The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

12 September 2013

The Directors
International Housewares Retail Company Limited

BOCI Asia Limited

Dear Sirs,

We report on the financial information of International Housewares Retail Company Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined balance sheets as at 30 April 2011, 2012 and 2013, the balance sheet of the Company as at 30 April 2013 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 30 April 2011, 2012 and 2013 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated 12 September 2013 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 18 April 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation or described in note 1(b) of Section II headed "Group reorganisation" below, which was completed on 10 September 2013, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1(c) of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

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No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in note 1(c) of section II.

The directors of the Company have prepared the consolidated financial statements of Matusadona Investments Limited, the directly held wholly-owned subsidiary of the Company that in turn holds the equity interest in all other subsidiaries of the Group, for the years ended 30 April 2011, 2012 and 2013, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Consolidated Financial Statements"). The directors of the Company are responsible for the preparation of the Consolidated Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Consolidated Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Consolidated Financial Statements and the unaudited management accounts of the Company, on the basis set out in Note 1(c) of Section II below, after making such adjustments as are appropriate.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 1(c) of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1(c) of Section II below, a true and fair view of the state of affairs of the Company as at 30 April 2013 and the combined state of affairs of the Group as at 30 April 2011, 2012 and 2013 and of the Group's results and cash flows for the Relevant Periods then ended.

I. FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 30 April 2011, 2012 and 2013, and for each of the years ended 30 April 2011, 2012 and 2013 (the "Financial Information").

(a) Combined statements of comprehensive income

		Year ended 30 April		
		2011	**2012**	**2013**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	5	1,017,566	1,211,222	1,498,673
Cost of sales	6	(586,150)	(672,831)	(808,223)
Gross profit		431,416	538,391	690,450
Other income	7	16,535	18,194	17,073
Other gains, net	7	889	1,155	4,642
Distribution and advertising expenses	6	(20,775)	(25,099)	(38,032)
Administrative and other operating expenses	6	(351,791)	(428,142)	(545,027)
Operating profit		76,274	104,499	129,106
Finance income	10	262	713	407
Finance costs	10	(1,200)	(1,281)	(1,405)
Profit before income tax		75,336	103,931	128,108
Income tax expense	11	(12,890)	(17,401)	(24,939)
Profit for the year		62,446	86,530	103,169
Other comprehensive income				
Currency translation differences		–	783	628
Total comprehensive income for the year		62,446	87,313	103,797
Profit for the year attributable to:				
Equity holders of the Company		62,096	85,432	101,527
Non-controlling interests		350	1,098	1,642
		62,446	86,530	103,169
Total comprehensive income attributable to:				
Equity holders of the Company		62,096	85,901	101,690
Non-controlling interests		350	1,412	2,107
		62,446	87,313	103,797
Earnings per share	12	N/A	N/A	N/A
Dividend	30	10,000	60,000	–

(b) Combined balance sheets

	Note	As at 30 April 2011 HK$'000	2012 HK$'000	2013 HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment	*13*	44,965	61,730	66,231
Intangible assets	*14*	–	25,392	30,801
Deferred income tax assets	*22*	4,888	3,081	3,797
Non-current rental deposits	*17*	25,803	33,672	49,234
		75,656	123,875	150,063
Current assets				
Inventories	*15*	131,849	153,683	225,620
Trade and other receivables	*17*	29,250	34,587	33,527
Amounts due from related companies	*24*	2,636	3,449	–
Amounts due from shareholders	*27*	–	–	1,648
Financial assets at fair value through profit or loss	*18*	8,468	9,302	18,359
Current income tax asset		–	431	5,946
Pledged bank deposits	*19*	4,739	3,666	6,511
Cash and cash equivalents	*19*	119,204	70,806	111,513
		296,146	275,924	403,124
Non-current asset held for sale	*36(a)*	–	–	13,890
		296,146	275,924	417,014
Total assets		371,802	399,799	567,077
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	*20*	1	1	1
Reserves	*21*	134,012	160,604	263,028
Proposed final dividend	*30*	–	–	96,000
Other reserves		134,012	160,604	167,028
		134,013	160,605	263,029
Non-controlling interests		1,379	17,504	19,965
Total equity		135,392	178,109	282,994

	Note	As at 30 April 2011 HK$'000	2012 HK$'000	2013 HK$'000
LIABILITIES				
Non-current liabilities				
Finance lease liabilities, non-current portion	28	827	176	–
Deferred income tax liabilities	22	464	513	1,585
Dividend payable		5,000	–	–
Loan due to a non-controlling shareholder of a subsidiary	26	–	–	2,575
		6,291	689	4,160
Current liabilities				
Trade and other payables	23	147,851	140,168	181,561
Dividend payable		14,500	5,000	–
Amount due to a related company	24	93	–	–
Amounts due to non-controlling shareholders of subsidiaries	25	–	6,936	2,326
Amounts due to directors	27	28	4	–
Borrowings, current portion	28	53,807	50,977	62,951
Current income tax liabilities		13,840	17,916	33,085
		230,119	221,001	279,923
Total liabilities		236,410	221,690	284,083
Total equity and liabilities		371,802	399,799	567,077
Net current assets		66,027	54,923	137,091
Total assets less current liabilities		141,683	178,798	287,154

(c) Balance Sheet

	As at 30 April 2013
	HK$'000
ASSETS	
Current assets	
Deferred cost for initial public offering	2,696
Total assets	2,696
EQUITY	
Equity attributable to equity holders of the Company	
Share capital	–
Accumulated loss	(8,704)
Total equity holders' deficit	(8,704)
LIABILITIES	
Current liabilities	
Accrual for cost for initial public offering	6,963
Amount due to a subsidiary	4,437
Total liabilities	11,400
Net current liabilities	(8,704)
Total assets less current liabilities	(8,704)

(d) Combined statements of changes in equity

	Note	Attributable to equity holders of the Company: Share capital	Reserves	Total	Non-controlling interest	Total Equity
		HK$'000 (Note 20)	HK$'000 (Note 21)	HK$'000	HK$'000	HK$'000
At 1 May 2010		1	81,846	81,847	–	81,847
Comprehensive income:						
Profit for the year		–	62,096	62,096	350	62,446
Transactions with owners:						
Employees share option scheme:						
– Value of employee services	*8*	–	70	70	–	70
Dividends	*30*	–	(10,000)	(10,000)	–	(10,000)
Non-controlling interest arising on business combination	*33(a)*	–	–	–	1,029	1,029
Total transactions with owners		–	(9,930)	(9,930)	1,029	(8,901)
At 30 April 2011		1	134,012	134,013	1,379	135,392
Comprehensive income:						
Profit for the year		–	85,432	85,432	1,098	86,530
Other comprehensive income:						
Currency translation differences		–	469	469	314	783
Total comprehensive income for the year		–	85,901	85,901	1,412	87,313
Transactions with owners:						
Employee share option scheme:						
– value of employee services	*8*	–	320	320	–	320
Capital reserve arising on business combination		–	371	371	–	371
Dividends	*30*	–	(60,000)	(60,000)	–	(60,000)
Capital injection by a non-controlling interest		–	–	–	148	148
Non-controlling interest arising on business combination	*33(b),(c)*	–	–	–	14,565	14,565
Total transactions with owners		–	(59,309)	(59,309)	14,713	(44,596)
At 30 April 2012		1	160,604	160,605	17,504	178,109
Comprehensive income:						
Profit for the period		–	101,527	101,527	1,642	103,169
Other comprehensive income:						
Currency translation differences		–	163	163	465	628
Total comprehensive income for the year		–	101,690	101,690	2,107	103,797
Transactions with owners:						
Employee Share option Scheme:						
– value of employee services	*8*	–	734	734	–	734
Issuance of ordinary shares of a subsidiary to a non-controlling shareholder	*33(b)*	–	–	–	854	854
Dividends	*30*	–	–	–	(500)	(500)
Total transactions with owners		–	734	734	354	1,088
At 30 April 2013		1	263,028	263,029	19,965	282,994

(e) Combined statements of cash flows

		Year ended 30 April		
		2011	2012	2013
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities				
Net cash generated from operations	*29(a)*	104,278	86,268	99,340
Income tax paid		(12,875)	(11,909)	(15,101)
Net cash generated from operating activities		91,403	74,359	84,239
Cash flows from investing activities				
Purchase of property, plant and equipment		(16,680)	(32,106)	(44,300)
Proceeds from sale of property, plant and equipment	*29(b)*	172	717	650
Deposits received for sale of property		–	–	6,000
Interest received		262	713	407
Dividend received from financial assets at fair value through profit and loss	*7*	213	337	369
Acquisition of subsidiaries, net of cash acquired	*33*	(29)	(14,869)	(2,105)
Repayments of consideration payable for acquisition of subsidiaries	*33(b)*	–	–	(5,098)
(Purchase)/sale of financial assets at fair value through profit and loss		(5,308)	633	(5,823)
Net cash used in investing activities		(21,370)	(44,575)	(49,900)
Cash flows from financing activities				
Release of/(addition in) pledged bank deposits		1,068	1,072	(2,845)
Issuance of shares to non-controlling interest		–	148	–
Repayments of secured loan and short term bank loans		(7,764)	(1,084)	(1,094)
Capital element of finance lease payments		(467)	(916)	(291)
Interest element of finance lease payments		(92)	(75)	(21)
Net increase/(decrease) in trust receipt loans		16,746	(1,500)	13,280
Proceeds from a loan due to a non-controlling shareholder of a subsidiary		–	–	2,554
Interest paid		(1,108)	(1,206)	(1,384)
Dividends paid		(4,500)	(74,500)	(5,500)
Receipt of proceeds for ordinary shares to be issued to a non-controlling shareholder		–	–	1,455
Net cash generated from/(used in) financing activities		3,883	(78,061)	6,154

	Note	Year ended 30 April 2011 HK$'000	2012 HK$'000	2013 HK$'000
Increase/(decrease) in cash and cash equivalents		73,916	(48,277)	40,493
Cash and cash equivalents at beginning of year		45,130	119,046	70,627
Currency translation differences		–	(142)	311
Cash and cash equivalents at end of year	*19*	119,046	70,627	111,431
Analysis of balances of cash and cash equivalents:				
Cash at banks and on hand	*19*	47,731	29,954	99,749
Short-term bank deposits with original maturity within three months	*19*	71,473	40,852	11,764
Bank overdrafts	*28*	(158)	(179)	(82)
		119,046	70,627	111,431

II. NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

(a) General information

International Housewares Retail Company Limited (the "Company") was incorporated in Cayman Islands on 18 April 2013 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company. Its subsidiaries are engaged in trading of homeware products, licencing of franchise rights and provision of management services ("Listing Business"). These Financial Information are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The Group is controlled by Hiluleka Limited (incorporated in the British Virgin Islands), which owns 60% of the Company's issued shares. The ultimate controlling parties of the Group are Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha.

(b) Group reorganisation

The Listing Business was primarily carried out by Matusadona Investments Limited ("Matusadona") and its subsidiaries. In preparation for the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the reorganisation (the "Reorganisation") as follows:

On 18 April 2013, International Housewares Retail Company Limited was incorporated in the Cayman Islands with an authorised share capital of HK$390,000 consisting of 3,900,000 ordinary shares of HK$0.1 each. 600 ordinary shares and 400 ordinary shares with par value of HK$0.1 each were allocated and issued to the then shareholders, Hiluleka Limited (the "Hiluleka") and Red Home Holding Limited (the "Red Home") respectively.

On 4 September 2013, the authorised share capital of the Company was increased to HK$1,000,000,000 consisting of 10,000,000,000 ordinary shares of HK$0.1 each.

On 10 September 2013, the Company issued and allocated 5,999,400 and 3,999,600 ordinary shares at HK$0.1 per share to Hiluleka and Red Home respectively to acquire 6,000,000 shares and 4,000,000 shares of Matusadona from Hiluleka and Red Home, representing an aggregate of 100% of the total issued share of Matusadona.

The Reorganisation was completed on 10 September 2013.

(c) Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business has been conducted by Matusadona and its subsidiaries. Pursuant to the Reorganisation, the entire equity interest of Matusadona is transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The transaction is merely a reorganisation of the Listing Business with no change in ultimate owners or Listing Business. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying values of Matusadona for all periods presented. For the purpose of this report, the Financial Information has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by HKICPA.

At the date of this report, the Company has equity interests in the following subsidiaries:

Company name	Place and date of incorporation	Paid-in capital	Effective Interest held at: 30 April 2011	30 April 2012	30 April 2013	Date of this report	Principal activities and place of operation	Auditors	Years of audit
Matusadona Investments Limited*	British Virgin Islands 15 August 2006	US$100	100%	100%	100%	100%	Investment holding in Hong Kong	PricewaterhouseCoopers	Note 1
Japan Home Centre (H.K.) Limited#	Hong Kong 16 May 1995	HK$202	100%	100%	100%	100%	Retail sales of housewares products in Hong Kong	PricewaterhouseCoopers	Notes 2, 4
JHC (International) Limited#	Hong Kong 17 May 2000	HK$10,000	100%	100%	100%	100%	Export of housewares products and provision of management services in Hong Kong	PricewaterhouseCoopers	Notes 2, 4
Japan Home Centre (Management) Limited#	Hong Kong 16 May 1995	HK$10,000	100%	100%	100%	100%	Licencing of franchise rights and provision of management services in Hong Kong	PricewaterhouseCoopers	Notes 2, 4
JHC (Plastics) Limited#	Hong Kong 9 November 2006	HK$1,375,000	60%	60%	60%	60%	Manufacturing of housewares products in Hong Kong	Shom & Yu CPA Limited	Notes 2, 4
JHC (Mirror) Limited#	Hong Kong 21 October 2009	HK$866,666	60%	60%	60%	60%	Manufacturing of housewares products in Hong Kong	Shom & Yu CPA Limited	Notes 2, 4
JHC (Taiwan) Limited#	Taiwan 2 November 2009	NT$1,000,000	–	–	100%	100%	Trading of housewares products in Taiwan	NA	Note 6
Japan Home (Retail) Pte. Ltd.#	Singapore 8 September 2011	S$5,875,000	–	60%	60%	60%	Retail sales of housewares products in Singapore	PricewaterhouseCoopers	Notes 3, 4
JHC Retail (M) Sdn. Bhd#	Malaysia 12 August 2011	MYR$4,471,485	–	97.5%	97.5%	58.3%	Retail sales of housewares products in Malaysia	PricewaterhouseCoopers	Notes 3, 4
Familj (China) Limited#	Hong Kong 7 November 2011	HK$292,000	–	85.6%	85.6%	85.6%	Investment holding in Hong Kong	PricewaterhouseCoopers	Notes 3, 4
JHC (China) Limited#	Hong Kong 24 October 2011	HK$100	–	100%	100%	100%	Dormant	PricewaterhouseCoopers	Notes 3, 4
泛美家貿易(深圳)有限公司#	Mainland China 21 June 2011	HK$1,000,000	–	100%	100%	100%	Inactive	NA	Note 6
易生活(南京)百貨有限公司#	Mainland China 2 March 2012	US$1,000,000	–	85.6%	85.6%	85.6%	Retail sales of housewares products in Nanjing, Mainland China	PricewaterhouseCoopers	Note 5
Japan Home Centre (Macau) Single-Member Company Limited#	Macau 12 September 1996	MOP$100,000	–	–	100%	100%	Retail sales of housewares products in Macau	Fong Mei Fan	Note 5

* Equity interest directly held by the Company

Equity interest indirectly held by the Company

Note 1: For the years ended 30 April 2011, 2012 and 2013

Note 2: For the years ended 30 April 2011 and 2012

Note 3: For the period/year ended 30 April 2012

Note 4: The statutory financial statements for the year ended 30 April 2013 were yet to be audited as of the date of this report.

Note 5: For the year ended 31 December 2012

Note 6: No audited financial statements have been prepared for these subsidiaries as there is no statutory requirement under their respective places of incorporation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods unless otherwise stated.

(a) Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA and under the historical cost convention, as modified by financial assets at fair value through profit or loss which are carried at fair value. The Financial Information is presented in Hong Kong dollars (HK$), unless otherwise stated.

The preparation of financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 4.

The following are standards, amendments and interpretations to existing standards that have been published and are relevant and mandatory for the Group but the Group has not early adopted them.

		Effective for accounting period beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of Derivations and Continuation of Hedge Accounting	1 January 2014
HKFRS 1 (Amendment)	'First-time adoption' on Government Loans	1 January 2013
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1 January 2015
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities	1 January 2014
HKFRSs (Amendment)	Annual improvements 2009–2011 Cycle	1 January 2013
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
HK (IFRIC) – Int 21	Levies	1 January 2014

In addition, HKICPA also published a number of amendments to existing standards under its annual improvement project.

The Group has assessed HKFRS 10's full impact and believes that the adoption from the accounting period beginning on 1 January 2013 will not result in any material impact on the Group's operating results or financial position. Other than the impact of HKFRS 10, the Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards on the Financial Information of the Group in the initial application. The adoption of the above is not expected to have a material effect on the Group's operating results and financial position.

(b) Basis of combination

These Financial Information incorporate the financial information of the Company and its subsidiaries. For the acquisition of subsidiaries under common control in prior years, merger method of accounting has been used. For acquisition of all other subsidiaries, they are accounted for using the acquisition method.

(i) Merger accounting for common control combination

The combined financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transactions costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

(ii) Acquisition method of accounting

Except for the Reorganisation and the acquisition of Japan Home Centre (H.K.) Limited, JHC (International) Limited and Japan Home Centre (Management) Limited by Matusadona in 2006, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(iii) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions – that is as transactions with the owners in their capacity as owners. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The combined financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statement of comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(e) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time to leave.

(ii) Pension obligations

The Group has established a mandatory provident fund scheme ("MPF Scheme") in Hong Kong. The assets of the MPF Scheme are held in separate trustee-administered funds. Both the Group and the employees are required to contribute based on a fixed percentage of the employee's relevant income up to a maximum of HK$1,250 since 1 June 2012 per employee per month.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus plans

The expected cost of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of service rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(f) Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the certain companies of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price), if any;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, Matusadona issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) Share-based compensation

The grant by Matusadona of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. In the Company's balance sheet, the fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of goods

Wholesales sales of goods are recognised when the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Retail sales of goods are recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit card.

(ii) Licencing fees

Licencing fees are recognised when services and obligations under the relevant agreements have been accomplished.

(iii) Consignment sales commission, management fees and advertising and promotion income

Such income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(iv) Sub-leasing rental income

These income are recognised on an accrual basis.

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

(h) Property, plant and equipment

Land and buildings comprise of properties for the Group's own use. Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced part is derecognised. All other repairs and maintenance are expensed in the combined statement of comprehensive income during the financial year in which they are incurred.

Depreciation of leasehold improvements is calculated to write off their cost less accumulated impairment losses over the unexpired periods of the leases or their expected useful lives of 5 years to the Group, whichever is shorter.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
– Buildings	25 years
– Furniture, fixtures and equipment	5 years
– Computer equipment	5 years
– Motor vehicles	$3^1/_3$ years
– Moulds	5 years
– Machinery and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(j)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the combined statement of comprehensive income.

(i) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries/businesses and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree business and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Trademark

Separately acquired trademark is shown at historical cost. Trademark acquired in a business combination is recognised at fair value at the acquisition date. Trademark has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademark over their estimated useful life of 40 years.

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Non-current assets held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, comprising purchases and other incidental costs, are determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(m) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the combined statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in the combined statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the combined statements of comprehensive income as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices.

(n) Trade and other receivables

Trade receivables are amounts due from franchisees and customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (note 2(p)).

(o) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(p) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the combined statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the combined statements of comprehensive income.

(q) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(r) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(t) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(u) Current and deferred income tax

The tax expense for the year comprises current and deferred tax, if any. Tax is recognised in comprehensive income in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(w) Leases (as the lessee)

(i) Operating lease

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the combined statement of comprehensive income on a straight line basis over the period of the lease.

(ii) Finance lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the financial balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The interest element of the finance cost is expensed in the combined statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

(x) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given by certain subsidiaries to banks on behalf of fellow subsidiaries to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the Financial Information at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, "Revenue", and the best estimate of the amount required to settle the guarantee. Any increase in the liability relating to guarantees is reported in the combined statement of comprehensive income within administrative and other operating expenses.

Where guarantees in relation to banking facilities among subsidiaries are provided for at no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the Financial Information of the Group, unless the amount is immaterial.

(y) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the combined financial statements, if any. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(z) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Financial Information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: including foreign exchange risk, price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

The Group mainly operates in Hong Kong, China, Singapore and Malaysia and is exposed to foreign currency exchange fluctuations primarily from exposures arising in the normal course of its business, primarily with respect to United States dollars, Renminbi and Japanese Yen. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has a policy to require group companies to manage their foreign exchange risks against their respective functional currencies. It mainly includes managing the exposures arisen from sales and purchases made by relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign risk exposure.

Since Hong Kong dollar is pegged to United States dollars, management considers that there is no significant foreign currency risk between these two currencies to the Group.

At 30 April 2011, 2012 and 2013, if Hong Kong dollar had weakened/strengthened by 5%, against Renminbi with all other variables held constant, post-tax profit for the year/period would have been HK$519,000, HK$540,000 and HK$536,000 higher/lower respectively, mainly as a result of foreign exchange gains/losses on translation of Renminbi-denominated cash and cash equivalents.

At 30 April 2011, 2012 and 2013, if Hong Kong dollar had weakened/strengthened by 5% respectively against the Japanese Yen with all other variables held constant, post-tax profit for the year would have been HK$298,000, HK$475,000 and HK$305,000 lower/higher respectively, mainly as a result of foreign exchange losses/gains on translation of Japanese Yen denominated borrowings.

The remaining assets and liabilities of each company within the Group are mainly denominated in the respective functional currencies. The directors are of the opinion that the volatility of the Group's profits against changes in exchange rates of foreign currencies would not be significant. Accordingly, no sensitivity analysis is performed.

(ii) Price risk

The Group is exposed to equity security price risk. The directors are of the opinion that it is not cost efficient to manage the Group's price risk by diversifying its portfolio.

If the equity price had increased/decreased by 5% with all other variables held constant, the post-tax profit and retained earnings for the years ended 30 April 2011, 2012 and 2013 would have increased/decreased by approximately HK$423,000, HK$465,000 and HK$918,000 respectively, as a result of changes in fair value of other financial assets at fair value through profit or loss.

(iii) Credit risk

Credit risk includes risks resulting from counter party default and risks of concentration. The Group has no significant credit risk as the retail sales are made in cash or by credit cards. In respect of wholesales business, the Group has concentration of credit risk as receivables from several wholesales customers represented all of the Group's trade receivables at the balance sheet date. However, the Group has policies in place for the control and monitoring of relevant credit risks. These credit evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The directors are of the opinion that the Group does not have significant credit risks because the Group mainly trades with franchisees and customers who have established trading history with the Group. The exposure to credit risk is closely monitored on an ongoing basis.

The credit risks on rental deposits are considered to be low as they can be recovered by offsetting against the rental payments.

The Group considers the credit risks on amounts due from related companies and directors to be low as the Group closely monitors the balance so as to mitigate the impairment exposure.

The credit risk on cash and cash equivalents is limited because the counterparties are reputable and creditworthy banks.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheet.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. In the opinion of the directors, the Group does not have any significant liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest elements computed using contractual rates, or if floating based on rates at the year end dates during the Relevant Periods.

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
On demand			
– Secured bank loans subject to a repayment on demand clause *(note (i))*	5,399	4,315	3,221
– Trust receipt loans subject to a repayment on demand clause *(note (i))*	47,868	46,368	59,648
– Corporate guarantee *(note (ii))*	8,400	8,000	10,190
	61,667	58,683	73,059
Less than one year			
– Trade and other payables *(note 23)*	141,696	131,641	166,201
– Amount due to a related company	93	–	–
– Amounts due to non-controlling shareholders of subsidiaries	–	6,936	2,326
– Amounts due to directors	28	4	–
– Finance lease liabilities *(note 28(a))*	443	129	–
– Bank overdraft	158	179	82
	142,418	138,889	168,609
Over one year			
– Finance lease liabilities *(note 28(a))*	882	184	–
– Loan due to a non-controlling shareholder of a subsidiary	–	–	2,646
	882	184	2,646
	204,967	197,756	244,314

(i) Secured bank loans and trust receipt loans with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. The aggregate undiscounted principal amounts of these bank loans amounted to HK$53,267,000, HK$50,683,000 and HK$62,869,000 as at 30 April 2011, 2012 and 2013 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayments. The directors believe that such bank loans including interest payable will be repaid in accordance with the scheduled repayment dates set out in the loan agreements as below:

	Group		
	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Less than one year			
Secured bank loans			
– principal	1,085	1,094	1,105
– interest payable	47	40	29
	1,132	1,134	1,134
Trust receipt loans			
– principal	47,868	46,368	59,648
– interest payable	1,240	2,318	1,308
	49,108	48,686	60,956
Total	50,240	49,820	62,090
Over one year			
Secured bank loans			
– principal	4,314	3,221	2,116
– interest payable	80	50	86
	4,394	3,271	2,202
Total	54,634	53,091	64,292

(ii) As set out in note 32, the Group has given counter-indemnity to its bankers who have given guarantees in lieu of deposits amounting to approximately HK$8,400,000, HK$8,000,000 and HK$10,190,000 as at 30 April 2011, 2012 and 2013 respectively to the Group's landlords and utility providers.

(v) Cash flow and fair value interest rate risk

Other than the bank balances and borrowings which carry interest at prevailing market interest rates, the Group has no other significant interest-bearing assets or liabilities. Therefore, the interest rate risk mainly arises from interest-bearing bank deposits and borrowings.

However, the interest income and expenses derived therefrom are relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Accordingly, the directors are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the debt-to-asset ratio. The ratio is calculated as total debt divided by total assets. Total debt is calculated as interest-bearing borrowings.

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Total debt	54,634	51,153	62,951
Total assets	371,802	399,799	567,077
Debt-to-asset ratio	15%	13%	11%

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30 April 2011, 2012 and 2013.

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets included in level 1			
– Financial assets at fair value through profit or loss	8,468	9,302	18,359

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment and trademarks

The management makes estimates and assumptions over the useful lives of property, plant and equipment and trademarks. At each balance sheet date, both internal and external sources of information are considered to assess whether the estimate useful lives of property, plant and equipment and trademarks is appropriate and relevant. If there has been a significant change in the expected pattern of economic benefits for these property, plant and equipment and trademarks, the depreciation/amortisation method should be changed to reflect the changed pattern and such change should be accounted for as a change in accounting estimate and the depreciation/amortisation charge for the current and future periods should be adjusted.

(b) Write-downs of inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the period in which such estimate is changed.

(c) Income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(d) Deferred income tax

Deferred income tax asset in relation to the Group's decelerated tax depreciation has been recognised in the combined balance sheet. The realisability of the deferred income tax asset mainly depends on whether sufficient profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statements for the period in which such a reversal takes place.

(e) Share-based payment

The Group is required to expense its employees' share-based compensation awards in accordance with HKFRS 2 "Share-based payment". The Group measures share-based compensation cost based on the fair value on the grant date of each award. This cost is recognised over the period during which an employee is required to provide service in exchange for the award or the requisite service period, usually the vesting period, and is adjusted for actual forfeitures that occur before vesting. In order to assess the fair value of share-based compensation, the Group is required to use certain assumptions, including the probability of reaching the market performance, if any, and financial results targets, the forfeitures and the service period of each employee. The use of different assumptions and estimates could produce materially different estimated fair values for the share-based compensation awards and related expenses.

5 REVENUE

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Sale of goods			
– Retail	980,710	1,170,649	1,456,698
– Wholesales	29,343	32,908	32,436
Consignment sales commission income	6,826	7,067	9,013
Management fee income	578	520	448
Licencing fees	109	78	78
	1,017,566	1,211,222	1,498,673

6 EXPENSES BY NATURE

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Auditors' remuneration	546	906	1,124
Air conditioning expenses	8,884	9,224	10,062
Advertising and promotion expenses	6,530	6,801	10,696
Amortisation of trademark *(note 14)*	–	294	632
Building management fees			
– office premises	987	175	182
– retail shops	17,832	20,751	23,891
Cost of inventories sold	586,150	672,831	808,223
Delivery charges	13,736	16,893	24,616
Depreciation expense *(note 13)*			
– owned property, plant and equipment	15,792	18,707	23,338
– leased property, plant and equipment	650	267	–
Employee benefit expenses (including directors' emoluments) *(note 8)*	124,255	157,512	200,625
Government rates	4,906	5,864	6,229
Legal and professional fee			
– incurred for initial public offering	–	–	8,704
– others	97	2,341	873
Operating lease rental in respect of			
– office premises and warehouses	7,036	10,663	15,063
– retails shops	136,836	161,164	205,024
Goodwill written off *(note 33(a))*	235	–	–
Repair and maintenance	2,513	4,677	6,118
Utility expenses	13,619	16,694	21,427
Net exchange losses/(gains)	576	(398)	(1,297)
Others	17,536	20,706	25,752
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	958,716	1,126,072	1,391,282

7 OTHER INCOME AND OTHER GAINS, NET

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Other income			
Advertising and promotion income	10,971	10,915	10,610
Sub-leasing rental income	2,029	2,629	3,622
Compensation income from landlord on early termination	2,790	3,996	500
Tax indemnity from shareholders *(note 11)*	–	–	1,648
Dividend income from financial assets at fair value through profit or loss	213	337	369
Sundry income	532	317	324
	16,535	18,194	17,073
Other gains, net			
Unrealised fair value gains on financial assets at fair value through profit or loss	1,245	835	3,234
Realised gains on disposal of financial assets at fair value through profit or loss	–	633	–
Gain from bargain purchase *(note 33(a),(d))*	434	–	325
Loss on disposal of property, plant and equipment, net *(note 29(b))*	(790)	(313)	(43)
Others	–	–	1,126
	889	1,155	4,642

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Salaries and bonuses	116,224	146,090	187,620
Provision for unutilised annual leave	772	266	629
Pension costs – defined contribution plans	5,247	6,696	9,305
Other employee benefits	1,942	4,140	2,337
Share-based compensation *(note)*	70	320	734
	124,255	157,512	200,625

Note: *On 12 October 2010, Matusadona launched a share option plan under which options were granted to the directors and selected employees of certain subsidiaries. Options are conditional on the employees completing three years' service (the vesting period). The options are exercisable from 1 January 2012 to 1 October 2018, subject to certain performance target.*

The details of the share option plan and options granted are as follows:

	Year ended 30 April		
	2011	2012	2013
Exercise price per share granted in:	HK$56	HK$75	HK$100

Exercise date	From 1 January 2012 to 1 October 2018
Performance	Achievement of target set by Matusadona
Expected outcome of meeting performance criteria (at grant date)	100%
Method of settlement	Share distribution
Maximum terms	8 years

The fair value of the options awarded on the date of grant using the Black-Scholes option pricing model are calculated based on the following key inputs and assumptions:

	Year ended 30 April		
	2011	2012	2013
Weighted average fair value of options granted	HK$12.20	HK$20.42	HK$20.96
Exercise price	HK$56	HK$75	HK$100
Expected volatility	31.45%	40.35%	30.15%
Risk-free interest rate in %	2.04%	1.35%	0.71%
Expected option term in years	8	8	8
Expected dividend yield in %	2.31%	2.79%	3.08%

The expected volatility is estimated by making reference to the historical price movement of comparable companies in the market over the last 5 years.

The following is a summary of option activity during the years ended 30 April 2011, 2012 and 2013:

	Year ended 30 April					
	2011		2012		2013	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
		HK$		*HK$*		*HK$*
At beginning of the year	–	–	35,000	56	88,000	67
Granted	35,000	56	53,000	75	70,000	100
Forfeited	–		–		(10,000)	56
At end of the year	35,000	56	88,000	67	148,000	84
Options exercisable	–		11,550		35,700	

Up to the date of the report, no options have ever been exercised.

9 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Director's emoluments

The remuneration of the individual director of the Company paid and payable by companies comprising the Group for the years ended 30 April 2011, 2012 and 2013 are set out below:

	Fees	Discretionary bonus	Salary allowances and benefits in kind	Employer's contribution pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 April 2011					
Executive Directors:					
Lau Pak Fai, Peter	–	–	1,777	12	1,789
Ngai Lai Ha	–	–	1,706	12	1,718
Cheng Sing Yuk	–	–	664	12	676
Non-executive Directors:					
Chung Tak Wai	–	–	–	–	–
Yeung Yiu Keung	120	–	–	–	120
Independent non-executive Directors:					
Tsui Ka Yiu	–	–	–	–	–
Lo Wing Yan William	–	–	–	–	–
Huang Lester Garson	–	–	–	–	–
	120	–	4,147	36	4,303

	Fees	Discretionary bonus	Salary allowances and benefits in kind	Employer's contribution pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 April 2012					
Executive Directors:					
Lau Pak Fai, Peter	–	–	1,817	12	1,829
Ngai Lai Ha	–	–	1,746	12	1,758
Cheng Sing Yuk	–	–	834	12	846
Non-executive Directors:					
Chung Tak Wai	–	–	–	–	–
Yeung Yiu Keung	120	–	–	–	120
Independent non-executive Directors:					
Tsui Ka Yiu	–	–	–	–	–
Lo Wing Yan William	–	–	–	–	–
Huang Lester Garson	–	–	–	–	–
	120	–	4,397	36	4,553

	Fees	Discretionary bonus	Salary allowances and benefits in kind	Employer's contribution pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 April 2013					
Executive Directors:					
Lau Pak Fai, Peter	6	–	1,927	15	1,948
Ngai Lai Ha	6	–	1,857	15	1,878
Cheng Sing Yuk	20	–	1,047	15	1,082
Non-executive Directors:					
Chung Tak Wai	–	–	–	–	–
Yeung Yiu Keung	120	–	–	–	120
Independent non-executive Directors:					
Tsui Ka Yiu	–	–	–	–	–
Lo Wing Yan William	–	–	–	–	–
Huang Lester Garson	–	–	–	–	–
	152	–	4,831	45	5,028

All Executive Directors and Non-executive Directors were appointed on 18 April 2013.

All Independent non-executive directors were appointed on 4 September 2013.

Mr. Lau Pak Fai, Peter is the chief executive officer of the Group.

Mr. Lau Pak Fai, Peter, Ms. Ngai Lai Ha and Mr Cheng Sing Yuk are also employees of companies within the Group and the Group paid employee benefits to them during the Relevant Periods before their respective appointments of directorship.

(b) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group include 3, 3 and 3 directors for the years ended 30 April 2011, 2012 and 2013, respectively, whose remuneration are reflected in the analysis presented above.

The remuneration paid to the remaining individuals are as follows:

	Year ended 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and bonuses	1,260	1,539	2,683
Pension costs – defined contribution plans	24	24	30
	1,284	1,563	2,713

The remuneration fell within the following bands:

	Year ended 30 April		
	2011	2012	2013
Remuneration bands			
HK$Nil to HK$1,000,000	2	2	1
HK$1,000,001 to HK$1,500,000	–	–	–
HK$1,500,001 to HK$2,000,000	–	–	1

(c) For the years ended 30 April 2011, 2012 and 2013, no remuneration were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and there was no arrangement under which a director or the five highest paid individuals waived or agreed to waive any of the remuneration.

10 FINANCE COSTS, NET

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Interest expenses on:			
– secured bank loans wholly payable within 5 years	71	50	39
– trust receipt loans and bank overdrafts	1,037	1,156	1,290
– finance lease liabilities	92	75	21
– loan from a non-controlling shareholder of a subsidiary	–	–	55
	1,200	1,281	1,405
Interest income from bank deposits	(262)	(713)	(407)
Finance costs, net	938	568	998

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 30 April 2011, 2012 and 2013. Overseas profits tax has been provided at the standard tax rate of the respective entities according to local tax laws.

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong profits tax			
– current year	13,320	15,524	22,794
– under-provisions in prior years	357	–	1,651
	13,677	15,524	24,445
Overseas taxation	–	28	84
	13,677	15,552	24,529
Deferred income tax *(note 22)*	(787)	1,849	410
Income tax expense	12,890	17,401	24,939

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the entities, as follows:

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	75,336	103,931	128,108
Tax calculated at domestic tax rates applicable to profits in the respective countries	12,430	17,023	20,753
Income not subject to tax	(253)	(448)	(584)
Expenses not deductible for tax purposes	227	331	1,577
Under-provisions in prior years	357	–	1,651
Tax incentives	–	(230)	(174)
Tax loss not recognised	–	1,001	1,780
Others	129	(276)	(64)
Income tax expense	12,890	17,401	24,939

The weighted average applicable tax rate was 16.5%, 16.4% and 16.2% in the years and 30 April 2011, 2012 and 2013 respectively.

As at the date of the Financial Information, the Hong Kong Inland Revenue Department is conducting a field audit on three subsidiaries of the Group and had issued additional assessments for the years of assessment 2003/04 to 2006/07 to the three subsidiaries, demanding tax totalling HK$11,100,000. These assessments were protective assessments issued before the expiry of the statutory time-barred period pending the result of the field audit.

The management has recorded income tax expenses of HK$1,648,000 in the Group's income statement for the year ended 30 April 2013 to cover the total potential additional tax, penalty surcharge and interest. Based on the advice sought from the Group's tax representative and self assessment, the management considers that this amount appropriately reflects the Group's additional liability based on the current status of the case.

The shareholders have agreed to indemnify the Group in respect of such amount and any cost or liabilities arising out of the additional assessment for which the Group may be liable in relation to the tax audit.

12 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for the Relevant Periods on a combined basis as disclosed in Note 1(c) of Section II above.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improve-ments	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Moulds	Machinery and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2010								
Cost	18,839	55,563	42,729	7,959	2,416	4,125	676	132,307
Accumulated depreciation	(3,092)	(41,692)	(30,899)	(6,286)	(1,098)	(3,300)	(529)	(86,896)
Net book amount	15,747	13,871	11,830	1,673	1,318	825	147	45,411
Year ended 30 April 2011								
Opening net book amount	15,747	13,871	11,830	1,673	1,318	825	147	45,411
Acquisition of subsidiaries *(note 33(a))*	–	–	20	3	–	–	1,192	1,215
Additions	–	8,682	5,459	803	670	–	129	15,743
Disposals *(note 29(b))*	–	(939)	–	–	(23)	–	–	(962)
– cost	–	(2,027)	–	–	(364)	–	–	(2,391)
– accumulated depreciation	–	1,088	–	–	341	–	–	1,429
Depreciation	(619)	(7,141)	(5,814)	(810)	(770)	(825)	(463)	(16,442)
Closing net book amount	15,128	14,473	11,495	1,669	1,195	–	1,005	44,965
At 30 April 2011								
Cost	18,839	62,218	48,208	8,765	2,722	4,125	1,997	146,874
Accumulated depreciation	(3,711)	(47,745)	(36,713)	(7,096)	(1,527)	(4,125)	(992)	(101,909)
Net book amount	15,128	14,473	11,495	1,669	1,195	–	1,005	44,965
Year ended 30 April 2012								
Opening net book amount	15,128	14,473	11,495	1,669	1,195	–	1,005	44,965
Acquisition of businesses *(note 33(b) and (c))*	–	699	1,997	58	352	–	–	3,106
Additions	–	17,144	11,236	3,083	1,515	–	650	33,628
Disposals *(note 29(b))*	–	(537)	–	–	(479)	–	(14)	(1,030)
– cost	–	(1,009)	–	–	(1,433)	–	(66)	(2,508)
– accumulated depreciation	–	472	–	–	954	–	52	1,478
Depreciation	(619)	(8,877)	(6,722)	(1,267)	(890)	–	(599)	(18,974)
Exchange difference	–	(2)	30	(1)	8	–	–	35
Closing net book amount	14,509	22,900	18,036	3,542	1,701	–	1,042	61,730
At 30 April 2012								
Cost	18,839	79,052	61,441	11,906	3,156	4,125	2,581	181,100
Accumulated depreciation	(4,330)	(56,152)	(43,405)	(8,364)	(1,455)	(4,125)	(1,539)	(119,370)
Net book amount	14,509	22,900	18,036	3,542	1,701	–	1,042	61,730
Year ended 30 April 2013								
Opening net book amount	14,509	22,900	18,036	3,542	1,701	–	1,042	61,730
Acquisitions of a subsidiary *(note 33 (e))*	–	445	526	31	–	–	–	1,002
Additions	–	19,218	16,938	2,820	2,046	–	421	41,443
Disposals *(note 29(b))*	–	(469)	–	–	(222)	–	(2)	(693)
– cost	–	(769)	–	–	(1,019)	–	(215)	(2,003)
– accumulated depreciation	–	300	–	–	797	–	213	1,310
Depreciation	(619)	(10,520)	(9,081)	(1,584)	(1,085)	–	(449)	(23,338)
Exchange difference	–	(9)	(13)	(1)	–	–	–	(23)
Transferred to non-current asset held for sale *(note 37(a))*	(13,890)	–	–	–	–	–	–	(13,890)
Closing net book amount	–	31,565	26,406	4,808	2,440	–	1,012	66,231

	Land and buildings	Leasehold improve-ments	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Moulds	Machinery and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 April 2013								
Cost	–	99,623	79,354	14,816	4,183	4,125	2,788	204,889
Accumulated depreciation	–	(68,058)	(52,948)	(10,008)	(1,743)	(4,125)	(1,776)	(138,658)
Net book amount	–	31,565	26,406	4,808	2,440	–	1,012	66,231

Depreciation expense of HK$16,442,000, HK$18,974,000 and HK$23,338,000 for the years ended 30 April 2011, 2012 and 2013, respectively, has been expensed in administrative and other operating expenses.

All land and buildings are located in Hong Kong, held under medium term leases and were pledged as securities for the Group's banking facilities as detailed in note 28(c).

Motor vehicles includes the following amounts where the Group is a lessee under finance leases:

	Year ended 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Cost - capitalised finance leases	2,321	888	–
Accumulated depreciation	(1,406)	(719)	–
Net book amount	915	169	–

The Group leases various motor vehicles under non-cancellable finance lease agreements. The lease terms are between 4.5 and 5 years, and ownership of assets lie within the Group.

14 INTANGIBLE ASSETS

	Goodwill	Trademark	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 May 2010 and 2011			
Cost	–	–	–
Accumulated amortisation	–	–	–
Net book amount	–	–	–
Year ended 30 April 2012			
Opening net book amount	–	–	–
Acquisition of businesses during the year *(note 33(b),(c))*	727	24,370	25,097
Amortisation charge	–	(294)	(294)
Exchange realignment	–	589	589
Closing net book amount	727	24,665	25,392
Year ended 30 April 2013			
Opening net book amount	727	24,665	25,392
Acquisition of a subsidiary during the year *(note 33(e))*	5,931	–	5,931
Amortisation charge	–	(632)	(632)
Exchange realignment	–	110	110
Closing net book amount	6,658	24,143	30,801

Goodwill is allocated to the Group's retail business in Mainland China and Macau, which is considered as separate cash generating units.

For the purpose of impairment test, the recoverable amount of the retail business unit in Mainland China is determined based on value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 15%, which reflects the specific risks relating to the housewares retail business. The cash flows beyond the five-year period are extrapolated using a 2% growth rate. This growth rate does not exceed the average growth rate for retail industry in which the Group operates.

Management does not foresee any significant change in the key assumptions used in the value-in-use calculation that will cause the recoverable amount of goodwill to be less than its carrying amount.

Amortisation expenses of HK$294,000 and HK$632,000 of the trademark have been included in administrative and other operating expenses for the year ended 30 April 2012 and 2013 respectively.

15 INVENTORIES

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Merchandise	131,849	153,683	225,620

The cost of inventories recognised as an expense and included in cost of sales amounted to HK$586,150,000, HK$672,831,000 and HK$808,223,000 for the years ended 30 April 2011, 2012 and 2013 respectively.

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial instruments include the following:

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets:			
Loans and receivables:			
Trade and other receivables	52,218	64,150	77,502
Amounts due from related companies	2,636	3,449	–
Amounts due from shareholders	–	–	1,648
Pledged bank deposits	4,739	3,666	6,511
Cash and cash equivalents	119,204	70,806	111,513
	178,797	142,071	197,174
Financial assets at fair value through profit and loss	8,468	9,302	18,359
	187,265	151,373	215,533

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Financial liabilities:			
Other financial liabilities at amortised cost:			
Trade and other payables	141,696	131,641	166,201
Amount due to a related company	93	–	–
Amounts due to non-controlling shareholders of subsidiaries	–	6,936	2,326
Loan due to a non-controlling shareholder of a subsidiary	–	–	2,575
Amounts due to directors	28	4	–
Bank borrowings	53,267	50,683	62,869
Finance lease liabilities	1,209	291	–
Bank overdrafts, secured	158	179	82
	196,451	189,734	234,053

17 TRADE AND OTHER RECEIVABLES

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	2,522	4,673	1,479
Rental and utility deposits	46,769	59,321	72,342
Other receivables	2,927	156	3,681
Maximum exposure to credit risk	52,218	64,150	77,502
Deferred cost for initial public offering	–	–	2,696
Other prepayments	2,835	4,109	2,563
	55,053	68,259	82,761
Less: non-current rental deposits	(25,803)	(33,672)	(49,234)
Current portion	29,250	34,587	33,527

The Group normally make sales to customers on a cash-on-delivery basis. The ageing analysis of trade receivables based on invoice date is as follows:

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Up to 3 months	2,522	4,673	1,479

As at 30 April 2011, 2012 and 2013, trade receivables of HK$2,055,000, HK$3,253,000 and HK$1,098,000 were past due but not impaired. These relate to a number of independent franchisees and customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Within 3 months	2,055	3,253	1,098

Trade and other receivables do not contain impaired assets. The carrying values of trade and other receivables approximate their fair values as at 30 April 2011, 2012 and 2013. The Group does not hold any collateral over these balances.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
United States dollars	2,055	3,543	1,190
Hong Kong dollars	52,998	54,785	64,831
Singapore dollars	–	7,545	12,159
Malaysian Ringgit	–	1,018	2,077
Renminbi	–	1,368	1,574
Taiwan New Dollar	–	–	258
Macau Patacas	–	–	672
	55,053	68,259	82,761

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Listed equity securities in Hong Kong, at market value	8,468	9,302	18,359

Purchase of financial assets at fair value through profit or loss are presented within "investing activities" in the combined statements of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains, net" in the combined statements of comprehensive income.

The fair values of all the equity securities were based on their current bid prices in an active market.

19 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSIT

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks and on hand	47,731	29,954	99,749
Short-term bank deposits	76,212	44,518	18,275
	123,943	74,472	118,024
Less: Pledged bank deposits *(note 28(c))*	(4,739)	(3,666)	(6,511)
Cash and cash equivalents	119,204	70,806	111,513
Maximum exposure to credit risk	120,955	72,185	115,174

The effective interest rate on short-term bank deposits is 0.23%, 0.78% and 0.39% as at 30 April 2011, 2012 and 2013 respectively; these deposits have an average original maturity of 78, 9 and 53 days respectively.

Cash and cash equivalents include the following for the purpose of the combined statements of cash flows:

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents in the combined balance sheets	119,204	70,806	111,513
Bank overdrafts *(note 28)*	(158)	(179)	(82)
	119,046	70,627	111,431

The carrying values of pledged bank deposits and cash and cash equivalents are denominated in the following currencies:

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong dollars	113,513	56,209	96,094
Singapore dollars	–	1,763	3,172
Malaysian Ringgit	–	603	1,554
Japanese yen	19	19	672
United States dollars	27	4,656	777
Renminbi	10,384	11,222	11,662
Taiwan New dollars	–	–	446
Macau Patacas	–	–	3,647
	123,943	74,472	118,024

Renminbi is not a freely convertible currency in the international market. The conversion of Renminbi into foreign currencies and remittance of Renminbi out of the Mainland China are subject to the rules and regulations of foreign exchange control promulgated by the government of the Mainland China.

20 SHARE CAPITAL

Share capital during the Relevant Periods represents the share capital of Matusadona Investments Limited, which is the then holding company of the Listing Business during the Relevant Periods.

21 RESERVES

	Share premium	Merger reserve	Share-based compen-sation reserve	Capital reserves	Tran-slation reserve	Retained earnings	Total
	HK$'000	HK$'000 (note (a))	HK$'000	HK$'000 (note (b))	HK$'000	HK$'000	HK$'000
Balances at 1 May 2010	1	(486)	–	–	–	82,331	81,846
Comprehensive income:							
Profit for the year	–	–	–	–	–	62,096	62,096
Transactions with owner:							
Employees share option scheme:							
– Value of employee services *(note 8)*	–	–	70	–	–	–	70
Dividends *(note 30)*	–	–	–	–	–	(10,000)	(10,000)
Balance at 30 April 2011	1	(486)	70	–	–	134,427	134,012
Comprehensive income:							
Profit for the year	–	–	–	–	–	85,432	85,432
Transactions with owners:							
Currency translation difference	–	–	–	–	469	–	469
Employees share option scheme:							
– Value of employee services *(note 8)*	–	–	320	–	–	–	320
Capital reserve arising on business combination	–	–	–	371	–	–	371
Dividends *(note 30)*	–	–	–	–	–	(60,000)	(60,000)
Balance at 30 April 2012	1	(486)	390	371	469	159,859	160,604
Comprehensive income:							
Profit for the year	–	–	–	–	–	101,527	101,527
Currency translation difference	–	–	–	–	163	–	163
Transactions with owners:							
Employees share option scheme:							
– Value of employee services *(note 8)*	–	–	734	–	–	–	734
Balance at 30 April 2013	1	(486)	1,124	371	632	261,386	263,028

Notes:

(a) In 2006, Matusadona acquired the entire equity interests in Japan Home Centre (H.K.) Limited, JHC (International) Limited and Japan Home Centre (Management) Limited from the ultimate beneficial owners, Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha.

The merger reserve represents the difference between the aggregate nominal value of the share capital of these subsidiaries at the date on which they were acquired by Matusadona and the nominal amount of the share capital issued by Matusadona as consideration for the acquisition.

(b) Familj (China) Limited ("Familj"), a wholly-owned subsidiary of Matusadona granted an option (the "Option") to Mr Wu, an independent third party as part of the purchase consideration for a housewares retail business in Mainland China on 30 March 2012. According to the option terms and subject to certain condition, Mr Wu is entitled to subscribe 1,455,000 ordinary shares of Familj at an agreed amount in a specified period. The fair value of the option granted was estimated by management to be approximately HK$371,000 and is recognised as capital reserve.

Additionally, Mr. Wu and Mr. Lin, a business partner of Familj, shall have the option to transfer their shareholding in Familj to the Company in exchange for the Company's newly issued ordinary shares subject to achievement of certain performance target ("the Conversion Option"). The fair value of the Conversion Option was assessed by the management to be insignificant.

For details of the business combination, please see note 33(c).

On 9 September 2013, Familj and Mr. Wu entered into a termination agreement (the "Termination Agreement"), whereby Mr. Wu agreed and confirmed to unconditionally and irrevocably waived all his rights to the Option with effect from the date of the Termination Agreement. In return, Familj agreed to pay RMB1,000,000 to Mr. Wu. On 9 September 2013, each of Mr. Wu and Mr. Lin also agreed to waive their rights to the Conversion Option with immediate effect.

22 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The analysis of deferred income tax assets and liabilities is as follows:

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Deferred income tax assets:			
–To be recovered after more than 12 months	2,663	2,930	3,347
–To be recovered within 12 months	2,225	151	450
	4,888	3,081	3,797
Deferred income tax liabilities:			
–To be settled after more than 12 months	(233)	(315)	(1,530)
–To be settled within 12 months	(231)	(198)	(55)
	(464)	(513)	(1,585)
	4,424	2,568	2,212

The gross movement on the deferred income tax account is as follows:

	HK$'000
At 1 May 2010	3,631
Credited to the profit or loss *(note 11)*	787
Acquisition of subsidiaries *(note 33(a))*	6
At 30 April 2011	4,424
Charged to the profit or loss	(1,849)
Exchange realignment	(7)
At 30 April 2012	2,568
Charged to the profit or loss	(410)
Exchange realignment	54
At 30 April 2013	2,212

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Decelerated depreciation allowances	Unrealised profit	Total
	HK$'000	*HK$'000*	*HK$'000*
Deferred income tax assets			
At 1 May 2010	1,986	2,054	4,040
Credited to the profit or loss	601	170	771
Acquisition of subsidiaries *(note 33(a))*	77	–	77
At 30 April 2011	2,664	2,224	4,888
Credit/(charged) to the profit or loss	266	(2,073)	(1,807)
At 30 April 2012	2,930	151	3,081
Charged to the profit or loss	418	236	654
Exchange realignment	–	62	62
At 30 April 2013	3,348	449	3,797

	Accelerated depreciation allowances
	HK$'000
Deferred income tax liabilities	
At 1 May 2010	408
Credited to the profit or loss	(15)
Acquisition of subsidiaries *(note 33(a))*	71
At 30 April 2011	464
Charged to the profit or loss	42
Exchange realignment	7
At 30 April 2012	513
Charged to the profit or loss	1,064
Exchange realignment	8
At 30 April 2013	1,585

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profit is probable. The Group did not recognise deferred income tax assets of approximately HK$Nil, HK$1,001,000 and HK$2,782,000 in respect of the tax losses amounting to HK$Nil, HK$5,414,000 and HK$13,504,000 for the years ended 30 April 2011, 2012 and 2013 respectively that can be carried forward against future taxable income.

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
With no expiry date	–	5,054	9,899
Expiring in 2017	–	360	360
Expiring in 2018	–	–	3,245
	–	5,414	13,504

23 TRADE AND OTHER PAYABLES

	As at 30 April		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Trade payables	123,024	105,988	133,731
Accrual for cost of initial public offering	–	–	6,963
Other payables and accruals	18,672	25,653	25,507
Financial liabilities	141,696	131,641	166,201
Deposits received	–	–	6,000
Receipts in advance	1,355	1,068	1,273
Provision for employee benefits	4,800	7,459	8,087
	147,851	140,168	181,561

(a) The carrying values of trade and other payables approximate their fair values as at 30 April 2011, 2012 and 2013.

(b) The ageing analysis of trade payables based on invoice date is as follows:

	As at 30 April		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
0 - 30 days	37,353	37,896	55,631
31 - 60 days	28,461	31,225	33,812
61 - 90 days	17,948	18,548	21,373
91 - 120 days	32,865	16,353	21,368
Over 120 days	6,397	1,966	1,547
	123,024	105,988	133,731

(c) The carrying amount of trade and other payables is denominated in the following currencies:

	As at 30 April		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Hong Kong dollars	146,961	133,499	169,642
United States dollars	–	40	135
Singapore dollars	–	5,421	9,962
Malaysian Ringgit	–	383	785
Renminbi	–	825	462
Japanese Yen	553	–	–
Euro	337	–	–
Taiwan New Dollars	–	–	416
Macau Patacas	–	–	159
	147,851	140,168	181,561

24 AMOUNTS DUE FROM/(TO) RELATED COMPANIES

	Maximum balance outstanding during					
	Year ended 30 April 2011	Year ended 30 April 2012	Year ended 30 April 2013	As at 30 April 2011	As at 30 April 2012	As at 30 April 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from:						
Japan Home Centre (Macau) Single-Member Company Limited	2,686	3,167	–	2,616	3,167	–
Quality Laundry Limited	20	282	–	20	282	–
				2,636	3,449	–
Amount due to:						
Japan Home Centre (Macau) Single-Member Company Limited				(93)	–	–

Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha are directors of Japan Home Centre (Macau) Single-Member Company Limited and the company becomes a wholly-owned subsidiary of the Group since 15 April 2013.

Mr. Lau Pak Fai, Peter was director of Quality Laundry Limited until 6 December 2012, after which the company ceased to be a related company of the Group.

The balances with related companies are unsecured, interest-free and repayable on demand. The receivable balances are neither past due nor impaired and the related companies have no default history. The Group did not hold any collateral over the receivable balances.

The carrying values of amounts due from/to related companies approximate their fair values as at 30 April 2011 and 2012, and are denominated in Hong Kong dollars.

25 AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The amounts due to non-controlling shareholders of subsidiaries are unsecured, interest free, repayable on demand and mainly denominated in Singapore dollars. Its carrying values at 30 April 2012 and 2013 approximate their fair values.

26 LOAN DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The loan due to a non-controlling shareholder of a subsidiary is unsecured, bearing interest at 2.5% per annum with its principal and interest repayable on 13 June 2014. The loan is denominated in Singapore dollar and its carrying value as at 30 April 2013 approximates its fair value.

27 AMOUNTS DUE FROM SHAREHOLDERS/TO DIRECTORS

	As at 30 April 2011	As at 30 April 2012	As at 30 April 2013
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from shareholders	–	–	1,648
Amounts due to directors	(28)	(4)	–

The amounts due from shareholders/to directors are unsecured, interest-free, repayable on demand and denominated in Hong Kong dollars. Their carrying values due as at 30 April 2011 and 2012 approximate their fair values. The balance due to director was fully settled on 29 April 2013. The balances due from shareholders were fully settled before Listing.

28 BORROWINGS

	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Non-current			
Finance lease liabilities *(a)*	827	176	–
Current			
Finance lease liabilities *(a)*	382	115	–
Mortgage loans which contain a repayment on demand clause *(b)*	5,399	4,315	3,221
Trust receipt loans, secured and contain a repayment on demand clause *(b)*	47,868	46,368	59,648
Bank overdrafts, secured	158	179	82
	53,807	50,977	62,951
Total	54,634	51,153	62,951

(a) Finance lease liabilities

The finance lease liabilities were repayable as follows:

	Minimum lease payments		
	As at 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
No later than 1 year	443	129	–
Later than 1 year and no later than 5 years	882	184	–
	1,325	313	–
Future finance charges on finance leases	(116)	(22)	–
Present value of finance lease liabilities	1,209	291	–
The present value of finance lease liabilities is as follows:			
No later than 1 year	382	115	–
Later than 1 year and no later than 5 years	827	176	–
	1,209	291	–

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessors in the event of default.

The lease liabilities are fully repaid during the year ended 30 April 2013.

(b) Secured bank loans

The secured bank loans were repayable as follow:

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	48,953	47,462	60,753
Between 1 and 2 years	1,095	1,105	1,117
Between 2 and 5 years	3,219	2,116	999
Wholly repayable within 5 years	53,267	50,683	62,869

Since the loan agreements for the above secured bank and trust receipt loans contained a repayment on demand clause that gives the lenders unconditional rights to call the loans at any time, the entire bank loans are therefore classified as current liabilities.

(c) Banking facilities

The secured bank loans and other banking facilities, including trust receipt loans and bank overdrafts, are secured by the followings:

(i) all leasehold land and buildings of the Group (note 13);

(ii) the Group's pledged bank deposits of HK$4,739,000, HK$3,666,000 and HK$6,511,000 as at 30 April 2011, 2012 and 2013 respectively (note 19);

(iii) personal guarantees jointly and severally provided by Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha*; and

(iv) corporate guarantees provided by certain subsidiaries.

* The personal guarantees will be released if Listing occurs.

(d) The effective interest rates at the balance sheet date of the borrowings are as follows:

	At 30 April		
	2011	2012	2013
Finance lease liabilities	2.87%	2.85%	Nil
Mortgage loans	1.01%	1.05%	1.05%
Trust receipt loans	2.59%	2.60%	2.19%
Bank overdrafts	5.00%	5.00%	5.00%

(e) The carrying amounts of the borrowings approximate their fair values as at 30 April 2011, 2012 and 2013, and are denominated in the following currencies:

	At 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong dollars	22,934	20,908	23,925
Japanese Yen	5,954	9,500	6,100
Euro	443	367	729
British Pound	–	–	406
United States dollars	25,303	20,378	31,791
	54,634	51,153	62,951

29 NOTES TO COMBINED STATEMENTS OF CASH FLOWS

(a) Cash generated from operations:

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	75,336	103,931	128,108
Adjustments for:			
– Gain on disposal of property, plant and equipment *(note b)*	–	(136)	(351)
– Loss on disposal of property, plant and equipment *(note b)*	790	449	394
– Depreciation	16,442	18,974	23,338
– Amortisation of trademark	–	294	632
– Interest income	(262)	(713)	(407)
– Interest expense	1,200	1,281	1,405
– Dividend income	(213)	(337)	(369)
– Unrealised fair value gains on financial assets at fair value through profit and loss	(1,245)	(835)	(3,234)
– Employee share-based compensation	70	320	734
– Realised gains on disposal of financial assets at fair value through profit and loss	–	(633)	–
– Goodwill written off	235	–	–
– Gain from bargain purchase	(434)	–	(325)
– Legal and professional fee incurred for initial public offering	–	–	4,267
Changes in working capital			
– Increase in inventories	(22,359)	(14,014)	(68,303)
– Increase in trade and other receivables	(6,162)	(12,733)	(10,844)
– Increase/(decrease) in trade and other payables	40,959	(8,763)	26,179
– Decrease in net amounts due to related companies	(107)	(906)	(118)
– Increase/(decrease) in amounts due to directors	28	(24)	(4)
– Increase in amount due from shareholders	–	–	(1,648)
– Increase/(decrease) in amount due to a non-controlling shareholder of a subsidiary	–	113	(114)
Cash generated from operations	104,278	86,268	99,340

(b) In the combined statements of cash flows, proceeds from sale of property, plant and equipment are analysed as follows:

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Net book amount *(note 13)*	962	1,030	693
Loss on disposal of property, plant and equipment	(790)	(449)	(394)
Gain on disposal of property plant and equipment	–	136	351
Proceeds from disposal of property, plant and equipment	172	717	650

30 DIVIDENDS

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Dividends	10,000	60,000	–

Matusadona declared interim dividends of HK$10,000,000 and HK$60,000,000 for the years ended 30 April 2011 and 2012 respectively at HK$1 and HK$6 per ordinary share.

At a meeting held on 28 June 2013, the Board proposed a final dividend of HK$96,000,000 at HK$$9.6 per ordinary share. The proposed dividend has not been reflected as a dividend payable in the Financial Information, but will be reflected as an appropriation of retained earnings for the year ending 30 April 2014.

31 COMMITMENTS

(a) Operating lease commitments - as lessee

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises, retail shops and warehouses as follows:

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
No later than one year	111,782	164,733	199,609
Later than one year and no later than five years	77,214	148,585	175,391
	188,996	313,318	375,000

Generally, the Group's operating leases have terms ranging from 1 to 6 years, certain operating cases have escalation clauses and renewable rights. The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rental payable (contingent rents), if any, which are to be determined generally by applying pre-determined percentages to future sales, as it is not possible to determine in advance the amount of such additional rentals.

(b) Operating lease commitments - as lessor

At 30 April, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of sub-lease of certain spaces in retail shops as follows:

	As at 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
No later than one year	216	2,282	2,446
Later than one year and no later than five years	108	2,162	1,365
	324	4,444	3,811

32 CONTINGENT LIABILITIES

The Group's bankers have given guarantees in lieu of deposits amounting to approximately HK$8,400,000, HK$8,000,000 and HK$10,190,000 for the years ended 30 April 2011, 2012 and 2013 respectively to the Group's landlords and utility providers. These guarantees are counter indemnified by corporate guarantees and pledged deposits provided by certain subsidiaries.

33 BUSINESS COMBINATIONS

(a) Acquisition of JHC Plastics Limited ("Plastics") and JHC Mirror Limited ("Mirror")

On 31 August 2010, the Group acquired 60% equity interests in each of Plastics and Mirror respectively. Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha are shareholders and directors of Plastics and Mirror at the time of the acquisition. Plastics and Mirror owns manufacturing facilities for production of mirror and plastic housewares products and the Group is their major customer. The Group expects to secure its source of merchandise from Plastics and Mirror through the business acquisition.

The following table summarises the consideration paid and the fair value of assets acquired, liabilities assumed and the non-controlling interests of Plastics and Mirror at the acquisition date respectively.

	Plastics	**Mirror**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Consideration:			
At 31 August 2010			
Cash	825	520	1,345
Total consideration	825	520	1,345
Recognised amounts of identifiable assets acquired and liabilities assumed			
Property, plant and equipment	841	374	1,215
Trade and other receivables	106	81	187
Amounts due from related companies	1,762	–	1,762
Inventories	399	412	811
Cash and cash equivalents/(bank overdrafts)	1,451	(135)	1,316
Trade and other payables	(1,824)	(166)	(1,990)
Amount due to a related company	–	(168)	(168)
Current tax liabilities	(566)	–	(566)
Deferred tax (liabilities)/assets	(71)	77	6
Total identifiable net assets	2,098	475	2,573
Non-controlling interest	(839)	(190)	(1,029)
(Gain from bargain purchase)/goodwill written off	(434)	235	(199)
	825	520	1,345
Acquisition of subsidiaries, net of cash acquired	(626)	655	29

In view of the future synergies that will be generated from the acquisition of Plastics and Mirror by the Group, the former shareholders, Mr. Lai Pak Fai, Peter and Ms. Ngai Lai Ha, who are also the ultimate controlling parties of the Group is willing to accept a bargain consideration.

Acquisition related costs of HK$3,000 have been charged to administrative and other operating expenses in the combined statement of comprehensive income for the year ended 30 April 2011 for the acquisitions.

The revenue included in the statement of comprehensive income for the period from the date of acquisition up to 30 April 2011 contributed by Plastics and Mirror was HK$247,000. Plastics and Mirror also contributed net profit of HK$38,000 over the same period.

Had Plastics and Mirror been consolidated from 1 May 2010, the pro-forma revenue and net profit contributed to the Group would have been HK$367,000 and HK$57,000 respectively for the year ended 30 April 2011.

(b) Acquisition of a housewares retail business in Singapore

On 1 November 2011, Japan Home (Retail) Pte. Limited ("JH Retail"), a 60% owned subsidiary of the Group acquired a housewares retail business in Singapore. The Group expected to establish a solid retail platform in Singapore through the business acquisition.

The following table summarises the consideration paid and the fair value of assets acquired, liabilities assumed and the non-controlling interests of JH Retail at the acquisition date.

	HK$'000
Consideration:	
At 1 November 2011	
Cash consideration	15,001
Consideration payable	5,332
Deferred share consideration	867
Total consideration	21,200
Recognised amounts of identifiable assets acquired	
Trademark	24,370
Property, plant and equipment	2,777
Inventories	7,820
Trade and other receivables	156
Cash and cash equivalents	184
Total identifiable net assets	35,307
Non-controlling interest	(14,107)
	21,200
Acquisition of business, net of cash acquired	14,817

Acquisition related costs of HK$1,550,000 have been charged to administrative and other operating expenses in the combined statement of comprehensive income for the year ended 30 April 2012 for the acquisition.

The revenue included in the statement of comprehensive income for the period from the date of acquisition up to 30 April 2012 contributed by the acquired business was HK$53,698,000. The acquired business also contributed net profit of HK$2,155,000 over the same period.

Had the acquired business been consolidated from 1 May 2011, the pro-forma revenue and profit contributed to the Group would have been HK$108,710,000 and HK$3,706,000 respectively for the year ended 30 April 2012.

(c) Acquisition of a housewares retail business in Mainland China

On 30 March 2012, Familj (China) Limited ("Familj"), a wholly-owned subsidiary of Matusadona acquired a housewares retail business in Mainland China.

As a result of the acquisition, the Group is expected to increase its presence in Mainland China markets. The goodwill of HK$727,000 arising from the acquisition is attributable to acquired leases and customer base. The goodwill recognised is not expected to be deductible for income tax purposes.

The following table summarises the consideration paid, the fair value of assets acquired assumed and the non-controlling interest of Familj at the acquisition date.

	HK$'000
Consideration:	
At 1 April 2012	
Cash	2,592
Consideration payable	492
Share option	371
Total consideration	3,455
Recognised amounts of identifiable assets acquired	
Cash and cash equivalents	2,540
Property, plant and equipment	329
Trade and other receivables	317
Total identifiable net assets	3,186
Non-controlling interest	(458)
Goodwill	727
	3,455
Acquisition of business, net of cash acquired	49

Acquisition related costs of HK$396,000 have been charged to administrative and other operating expenses in the combined statement of comprehensive income for the year ended 30 April 2012 for the acquisition.

The revenue included in the statement of comprehensive income for the period from the date of acquisition up to 30 April 2012 contributed by acquired business was HK$1,475,000. The acquired business also contributed loss of HK$1,168,000 over the same period.

As the financial information of the acquired business before the acquisition is not readily available, the amounts of revenue and profit had the acquired business been consolidated from 1 May 2011 is not disclosed.

(d) Acquisition of JHC (Taiwan) Limited

On 31 July 2012, the Group acquired 100% equity interests of JHC (Taiwan) Limited. Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha are shareholders and directors of JHC (Taiwan) Limited before the acquisition.

As a result of the acquisition, the Group is expected to strengthen its merchandising function in Taiwan. The following table summaries the considerations paid and the fair value of assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Consideration:	
At 31 July 2012	
Cash	257
Total consideration	257
Recognised amounts of identifiable assets acquired and liabilities assumed	
Trade and other receivables	247
Cash and cash equivalents	1,874
Trade and other payables	(1,488)
Current tax liabilities	(51)
Total identifiable net assets	582
Gain from bargain purchase *(note 7)*	(325)
	257
Acquisition of business, net of cash acquired	(1,617)

The former shareholders of JHC (Taiwan) Limited are also the ultimate controlling parties of the Group. They consider the acquisition will bring cost saving benefit to the Group and are willing to accept a bargain consideration in exchange for such benefits.

Acquisition related costs of HK$7,000 have been charged to administrative and other operating expenses in the combined statement of comprehensive income for the year ended 30 April 2013.

The revenue included in the statement of comprehensive income for the period from the date of acquisition up to 30 April 2013 contributed by JHC (Taiwan) Limited was HK$10,318,000, which was fully eliminated within the Group after acquisition. JHC (Taiwan) Limited also contributed profit of HK$140,000 over the same period.

Had JHC (Taiwan) Limited been consolidated from 1 May 2012, the pro-forma revenue and profit contributed to the Group would have been HK$15,666,000 and HK$416,000 respectively for the year ended 30 April 2013, with the pro-forma revenue fully eliminated within the Group after acquisition.

(e) Acquisition of Japan Home Centre (Macau) Single-Member Company Limited

On 15 April 2013, the Group acquired 100% equity interests of Japan Home Centre (Macau) Single-Member Company Limited ("JHC Macau"). Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha were shareholders and directors of JHC Macau before the acquisition.

As a result of the acquisition, the Group is expected to expand its retail business in Macau. The goodwill of HK$5,931,000 arising from the acquisition is attributable to the management expectation for future profitability of the retail business in Macau. The following table summarises the considerations paid and the fair value of assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Consideration:	
At 15 April 2013	
Cash	8,000
Total consideration	8,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,002
Inventories	3,448
Prepayment and other receivables	644
Cash and cash equivalents	4,278
Trade and other payables	(7,108)
Current tax liabilities	(195)
Total identifiable net assets	2,069
Goodwill	5,931
	8,000
Acquisition of subsidiary, net of cash acquired	3,722

Acquisition related costs of HK$66,000 have been charged to administrative and other operating expenses in the combined statement of comprehensive income for the year ended 30 April 2013.

The revenue included in the statement of comprehensive income for the period from the date of acquisition up to 30 April 2013 contributed by JHC Macau was HK$2,205,000. JHC Macau Limited also contributed profit of HK$402,000 over the same period.

Had JHC Macau been consolidated from 1 May 2012, the pro-forma revenue and profit contributed to the Group would have been HK$28,322,000 and HK$1,957,000 respectively for the year ended 30 April 2013.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than those transactions or balances disclosed in note 24, 25, 26, 27 and 33 in the Financial Information, the following transactions were carried out with related parties in the normal course of the Group's business during the Relevant Periods:

Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha are shareholders of the related companies of the Group during the Relevant Periods in (a) and (b) below.

(a) Sales of goods and services

		Year ended 30 April		
		2011	2012	2013
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Continuing transactions				
Sales of goods to related companies:				
– Japan Home Centre (Macau) Single-Member Company Limited, up to 15 April 2013	*(i)*	9,973	10,441	11,274
Sub-leasing rental income from a related company:				
– Quality Laundry Limited, up to 6 December 2012	*(ii)*	1,329	1,311	851
Management fee income:				
– Japan Home Centre (Macau) Single-Member Company Limited, up to 15 April 2013	*(iii)*	335	360	288
– Quality Laundry Limited, up to 6 December 2012	*(iii)*	240	120	72
– JHC (Investment) Limited	*(iii)*	–	10	10
– Mulan's Garden (HK) Limited	*(iii)*	–	20	20
– Hong Sing Investment Limited	*(iii)*	–	10	10
Discontinued transactions				
Maintenance fee income:				
– Japan Home Centre (Macau) Single-Member Company Limited, up to 15 April 2013	*(iii)*	14	–	–
Commission income from a related company:				
– Quality Laundry Limited, up to 6 December 2012	*(ii)*	32	–	–

Note:

(i) Sales to a related company are conducted in the normal course of business at terms mutually agreed with the relevant parties.

(ii) Sub-leasing rental income and commission income were charged based on the terms mutually agreed with the relevant parties.

(iii) Management fee income and maintenance fee income were charged based on terms mutually agreed between the relevant parties.

(b) Purchase of goods and services

		Year ended 30 April		
		2011	2012	2013
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Continuing transactions				
Sales rebate payable to a related company:				
– Japan Home Centre (Macau) Single-Member Company Limited, up to 15 April 2013	*(i)*	192	5	5
Purchase of goods from a related company:				
– JHC (Taiwan) Limited, up to 31 July 2012	*(i)*	6,121	10,128	5,358
Operating lease rentals in respect of retail shops to related companies:				
– Mulan's Garden (HK) Limited	*(ii)*	3,569	4,260	4,473
– JHC (Investment) Limited	*(ii)*	559	576	646
– Hong Sing Investment Limited	*(ii)*	350	5,658	7,037
– Seven Yield Company Limited	*(ii)*	180	–	–
– Charm Rainbow Limited	*(ii)*	–	870	1,740
– Hugo Grand Limited	*(ii)*	–	493	1,454
Commission payable to a related company:				
– JHC (Taiwan) Limited, up to 31 July 2012	*(ii)*	873	1,054	199

Note:

(i) Purchases from a related company are conducted in accordance with the terms contracted with respective parties.

(ii) Operating lease rentals and commission fee were charged based on terms mutually agreed between the relevant parties.

(c) Key management compensation

Key management includes directors and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Year ended 30 April		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and bonus	7,226	8,401	10,932
Pension costs – defined contribution plans	108	111	151
Other long-term benefits	34	270	487
	7,368	8,752	11,570

35 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Group. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and has determined the operating segments based on these reports.

The executive directors considered the nature of the Group's business and determined that the Group has three reportable operating segments as follows:

(i) Retail*

(ii) Wholesales

(iii) Licencing and others

The executive directors assess the performance of the operating segments based on revenue and gross profit percentage of each segment. As the Group's resources are integrated and there are no discrete operating segment assets and liabilities for the retail and wholesales business segments reported to CODM, accordingly, no operating segment assets and liabilities are presented.

* Including consignment sales commission income.

Management reviews the Group's performance by business segments and geographical segments. Approximately 90% or more of the combined revenue, net profit or assets are contributed by the Group's business in Hong Kong, and each and every of the Group's non-Hong Kong operations does not meet the quantitative thresholds of "Reportable segments" under HKFRS 8.

(a) The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2011 is as follows:

	Retail	Wholesales	Licencing and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue (all from external customers)	987,536	29,343	687	1,017,566
Cost of sales	(563,731)	(22,419)	–	(586,150)
Segment results	423,805	6,924	687	431,416
Gross profit %	42.92%	23.60%	–	42.40%
Other income				16,535
Other gains, net				889
Distribution and advertising expenses				(20,775)
Administrative and other operating expenses				(351,791)
Operating profit				76,274
Finance income				262
Finance costs				(1,200)
Profit before income tax				75,336
Income tax expense				(12,890)
Profit for the year				62,446

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the years ended 30 April 2011, 2012 and 2013. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The turnover from the Group's largest customer amounted to less than 10% of the Group's total turnover for the years ended 30 April 2011, 2012 and 2013.

(b) The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2012 is as follows:

	Retail	Wholesales	Licencing and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue (all from external customers)	1,177,716	32,908	598	1,211,222
Cost of sales	(646,909)	(25,922)	–	(672,831)
Segment results	530,807	6,986	598	538,391
Gross profit %	45.07%	21.23%	–	44.45%
Other income				18,194
Other gains, net				1,155
Distribution and advertising expenses				(25,099)
Administrative and other operating expense				(428,142)
Operating profit				104,499
Finance income				713
Finance costs				(1,281)
Profit before income tax				103,931
Income tax expense				(17,401)
Profit for the year				86,530

(c) The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2013 is as follows:

	Retail	Wholesales	Licencing and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue (all from external customers)	1,465,711	32,436	526	1,498,673
Cost of sales	(781,790)	(26,433)	–	(808,223)
Segment results	683,921	6,003	526	690,450
Gross profit %	46.66%	18.51%	–	46.07%
Other income				17,073
Other gains, net				4,642
Distribution and advertising expenses				(38,032)
Administrative and other operating expense				(545,027)
Operating profit				129,106
Finance income				407
Finance costs				(1,405)
Profit before income tax				128,108
Income tax expense				(24,939)
Profit for the year				103,169

(d) Revenue from external customers in the Mainland China, Singapore, Malaysia and Hong Kong are as follow:

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong – Retail	980,710	1,113,602	1,292,248
Hong Kong – Wholesales and others	30,030	33,506	32,837
Hong Kong – Consignment sales commission income	6,826	7,067	9,013
Mainland China	–	171	2,929
Singapore	–	53,698	146,221
Malaysia	–	3,178	13,220
Macau	–	–	2,205
	1,017,566	1,211,222	1,498,673

(e) The total of non-current assets, other than intangible assets and deferred income tax assets of the Group as at 30 April 2011, 2012 and 2013 are as follows:

	Year ended 30 April		
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	70,768	79,751	81,706
Mainland China	–	702	1,994
Singapore	–	11,491	21,394
Malaysia	–	3,458	9,094
Macau	–	–	1,277
	70,768	95,402	115,465

36 NOTES TO THE COMPANY BALANCE SHEET

(a) Share capital

The share capital represents 1,000 shares with par value of HK$0.1 per share to the shareholders of the Company on 18 April 2013.

(b) Amount due to a subsidiary

The amount due to a subsidiary is interest-free, unsecured and repayable on demand and denominated in Hong Kong dollars.

37 SUBSEQUENT EVENTS

(a) Disposal of property

On 20 February 2013, a subsidiary of the Group entered into an agreement to dispose of an office premises located at 20/F, Tower B, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong, to Hugo Grand Limited, a company wholly-owned by Ms. Ngai Lai Ha, for the consideration of HK$60,000,000. The transaction was completed on 31 July 2013. In this connection, the property is classified as non-current assets held for sale as at 30 April 2013.

Upon completion, the estimated gain on disposal of the property is approximately HK$46,300,000.

On 27 August 2013, pursuant to a tenancy agreement, a subsidiary of the Group rented the same office premises from Hugo Grand Limited for a term of two years commencing from 1 August 2013.

(b) Special dividend

On 4 September 2013, Matusadona declared a special dividend of HK$55,000,000 to the shareholders whose names appear on the register of members on 2 September 2013 in proportion to their then respective shareholdings.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2013 up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 April 2013.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong