10.0% and lowering the rates and Government rent by 50.0% which is anticipated that will benefit 37,000 home buyers and cost the Government approximately HK$1.9 billion per year, (ii) promoting of various real estate, infrastructure and development projects (such as Northern Metropolis and Lantau Island Project which will span across 20 years) by increasing land supply may have the attractiveness and competitiveness of Hong Kong as a regional hub, and it is estimated that the completion of private residential units will average over 19,000 units annually in the next five years and (iii) offering home-buying incentives to attract talents and investors from China and overseas to invest, work and live in Hong Kong.

In addition, the Housing Bureau released the Long-Term Housing Strategy (LTHS) Annual Progress Report in end-October. The public housing demand for the next ten years is 308,000 units. The Government has identified sufficient land for developing about 410,000 units, i.e. about 100,000 units above the supply target, and it will substantially shorten the waiting time for public rental housing.

Overall, the measures may have a stabilising effect on the housing prices in Hong Kong, but they may not reverse the downward trend in the short term. The housing prices remain uncertain and challenging for the following year.

As the number of residential units completed annually will remain relatively stable for the next five years, this will support our architectural hardware sales to developers (contributing about 59.0% of our turnover), although they may slow down the completion timeline and cause delays in product delivery. On the other hand, we foresee a decline in our turnover of products for the secondary property market due to the weak demand from prospective homebuyers. The high-interest rate, adverse market environment, and uncertainty in housing valuations may influence them to choose rental options over property purchases.

Given the evolving dynamics within the real estate market, we will adapt our business to find and take advantage of new opportunities and niches that serve our customers better. This endeavour necessitates close collaboration with key stakeholders such as contractors, architects, and interior designers, who play pivotal roles in deciding and recommending what architectural hardware to use for different projects. In addition, we would diversify our strategy in other ways by adding more products to our range, finding new ways to sell them, and improving our marketing aimed to position ourselves effectively to meet the evolving demands of the real estate landscape while continuing to deliver value to our customers. We aspire to be well-prepared for forthcoming challenges, positioning our business to thrive in an ever-changing market environment.

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 30 September 2023 as originally intended	Unutilised Net Proceeds as at 30 September 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$9.3 million	HK$2.4 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$5.1 million	HK$2.6 million	To be used as originally intended from January 2023 to June 2024
General working capital of the Group	HK$2.0 million	HK$2.0 million	NIL	To be used as originally intended from January 2023 to March 2024

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 practise in areas such as business growth, environmental protection, employment and labour practises, operating practises and community investment.

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 environmental issues by integrating environment considerations in our business. We create the environmental awareness amongst our staff members and whenever possible and practical to do so. Our aim is to contribute to the sustainable future and be in harmony with the global environment.

Details of the Group's environmental and social policies are set out in the Environmental, Social and Governance Report which contained in the Annual Report 2022/23.

Human Resources and Remuneration Policy

The Group believes its success, long-term growth and development depend upon the quality, performance and commitment of its staff members. The Group is committed to providing equal opportunities to our staff, matching the right people with the right job, offering them a suitable platform to develop and excel in their career, maintaining a healthy and safe workplace and encouraging work-life balance.

As at 30 September 2023, our workforce was recorded at 135 employees (31 March 2023: 141). Total staff cost during the period amounted to HK$30.9 million (six months ended 30 September 2022: HK$30.7 million). Competitive packages are offered to attract, retain and motivate competent individuals.

Suppliers

The Group has set out a dedicated environmental and social policy to communicate with and align our sustainability expectations (including legal compliance, anti-corruption policy, environmental protection, workplace health and safety, employment practises) on our suppliers and sub-contractors. We conduct appraisals to evaluate their sustainability performance. Factors assessed include production capacity, technical capability, quality control systems, personnel quality and sustainability performance.

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.

COMPLIANCE OF CODE ON CORPORATE GOVERNANCE PRACTISES

In the opinion of the directors, the Company has complied with all the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 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 at to assurance 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 Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding transactions in the Company's securities by its directors. Employees of the Group, who are likely to possess Inside Information (as defined under the SFO) have been requested to comply with provisions no less exacting than the Model Code. Having made specific enquiry all Directors, the Directors confirmed compliance with the required standard set out in the Model Code throughout the six months ended 30 September 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its shares during the six months ended 30 September 2023. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the six months ended 30 September 2023.

INTERIM DIVIDEND

The Board of the Company does not declare payment of an interim dividend for the six months ended 30 September 2023 to Shareholders of the Company (2022: nil).

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 policies and practises adopted by the Group and discussed the effectiveness of auditing, risk management and internal controls, financial reporting process including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023, the 2023/24 interim report of the Company and this 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 (www.hkexnews.hk). The Company's Interim Report 2023/24 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, 24 November 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.