International Housewares Retail Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1373

Annual Report 2014

To take care of every family
with utmost attention

Corporate Profile

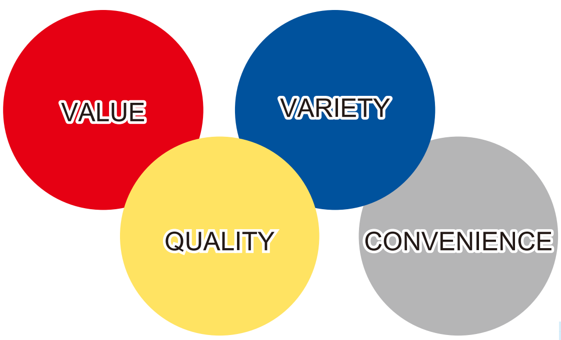
Establishment in 1991, International Housewares Retail Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") is the largest housewares retail chain in Hong Kong, Singapore and Macau[1] to offer more than 20,000 housewares products sourced from the large global network of over 650 suppliers and manufacturers in 13 regions, which enables the customers to enjoy the convenience of a "one-stop" shopping experience for a wide variety of quality products at reasonable and competitive prices.

As at 30 April 2014, the Group has an extensive retail network in Hong Kong, Singapore, West Malaysia, Mainland China and Macau. Further, the Group has licenced stores in East Malaysia, Saudi Arabia, New Zealand, Indonesia and Cambodia, with a total of 333 stores worldwide under the renowned brands including Japan Home Centre (日本城), City Life (生活提案), Epo Gifts & Stationery (文具世代), Happy Kitchen (廚之樂), Japan Home (日本の家) and Living Plus (泛美家) brands.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 25 September 2013 (the "**Listing Date**").

Mission Statement

Provide VALUE, QUALITY, VARIETY and CONVENIENCE to our customers



1 In terms of revenue and the number of stores the Group operated in the calendar year 2012 according to the Frost & Sullivan Report

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Highlights

- The Group's retail stores increased to 333, representing a net increase of 41 stores.
- The Group's revenue increased by 16.6% to HK$1,746,838,000, with an improvement across all geographical locations.
- The gross profit margin of the Group increased slightly from 46.1% to 46.5%.
- Profit attributable to equity holders for the year was HK$144,365,000, representing an increase of 42.2%.
- Excluding the one-off items(1) of net gain HK$30,117,000, (2012/13: net loss: HK$4,879,000), the adjusted profit attributable to equity holders for the year was HK$114,248,000 (2012/13: HK$106,406,000), representing an increase of 7.4%.
- Basic EPS were 22.2 HK cents per share, representing an increase of 18.1%.
- The Board has resolved to recommend the payment of a final dividend of 4.5 HK cents per share. Combined with the interim and special dividends of 2.0 and 4.0 HK cents per share respectively, the total annual dividend is 10.5 HK cents per share.

Note:

1. One-off items mainly represented listing expenses, gain on disposal of non-current asset held for sale and gain/(loss) from financial assets at fair value through profit or loss.

Four-Year Financial Summary

The results, assets, liabilities and key ratios of the Group for each of the last four financial years ended 30 April are as follows:

	2014 **HK$'000**	2013 HK$'000	2012 HK$'000	2011 HK$'000
Financial performance				
Revenue	**1,746,838**	1,498,673	1,211,222	1,017,566
Operating profit	**164,418**	129,106	104,499	76,274
Profit before income tax	**167,597**	128,108	103,931	75,336
Profit for the year	**143,099**	103,169	86,530	62,446
Financial position				
Cash and cash equivalents	**466,432**	111,513	70,806	119,204
Total assets	**999,690**	567,077	399,799	371,802
Total liabilities	**(281,010)**	(284,083)	(221,690)	(236,410)
Net assets	**718,680**	282,994	178,109	135,392
Key ratios				
Gross profit margin	**46.5%**	46.1%	44.5%	42.4%
Net profit margin	**8.2%**	6.9%	7.1%	6.1%
Revenue growth	**16.6%**	23.7%	19.0%	7.5%
Comparable store sales growth in Hong Kong(1)	**10.0%**	12.1%	11.8%	4.9%
Net profit growth	**38.7%**	19.2%	38.6%	16.0%

Note:

1. Comparable store sales growth represents a comparison between the store sales of those stores that were open throughout the years being compared.

Awards and Recognition

We have earned numerous awards in the fields of enterprise achievements, services excellence and caring for society, which demonstrate our good reputation in the industry and our achievements in and contributions to our society.

Hong Kong Jun-zi Corporation Award (Retail)
Golden Award 2013
Bronze Award 2012
(E)

3 Magazine
"HK's Best Brands"
The Best Housewares Centre
2013
(D)

Smilling Enterprise Award
2012

The Best for Home
2008-2011

3 Magazine Smart Living Brand
2009

Retail Asia-Pacific Top 500
2005 & 2009

Most Favourable Brand by Chinese Customers - Golden Brand
2008

Certificate Award for the Best Brand Enterprise
2007
(C)

Hong Kong Top Service Brand Award
2007 - 2014
(A)

WWF (HK) - Silver Member
2006 - 2014

Q-Mark
2006 - 2014
(B)

No Fakes Pledge
2006 - 2014

Caring Company 10 Years+
2004 - 2014

Quality Tourism Services Assoication Member
2004 - 2014

Quality Tourism Services
2004 - 2014

Superbrands
2004

Integrity Award
2003 - 2004


A


C


D

B

E

Corporate Social Responsibility

1. The Group participated in Hong Kong and Kowloon Walk for Millions of the Community Chest 2014 on 5 January 2014.

2. The Group has been granted the Caring Company honor for consecutive 10 years by HKCSS on 28 February 2014.

3. The Group has sponsored the charity ticket sale of Care for the Elderly Association Limited since 2008.

4. Various donation boxes of different non-profit making organizations, including Oxfam Hong Kong, ORBIS and Heifer International — Hong Kong, are placed at designated stores of the Group.

5. The Group participated in the “No Smoking for Retail Frontline Staff” scheme organized by Lok Sin Tong.

6. The Group participated and sponsored the campaign of “Love for Mother” organized by IN68 volunteer group visiting low income families on 12 May 2013.

7. Our management took a photo with the Chief Executive of HKSAR, Mr. C Y Leung in the 15th Anniversary event of Rotary Club of Happy Valley which was sponsored by the Group.

The Group's History

1991

The first store was opened in North Point, Hong Kong

1993

The first "HK$10 store" was opened in Hong Kong

2000

Acquisition of the business of a major competitor at that time, Nippon Warehouse Limited

2001

A major strategic change of business model from a "HK$10 store" model to a "housewares products specialist store" model

2002

Exploration of overseas market through export sales and operating arrangements with local entities

Establishment of new stores in Hong Kong under the new brand "City Life"(生活提案) (formerly known as "City Lifestyle")

Launch of our own private label products

2004

Awarded "Quality Tourism Services" certificate, "Superbrands" certificate and "Caring Company" logo by various recognized organisations

2005

Our private label products had been exported to more than nine overseas jurisdictions through our export sales and overseas operating arrangements with local entities in certain overseas jurisdictions

2006

Participation in the "Hong Kong Q-Mark Services Scheme" and was certified with the high service award

Awarded "No Fakes Pledge"

2007

Acquisition of the business of our competitor at that time, Quality Housewares, which operated around 19 stores

Establishment of new stores in Hong Kong under the then new brand "Epo Gifts & Stationery"

Awarded "Hong Kong Top Service Brand" and "The Best Brand Enterprise Award 2007 (Greater China)"

2009

Total number of stores including "Japan Home Centre" (日本城), "City Life" (生活提案) and "Epo Gifts & Stationery" (文具世代) exceeded 200 in Hong Kong, including the first "Japan Home Centre" (日本城) superstore, which occupies an area of over 6,000 square feet in Sau Mau Ping, Kwun Tong

Awarded "The 5 Consecutive Years Caring Company" logo

2010

EQT Greater China II acquired a 40% stake in our Group and became our strategic partner

2011

Sales exceeded HK$1 billion

Acquisition of a leading housewares retail chain business in Singapore and formation of our joint venture arrangement in Singapore

Expansion of our retail network to West Malaysia through formation of our joint venture arrangement in West Malaysia

2012

Expansion of our retail network to the PRC through acquisition of assets and formation of our joint venture company in Hong Kong, Familj, which wholly owns our operating subsidiary in the PRC

2013

Acquisition of 100% interest in JHC (Macau) Single-Member Company Limited in Macau

International Housewares Retail Company Limited (stock code: 1373) was successfully listed on the mainboard of the Stock Exchange.

Mr. LAU Pak Fai Peter
Chairman & Chief Executive Officer

Ms. NGAI Lai Ha
Vice Chairman

Chairman's Statement

Dear Shareholders,

On behalf of International Housewares Retail Company Limited and its subsidiaries (collectively referred to as the "**Group**"), I am pleased to present the Group's annual results for the year ended 30 April 2014. The Group recorded satisfactory results for the financial year of 2014. Despite the relatively high base effect from the previous financial year with challenging consumer market environment, the Group continued to achieve promising results, generating sustainable returns for our shareholders, thereby fully demonstrating the resilient nature of the housewares retail industry as well as our strong execution.

During the year under review, the Group achieved remarkable feats, including a record-high in total revenue, adding 41 stores to increase the number of stores worldwide to 333 and listed on the main board of the Stock Exchange on 25 September 2013. These milestones signified the Group's solid standing in Hong Kong's retail store sector.

FUTURE PROSPECTS

Looking ahead, the Group will continue to strengthen its position as the leading housewares retail chain in Hong Kong, Singapore and Macau. We will further expand our retail network by increasing the number of stores and also diversifying our retail brands.

We are pleased to announce that our kitchenware stores under the new brand of "Happy Kitchen" have opened in the "modern market" section of the Lok Fu Plaza and Yau Oi Estate, and we expect to expand in other locations of shopping centres. Under our core brand values of "Compact", "Comprehensive", "Value for Money" and "Contemporary", we aim to provide to our customers a one stop solution for a happy cooking experience. We are confident that this new retail brand will bring a new stream of customer base and revenue to the Group.

To fuel further business growth, we are also continuously exploring appropriate acquisitions and partnership opportunities in Hong Kong and overseas to strengthen our overall market presence and also to accelerate the expansion of our customer base. We have recently signed a non-binding memorandum of understanding with a potential target which operates a well-reputed, small to medium size chain store in Hong Kong on youth line of non-household products. It will strengthen our ability to tap into the younger generation market and we believe our overall procurement and operational strengths can speed up the expansion of this new chain.

Building on the position as the leading houseware retail chain with deep market penetration for many years, we plan to launch e-commerce business in Hong Kong to appeal to online shoppers by the end of 2014. We shall offer both household products at our physical store and some exclusive non-household products that will be available online. In addition, we also plan to launch a membership programme to enhance our ability to understand consumer spending behavior so that we can formulate more effective promotional and marketing activities accordingly.

As for product strategy we will also continue to diversify our product mix to attract a wider range of customers and to increase our proportion of central sourced products until we reach a mid-term goal of 70% of our entire product mix in order to achieve higher profit margin and product uniqueness. We have established a logistics centre in Shenzhen, China, which handles China manufactured products from different regions. This centre consolidates, picks and packs and distributes directly to our retail stores across the border. By gradually expanding its scale and coverage, we believe this can further enhance our warehouse capacity and cost efficiency in the long run.

With regard to our businesses outside Hong Kong, we are continuing our expansion plan in Singapore, West Malaysia, Mainland China and Macau through different strategies while constantly adjusting our product mix to address needs of each region. We are also expanding overseas by our franchising and licencing program. Recently we have entered into a provisional licencing agreement covering the east coast of USA with a retail operator there. Under the agreement, the operator has planned to open no fewer than five licenced outlets of Japan Home Centre in this new region within three years from the signing of the formal agreement.

APPRECIATION

On behalf of the Board, I would like to thank all our management team members and staff for their commitment and contributions. I also greatly appreciate the constant support of our customers, business partners and shareholders. We shall be grateful for your continuing trust and support in the years to come.

LAU Pak Fai Peter
Chairman and Executive Director

Hong Kong, 24 July 2014

Management Discussion and Analysis

OVERVIEW

During the year under review, the Group achieved remarkable feats, including a record-high total revenue amounting HK$1,746,838,000, increasing the number of stores worldwide to 333 and listing on the main board of the Stock Exchange on 25 September 2013, which were the new milestones that signified the Group's solid standing in the retail store sector in Hong Kong.

The Group's business segments by nature include retail, wholesale and licencing and others. Retail revenue for the year under review achieved a record-high revenue and continued to be the primary sales driver for the Group with an annual growth of 17.3%. This was mainly due to the opening of new stores and growth in comparable store sales. Revenue was also driven by the growth in both the number of transactions and the average spending per transaction. In addition, we continued to increase our variety of product offerings to capture additional market opportunities and expand our customer base. This resulted in HK$1,719,014,000 (2012/13: HK$1,465,711,000) of retail revenue which included consignment sales commission income, accounting for 98.4% (2012/13: 97.8%) of total revenue.

The wholesale business, licencing income and others as a whole decreased by 15.6% from the previous year to HK$27,824,000 (2012/13: HK$32,962,000), bringing in 1.6% (2012/13: 2.2%) of the Group's total revenue. The decrease is due to the fact that one of our top five customers in the prior year included wholesales to Macau's operation, which we acquired in April 2013 and the sales thereon are eliminated within the Group.

FINANCIAL PERFORMANCE

For the year ended 30 April 2014, the Group's revenue increased by 16.6% to HK$1,746,838,000 (2012/13: HK$1,498,673,000). This was mainly due to the opening of new stores and growth in comparable store sales. Revenue was also driven by the growth in both the number of transactions and the average spending per transaction. In addition, we continued to increase our variety of product offerings to capture additional market opportunities and expand our customer base.

Due to management's further steps to streamline the logistics arrangement with suppliers as well as bargaining more favorable pricing that reduced the procurement cost, the Group's gross profit margin rose slightly to 46.5% during the year under review (2012/13: 46.1%).

Operating expenses (excluding the one-off items) increased slightly from 38.3% to 39.8% as a percentage of revenue against last year. This was primarily due to continuing increase of rental expenses and staff cost. Moreover, a number of new stores were opened during the year and are still in their investment periods. In addition, certain expenses to tighten the Company's compliance on relevant regulatory requirements and related costs of internal control measures were incurred. In spite of these adverse dynamics, with our strong brand recognition and popular product offering, the Group has managed to deliver record-high sales to maintain stable costs as a percentage of revenue during the year.

Profit attributable to equity holders for the year was HK$144,365,000, representing an increase of 42.2% (2012/13: HK$101,527,000). Excluding the one-off items of net gain HK$30,117,000, (2012/13: net loss: HK$4,879,000), the adjusted profit attributable to equity holders for the year was HK$114,248,000 (2012/13: HK$106,406,000), representing an increase of 7.4%. Basic earnings per share were 22.2 HK cents (2012/13: 18.8 HK cents), representing an increase of 18.1%.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2014, the Group had cash and cash equivalents amounted to HK$466,432,000 (2012/13: HK$111,513,000), representing an increase of HK$354,919,000. This was mainly attributable to the receipt of proceeds from the initial public offering. Most of the Group's cash and bank deposits were denominated in Hong Kong dollars and Renminbi, and were deposited with major banks in Hong Kong with maturity dates falling within 3 months.

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products and will continue to place the majority of our surplus cash in Hong Kong dollars or Renminbi bank deposits with appropriate maturity periods to meet the funding requirements in the future. The current ratio for the Group was 3.0 (2012/13: 1.5). Bank borrowings amounted to HK$64,094,000 as at 30 April 2014 (2012/13: HK$62,951,000). The Group was as in net cash position as at 30 April 2014.

OPERATING EFFICIENCIES

Overall comparable store sales with a growth of 9.5% was recorded for the year ended 30 April 2014 (2012/13: 12.1%). Comparable store sales growth in Hong Kong sustained double digit growth at 10.0% (2012/13: 12.1%).

In the past few years, the overall rental expenses increased significantly, particularly for prime retail locations. Rental expenses constitute a significant portion of our operating expenses. In spite of this adverse dynamic, the Group managed to maintain stable rental costs as a percentage of revenue historically, as with our strong brand recognition and popular product offering allow us to open new stores in less prime retail space and thereby control our rental expenses as we expand. We are also able to rent retail spaces of varying sizes, which gives us more flexibility in choosing retail spaces and control our overall rental expenses.

In addition, the salaries of employees generally increased in recent years. We expect our employee expenses to increase along with inflation. In order to mitigate the effects of increasing employee expenses, we have employee training programmes in place to maximise productivity and we may redeploy our employees to different stores from time to time in order to maximize productivity. As a result, the Group managed to maintain stable staff costs within a percentage of reasonable range of revenue. The Group's operating expenses (excluding the one-off items) as a percentage of revenue only increased slightly during the year under review, accounted for 39.8% of its revenue for the year ended 30 April 2014 (2012/13: 38.3%). The following table provides details of the Group's operating expenses:

	2014		2013		
	HK$'000	**(%) of revenue**	HK$'000	(%) of revenue	Change (%)
Distribution and advertising expenses	**46,763**	**2.7%**	38,032	2.5%	23.0%
Administrative and other operating expenses					
Rental expenses – retails stores	**248,081**	**14.2%**	205,024	13.7%	21.0%
Employee benefit expenses	**238,674**	**13.7%**	200,625	13.4%	19.0%
Other expenses	**161,338**	**9.2%**	130,674	8.7%	23.5%
One-off items[1]	**12,930**	**0.7%**	8,704	0.6%	48.6%
Total operating expenses	**707,786**	**40.5%**	583,059	38.9%	21.4%

Note:

1. One-off items mainly represented listing expenses.

DISTRIBUTION NETWORK

We plan to continue to expand our operations in Hong Kong, Singapore, West Malaysia, Mainland China and Macau by leveraging the strength of our brand, our extensive retail network and large global supplier network. We believe that our comparable store sales growth in Hong Kong as well as the increasing revenue from our operations in Singapore, West Malaysia, Mainland China and Macau demonstrate our growth potential in these regions. As of 30 April 2014, the Group had presence in 10 jurisdictions throughout the world. The number of stores increased by 41 to 333, of which the total number of 323 stores were directly managed by the Group with 10 licenced stores as of 30 April 2014. The following table sets forth the number of our stores worldwide:

	30 April 2014	30 April 2013	Y-o-Y Change
Stores			
Hong Kong	**241**	230	+11
Singapore	**52**	32	+20
West Malaysia	**15**	9	+6
Mainland China	**9**	7	+2
Macau	**6**	5	+1
Sub-total	**323**	283	+40
Licenced stores			
East Malaysia	**2**	2	–
Saudi Arabia	**5**	5	–
New Zealand	**1**	1	–
Indonesia	**1**	1	–
Cambodia	**1**	–	+1
Sub-total	**10**	9	+1
Total	**333**	292	+41

HUMAN RESOURCES

To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. Performance bonus and share options are then offered to qualified employees. A performance-based element is included in the annual discretionary bonus for all staff as well as in share options for supervisory and managerial staff. The Group's remuneration policy is determined according to the position, performance, experience of the staff as well as the market trend. Total staff costs for the year ended 30 April 2014 were HK$238,674,000 (2012/13: HK$200,625,000).

The Group places strong emphasis on staff training and development in order to realise the full potential of our employees. As at 30 April 2014, the Group employed approximately 2,010 employees. 1,580 of whom were based in Hong Kong and 430 were based in Singapore, West Malaysia, Macau, Mainland China and Taiwan. Regular part-time staff accounted for 34.7% of the Group's total headcount.

OPERATIONAL REVIEW BY BUSINESS SEGMENTS

The Group's business segments by nature include retail, wholesale and licencing and others.

Retail revenue for the year under review achieved a record-high revenue and continued to be the primary sales driver for the Group with an annual growth of 17.3%. This was mainly due to the opening of new stores and growth in comparable store sales. Revenue was also driven by the growth in both the number of transactions and the average spending per transaction. In addition, we continued to increase our variety of product offerings to capture additional market opportunities and expand our customer base. This resulted in HK$1,719,014,000 (2012/13: HK$1,465,711,000) of retail revenue which included consignment sales commission income, accounting for 98.4% (2012/13: 97.8%) of total revenue.

The wholesale business, licencing income and others as a whole decreased by 15.6% from the previous year to HK$27,824,000 (2012/13: HK$32,962,000), bringing in 1.6% (2012/13: 2.2%) of the Group's total revenue. The decrease is due to the fact that one of our top five customers in the prior year included wholesales to Macau's operation, which we acquired in April 2013 and the sales thereon are eliminated within the Group.

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATIONS

Operation Review – Hong Kong

Hong Kong remained the key market for the Group, representing 85.3% (2012/13: 89.0%) of the Group's total revenue. Revenue in Hong Kong for the year achieved a record-high total revenue of HK$1,489,652,000 (2012/13: HK$1,334,098,000), with 11.7% overall increase from the previous year, while comparable store sales[(1)] showed a relatively healthy 10.0% growth from the previous year (2012/13: 12.1%).

Our profit in Hong Kong increased to HK$145,782,000 (2012/13: HK$105,144,000), a growth of 38.6% from the prior year, with net profit margin of 9.8% (2012/13: 7.9%).

Excluding the one-off items, the adjusted profit of Hong Kong increased to HK$113,772,000 (2012/13: HK$110,023,000), a growth of 3.4% from last year, with the adjusted net profit margin of 7.6% (2012/13: 8.2%).

Note:

1. Comparable store sales growth represents a comparison of sales of the same store having full year operations in the comparable periods.

Operation Review – Singapore

Our priority in the Singapore is to expand our network as planned. To support this strategy, we will increase the allocation of resources and enhance our product mix. We will also take a more proactive approach to select optimal store sites which balance convenience to our customers and cost efficiency to us.

During the year, due to strong retail network and effective marketing campaigns, the revenue grew by 36.9% to HK$200,128,000 (2012/13: HK$146,221,000) while comparable store sales growth[1] was 5.8% in local currency (2012/13: n/a[2]). Profit contribution grew by 32.8% to HK$7,295,000 (2012/13: HK$5,493,000).

Operation Review – Mainland China

With respect to Mainland China, the Group took a prudent approach towards opening new stores by refining its site selection strategy and adopting a lower cost and more efficient approach to store openings. The Group's Mainland China business recorded revenue growth of 47.0% to HK$4,306,000 (2012/13: HK$2,929,000), while comparable store sales growth[1] was 19.1% in local currency (2012/13: n/a[2]).

Operation Review – West Malaysia

The revenue for our West Malaysia operations was HK$19,117,000 (2012/13: HK$13,220,000), an increase of 44.6% over the previous year while comparable store sales growth[1] was 12.4% in local currency (2012/13: n/a[2]).

Operation Review – Macau

The revenue for our Macau operations was HK$33,635,000. We have no comparable sales data for our operations in Macau, as our first full financial year of operations in Macau is the financial year ended 30 April 2014.

Notes:

1. Comparable store sales growth represents a comparison of sales of the same store having full year operations in the comparable periods.

2. We have no comparable store sales data as our first full financial year of operations in these markets is the financial year ended 30 April 2013.

FUTURE PROSPECTS

Looking ahead, the Group will continue to expand its retail network and increase the number of its stores across Hong Kong, Macau and Singapore. To sustain its future growth, the Group will also adjust its merchandise mix to cater for needs and the preferences of its customers in those locations. Besides, the Group will diversify its stores to attract a wider range of customers in Hong Kong. In particular, the Group has introduced its new brand “Happy Kitchen” stores in Hong Kong with its first two stores located in the “modern market” section of Lok Fu Plaza and Yau Oi Estate, offering specialised items and a comprehensive kitchenware line of products to enhance its image as a kitchenware expert.

Building on its position as the leading houseware retail chain with deep market penetration for many years, the Group will expand its e-commerce platforms to appeal to online shoppers. The Group will introduce both household products of its physical store and some exclusive non-household products that will be available online. In addition, the Group also plans to launch a membership program by the end of 2014 to enhance our understanding of customers’ spending behaviour and preferences and subsequently formulate more effective promotional and marketing activities.

To fuel further business growth, the Group has been exploring potential and appropriate acquisition and partnership opportunities in Hong Kong and overseas to strengthen its overall market presence as well as to accelerate the expansion of its customer base. Recently, the Group has signed a non-binding memorandum of understanding with a potential target which operates a well-reputed, small to medium size chain store in Hong Kong on youth line of non-household products. This could strengthen the Group’s ability to tap the younger generation market.

In respect of the Group’s franchising and licensing programme, it has entered into provisional licensing agreement with a retail operator covering the east coast of the USA. Under the agreement the operator has planned to open no fewer than five licensed outlets of Japan Home Centre in this new area within three years from the signing of the formal agreement.

In addition to the planned network expansion, we will also evaluate acquisitions and partnership opportunities in order to drive the Group’s growth momentum over the long run. We will continue to increase the variety of our merchandise to capture additional market opportunities and expand the customer base and to increase the proportion of central sourced products until it reaches a mid-term goal of 70% of our entire product mix in order to achieve higher profit margins while maintaining the distinctive character of our products. Leveraging our high brand recognition, we are confident that the Group will continue to maintain its leading position in the houseware market and drive sustainable growth and healthy returns.

Report of the Directors

The directors of the Company ("**Directors**") present their report and the audited consolidated financial statements for the year ended 30 April 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the retail sales of housewares products. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement.

An interim dividend of 2.0 HK cents per share, and a special interim dividend of 4.0 HK cents per share, representing a total payout of HK$43,391,000 were paid by the Company on 28 January 2014.

The Board has resolved to recommend the payment of a final dividend of 4.5 HK cents per share. Taking into account of the interim dividend payment and a special interim dividend, the total dividend for the year would amount to 10.5 HK cents per share, totalling HK$75,942,000 for the year. Shareholders whose names appear on the register of members of the Company on Wednesday, 8 October 2014 will be entitled to the final dividend which will be paid on or around Friday, 17 October 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the Annual General Meeting will be closed from Monday, 22 September 2014 to Thursday, 25 September 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attendance at the Annual General Meeting to be held on Thursday, 25 September 2014, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 September 2014.

The register of members of the Company for the final dividend will be closed from Monday, 6 October 2014 to Wednesday, 8 October 2014 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 3 October 2014.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the four years ended 30 April 2011, 2012, 2013 and 2014, as extracted from the audited financial statements, is set out in the four-year financial summary. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in note 23 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity. Distributable reserves of the Company at 30 April 2014 amounted to HK$497,640,000.

DIRECTORS

The Directors during the year were:

Executive Directors:

Mr. LAU Pak Fai Peter *(Chairman and Chief Executive Officer)*	(appointed on 18 April 2013)
Ms. NGAI Lai Ha *(Vice-Chairman)*	(appointed on 18 April 2013)
Mr. CHENG Sing Yuk *(Financial controller)*	(appointed on 18 April 2013)

Non-Executive Directors:

Mr. CHUNG Tak Wai	(appointed on 18 April 2013)
Mr. YEUNG Yiu Keung	(appointed on 18 April 2013)

Independent Non-Executive Directors:

Mr. TSUI Ka Yiu	(appointed on 4 September 2013)
Dr. LO Wing Yan William, J.P.	(appointed on 4 September 2013)
Mr. HUANG Lester Garson, J.P.	(appointed on 4 September 2013)

Pursuant to Article 83(3) of the Articles of Association, Mr. LAU Pak Fai Peter, Ms. NGAI Lai Ha and Mr. CHENG Sing Yuk; Mr. CHUNG Tak Wai, Mr. YEUNG Yiu Keung Mr. TSUI Ka Yiu, Dr. LO Wing Yan William, J.P. and Mr. HUANG Lester Garson, J.P. shall retire from office at the Annual General Meeting and shall be eligible for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors have service contracts with the Company or any of its subsidiaries which are not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The emoluments payable to the Directors will be decided by the board of directors on the recommendation of the Remuneration Committee, having regard to the directors' duties, responsibilities and performance and the results of the Group. Particulars of the Directors' emoluments disclosed pursuant to Appendix 16 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange are set out in Note 9(a) to the consolidated financial statements.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LAU Pak Fai Peter, aged 56

Mr. Lau was appointed as an executive Director and Chairman of the Company with effect from 18 April 2013, the date of incorporation of the Company and serves as the chief executive officer of the Group. He is the co-founder of the Group, and has been the managing director for the Group since 1991. Mr. Lau became the chief executive officer in 2010, after the Group entered into a strategic partnership with EQT Greater China II.

Mr. Lau was raised in Hong Kong and studied in Canada, where he earned his bachelor's degree in science from the Department of Applied Science of Queen's University at Kingston, Canada in May 1979. In 1981, Mr. Lau established a trading company in Hong Kong and was engaged in the housewares import and export business prior to opening the first Japan Home Centre store in 1991. Mr. Lau is primarily responsible for the Group's overall corporate strategies, management and business development.

Mr. Lau has guided the development and implementation of the business strategies, and has contributed significantly to the success of the Group throughout the years. He was among the first to introduce the "one price" store concept to Hong Kong, which established Japan Home Centre in a strong position in the Hong Kong housewares retail market. The Group continues to benefit from his years of experience and expertise in the housewares retail market.

In 1998, the City Junior Chamber honoured Mr. Lau's leadership and vision by presenting him with the "Innovative Entrepreneur of the Year" award. He has also been a guest speaker at various business functions held by media groups and government organisations, including the Hong Kong Trade Development Council and Trade and Industry Department.

Ms. NGAI Lai Ha, aged 42

Ms. Ngai was appointed as an executive Director of the Company with effect from 18 April 2013, the date of incorporation of the Company, and was appointed as Vice-Chairman of the Company with effect from 4 September 2013. Ms. Ngai is the co-founder of the Group. Since the Group opened the first store in 1991, Ms. Ngai has dedicated her efforts to developing the business, and has contributed significantly to the success of the Group throughout the years.

As a founder and a core member of the management, Ms. Ngai has played a crucial role in enhancing the efficiency of the daily operations, improving the financial performance and consolidating the market position in the Hong Kong housewares retail market. Leveraging the network and relationships that she has personally established since the founding of the Group, Ms. Ngai has helped set a solid foundation for the Group to further expand the business and to penetrate into new markets.

Ms. Ngai is the head of the leasing team, which is responsible for identifying suitable locations for the stores, negotiating tenancy agreements and monitoring the rental expenses. She is actively involved in the overall management, business development and overseeing the business operations and human resources of the Group.

Ms. Ngai is currently a member of the Nanjing Committee of the Chinese People's Political Consultative Conference, a council member of the Jiangsu Chinese Overseas Friendship Association, an executive committee member of The Professional Validation Centre of Hong Kong Business Sector, a director of Grateful Heart Charitable Foundation and Vice President of the Yau Tsim District, Scout Association of Hong Kong. Ms. Ngai graduated from the Open University of Hong Kong with a Bachelor of Business Administration degree in December 2002 through distance learning.

Mr. CHENG Sing Yuk, aged 55

Mr. Cheng was appointed as an executive Director of the Company with effect from 18 April 2013, the date of incorporation of the Company. Mr. Cheng is the financial controller of the Group and is responsible for the accounting and finance matters of the Group.

Prior to rejoining the Group in December 2009, he worked in various industries which included retail, wholesale and telecommunication. Mr. Cheng has 25 years of accounting and finance experience.

Mr. Cheng has been a member of the Association of Chartered Certified Accountants since November 1998 and a member of the Hong Kong Institute of Certified Public Accountants since March 1999. He obtained a Master Degree in Accounting from Curtin University of Technology in September 2004.

Non-executive Directors

Mr. CHUNG Tak Wai, aged 36

Mr. Chung was appointed as a Director of the Company with effect from 18 April 2013, the date of incorporation of the Company, and was re-designated as a non-executive Director with effect from 4 September 2013. Mr. Chung is currently a partner at EQT Partners Asia Limited, which acts as investment adviser to certain general partners of the EQT branded funds, including the general partner of EQT Greater China II. Mr. Chung has over 11 years of experience in the investment banking and private equity industry. Before joining EQT Partners Asia Limited in February 2009, Mr. Chung worked with Lehman Brothers from September 2000 to May 2003 in New York and from September 2005 to November 2008 in Hong Kong, and with Neuberger Investment Management from November 2008 to January 2009.

Mr. Chung graduated from Wesleyan University with a Bachelor of Arts degree in Mathematics – Economics and Molecular Biology and Biochemistry in May 2000, and obtained a Master of Business Administration degree from the Tuck School of Business at Dartmouth College in June 2005.

Mr. YEUNG Yiu Keung, aged 51

Mr. Yeung was appointed as a Director of the Company with effect from 18 April 2013, the date of incorporation of the Company, and was re-designated as a non-executive Director with effect from 4 September 2013. Currently, Mr. Yeung is an industrial adviser contracted with EQT Funds Management Limited, serving as an adviser to certain general partners of the EQT branded funds in transactions and during EQT's ownership of portfolio companies. Mr. Yeung began his career at Price Waterhouse Hong Kong in 1986. He spent eight years with Price Waterhouse Company's Hong Kong, Chicago and Los Angeles offices before his departure in 1994 as a tax manager. Mr. Yeung has almost 20 years of experience in the consumer and retail industry. Between 1994 and 2007, he held various senior positions including the chief financial officer of PT Sarimelati Kencana, the franchisee of Pizza Hut in Indonesia. Pizza Hut Indonesia, the chief financial officer of Birdland Taiwan KFC and the managing director of Birdland (Hong Kong) Limited, a franchisee of Kentucky Fried Chicken for Hong Kong and Macau. He was the chief executive officer and principal operator of Birdland (Hong Kong) Limited until August 2007. Mr. Yeung was an independent non-executive director of China XiaoFeiYang Catering Chain Co., Ltd, from 2006 to 2007 and was the chief operating officer and an executive director of Little Sheep Group Limited from 2007 to 2009.

Mr. Yeung was a member of the American Institute of Certified Public Accountants. Mr. Yeung graduated from the College of Business Administration of the University of Oregon with a Bachelor of Science degree in March 1986. He obtained an Executive Master of Business Administration (Master of Management) degree jointly from the J.L. Kellogg Graduate School of Management of Northwestern University and the Hong Kong University of Science and Technology in November 2000.

Independent non-executive Directors

Mr. TSUI Ka Yiu, aged 45

Mr. Tsui was appointed as an independent non-executive Director of the Company with effect from 4 September 2013. Mr. Tsui is a member of the Hong Kong Institute of Certified Public Accountants from July 1995 and the Association of Chartered Certified Accountants from January 2000. He has also been a Certified FRM since April 2007 and a CFA® Charterholder since September 2008. Mr. Tsui is currently running his own consulting practice under the name of Dickson Consulting Service Limited to provide financial, management and information technology consulting services. He is also currently employed as a project manager in Vivo HK Limited. Before working on his own, Mr. Tsui had worked as auditor in Ernst & Young for five years, and also worked as internal audit manager, and financial controller in Electrolux China, a household and professional appliances manufacturer for five years.

Mr. Tsui graduated from the Hong Kong Baptist College with a Bachelor of Business Administration (Honours) degree in January 1992.

Dr. LO Wing Yan William, J.P., aged 53

Dr. Lo was appointed as an independent non-executive Director of the Company with effect from 4 September 2013. Dr. Lo is currently the vice chairman of South China Media Group (SCM), one of the largest publication companies in Hong Kong on magazine publication and print media. Dr. Lo serves as an independent non-executive director of SITC International Limited (SEHK: 1308) and Varitronix International Limited (SEHK: 710). He was also a non-executive director of South China Land Limited (SEHK: 8155), until his resignation on 19 March 2014, the shares of all of which are listed on the Hong Kong Stock Exchange. He was also an independent non-executive director of LZYE Group PLC (LZYE: L), the shares of which are listed on the Alternative Investment Market of the London Stock Exchange, until his resignation on 15 November 2013. He is currently also an independent non-executive director of Nam Tai Property, Inc. (formerly known as Nam Tai Electronics, Inc.) (NYSE: NTE), the shares of which are listed on the New York Stock Exchange, and E2 Capital Holdings Limited (formerly known as Westminster Travel Limited) (SP: E2-Capital), the shares of which are listed on the Singapore Stock Exchange. Dr. Lo has held various senior positions with I.T Limited, China Unicom Limited and Citibank, N.A.

Dr. Lo graduated with a Master of Philosophy degree from the University of Cambridge in March 1986 and a Doctor of Philosophy degree from the University of Cambridge in March 1988. He was a Commonwealth Scholar and a bye-fellow of Downing College, University of Cambridge. Dr. Lo is very active in the education sector in Hong Kong. He is a governor of the ISF Academy as well as the chairman of Junior Achievement Hong Kong. In 1996, the renowned global organisation World Economic Forum selected Dr. Lo as a “Global Leader for Tomorrow”. Dr. Lo is a Justice of the Peace appointed by the Government of the Hong Kong Special Administrative Region. He is also a Committee Member of Shantou Municipal Committee of the Chinese People’s Political Consultative Conference.

Mr. HUANG Lester Garson, J.P., aged 54

Mr. Huang was appointed as an independent non-executive Director of the Company with effect from 4 September 2013. Mr. Huang is a practising solicitor and notary public, and is currently a managing partner of P.C. Woo & Co., a solicitors’ firm in Hong Kong. Mr. Huang became a qualified solicitor of Hong Kong in March 1985 and has worked at P.C. Woo & Co. ever since. Mr. Huang graduated with a Bachelor of Laws from the University of Hong Kong in November 1982, and a Master of Education from the Chinese University of Hong Kong in December 2006. In 2002, the Government of the Hong Kong Special Administrative Region appointed Mr. Huang as a Justice of the Peace. He is currently also a Fellow of The Hong Kong Institute of Directors. Mr. HUANG serves as an independent non-executive director of LAM SOON (HONG KONG) LIMITED (Stock Code: 411) with effect from 20 November 2013.

Mr. Huang is active in community affairs. Mr. Huang serves on several government boards, including the Hong Kong Monetary Authority’s Exchange Fund Advisory Committee and the Hospital Authority. He was President of the Law Society of Hong Kong from 2007 to 2009.

Senior Management

Ms. CHENG Mei Chun Ina, aged 54
Chief operating officer

Ms. Cheng is the chief operating officer of the Group and oversees the sales, marketing, sourcing, purchases, store operations, store renovation and logistics in Hong Kong and the PRC. She joined the Group in December 2011. Prior to that, Ms. Cheng had been the head of store operations and marketing and later the head of retail and marketing of Marks & Spencer since 2006. Ms. Cheng has over 15 years of experience in general operations of retail businesses. Prior to joining the Group in December 2011, Ms. Cheng worked at United Artists Cinema Circuit, Ltd. as assistant theatre manager, theatre manager, assistant operations manager and operations manager respectively from 1989 to 1994. Ms. Cheng subsequently worked at Marks & Spencer in the roles of deputy administration manager, administration manager, finance manager, regional finance manager, regional manager, head of store operations from 1994 to 2006.

Ms. Cheng obtained a certificate in teaching from the Sir Robert Black College of Education in July 1986, certificate in teaching Putonghua from Department of Extramural Studies of The Chinese University of Hong Kong in July 1988 and certificate in school counselling and guidance from the Department of Extra-mural Studies of the University of Hong Kong in February 1988. Ms. Cheng also obtained a master's degree in Chinese literature from the New Asia Institute of Advanced Chinese Study in July 1987, and a master's degree in business administration from the University of Hong Kong in December 1999.

Mr. Lau Tat Chi, aged 50
Business Development Director

Mr. Lau is the business development director of the Group overseeing business development strategies including mergers and acquisitions, overseas expansion projects and investor relations. He joined the Group in February 2014. Before joining the Group, Mr. Lau worked for G2000 (Apparel) Limited for three years as Overseas Sales Director, and Enesco Asia Ltd for 4 years as Director of Asia Sales, both in charge of business development projects. Before moving into business development, he had been in various finance positions for more than 15 years with companies including United Distillers Asia Limited, Merck Sharp & Dome (Asia) Limited and Mattel Inc.

Mr. Lau graduated from University of Hong Kong in 1987 with a Bachelor of Arts degree in Music and Chinese University of Hong Kong in 1990 with a Master of Business Administration degree. Mr. Lau also holds a LLB degree from University of London accredited in 2009 and has been a member of The Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants since 1999.

Ms. TAM Siu Wan, aged 52
General manager (Retail Operations)

Ms. Tam is the general manager of retail operations of the Hong Kong retail store operations and has been responsible for day to day operations of the stores in Hong Kong since 2002. Prior to joining the Group in December 2000, Ms. Tam had been a district manager at Nippon Warehouse Limited since 1997. She joined the Group in May 2000 when the Group acquired Nippon Warehouse Limited.

Mr. CHEUNG Wai Hung, aged 43
Senior merchandising manager

Mr. Cheung is the senior merchandising manager of the Group and is responsible for the sourcing and buying for the stores in Hong Kong, Singapore and the PRC. He joined the Group in May 1997. Mr. Cheung had been the merchandising manager of the Group from 1997 to 2002 and senior merchandising manager since 2002.

Ms. MAN Siu Ling, aged 57
Senior merchandising manager

Ms. Man is the senior merchandising manager of the Group and is responsible for the international sourcing and buying for the stores. She joined the Group in June 2004. Ms. Man has over 20 years of sourcing and buying experience. Prior to joining the Group in June 2004, Ms. Man worked at UNY (HK) Co., Ltd. in the roles of assistant buyer of gift section, buyer of gift section, chief buyer of housewares section, assistant department manager of housewares daily necessity department and department manager of household division from 1986 to 2004.

Mr. WONG Kin Man, aged 41
Senior manager (IT department)

Mr. Wong is the senior manager of the IT department of the Group and oversees the information technology systems of the Group. Mr. Wong joined the Group in June 2005. Mr. Wong has over 19 years of experience in information technology management and system development and support. Prior to joining the Group in June 2005, Mr. Wong was a technical service administrator in Microware USA Limited from 1993 to 1995, assistant manager in ADL Computer System Limited from 1995 to 1996, assistant supervisor in the Macau Horse Racing Company Limited from 1996 to 1997, a customer service supervisor and a senior customer service supervisor in ACER Computer (Far East) Limited from 1997 to 2000, a system support manager in Infrasys (HK) Limited from 2000 to 2003 and the manager of the IT department in Winsor Hong Kong Limited from 2003 to 2005.

Mr. CHENG Mei Lit, aged 52
Head of Retail Operation (Singapore and Malaysia)

Mr. Cheng is the head of operations in Singapore and Malaysia and oversees the daily operations of the stores in Singapore and West Malaysia. Prior to joining the Group in April 1998, Mr. Cheng was a utilities salesperson and buyer in Wing On Department Stores from 1983 to 1998. Mr. Cheng joined the Group in April 1998 and was the utilities shop manager and subsequently assistant merchandising director from 1998 to 2003. Mr. Cheng subsequently worked as the operations director in Storage Unlimited from 2003 to 2006, and as the operation director of New Japan Trading Limited from 2006 to 2007. Mr. Cheng was the general manager of Homer Group Housewares Limited from 2007 to 2008. Mr. Cheng rejoined the Group on 1 April 2008 and was the senior operation manager from 2008 to 2011. Mr. Cheng has been the head of the retail operations in Singapore and West Malaysia since October 2011.

Ms. YIP Yee Fan Sandra, aged 40
Senior manager (Overseas business development division)

Ms. Yip is the senior manager of the overseas business development division of the Group and oversees the franchise and export operations of the Group. Ms. Yip joined the Group in March 2003. Prior to joining the Group in March 2003, Ms. Yip was an administrative officer in Pacific Rim Consulting Group from 1995 to 1996, a sales and administrative officer in Bold Gold International Co., Limited from 1996 to 1998 and an import and export executive in Heng Tat Furniture (China) Co., Limited from 1998 to 2003. Ms. Yip obtained a Bachelors of Arts degree in humanities from the Hong Kong Baptist University in November 1995.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 April 2014, the interests and short positions of the directors and chief executive of the Company in the shares and underlying shares or debentures of the Company or any of its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("**SFO**")) which were (i) required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (ii) recorded in the register maintained by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity/ Nature of Interest	Number of shares of the Company	Number of underlying shares of the Company- Share Option	Total interest	Approximate percentage of shareholding as at 30 April 2014
Mr. LAU Pak Fai Peter	Interest in a controlled corporation	324,000,000 *(Note 2)*	–	324,325,000	44.84%
	Personal interest	–	325,000 *(Note 3)*		
Ms. NGAI Lai Ha	Interest in a controlled corporation	324,000,000 *(Note 4)*	–	324,325,000	44.84%
	Personal interest	–	325,000 *(Note 5)*		
Mr. CHENG Sing Yuk	Personal interest	–	1,321,500 *(Note 6)*	1,321,500	0.18%

Notes:

1. All the above shares and underlying shares are long position.

2. Mr. LAU Pak Fai Peter is deemed to have interests in 324,000,000 shares beneficially owned by Hiluleka Limited, by virtue of his controlling shareholding (i.e. 50%) in Hiluleka Limited.

3. 325,000 options were granted to Mr. LAU Pak Fai Peter under the Share Option Scheme on 28 February 2014, which are vested in three tranches and exercisable during the period from 31 October 2014 to 27 February 2022 at the exercise price of HK$3.86 per share.

4. Ms. NGAI Lai Ha is deemed to have interests in 324,000,000 shares beneficially owned by Hiluleka Limited, by virtue of her controlling shareholding (i.e. 50%) in Hiluleka Limited.

5. 325,000 options were granted to Ms. NGAI Lai Ha under the Share Option Scheme on 28 February 2014, which are vested in three tranches and exercisable during the period from 31 October 2014 to 27 February 2022 at the exercise price of HK$3.86 per share.

6. Pursuant to the Pre-IPO Share Option Scheme, options to subscribe for a total of 1,134,000 shares were granted to Mr. CHENG Sing Yuk, 270,000 of which are vested in two tranches and exercisable during the period from 25 September 2013 to 11 October 2018 at the exercise price of HK$1.04 per share, 432,000 of which are vested in three tranches and exercisable during the period from 25 September 2013 to 11 October 2019 at the exercise price of HK$1.39 per share and 432,000 of which are vested in three tranches and exercisable during the period from 16 October 2013 to 15 October 2020 at the exercise price of HK$1.86 per share.

   187,500 options were granted to Mr. CHENG Sing Yuk under the Share Option Scheme on 28 February 2014, which are vested in three tranches and exercisable during the period from 31 October 2014 to 27 February 2022 at the exercise price of HK$3.86 per share.

Save as disclosed above, as at 30 April 2014, none of the directors or chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were (i) recorded in the register maintained by the Company under section 352 of the SFO; or (ii) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 April 2014, the persons (other than directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to kept under Section 336 of the SFO were as follows:

Name	Capacity/ Nature of Interest	Number of shares of the Company	Approximate percentage of shareholding as at 30 April 2014
Hiluleka Limited	Beneficial owner	324,000,000	44.80%
CBTJ Financial Services BV *(Note 2)*	Interest in a controlled corporation	149,539,000	20.68%
EQT Greater China II Limited *(Note 2)*	Interest in a controlled corporation	149,539,000	20.68%
EQT GC II GP LP *(Note 2)*	Interest in a controlled corporation	149,539,000	20.68%
EQT Greater China II Limited Partnership *(Note 2)*	Interest in a controlled corporation	149,539,000	20.68%
Home Holding Guernsey Limited *(Note 2)*	Interest in a controlled corporation	149,539,000	20.68%
Red Home Holding Limited *(Note 2)*	Beneficial owner	149,539,000	20.68%
Nomura Holdings Inc. *(Note 3)*	Interest in a controlled corporation	49,378,000	6.83%

Notes:

1. All the above shares are long position.

2. Red Home Holding Limited is the beneficial owner of 149,539,000 shares. Since CBTJ Financial Services BV holds 100% interest in EQT Greater China II Limited, which in turn holds 100% interest in EQT GC II GP LP, which in turn holds 100% interest in EQT Greater China II Limited Partnership, which in turn holds 98.13% interest in Home Holding Guernsey Limited, which in turn holds 99.79% interest in Red Home Holding Limited, therefore each of CBTJ Financial Services BV, EQT Greater China II Limited, EQT GC II GP LP, EQT Greater China II Limited Partnership and Home Holding Guernsey are deemed to have interests in the shares.

3. Nomura Asset Management Co., Ltd is the beneficial owner of 640,000 shares and is deemed to have interests in 48,059,000 shares held by Nomura Asset Management Singapore Limited and 679,000 shares held by Nomura Asset Management Hong Kong Limited. Both Nomura Asset Management Singapore Limited and Nomura Asset Management Hong Kong Limited are wholly-owned subsidiaries of Nomura Asset Management Co., Ltd., which is in turn a wholly-owned subsidiary of Nomura Holdings Inc.

Save as disclosed above, as at 30 April 2014, the directors are not aware of any other person (other than the directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company recorded in the register of the Company required to be kept under Section 336 of the SFO.

PRE-IPO SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") on 4 September 2013. The total number of shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 8,424,000 shares. As at 30 April 2014, options to subscribe for 3,215,700 shares granted under the Pre-IPO Share Option Scheme had been exercised by the grantees. The following table discloses movements of the pre-IPO share options of Company held by Company's Director or employees during the year:

Name and Category of participants	Exercise periods of share options			Exercise prices of share options HK$ per share	Number of Shares options				
					At date of grant	Granted during the year	Exercised during the year	Forfeited during the year	At 30 April 2014
Director									
Mr. CHENG Sing Yuk	Listing Date	to	11.10.2018	1.04	178,200	–	–	–	178,200
	12.10.2013	to	11.10.2018	1.04	91,800	–	–	–	91,800
	Listing Date	to	11.10.2019	1.39	142,560	–	–	–	142,560
	12.10.2013	to	11.10.2019	1.39	142,560	–	–	–	142,560
	12.10.2014	to	11.10.2019	1.39	146,880	–	–	–	146,880
	16.10.2013	to	15.10.2020	1.86	142,560	–	–	–	142,560
	16.10.2014	to	15.10.2020	1.86	142,560	–	–	–	142,560
	16.10.2015	to	15.10.2020	1.86	146,880	–	–	–	146,880
Sub-total					1,134,000	–	–	–	1,134,000
Employees									
In aggregate	Listing Date	to	11.10.2018	1.04	891,000	–	(712,800)	–	178,200
	12.10.2013	to	11.10.2018	1.04	459,000	–	(275,400)	–	183,600
	Listing Date	to	11.10.2019	1.39	712,800	–	(623,700)	–	89,100
	Listing Date	to	30.4.2020	1.39	142,560	–	(142,560)	–	–
	1.5.2014	to	30.4.2020	1.39	142,560	–	–	–	142,560
	1.5.2015	to	30.4.2020	1.39	146,880	–	–	–	146,880
	12.10.2013	to	11.10.2019	1.39	712,800	–	(534,600)	–	178,200
	12.10.2014	to	11.10.2019	1.39	734,400	–	–	–	734,400
	16.10.2013	to	15.10.2020	1.86	1,104,840	–	(926,640)	–	178,200
	16.10.2014	to	15.10.2020	1.86	1,104,840	–	–	–	1,104,840
	16.10.2015	to	15.10.2020	1.86	1,138,320	–	–	–	1,138,320
Sub-total					7,290,000	–	(3,215,700)	–	4,074,300
Total					8,424,000	–	(3,215,700)	–	5,208,300

SHARE OPTION SCHEME

The Company adopted a share option scheme for a period of 10 years commencing on 4 September 2013 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants (as defined as below) and for such other purposes as the Board may approve from time to time. The Participants include any directors (excluding independent non-executive Directors), any employees (whether full-time or part-time) of each member of the Group and any chief executives or substantial shareholders of the Company (together the "**Participants**" and each a "**Participant**"). In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

The total number of shares, which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of shares in issue on the day on which trading of the shares commenced on the Stock Exchange, which is 72,000,000 shares. At the date of this report, the total number of shares available for issue under the Share Option Scheme is 72,000,000 shares, representing approximately 9.95% of the Company's issued share capital as at the same date.

The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each Participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue, without prior approval from the Company's shareholders.

Where options are proposed to be granted to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates, and the proposed grant of options will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of shares in issue on the date of offer and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such grant of options must be subject to the approval of the shareholders at general meeting.

Option granted must be taken up upon payment of HK$1 per option. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price is determined by the Directors, and shall be at least the highest of (i) the closing price of the Company's shares on the date of offer of the grant of option, (ii) the average closing price of the shares for the five business days immediately preceding the date of offer of the grant of option; and (iii) the nominal value of the Company's share.

DETAILS OF OPTIONS GRANTED BY THE COMPANY

As at 30 April 2014, options to subscribe for an aggregate of 2,071,875 shares of the Company granted to Executive Directors and certain employees pursuant to the Share Option Scheme remained outstanding, details of which were as follows:

Name and Category of participant	Exercise periods of share options *(Notes 2 & 3)*			Exercise prices of share options HK$ per share	Number of Shares options				
					At date of grant	Granted during the year	Exercised during the year	Forfeited during the year	At 30 April 2014
Executive Directors									
Mr. LAU Pak Fai Peter *(Note 1)*	31.10.2014	to	27.2.2022	3.86	28.02.2014	325,000	–	–	325,000
Ms. NGAI Lai Ha *(Note 1)*	31.10.2014	to	27.2.2022	3.86	28.02.2014	325,000	–	–	325,000
Mr. CHENG Sing Yuk	31.10.2014	to	27.2.2022	3.86	28.02.2014	187,500	–	–	187,500
						837,500	–	–	837,500
Employees									
In aggregate	31.10.2014	to	27.2.2022	3.86	28.02.2014	1,234,375	–	–	1,234,375
Total						2,071,875	–	–	2,071,875

Notes:

1. Mr. LAU Pak Fai Peter and Ms. NGAI Lai Ha are substantial shareholders of the Company.

2. The options, granted on 28 February 2014, are exercisable from 31 October 2014 to 27 February 2022 (both days inclusive) in the following manner:

   (i) up to 33% of the total number of options granted under the Share Option Scheme commencing 31 October 2014;

   (ii) up to 66% of the total number of options granted under the Share Option Scheme commencing 31 October 2015;

   (iii) up to 100% of the total number of options granted under the Share Option Scheme commencing 31 October 2016; and

   (iv) Out of the above 2,071,875 share options granted, 837,500 share options were granted to the Directors. The grant of the share options to the Directors was approved by all the independent non-executive Directors.

3. According on the Black-Scholes pricing model (the "**Model**"), the fair value of the options granted on 28 February 2014 was estimated at HK$941,000. The variables used in the model were as follows:

   (i) Exercise price of HK$3.86;

   (ii) Share price on grant date as defined in accordance with HKFRS 2 of HK$3.86, being the closing price of the shares of the Company on 28 February 2014;

   (iii) Expected volatility of 22.54%-27.53% based on historical volatility of the Company's comparable companies;

   (iv) Expected life of 341 days based on management's best estimation, taking into account non-transferability, exercise restrictions and other behavioral considerations;

   (v) Risk-free rate of 0.260%-0.797%, with reference to yield of the Hong Kong Government Bond in accordance with expected life of the option; and

   (vi) Expected dividend yield of 3.38%-4.04%, based on historical dividend yield of Company's comparable companies.

   The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

4. Closing price of the shares of the Company immediately before the date on which the options were granted was HK$3.8.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the section "Continuing Connected Transactions" and in Note 33 to the financial statements, no contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTINUING CONNECTED TRANSACTIONS

The following transactions of the Group constituted non-exempt continuing connected transactions ("**Continuing Connected Transactions**") for the Company during the financial year ended 30 April 2014 under the Listing Rules. Save as disclosed below, the related party transactions were set out in note 33 to the consolidated financial statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these connected transactions. Details of these transactions were as follows:

1. First Batch Tenancy Framework Agreement

Before the Listing Date, a subsidiary of the Company has entered into 7 tenancy agreements with certain companies wholly-owned by Ms. Ngai Lai Ha ("**Ms. Ngai**") to lease the premises in accordance with the respective terms of the relevant tenancy agreements (the "**First Batch Tenancy Agreements**"). In order to ensure that all tenancy transactions between (A) Ms. Ngai and/or her associates (as defined in the Listing Rules, which include companies directly or indirectly wholly-owned by Ms. Ngai), but excluding members of the LN Group (as defined below) (collectively, the "**Ms. Ngai Group**") and (B) members of the Group, comply with the Listing Rules, the Company entered into a tenancy framework agreement with Ms. Ngai (the "**First Batch Tenancy Framework Agreement**") on 27 August 2013 which took effect from the Listing Date.

Since Ms. Ngai is a director and controlling shareholder of the Company, and that each member of the Ms. Ngai Group is an entity wholly-owned by Ms. Ngai, each member of the Ms. Ngai Group became connected persons of the Company upon Listing under the Listing Rules. As such, the transactions contemplated under the First Batch Tenancy Framework Agreement (including the First Batch Tenancy Agreements) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the year ended 30 April 2014, a total of approximately HK$11,847,000 was received/receivable pursuant to the First Batch Tenancy Framework Agreement.

Annual caps

In accordance with the Listing Rules, the Company has set annual caps for the maximum aggregate rental amount payable under the tenancy transactions between members of the Ms. Ngai Group and members of the Group pursuant to the First Batch Tenancy Framework Agreement for the years ended/ending 30 April 2014, 2015 and 2016. It is anticipated that the aggregate annual value of rental payments made to Ms. Ngai Group by the Group for the years ending 30 April 2014, 2015 and 2016 will be approximately HK$11,744,000, HK$13,759,000 and HK$15,206,000, respectively.

Revised annual caps

As disclosed in the announcement of the Company dated 13 January 2014, the annual caps for the aggregate rental amount payable under the tenancy transactions to members of the Ms. Ngai Group from members of the Group pursuant to the First Batch Tenancy Framework Agreement for the years ended/ending 30 April 2014, 2015 and 2016 were revised to approximately HK$12,919,000, HK$15,135,000 and HK$16,727,000 respectively. The revised annual caps were determined by reference to (i) the existing leases entered and the expected leases to be entered between members of the Ms. Ngai Group and members of the Group; and (ii) a buffer for any unanticipated fluctuations of market rental and additional leases to be entered.

As the applicable percentage ratios in respect of the revised annual caps of the aggregate sum of rent payable by the Company under the First Batch Tenancy Framework Agreement are more than 0.1%, on an annual basis, but all the applicable percentage ratios are less than 5% in accordance with the Listing Rules, the transactions under the First Batch Tenancy Framework Agreement are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements of the Listing Rules. Ms. Ngai has abstained from voting on the resolution of the Board for the approval of the revision of annual caps under the First Batch Tenancy Framework Agreement.

2. Second Batch Tenancy Framework Agreement

Before the Listing Date, a subsidiary of the Company has entered into 6 tenancy agreements with certain companies owned by Mr. Lau Pak Fai, Peter ("**Mr. Lau**") and Ms. Ngai to lease the premises in accordance with the respective terms of the relevant tenancy agreements (the "**Second Batch Tenancy Agreements**"). In order to ensure that all tenancy transactions between (A) any company being (i) an associate of both Mr. Lau and Ms. Ngai and/or (ii) an associate of either Mr. Lau or Ms. Ngai in the equity capital of which both Mr. Lau (and/or his associates) and Ms. Ngai (and/or her associates) have a direct or indirect interest (collectively, the "**LN Group**") and (B) members of the Group, comply with the Listing Rules, the Company entered into a tenancy framework agreement with Mr. Lau and Ms. Ngai (the "**Second Batch Tenancy Framework Agreement**") on 27 August 2013 which took effect from the Listing Date.

Since Mr. Lau and Ms. Ngai are directors and controlling shareholders of the Company, and that each member of the LN Group is an associate of Mr. Lau and/or Ms. Ngai, each member of the LN Group became connected persons of the Company upon Listing under the Listing Rules. As such, the transactions contemplated under the Second Batch Tenancy Framework Agreement (including the Second Batch Tenancy Agreements) will constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the year ended 30 April 2014, a total of approximately HK$7,837,000 was received/receivable pursuant to the Second Batch Tenancy Framework Agreement.

Annual caps

In accordance with the Listing Rules, the Company has set annual caps for the maximum aggregate rental amount payable under the tenancy transactions between members of the LN Group and members of the Group pursuant to the Second Batch Tenancy Framework Agreement for the years ended/ending 30 April 2014, 2015 and 2016. It is anticipated that the aggregate annual value of rental payments made to LN Group by the Group for the years ending 30 April 2014, 2015 and 2016 will be approximately HK$7,837,000, HK$8,608,000 and HK$9,626,000, respectively.

The annual caps stated above were determined based on the annual rental payable by the Group under each of the Second Batch Tenancy Agreements together with an estimated average rent increase in respect of any renewed tenancy agreements thereof, if any, up to 30 April 2016. Such an estimate was determined by the Company primarily by reference to factors such as the prevailing market rents at the time when entering into or renewing the leases and an estimated increment in the market rents.

The Directors (including the independent non-executive Directors) consider that the First Batch and the Second Batch Tenancy Framework Agreements (including the First Batch and the Second Batch Tenancy Agreements) were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) also consider that the relevant annual caps in respect of the Continuing Connected Transactions set out above are and will be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

All the Continuing Connected Transactions above have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Company than terms available to (or from) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Notice 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group in this Annual Report in accordance with the Listing Rules. A copy of the auditor's letter has been provided to the Stock Exchange.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the listing of the Company of approximately HK$460 million (after deducting underwriting fees and related expenses) were utilised in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 12 September 2013. The Group held the unutilised net proceeds in deposits with licensed institutions in Hong Kong.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the Listing Date and up to 30 April 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as of the date of this report.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association or the laws of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

The Group is principally involved in retail business. The five largest customers and the five largest suppliers of the Group accounted for less than 30% of the Group's turnover and purchases respectively during the year.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers Certified Public Accountants, who will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board of
International Housewares Retail Company Limited
LAU Pak Fai Peter
Chairman and Executive Director

Hong Kong, 24 July 2014

Corporate Governance Report

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Directors recognise the importance of good corporate governance in the management of the Group. The CG Code was applicable to the Company after the Listing Date. The Board will review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

The Board is of the view that the Company has met the code provisions set out in the CG Code, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A.2.1 of the CG Code. Currently, Mr. Lau Pak Fai Peter is both the Chairman and the Chief Executive Officer of the Company. As Mr. Lau is one of the founders of the Group, the Board believes that it is in the best interest of the Group to have Mr. Lau taking up both roles for continuous effective management of the Board and business development of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all of the Directors, Directors confirmed that they had been in compliance with the required standard set out in the Model Code, throughout the period from the Listing Date to 30 April 2014.

BOARD OF DIRECTORS

Board Composition

Our Board of Directors currently consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. More than one-third of the Board is represented by independent non-executive Directors with two of whom being a certified public accountant and a practising solicitor respectively. The Directors are of the opinion that the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances to safeguard the interests of the shareholders and the Company. The composition of the Board is set out as follows:

Executive Directors:

Mr. Lau Pak Fai Peter *(Chairman and Chief Executive Officer)*	(appointed on 18 April 2013)
Ms. Ngai Lai Ha *(Vice-Chairman)*	(appointed on 18 April 2013)
Mr. Cheng Sing Yuk *(Financial controller)*	(appointed on 18 April 2013)

Non-Executive Directors:

Mr. Chung Tak Wai	(appointed on 18 April 2013)
Mr. Yeung Yiu Keung	(appointed on 18 April 2013)

Independent Non-Executive Directors:

Mr. Tsui Ka Yiu	(appointed on 4 September 2013)
Dr. Lo Wing Yan William, J.P.	(appointed on 4 September 2013)
Mr. Huang Lester Garson, J.P.	(appointed on 4 September 2013)

The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. The Company has received written confirmation of independence from each of the Independent Non-executive Directors and the Company is of the view that all Independent Non-executive Directors meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and are therefore independent.

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board controls the business but delegates day-to-day responsibility to the executive management. The Board sets the Company's strategic aims, values and standards and ensures that its obligations to its shareholders and others are understood and met. Certain matters are the subject of recommendations by the Audit Committee, Nomination Committee or Remuneration Committee. The executive management is responsible for the daily operations and administration function of the Company.

Our Board is composed of members from a diverse background. Gender and age distribution of our Board Members are set out in the "Profile of Directors and senior management" to this Annual Report. Nationality of all Directors are Chinese.

Save as disclosed in the biographies of the Directors, the Board members do not have any family, financial or business relationship with each other.

Board Meetings and Directors' Attendance

The Board held 3 meetings since the Listing Date and during the year ended 30 April 2014 to approve among other things, the Group's interim result announcement and Report on Review of Interim Financial Information; declaration of interim dividend; the Group's continuing connected transaction and vesting of share options under the Share Option Scheme to selected Executive Directors and the senior management.

Board members attended the Company's board meeting either in person or through telephone conferencing means in accordance with provision in the Company's Articles of Association. During the period, Mr. Lau Pak Fai Peter, Ms. Ngai Lai Ha, Mr. Cheng Sing Yuk, Mr. Chung Tak Wai, Mr. Huang Lester Garson, J.P. and Mr. Tsui Ka Yiu attended all 3 meetings; Dr. Lo Wing Yan William, J.P., and Mr. Yeung Yiu Keung, attended 2 and 1 of the said meetings respectively.

The Board is responsible for performing the corporate governance duties set out in paragraph D.3.1 of the Corporate Governance Code, and in this regard the duties of the Board shall include:

(1) to develop and review the Company's policies and practices on corporate governance;

(2) to review and monitor the training and continuous professional development of directors and the senior management;

(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(5) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

Continuous Professional Development of Directors

To ensure compliance and enhance their awareness of good corporate governance practices, induction package covering the statutory and regulatory obligations of a director of a listed company will be provided to each newly appointed Director. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on any regulatory requirements as necessary. All Directors have received professional training programs during the year including the attending briefings, seminars, conferences or forums and reading updates on relevant topics.

Chairman and the Chief Executive Officer

Currently, the roles of Chairman and Chief Executive Officer are not separate and Mr. Lau Pak Fai Peter is both the Chairman and the Chief Executive Officer of the Company. As Mr. Lau is one of the founders of the Group, the Board believes that it is in the best interest of the Group to have Mr. Lau taking up both roles for continuous effective management of the Board and business development of the Group.

Appointment, Re-election and Removal of Directors

Each of the executive Directors has entered into a service contract with the Company, for an initial term of three years commencing from the Listing Date and each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for the terms of three and one year respectively commencing from the Listing Date.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference to assist the Board in discharging its responsibilities.

The terms of reference of the committees are available for inspection on the Company's website and the Stock Exchange's website.

1) Audit committee

The Company has established an audit committee with the following of its primary duties:

(1) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(2) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(3) review the Company's financial controls, internal control and risk management systems;

(4) review the Group's financial and accounting policies and practices;

(5) discuss the internal control system with management of the Company to ensure that management has performed its duty to have an effective internal control system, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The audit committee comprises of two independent non-executive Directors namely, Mr. Tsui Ka Yiu, Dr. Lo Wing Yan William, J.P., and one non-executive Director, Mr. Yeung Yiu Keung. Mr. Tsui Ka Yiu is the chairman of the audit committee, majority of the members possess appropriate professional qualifications or accounting or related financial management expertise.

For the year ended 30 April 2014, 1 meeting of the audit committee was held since the Listing Date. All committee members attended the said meeting. The work performed by the audit committee included review of the interim report and results announcement of the Company for the six months ended 31 October 2013, with a recommendation to the Board for approval; and consideration of the current year external audit plan.

2) Remuneration committee

The Company has established a remuneration committee with the following of its primary duties:

(1) make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(3) either: (i) determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, or (ii) make recommendations to the Board on the remuneration packages of individual executive directors and senior management (This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment);

(4) make recommendations to the Board regarding the remuneration of non-executive directors;

(5) advise the Company's shareholders on how to vote with respect to any service contracts of directors, which is for a duration that may exceed 3 years or which, in order to entitle the Company to terminate the contract, expressly requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments that require shareholders' approval under the Listing Rules;

(6) consider the granting of share options to directors pursuant to any share option scheme adopted by the Company;

(7) ensure due compliance with any relevant disclosure requirements in respect of the remuneration of directors as well as other remuneration related matters under the Listing Rules (including without limitation, Appendix 16), the Companies Ordinance and any other statutory requirements;

(8) review and make recommendations to the Board regarding the pension arrangements for directors and senior management.

The remuneration committee comprises of Mr. Huang Lester Garson, J.P., Ms. Ngai Lai Ha, Mr. Chung Tak Wai, Dr. Lo Wing Yan William, J.P. and Mr. Tsui Ka Yiu, majority of whom being the independent non-executive directors. Mr. Huang Lester Garson, J.P. is the chairman of the remuneration committee.

For the year ended 30 April 2014, 2 meetings of the remuneration committee were held since the Listing Date. All committee members attended all two meetings. The work performed by the Remuneration Committee included consideration of the salary increment to the senior management of the Company, with a recommendation to the Board for approval; consideration on the vesting of share options under the Share Option Scheme to selected Executive Directors and the senior management with corresponding recommendation to the Board for approval.

Particulars of the Director's emoluments disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 9(a) to the consolidated financial statement.

The remuneration of the members of the senior management by band is set out below:

	Number of individuals 2014
Emolument bands	
HK$Nil to HK$2,000,000	**7**
HK$2,000,001 – HK$2,500,000	**1**
	8

3) Nomination committee

The Company has established a nomination committee with the following of its primary duties:

(1) formulate nomination policy for consideration by the Board and implement the nomination policy approved by the Board;

(2) without prejudice to the generality of the foregoing:

i. consider the selection criteria of directors, develop procedures for the sourcing and selection of candidates to stand for election by shareholders of the Company;

ii. identify suitably qualified candidates to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships or to fill causal vacancies of directors for the Board's approval;

iii. review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

iv. assess the independence of independent non-executive directors;

v. make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive;

vi. review the Board Diversity Policy, as appropriate; and review the measureable objectives for implementing diversity on the Board and recommend them to the Board for adoption; and report on the Board's composition under diversified perspectives in the corporate governance report of the Company annually;

vii. do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and

viii. conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the articles of association of the Company (as amended from time to time) or imposed by law or in accordance with the Listing Rules.

The nomination committee comprises of Mr. Lau Pak Fai Peter, Mr. Chung Tak Wai, Mr. Tsui Ka Yiu, Mr. Huang Lester Garson, J.P. and Dr. Lo Wing Yan William, J.P., majority of whom being the independent non-executive directors. Mr. Lau Pak Fai Peter is the chairman of the nomination committee.

For the year ended 30 April 2014, 1 meeting of the nomination committee was held since the Listing Date. All committee members attended the said meeting. The work performed by the nomination committee included review of the existing structure, size and composition of the Board.

The Company recognises and embraces the benefits of having diversity in the composition of the Board. A diverse Board will bring different ideas and perspectives to its decision-making and formulation of policies for the Company. All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board.

Selection of candidates to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service. The ultimate decision will be based on merit and the contribution that the selected candidates will bring to the Board, taking into account the business model and specific needs of the Group. Currently the board has not adopted measurable objectives for implementing diversity on the Board.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements for the financial year ended 30 April 2014 which are given a true and fair view of the state of affairs of the Company and of the Group as at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the external auditors of the Company acknowledging their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" contained in this annual report.

The report from the auditor of the Company regarding their responsibilities and opinion on the financial statements of the Group for the year ended 30 April 2014 is set out in the "Independent Auditor's Report" to this Annual Report. The Board has taken steps to ensure the continued objectivity and independence of the external auditor. For the year ended 30 April 2014, the remuneration to the external auditor of the Company were approximately HK$1,859,000 and HK$500,000 in respect of audit and non-audit services provided to the Group respectively. Non-audit services primarily comprise review service and tax related service provided to the Group.

DEED OF NON-COMPETITION

Each of Mr. Lau Pak Fai Peter, Ms. Ngai Lai Ha and Hiluleka Limited, the Controlling Shareholder, has entered into a deed of non-competition dated 10 September 2013 in favour of the Company pursuant to which each of them severally, irrevocably and unconditionally has agreed and undertaken to the Company that each of them shall not and shall procure that none of his/her/its associates (other than the members of the Group), except through his/her/its/their interests in the Company, shall directly or indirectly, carry on, participate in, engage, acquire or hold any right or interest in or otherwise be interested, involved or engaged in or concerned with, any business which is in any respect in competition with or similar to or likely to be in competition, directly or indirectly, with the existing business activity of any member of the Group and any business activities undertaken by the Group from time to time within Hong Kong, the PRC, Macau, Taiwan, Singapore, Malaysia and such other parts of the world where any member of the Group carries on business from time to time. Details of the non-competition undertakings have been set out in the section headed "Relationship with our Controlling Shareholders" in the Company's prospectus dated 12 September 2013. The Non-competition Undertakings has become effective from the Listing Date.

The Company has received the confirmation from the Controlling Shareholders in respect of their compliance with the terms of the non-competition undertakings from the Listing Date to the date of this report. The independent non-executive directors had reviewed the compliance with and enforcement of the terms of the Non-competition Undertakings by the Controlling Shareholders from the Listing Date to the date of this report.

INTERNAL CONTROLS

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. The Board, through the Audit Committee, has conducted a review of the Group's internal control system for the year ended 30 April 2014, including financial, operational and compliance controls, and risk management functions. The Board assessed the effectiveness of internal controls by considering reviews performed by the Audit Committee, executive management, the external auditor as well as the work of an external third-party consultant. The annual review also considered the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function.

COMPANY SECRETARY

The Company engages an external service provider to provide secretarial services and has appointed Ms. Koo Ching Fan as its Company Secretary. Ms. Koo is not an employee of the Group and Mr. Cheng Sing Yuk, the executive Director of the Company, is the person whom Ms. Koo can contact for the purpose of code provision F.1.1 of the CG Code. Ms. Koo undertook over 15 hours of professional training during the year.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

In accordance with article 58 of the articles of association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

Article 85 of the articles of association of the Company provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a shareholder of the Company (the "**Shareholder**") wishes to propose a person other than a Director of the Company for election as a Director of the Company at the general meeting (the "**Proposal**"), he/she should lodge at the head office of the Company at 20th Floor, Tower B, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong (i) a written notice setting out the Proposal; and (ii) a written notice signed by the person to be proposed of his willingness to be elected.

Detailed procedures are available on the website of the Company.

Shareholders' Enquiries

Enquiries by shareholders to be put to the Board can be sent in writing to the Company's principal place of business in Hong Kong at 20th Floor, Tower B, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong. For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the Company's registered shareholders can contact the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the securities of the Company, they are advised to consult an expert.

Constitutional Document

For the year ended 30 April 2014 since the Listing Date, there was no change in the memorandum and articles of association of the Company. An up-to date version of the articles of association of the Company is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the articles of association of the Company for further details of the rights of shareholders.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company recognises the importance of maintaining on-going communications with its shareholders and Investor. Since the Listing Date, the Company has engaged a professional public relations consultancy company to organise various investor relations programs aiming at increasing the transparency of the Company, enhancing communication with shareholders and investors, increasing their understanding of and confidence in the Group's businesses and promoting market recognition of and support to the Company.

In addition, the Company also maintains a corporate website on which comprehensive information about the Group is made available. Regular meetings are also held with institutional investors and research analysts to provide them with timely updates on the Group's latest business developments which are not inside information in nature. These activities keep the public informed of the Group's activities and foster effective communications.

Since the Listing Date and during the year ended 30 April 2014, no general meeting of the Company was held.

Independent Auditor's Report

TO THE SHAREHOLDERS OF INTERNATIONAL HOUSEWARES RETAIL COMPANY LIMITED
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of International Housewares Retail Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 41 to 105, which comprise the consolidated and Company balance sheets as at 30 April 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 July 2014

Consolidated Income Statement

For the Year Ended 30 April 2014

		Year ended 30 April	
	Note	**2014** **HK$'000**	2013 HK$'000
Revenue	5	**1,746,838**	1,498,673
Cost of sales	8	**(934,309)**	(808,223)
Gross profit		**812,529**	690,450
Other income – net	6	**17,749**	17,073
Other gains – net	7	**41,926**	4,642
Distribution and advertising expenses	8	**(46,763)**	(38,032)
Administrative and other operating expenses	8	**(661,023)**	(545,027)
Operating profit		**164,418**	129,106
Finance income	10	**4,628**	407
Finance expenses	10	**(1,449)**	(1,405)
Finance income/(expenses) – net	10	**3,179**	(998)
Profit before income tax		**167,597**	128,108
Income tax expense	11	**(24,498)**	(24,939)
Profit for the year		**143,099**	103,169
Profit/(loss) attributable to:			
Owners of the Company		**144,365**	101,527
Non-controlling interests		**(1,266)**	1,642
		143,099	103,169
Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	12	**HK$22.2 cents**	HK$18.8 cents
Diluted earnings per share	12	**HK$22.1 cents**	HK$18.8 cents
Dividends	32	**194,391**	–

The notes on pages 49 to 105 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year Ended 30 April 2014

	Year ended 30 April	
	2014	2013
	HK$'000	HK$'000
Profit for the year	**143,099**	103,169
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	**(1,443)**	628
Other comprehensive income for the year, net of tax	**(1,443)**	628
Total comprehensive income for the year	**141,656**	103,797
Attributable to:		
Owners of the Company	**143,171**	101,690
Non-controlling interests	**(1,515)**	2,107
Total comprehensive income for the year	**141,656**	103,797

The notes on pages 49 to 105 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 30 April 2014

	Notes	As at 30 April 2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**72,552**	66,231
Intangible assets	*16*	**29,716**	30,801
Deferred income tax assets	*25*	**4,919**	3,797
Non-current prepayment and deposits	*18*	**62,830**	49,234
		170,017	150,063
Current assets			
Inventories	*19*	**308,735**	225,620
Trade and other receivables	*18*	**47,938**	33,527
Amount due from shareholders	*33(d)*	**–**	1,648
Financial assets at fair value through profit or loss	*20*	**–**	18,359
Current income tax asset		**–**	5,946
Pledged bank deposits	*21*	**6,517**	6,511
Bank deposits with initial terms of over three months	*21*	**51**	–
Cash and cash equivalents	*21*	**466,432**	111,513
		829,673	403,124
Non-current asset held for sale	*22*	**–**	13,890
		829,673	417,014
Total assets		**999,690**	567,077
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium	*23*	**589,400**	1
Reserves:	*24 & 32*		
– Proposed final dividend		**32,551**	96,000
– Others		**74,151**	167,028
		696,102	263,029
Non-controlling interests		**22,578**	19,965
Total equity		**718,680**	282,994

The notes on pages 49 to 105 are an integral part of these consolidated financial statements.

As at 30 April 2014

		As at 30 April	
	Notes	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	25	**2,989**	1,585
Loan due to a non-controlling shareholder of a subsidiary	33(d)	**481**	2,575
		3,470	4,160
Current liabilities			
Trade and other payable	26	**177,958**	181,561
Amount due to non-controlling shareholders of subsidiaries	33(d)	**247**	2,326
Loan due to a non-controlling shareholder of a subsidiary	33(d)	**2,587**	–
Borrowings	27	**64,094**	62,951
Current income tax liabilities		**32,654**	33,085
		277,540	279,923
Total liabilities		**281,010**	284,083
Total equity and liabilities		**999,690**	567,077
Net current assets		**552,133**	137,091
Total assets less current liabilities		**722,150**	287,154

The notes on pages 49 to 105 are an integral part of these consolidated financial statements.

The financial statements on pages 41 to 105 were approved by the Board of Directors on 24 July 2014 and were signed on its behalf.

LAU Pak Fai, Peter
Director

NGAI Lai Ha
Director

Balance Sheet

As at 30 April 2014

	Notes	As at 30 April 2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*14*	**108,114**	–
Current assets			
Deferred cost for initial public offering	*18*	**–**	2,696
Other receivables and prepayments	*18*	**336**	–
Amounts due from subsidiaries	*14*	**62,948**	–
Cash and cash equivalents	*21*	**401,467**	–
		464,751	2,696
Total assets		**572,865**	2,696
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium	*23*	**589,400**	1
Reserves:	*24 & 32*		
– Proposed final dividend		**32,551**	–
– Others		**(49,738)**	(8,704)
Total equity		**572,213**	(8,703)
LIABILITIES			
Current liabilities			
Other payables	*26*	**652**	6,963
Amount due to a subsidiary	*33(e)*	**–**	4,436
Total liabilities		**652**	11,399
Total equity and liabilities		**572,865**	2,696
Net current assets/(liabilities)		**464,099**	(8,703)
Total assets less current liabilities		**572,213**	(8,703)

The notes on pages 49 to 105 are an integral part of these consolidated financial statements.

The financial statements on pages 41 to 105 were approved by the Board of Directors on 24 July 2014 and were signed on its behalf.

LAU Pak Fai, Peter
Director

NGAI Lai Ha
Director

Consolidated Statement of Changes in Equity

For the Year Ended 30 April 2014

		Attributable to owners of the Company				
	Notes	Share capital and share premium *(Note 23)* HK$'000	Reserves *(Note 24)* HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 May 2013		1	263,028	263,029	19,965	282,994
Comprehensive income:						
Profit for the year		–	144,365	144,365	(1,266)	143,099
Other comprehensive income:						
Currency translation differences		–	(1,194)	(1,194)	(249)	(1,443)
Total other comprehensive loss, net of tax		–	(1,194)	(1,194)	(249)	(1,443)
Total comprehensive income		–	143,171	143,171	(1,515)	141,656
Total contributions by and distributions to owners of the Company recognised directly in equity:						
Employees share option scheme:						
Share option scheme:						
– value of services provided		–	1,127	1,127	–	1,127
– exercise of options		4,559	–	4,559	–	4,559
Compensation for waive of options	*24(b)*	–	(371)	(371)	–	(371)
Issue of new shares to then equity holders		105,862	(105,862)	–	–	–
Issuance of new shares to public		505,800	–	505,800	–	505,800
Professional expenses in connection with the IPO		(26,822)	–	(26,822)	–	(26,822)
Issuance of ordinary shares to a non-controlling shareholder		–	–	–	4,648	4,648
Dividend paid to non-controlling interests of subsidiaries		–	–	–	(520)	(520)
Dividend paid relating to years before 2013	*32*	–	(55,000)	(55,000)	–	(55,000)
Dividend paid relating to 2013	*32*	–	(96,000)	(96,000)	–	(96,000)
Dividend paid relating to 2014	*32*	–	(43,391)	(43,391)	–	(43,391)
Total transaction with owners, recognised directly in equity		589,399	(299,497)	289,902	4,128	294,030
Balance at 30 April 2014		589,400	106,702	696,102	22,578	718,680

The notes on pages 49 to 105 are an integral part of these consolidated financial statements.

For the Year Ended 30 April 2014

		Attributable to owners of the Company				
	Notes	Share capital and share premium *(Note 23)* HK$'000	Reserves *(Note 24)* HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 May 2012		1	160,604	160,605	17,504	178,109
Comprehensive income:						
Profit for the year		–	101,527	101,527	1,642	103,169
Other comprehensive income:						
Currency translation differences		–	163	163	465	628
Total other comprehensive income, net of tax		–	163	163	465	628
Total comprehensive income		–	101,690	101,690	2,107	103,797
Total contributions by and distributions to owners of the Company recognised directly in equity:						
Employees share option scheme:						
Share option scheme:						
– value of services provided		–	734	734	–	734
Issuance of ordinary shares of a subsidiary to a non-controlling shareholder		–	–	–	854	854
Dividend paid to non-controlling interests of subsidiaries		–	–	–	(500)	(500)
Total transaction with owners, recognised directly in equity		–	734	734	354	1,088
Balance at 30 April 2013		1	263,028	263,029	19,965	282,994

The notes on pages 49 to 105 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 April 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	28(a)	**68,745**	99,340
Income tax paid		**(18,548)**	(15,101)
Net cash generated from operating activities		**50,197**	84,239
Cash flows from investing activities			
Purchase of property, plant and equipment		**(35,259)**	(44,300)
Prepayment for purchase of property, plant and equipment		**(12,656)**	–
Proceeds from disposal of property, plant and equipment	28(b)	**35**	650
Net proceeds/deposits received from sale of non-current asset held for sale		**54,000**	6,000
Acquisition of subsidiaries, net of cash acquired	31	**–**	(2,105)
Payments of remaining consideration for the acquisition of subsidiaries		**(828)**	(5,098)
Sale/(purchase) of financial assets at fair value through profit or loss		**15,839**	(5,823)
Interest received		**4,628**	407
Dividend received from financial assets at fair value through profit or loss		**300**	369
Increase in bank deposits with initial terms of over three months		**(51)**	–
Net cash generated from/(used in) investing activities		**26,008**	(49,900)
Cash flows from financing activities			
Partial payment of compensation for waive of options	24(b)	**(964)**	–
Proceeds from issuance of ordinary shares at IPO		**505,800**	–
Proceeds from exercise of share option		**4,559**	–
Proceeds from issuance of ordinary shares to a non-controlling shareholder		**3,252**	1,455
Addition in pledged bank deposits		**(6)**	(2,845)
Repayments of secured loan and short term bank loans		**(3,221)**	(1,094)
Capital element of finance lease payments		**–**	(291)
Interest element of finance lease payments		**–**	(21)
Net increase in trust receipt loans		**4,446**	13,280
Proceeds from a loan due to a non-controlling shareholder		**549**	2,554
Interest paid		**(1,449)**	(1,384)
Dividend paid		**(194,391)**	(5,500)
Dividend paid to non-controlling interests of subsidiaries		**(520)**	–
Professional expenses paid in connection with the IPO		**(40,187)**	–
Net cash generated from financing activities		**277,868**	6,154
Net increase in cash, cash equivalents and bank overdrafts		**354,073**	40,493
Cash, cash equivalents and bank overdrafts at beginning of the year		**111,431**	70,627
Exchange differences on cash, cash equivalents and bank overdrafts		**928**	311
Cash, cash equivalents and bank overdrafts at end of the year	21	**466,432**	111,431

The notes on pages 49 to 105 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

International Housewares Retail Company Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in trading of housewares products, licencing of franchise rights and provision of management services.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group is controlled by Hiluleka Limited (incorporated in the British Virgin Islands). The ultimate controlling parties of the Group are Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha.

The Company was listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 25 September 2013 (the "**Listing Date**").

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 July 2014.

Pursuant to a group reorganisation as set out under the section "History and Development, Reorganisation and Group Structure" in the Company's listing prospectus dated 12 September 2013 (the "**Prospectus**"), which was completed on 10 September 2013 (the "**Reorganisation**"), the Company became the holding company of the subsidiaries now comprising the Group. The consolidated financial statements of the Group has been prepared as if the Group had always been in existence throughout both periods presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair value.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

(i) The following amendments to standards and interpretations are mandatory for the Group's financial year beginning on 1 May 2013.

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements 2009–2011 cycle

The adoption of these new standards, amendments and interpretation to existing standards does not have any significant impact to the results and financial position of the Group except for HKAS 1 (Amendment), "Presentation of Items of Other Comprehensive Income".

(ii) The following standards, amendments and interpretations have been issued but are not effective for the financial year beginning on 1 May 2013 and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting	1 January 2014
HKAS 36 (Amendment)	Impairment of Assets on Recoverable Amount Disclosure	1 January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognitions and Measurement – Novation of derivatives	1 January 2014
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures	1 January 2015
HKFRS 9	Financial Instruments	To be announced
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for Investment Entities	1 January 2014
HK (IFRIC) 21	Levies	1 January 2014
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contribution	1 July 2014
Annual Improvements Project	Annual Improvements 2010–2012 Cycle and Annual Improvements 2011–2013 Cycle	1 July 2014
HKFRS 14	Regulatory Deferral Accounts	1 January 2016

The Group is currently assessing the impact of the adoption of the above new standards, amendments to standards and interpretations that have been issued but are not effective for annual periods beginning on or after 1st May 2013, and does not expect there will be a significant impact to the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Except for the Reorganisation, subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

Except for the Reorganisation which is presented using the carrying values of subsidiaries now comprising the Group, 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 acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in 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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests 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 fair value of 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.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, 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 associate, 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.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 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 make strategic decisions.

2.4 Foreign currency translation

(a) 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 consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and the Group's presentational currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(b) 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 consolidated statement of comprehensive income.

(c) Group companies

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

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

(ii) 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 dates of the transactions); and

(iii) all resulting exchange differences are recognised as 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.

2.5 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 charged in the consolidated income statement during the financial period 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Property, plant and equipment *(Continued)*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

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

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 2.8).

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

2.6 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries/businesses represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

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 of disposal. 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 is 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 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 the carrying amount and fair value less costs to sell.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, 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.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: financial assets fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) 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. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', and 'cash and cash equivalents' in the balance sheet. (Note 2.13 and 2.14)

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. 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. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Financial assets *(Continued)*

2.10.2 *Recognition and measurement* *(Continued)*

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 consolidated income statement within 'Other gains – net' in the period in which they arise.

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

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the 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.

2.12 Impairment of financial assets

(a) 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Impairment of financial assets *(Continued)*

(a) Assets carried at amortised cost *(Continued)*

For loan and receivable category, 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 consolidated income statement.

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 consolidated income statement.

2.13 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 2.10).

2.14 Cash and cash equivalents

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

2.15 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.

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

2.17 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 consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Borrowings and borrowing costs *(Continued)*

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 balance sheet date.

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

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, 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.

(a) Current income tax

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 Company and its subsidiaries operate and generate 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.

(b) Deferred income tax

Inside basis differences

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 consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the 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 are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Current and deferred income tax *(Continued)*

(c) Offsetting

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.

2.19 Employee benefits

(a) 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 of leave.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Pension obligations

The Group operates several defined contribution retirement schemes in the respective countries in which the Group operates in.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. 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.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring plan that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) 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 consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company 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 payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. 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 in the parent entity accounts.

2.21 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 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 – wholesale

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

(ii) Sale of goods – retail

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.

(iii) Licencing fees

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

(iv) Consignment sales commission and advertising and promotion income

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

(v) Sub-leasing rental income

These income are recognised on an accrual basis.

(vi) Interest income

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

(vii) Dividend income

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

2.23 Leases (as the lessee)

(i) Operating lease

Leases 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 consolidated income statement on a straight-line basis over the period of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Leases (as the lessee) *(Continued)*

(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 consolidated income statement 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.

2.24 Dividend distribution

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

2.25 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 consolidated 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.

2.26 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 consolidated financial statements 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 consolidated income statement within administrative and other operating expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 Financial guarantee contracts *(Continued)*

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 consolidated financial statements of the Group, unless the amount is immaterial.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency 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 2014, if Hong Kong dollar had weakened/strengthened by 5% against the Renminbi with all other variables held constant, post-tax profit for the year would have been HK$3,335,000 higher/lower respectively, mainly as a result of foreign exchange gains/losses on translation of Renminbi dollar-denominated cash and cash equivalents.

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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) 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) 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 trade receivables, the credit risk is considered to be low as most sales are made to franchisees and customers with long business relationships and with no history of default. In the opinion of the directors, the default risk is considered to be low.

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 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 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 balance sheet.

(c) 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.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity Risk *(Continued)*

The table below analyses the Group's and the Company's non-derivative 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.

	On demand HK$'000	**Less than 1 year HK$'000**	**Over 1 year HK$'000**	**Total HK$'000**
Group				
At 30 April 2014				
Trust receipt loans subject to a repayment on demand clause	**64,094**	**–**	**–**	**64,094**
Trade and other payables	**–**	**169,325**	**–**	**169,325**
Amount due to non-controlling shareholders of subsidiaries	**–**	**247**	**–**	**247**
Loan due to a non-controlling shareholder of a subsidiary	**–**	**2,587**	**499**	**3,086**
Corporate guarantee	**9,849**	**–**	**–**	**9,849**
	73,943	**172,159**	**499**	**246,601**

	On demand HK$'000	Less than 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Group				
At 30 April 2013				
Secured bank loans subject to a repayment on demand clause	3,221	–	–	3,221
Trust receipt loans subject to a repayment on demand clause	59,648	–	–	59,648
Trade and other payables	–	166,201	–	166,201
Amount due to non-controlling shareholders of subsidiaries	–	2,326	–	2,326
Bank overdrafts	–	82	–	82
Loan due to a non-controlling shareholder of a subsidiary	–	–	2,646	2,646
Corporate guarantee	10,190	–	–	10,190
	73,059	168,609	2,646	244,314

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity Risk *(Continued)*

	On demand HK$'000	Less than 1 year HK$'000	Total HK$'000
Company			
At 30 April 2014			
Other payables	–	652	652
At 30 April 2013			
Accruals for cost for initial public offering	–	6,963	6,963
Amount due to a subsidiary	4,436	–	4,436
	4,436	6,963	11,399

3.2 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.

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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowing divided by total equity.

The gearing ratios at 30 April 2014 and 2013 were as follows:

	As at 30 April	
	2014 HK$'000	2013 HK$'000
Total borrowings *(Note 27)*	**64,094**	62,951
Total equity	**718,680**	282,994
Gearing ratio	**8.9%**	22.2%

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 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 and liabilities that were measured at fair value as at 30 April 2013.

	Level 1 HK$'000
Assets	
Financial assets at fair value through profit or loss	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 and liabilities held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Hong Kong equity investments classified as trading securities.

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 estimate 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 discussed 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 a number of jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of the potential tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period 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 consolidated 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 consolidated income statement for the period in which such a reversal takes place.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(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 SEGMENT INFORMATION

The chief operating decision-maker 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, accordingly, no operating segment assets and liabilities are presented.

* Including consignment sales commission income.

5 SEGMENT INFORMATION *(Continued)*

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2014 is as follows:

	Retail HK$'000	Wholesales HK$'000	Licencing and others HK$'000	Total HK$'000
Segment revenue (all from external customers)	1,719,014	27,469	355	1,746,838
Cost of sales	(911,339)	(22,970)	–	(934,309)
Segment results	807,675	4,499	355	812,529
Gross profit %	46.98%	16.38%	–	46.51%
Other income				17,749
Other gains, net				41,926
Distribution and advertising expenses				(46,763)
Administrative and other operating expense				(661,023)
Operating profit				164,418
Finance income				4,628
Finance costs				(1,449)
Profit before income tax				167,597
Income tax expense				(24,498)
Profit for the year				143,099

5 SEGMENT INFORMATION *(Continued)*

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

	Retail HK$'000	Wholesales HK$'000	Licencing and others HK$'000	Total HK$'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

Segment revenue reported above represents revenue generated from external customers. 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 each of the years ended 30 April 2014 and 2013.

5 SEGMENT INFORMATION *(Continued)*

Revenue from external customers in the Mainland China, Singapore, Malaysia, Macau and Hong Kong are as follows:

	Year ended 30 April	
	2014 HK$'000	2013 HK$'000
Hong Kong	**1,489,652**	1,334,098
Mainland China	**4,306**	2,929
Singapore	**200,128**	146,221
Malaysia	**19,117**	13,220
Macau	**33,635**	2,205
	1,746,838	1,498,673

The total of non-current assets, other than intangible assets and deferred income tax assets of the Group as at 30 April 2014 and 2013 are as follows:

	As at 30 April	
	2014 HK$'000	2013 HK$'000
Hong Kong	**79,343**	81,706
Mainland China	**15,285**	1,994
Singapore	**28,737**	21,394
Malaysia	**9,970**	9,094
Macau	**2,047**	1,277
	135,382	115,465

The amounts provided to the executive directors with respect total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

6 OTHER INCOME

	Group	
	2014 HK$'000	2013 HK$'000
Advertising and promotion income	**11,814**	10,610
Sub-leasing rental income	**3,352**	3,622
Compensation income from landlord on early termination	**–**	500
Tax indemnity from shareholders *(note 11)*	**–**	1,648
Dividend income from financial assets at fair value through profit or loss	**300**	369
Sundry income	**2,283**	324
	17,749	17,073

7 OTHER GAINS – NET

	Group	
	2014 **HK$'000**	2013 HK$'000
Financial assets at fair value through profit or loss		
– Unrealised fair value gain	**–**	3,234
– Realised loss on disposal	**(2,520)**	–
Gain from bargain purchase *(note 31(a))*	**–**	325
Loss on disposal of property, plant and equipment, net *(note 28(b))*	**(1,159)**	(43)
Gain on disposal of non-current asset held for sale *(note 22)*	**46,469**	–
Compensation for waiver of options *(note 24(b))*	**(864)**	–
Others	**–**	1,126
	41,926	4,642

8 EXPENSES BY NATURE

	Group	
	2014 **HK$'000**	2013 HK$'000
Auditors' remuneration	**3,031**	1,124
Air conditioning expenses	**10,523**	10,062
Advertising and promotion expenses	**13,722**	10,696
Amortisation of trademark *(note 16)*	**613**	632
Building management fees	**27,742**	24,073
Cost of inventories sold	**934,309**	808,223
Delivery charges	**29,654**	24,616
Depreciation expense *(note 15)*		
– owned property, plant and equipment	**27,412**	23,338
Employee benefit expense (including directors' emoluments) *(note 9)*	**238,674**	200,625
Government rates	**7,961**	6,229
Legal and professional fee		
– incurred for initial public offering	**9,828**	8,704
– others	**3,410**	873
Operating lease rental in respect of		
– office premises and warehouses	**19,825**	15,063
– retails shops	**248,081**	205,024
Repair and maintenance	**8,207**	6,118
Utility expenses	**24,822**	21,427
Net exchange losses/(gains)	**3,255**	(1,297)
Others	**31,026**	25,752
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	**1,642,095**	1,391,282

9 EMPLOYEE BENEFIT EXPENSES

	Group	
	2014 HK$'000	2013 HK$'000
Salaries and bonuses	**222,747**	187,620
Pension costs – defined contribution plans	**11,502**	9,305
Provision for unutilised annual leave	**(380)**	629
Other employee benefits	**3,678**	2,337
Share-based compensation	**1,127**	734
	238,674	200,625

(a) Directors' emoluments

The remuneration of each director for the year ended 30 April 2014 is set out below:

Name of Director	Fees HK$'000	Discretionary bonus HK$'000	Salary allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive directors:					
Lau Pak Fai, Peter	223	–	2,198	15	2,436
Ngai Lai Ha	223	–	2,122	15	2,360
Cheng Sing Yuk	120	–	1,177	15	1,312
Non-executive directors:					
Chung Tak Wai	79	–	–	–	79
Yeung Yiu Keung	120	–	–	–	120
Independent non-executive Directors:					
Tsui Ka Yiu	79	–	–	–	79
Lo Wing Yan William	198	–	–	–	198
Huang Lester Garson	198	–	–	–	198
	1,240	–	5,497	45	6,782

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of each director for the year ended 30 April 2013 is set out below:

Name of Director	Fees HK$'000	Discretionary bonus HK$'000	Salary allowances and benefits in kind HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
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

No directors waived any emoluments during the year ended 30 April 2014 (2013: Nil).

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2013: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2013: two) individuals during the year are as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Salaries and bonuses	**3,180**	2,683
Pension cost – defined contribution plans	**30**	30
	3,210	2,713

9 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Five highest paid individuals *(Continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$Nil to HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**1**	–
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,000,001 – HK$2,500,000	**1**	–
	2	2

(c) During the year ended 30 April 2014, no emoluments were paid by the Company to any of directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

10 FINANCE INCOME AND COSTS

	Group	
	2014 HK$'000	2013 HK$'000
Interest expense:		
– secured bank loans wholly repayable within five years	**14**	39
– trust receipt loans and bank overdrafts	**1,368**	1,290
– finance lease liabilities	**–**	21
– loan from a non-controlling shareholder of a subsidiary	**67**	55
Finance expenses	**1,449**	1,405
Finance Income:		
Interest income on short-term bank deposits	**(4,628)**	(407)
Finance (income)/expenses – net	**(3,179)**	998

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Group	
	2014	2013
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**23,336**	22,794
– Overseas taxation	**488**	84
– Under provision in prior years	**373**	1,651
Deferred income tax *(Note 25)*	**301**	410
	24,498	24,939

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

	Group	
	2014	2013
	HK$'000	HK$'000
Profit before income tax	**167,597**	128,108
Tax calculated at domestic tax rates applicable to profits in the respective countries	**26,685**	20,753
Tax effects of:		
– Income not subject to tax	**(8,513)**	(584)
– Expenses not deductible for tax purposes	**3,140**	1,577
– Tax incentives	**(251)**	(174)
– Tax losses for which no deferred income tax asset was recognised	**2,670**	1,780
– Others	**394**	(64)
Under-provisions in prior years	**373**	1,651
	24,498	24,939

The weighted average applicable tax rate was 15.9% (2013: 16.2%).

As at balance sheet date, the Hong Kong Inland Revenue Department was conducting a field audit on three subsidiaries of the Group and had issued additional assessments for 2003/04 to 2007/08 to the three subsidiaries, demanding tax totalling HK$13,550,000. 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 in relation to the field audit case. Based on the advice sought from the Group's tax representative and self-assessment, the management considers that this amount is appropriate to reflect the Group's additional liability based on the current status of the case.

11 INCOME TAX EXPENSE *(Continued)*

As at the date of approval of these financial statements, the case is still in progress and the IRD has not issued any final assessments.

Certain shareholders of the Company 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

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2014 **HK$'000**	2013 HK$'000
Profit attributable to owners of the Company (HK$'000)	**144,365**	101,527
Weighted average number of ordinary shares in issue (in thousands)	**649,306**	540,000
Basic earnings per share attributable to owners of the Company (HK cents per share) *(note)*	**22.2**	18.8

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the Pre-IPO option scheme are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the daily average market share price of the Company's shares) based on the monetary value of the subscription value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2014 **HK$'000**	2013 HK$'000
Profit attributable to owners of the Company (HK$'000)	**144,365**	101,527
Weighted average number of ordinary shares in issue (in thousands)	**649,306**	540,000
Adjustments for:		
– Share options (thousands)	**2,778**	–
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**652,084**	540,000
Diluted earnings per share attributable to owners of the Company (HK cents per share) *(note)*	**22.1**	18.8

Note: The basic and diluted earnings per share for the year ended 30 April 2013 are calculated by dividing the profit attributable to equity holders of the Company by 540,000,000 ordinary shares, which are deemed to have been issued at the beginning of the earliest year presented in the consolidated income statement.

13 PROFIT/LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$32,657,000 (2013: loss of HK$8,704,000).

14 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY

	Company	
	2014 HK$'000	2013 HK$'000
Investment, at cost:		
Unlisted shares	**105,863**	–
Capital contribution relating to share-based payment	**2,251**	–
	108,114	–
Amounts due from subsidiaries *(Note (b))*	**62,948**	–

(a) Investments in subsidiaries

The following is a list of subsidiaries at 30 April 2014:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	**2014 Interest held**	2013 Interest held
Matusadona Investment Limited*	British Virgin Islands, limited company	Investment holding in Hong Kong	US$100	**100%**	100%
Japan Home Centre (H.K.) Limited#	Hong Kong, limited company	Retail sales of housewares products in Hong Kong	HK$202	**100%**	100%
JHC (International) Limited#	Hong Kong, limited company	Export of housewares products and provision of management services in Hong Kong	HK$10,000	**100%**	100%
Japan Home Centre (Management) Limited#	Hong Kong, limited company	Licencing of franchise rights and provision of management services in Hong Kong	HK$10,000	**100%**	100%
JHC (Plastics) Limited#	Hong Kong, limited company	Manufacturing of housewares products in Hong Kong	HK$1,375,000	**60%**	60%
JHC (Mirror) Limited#	Hong Kong, limited company	Manufacturing of housewares products in Hong Kong	HK$866,666	**60%**	60%

14 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY *(Continued)*

(a) Investments in subsidiaries *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued/registered share capital	2014 Interest held	2013 Interest held
JHC (Taiwan) Limited#	Taiwan, limited liability company	Trading of housewares products in Taiwan	NT$1,000,000	**100%**	100%
Japan Home (Retail) Pte. Ltd.#	Singapore, limited liability company	Retail sales of housewares products in Singapore	S$5,875,000	**60%**	60%
JHC Retail (M) Sdn. Bhd#	Malaysia, limited liability company	Retail sales of housewares products in Malaysia	MYR$4,471,485	**58.3%**	97.5%
Familj (China) Limited#	Hong Kong, limited liability company	Investment holding in Hong Kong	HK$292,000	**85.6%**	85.6%
JHC (China) Limited#	Hong Kong, limited liability company	Dormant	HK$100	**100%**	100%
泛美家貿易(深圳)有限公司#	Mainland China, limited liability company	Inactive	HK$1,000,000	**100%**	100%
易生活(南京)百貨有限公司#	Mainland China, limited liability company	Retail sales of housewares products in Nanjing, Mainland China	RMB27,443,321	**85.6%**	85.6%
Japan Home Centre (Macau) Single-Member Company Limited#	Macau, limited company	Retail sales of housewares products in Macau	MOP$100,000	**100%**	100%

* Equity interest directly held by the Company.

Equity interest indirectly held by the Company.

(b) Amounts due from subsidiaries

The balances are unsecured, interest-free and repayable on demand. The amounts are denominated in Hong Kong dollars. The balances approximated their fair values at each of the reporting date.

15 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings HK$'000	Leasehold improve-ments HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Moulds HK$'000	Machinery and equipment HK$'000	Total HK$'000
At 1 May 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
Acquisition of a subsidiary *(note 31 (b))*	–	445	526	31	–	–	–	1,002
Additions	–	19,218	16,938	2,820	2,046	–	421	41,443
Disposals *(note 28(b))*	–	(469)	–	–	(222)	–	(2)	(693)
Depreciation *(note 8)*	(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 22)*	(13,890)	–	–	–	–	–	–	(13,890)
Closing net book amount	–	31,565	26,406	4,808	2,440	–	1,012	66,231
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
Year ended 30 April 2014								
Opening net book amount	–	31,565	26,406	4,808	2,440	–	1,012	66,231
Additions	357	14,897	17,777	2,324	–	–	261	35,616
Disposals *(note 28(b))*	–	(1,132)	(62)	–	–	–	–	(1,194)
Depreciation *(note 8)*	(14)	(12,600)	(11,267)	(1,924)	(1,121)	–	(486)	(27,412)
Exchange difference	–	(308)	(318)	(38)	(25)	–	–	(689)
Closing net book amount	343	32,422	32,536	5,170	1,294	–	787	72,552
At 30 April 2014								
Cost	357	111,968	97,015	17,140	4,183	4,125	3,049	237,837
Accumulated depreciation	(14)	(79,546)	(64,479)	(11,970)	(2,889)	(4,125)	(2,262)	(165,285)
Net book amount	343	32,422	32,536	5,170	1,294	–	787	72,552

Depreciation expense of HK$27,412,000 (2013: HK$23,338,000) has been charged in administrative and other operating expenses (Note 8).

16 INTANGIBLE ASSETS – GROUP

	Goodwill HK$'000	Trademark HK$'000	Total HK$'000
As at 1 May 2012			
Cost	727	24,370	25,097
Accumulated amortisation	–	(294)	(294)
Exchange realignment	–	589	589
Net book amount	727	24,665	25,392
Year ended 30 April 2013			
Opening net book amount	727	24,665	25,392
Currency translation differences	–	110	110
Acquisition of a subsidiary during the year *(note 31(b))*	5,931	–	5,931
Amortisation charge *(note 8)*	–	(632)	(632)
Closing net book amount	6,658	24,143	30,801
As at 30 April 2013			
Cost	6,658	24,370	31,028
Accumulated amortisation	–	(926)	(926)
Exchange realignment	–	699	699
Net book amount	6,658	24,143	30,801
Year ended 30 April 2014			
Opening net book amount	6,658	24,143	30,801
Currency translation differences	–	(472)	(472)
Amortisation charge *(note 8)*	–	(613)	(613)
Closing net book amount	6,658	23,058	29,716
As at 30 April 2014			
Cost	6,658	24,370	31,028
Accumulated amortisation	–	(1,539)	(1,539)
Exchange realignment	–	227	227
Net book amount	6,658	23,058	29,716

Amortisation expense of HK$613,000 (2013: HK$632,000) is included in administrative and other operating expenses (Note 8).

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

For the purpose of impairment test, the recoverable amounts of the retail business units in Mainland China and Macau are determined based on value-in-use calculations. These calculations use 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 businesses. 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 calculations that will cause the recoverable amounts of goodwill to be less than their carrying amount.

17 FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY

(a) Group

	Loan and receivables HK$'000
30 April 2014	
Assets as per consolidated balance sheet	
Trade and other receivables	**93,360**
Pledged bank deposits	**6,517**
Bank deposits with initial terms of over three months	**51**
Cash and cash equivalents	**466,432**
Total	**566,360**

	Other financial liabilities at amortised cost HK$'000
Liabilities as per consolidated balance sheet	
Trade and other payables	**169,325**
Amount due to non-controlling shareholders of subsidiaries	**247**
Loan due to non-controlling shareholders of subsidiaries	**3,068**
Bank borrowings	**64,094**
Total	**236,734**

		Group	
	Loan and receivables HK$'000	Financial assets at fair value through profit & loss HK$'000	Total HK$'000
30 April 2013			
Assets as per consolidated balance sheet			
Trade and other receivables	77,502	–	77,502
Amount due from shareholders	1,648	–	1,648
Pledged bank deposits	6,511	–	6,511
Cash and cash equivalents	111,513	–	111,513
Financial assets at fair value through profit or loss	–	18,359	18,359
Total	197,174	18,359	215,533

17 FINANCIAL INSTRUMENTS BY CATEGORY – GROUP AND COMPANY *(Continued)*

(a) Group *(Continued)*

	Other financial liabilities at amortised cost HK$'000
Liabilities as per consolidated balance sheet	
Trade and other payables	166,201
Amount due to non-controlling shareholders of subsidiaries	2,326
Loan due to a non-controlling shareholder of a subsidiary	2,575
Bank borrowings	62,869
Bank overdrafts, secured	82
Total	234,053

(b) Company

	Loans and receivables	
	2014 HK$'000	2013 HK$'000
Assets as per balance sheet		
Amounts due from subsidiaries	**62,948**	–
Cash and cash equivalents	**401,467**	–
Other receivables	**75**	–
Total	**464,490**	–
Liabilities as per balance sheet		
Amount due to a subsidiary	**–**	4,436
Other payables	**652**	6,963
Total	**652**	11,399

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**3,356**	1,479	**–**	–
Prepayments	**17,408**	2,563	**261**	–
Deposits and other receivables	**90,004**	76,023	**75**	–
Deferred cost for initial public offering	**–**	2,696	**–**	2,696
	110,768	82,761	**336**	2,696
Less non-current portion:				
Deposits	**(50,459)**	(49,234)	**–**	–
Prepayment for purchase of property, plant and equipment	**(12,371)**	–	**–**	–
	(62,830)	(49,234)	**–**	–
Current portion	**47,938**	33,527	**336**	2,696

All non-current receivables are due within five years from the end of the year.

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

	Group	
	2014	2013
	HK$'000	HK$'000
Up to 3 months	**3,356**	1,479

As of 30 April 2014, trade receivables of HK$2,479,000 (2013: 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 based on invoice dates is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Up to 3 months	**2,479**	1,098

The maximum exposure to credit risk at the reporting date is the carrying values of each class of receivable (excluding prepayments) mentioned above. The Group does not hold any collateral as security.

The carrying amounts of trade and other receivables approximated their fair values.

18 TRADE AND OTHER RECEIVABLES *(Continued)*

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

	Group	
	2014 HK$'000	2013 HK$'000
United States dollars	**2,735**	1,190
Hong Kong dollars	**71,655**	64,831
Singapore dollars	**17,249**	12,159
Malaysian Ringgit	**2,788**	2,077
Renminbi	**14,888**	1,574
Taiwan New Dollar	**417**	258
Macau Patacas	**1,032**	672
Japanese Yen	**4**	–
	110,768	82,761

19 INVENTORIES – GROUP

	Group	
	2014 HK$'000	2013 HK$'000
Merchandise	**308,735**	225,620

The cost of inventories recognised as an expense and included in cost of sales amounted to HK$934,309,000 (2013: HK$808,223,000) (Note 8).

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – GROUP

	2014 HK$'000	2013 HK$'000
Listed securities – held-for-trading		
– Equity securities – Hong Kong, at market value	**–**	18,359

Financial assets at fair value through profit or loss are presented within "investing activities" in the consolidated 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 consolidated income statement.

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

In current year, all the listed securities have been disposed.

21 CASH AND BANK BALANCES – GROUP AND COMPANY

(a) Cash and cash equivalents

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Cash at bank and on hand	**67,511**	99,749	**3,355**	–
Short-term bank deposits	**405,489**	18,275	**398,112**	–
	473,000	118,024	**401,467**	–
Less: pledged bank deposits	**(6,517)**	(6,511)	**–**	–
Less: bank deposits with initial terms of over three months	**(51)**	–	**–**	–
Cash and cash equivalents (excluding bank overdrafts)	**466,432**	111,513	**401,467**	–
Maximum exposure to credit risk	**470,036**	115,174	**401,467**	–

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Cash and cash equivalents	**466,432**	111,513	**401,467**	–
Bank overdrafts	**–**	(82)	**–**	–
	466,432	111,431	**401,467**	–

The carrying values of pledged bank deposits, bank deposits with initial terms of over three months, and cash and cash equivalents are denominated in the following currencies:

	Group	
	2014 HK$'000	2013 HK$'000
United States dollars	**3,758**	777
Hong Kong dollars	**352,508**	96,094
Singapore dollars	**2,138**	3,172
Malaysian Ringgit	**2,736**	1,554
Renminbi	**104,500**	11,662
Taiwan New Dollar	**1,697**	446
Macau Patacas	**5,024**	3,647
Japanese Yen	**639**	672
	473,000	118,024

21 CASH AND BANK BALANCES – GROUP AND COMPANY *(Continued)*

(a) Cash and cash equivalents *(Continued)*

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.

	Company	
	2014	2013
	HK$'000	HK$'000
Hong Kong dollars	**303,159**	–
Renminbi	**98,308**	–
	401,467	–

22 NON-CURRENT ASSETS HELD-FOR-SALE – GROUP

	Group	
	2014	2013
	HK$'000	HK$'000
Land and building held-for-sale	**–**	13,890

On 20 February 2013, a subsidiary of the Group entered into an agreement to dispose of an office premise 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.

The office premise was subsequently disposed of on 31 July 2013 with a gain of approximately HK$46,469,000 recognised in the current year.

23 SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY

	Group and Company			
	Number of shares (thousands)	Share capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 May 2012 and 30 April 2013 *(note (a))*	1	1	–	1
Issuance of new shares to then equity holders *(note (b))*	9,999	999	104,863	105,862
Capitalisation issue *(note (c))*	530,000	53,000	(53,000)	–
Issue of new shares to the public *(note (d))*	180,000	18,000	487,800	505,800
Exercise of options *(note (e))*	3,216	322	4,237	4,559
Cost for initial public offering incurred during the period	–	–	(24,126)	(24,126)
Cost for initial public offering previously deferred	–	–	(2,696)	(2,696)
At 30 April 2014	723,216	72,322	517,078	589,400

Notes:

(a) On 18 April 2013, the Company was incorporated in the Cayman Islands with an authorised 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 ("**Hiluleka**") and Red Home Holding Limited ("**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.

(b) 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 Investments Limited ("**Matusadona**") from Hiluleka and Red Home respectively, representing an aggregate of 100% of the total issued share of Matusadona. Matusadona was the then holding company of all subsidiaries of the Group.

(c) Pursuant to the resolutions passed by the shareholders of the Company on 4 September 2013, conditional upon the share premium account of the Company being credited as a result of initial public offering ("**IPO**"), the Directors were authorised to capitalise an aggregate amount of HK$53,000,000 standing to the credit of the share premium of the Company and to appropriate such amount as capital to pay up in full at par of 530,000,000 shares for allotment and issue to the then shareholders of the Company before its listing.

(d) In connection with the IPO, 180,000,000 shares of HK$0.1 each were issued at a price of HK$2.81 per share for a total cash consideration, before related issuance expense, of approximately HK$505,800,000. Dealings in these shares on the Stock Exchange commenced on 25 September 2013.

(e) During the current year, approximately 3,216,000 shares were issued and allotted upon the exercise of options granted under the share option scheme.

23 SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY *(Continued)*

Share options

The Company operates two share option schemes as described below:

(i) ***Pre-IPO Share Option Scheme***

A share option scheme was adopted in 2010 by Matusadona (the "**2010 Scheme**") with the aim to incentivise the Group's employees. Immediately prior to the completion of listing, Matusadona terminated the 2010 Scheme and all participants were transferred to the Pre-IPO share options scheme which has substantially the same terms as the 2010 Scheme. Upon listing, the Company granted 8,424,000 options under the Pre-IPO share option scheme to replace all the share options granted under the 2010 Scheme.

These options will expire from 11 October 2018 to 15 October 2020 and has subscription prices range from HK$1.04 to HK$1.86 per share, which are terms that continue from the options of the 2010 Scheme. The Group has no legal or constructive obligation to repurchase or settle these options in cash. No additional options can be granted under the Pre-IPO share option scheme. The 2010 Scheme is deemed to have been replaced by the Pre-IPO share option scheme since 1 May 2012.

(ii) ***Share Option Scheme***

The Company has adopted a share option scheme, which will remain in force for 10 years up to 2023. Share options may be granted to any directors (excluding independent non-executive Directors), any senior managers or any employees (whether full-time or part-time) of each member of our Group. The subscription price is determined by the Board and shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day (ii) the average closing price of the shares as stated in the daily quotation sheets for the 5 business days immediately preceding the date of offer. The Group has no legal or constructive obligation to repurchase or settle these options in cash. A total of approximately 2,072,000 options under this scheme have been granted during the year.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Group and Company	
	Average exercise price in HK$ per share	Options (thousands)
At 1 May 2013	1.53	8,424
Granted	3.86	2,072
Exercised	1.42	(3,216)
At 30 April 2014	2.25	7,280

23 SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY *(Continued)*

Share options *(Continued)*

(ii) Share Option Scheme *(Continued)*

	Group and Company Average exercise price in HK$ per share	Options (thousands)
At 1 May 2012	1.51	8,964
Forfeited	1.22	(540)
At 30 April 2013	1.53	8,424

Out of the 7,280 thousand outstanding share options (2013: 8,424 thousand), 1,505 thousand options (2013: Nil) were exercisable. Options exercised in 2014 resulted in 3,216 thousand shares (2013: Nil) being issued at a weighted average price of HK$1.42 (2013: Nil).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Group and Company		
Expiry date	Exercise price in HK$ per share option	Options (thousands)	
		2014	2013
11 October 2018	1.04	**632**	1,620
11 October 2019	1.39	**1,434**	2,592
30 April 2020	1.39	**289**	432
15 October 2020	1.86	**2,853**	3,780
27 February 2022	3.86	**2,072**	–
At 30 April 2014		**7,280**	8,424

The weighted average fair value of options granted during the year determined using the Black-Scholes valuation model was HK$0.45 per option (2013: Nil). The significant inputs into the model were weighted average share price of HK$3.86 (2013: Nil) at the grant date, exercise price shown above, volatility of 25.1% (2013: Nil), dividend yield of 3.7% (2013: Nil), an expected option life of 341 days, and an annual risk-free interest rate of 0.5% (2013: Nil). The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of the Company's comparable companies over the last three years. See Note 8 for the total expense recognised in the consolidated income statement for share options granted to directors and employees.

24 RESERVES – GROUP AND COMPANY

	Group					
	Merger reserve *(note (a))* HK$'000	Share-based compensation reserve HK$'000	Capital reserve *(note (b))* HK$'000	Translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1 May 2012	(485)	390	371	469	159,859	160,604
Profit for the year	–	–	–	–	101,527	101,527
Currency translation differences	–	–	–	163	–	163
Employees share option scheme:						
– Value of employee services *(note 9)*	–	734	–	–	–	734
Balance at 30 April 2013	(485)	1,124	371	632	261,386	263,028
Profit for the year	–	–	–	–	144,365	144,365
Currency translation differences	–	–	–	(1,194)	–	(1,194)
Employees share option scheme:						
– Value of employee services *(note 9)*	–	1,127	–	–	–	1,127
Compensation for waiver of options *(note (b))*	–	–	(371)	–	–	(371)
Issue of new shares to then equity holders	(105,862)	–	–	–	–	(105,862)
Dividend related to years before 2013 *(note 32)*	–	–	–	–	(55,000)	(55,000)
Dividend related to 2013 *(note 32)*	–	–	–	–	(96,000)	(96,000)
Dividend related to 2014 *(note 32)*	–	–	–	–	(43,391)	(43,391)
Balance at 30 April 2014	(106,347)	2,251	–	(562)	211,360	106,702

	Company		
	Share-based compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 18 April 2013 (date of incorporation)	–	–	–
Loss for the period	–	(8,704)	(8,704)
Balance at 30 April 2013	–	(8,704)	(8,704)
Profit for the year	–	32,657	32,657
Employees share option scheme:			
– Value of employee services	1,127	–	1,127
– Issuance of share options from the Pre-IPO share option scheme *(note 23(i))*	1,124	–	1,124
Dividend related to 2014 *(Note 32)*	–	(43,391)	(43,391)
Balance at 30 April 2014	2,251	(19,438)	(17,187)

24 RESERVES – GROUP AND COMPANY *(Continued)*

Notes:

(a) (i) 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 of HK$485,000 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.

(ii) Merger reserve of HK$105,862,000 represents the difference between the nominal value of the share capital of Matusadona at the date on which it was acquired by the Company upon the Reorganisation and the nominal amount of share capital and premium issued by the Company as consideration for the acquisition.

(b) Familj (China) Limited ("**Familj**"), a wholly owned subsidiary of Matusadona granted an 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 recognised as capital reserves.

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 new 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.

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 waive all his rights to the Conversion 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. Accordingly, a compensation for waiver of options of HK$864,000 was recognised in 'Other gains – net' during the year.

25 DEFERRED INCOME TAX – GROUP

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2014 **HK$'000**	2013 HK$'000
Deferred tax assets:		
– To be recovered after more than 12 months	**4,237**	3,347
– To be recovered within 12 months	**682**	450
	4,919	3,797
Deferred income tax liabilities:		
– To be settled after more than 12 months	**(2,934)**	(1,530)
– To be settled within 12 months	**(55)**	(55)
	(2,989)	(1,585)
Deferred tax assets (net)	**1,930**	2,212

25 DEFERRED INCOME TAX – GROUP *(Continued)*

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

	Group
	HK$'000
At 1 May 2012	2,568
Charged to consolidated income statement *(note 11)*	(410)
Currency translation differences	54
At 30 April 2013	2,212
Charged to consolidated income statement *(note 11)*	(301)
Currency translation differences	19
At 30 April 2014	1,930

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

	Group		
	Decelerated tax depreciation HK$'000	Unrealised profit HK$'000	Total HK$'000
Deferred tax assets			
At 1 May 2012	2,930	151	3,081
Credited to the consolidated income statement	418	236	654
Currency translation differences	–	62	62
At 30 April 2013	3,348	449	3,797
Credited to the consolidated income statement	889	246	1,135
Currency translation differences	–	(13)	(13)
At 30 April 2014	4,237	682	4,919

25 DEFERRED INCOME TAX – GROUP *(Continued)*

	Group
	Accelerated tax depreciation HK$'000
Deferred tax liabilities	
At 1 May 2012	513
Credited to the income statement	1,064
Currency translation differences	8
At 30 April 2013	1,585
Credited to the income statement	1,436
Currency translation differences	(32)
At 30 April 2014	2,989

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$5,452,000 (2013: HK$2,782,000) in respect of losses amounting to approximately HK$23,414,000 (2013: HK$13,504,000) that can be carried forward against future taxable income.

	Group	
	2014 HK$'000	2013 HK$'000
With no expiry date	**14,929**	9,899
Expiry in 2017	**360**	360
Expiry in 2018	**3,245**	3,245
Expiry in 2019	**4,880**	–
	23,414	13,504

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Trade payables	**143,616**	133,731	**–**	–
Accrual for cost of initial public offering	**427**	6,963	**427**	6,963
Other payables and accruals	**25,282**	25,507	**225**	–
Deposit received	**177**	6,000	**–**	–
Receipts in advance	**747**	1,273	**–**	–
Provision for employee benefits	**7,709**	8,087	**–**	–
	177,958	181,561	**652**	6,963

The ageing analysis of trade payables based on invoice dates were are follows:

	Group	
	2014 HK$'000	2013 HK$'000
0–30 days	**45,916**	55,631
31–60 days	**48,365**	33,812
61–90 days	**20,387**	21,373
91–120 days	**23,732**	21,368
Over 120 days	**5,216**	1,547
	143,616	133,731

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

	Group	
	2014 HK$'000	2013 HK$'000
United States dollars	**4,112**	135
Hong Kong dollars	**155,065**	169,642
Singapore dollars	**12,835**	9,962
Malaysian Ringgit	**1,207**	785
Renminbi	**850**	462
Taiwan New Dollar	**1,832**	416
Macau Patacas	**549**	159
Japanese Yen	**167**	–
Euro	**1,341**	–
	177,958	181,561

26 TRADE AND OTHER PAYABLES *(Continued)*

	Company	
	2014	2013
	HK$'000	HK$'000
United States dollars	**27**	–
Hong Kong dollars	**625**	6,963
	652	6,963

27 BORROWINGS – GROUP

	Group	
	2014	2013
	HK$'000	HK$'000
Current		
Mortgage loans which contain a repayment on demand clause	**–**	3,221
Trust receipt loans, secured and contain a repayment on demand clause	**64,094**	59,648
Bank overdrafts, secured	**–**	82
Total	**64,094**	62,951

At 30 April 2014, the Group's borrowings were repayable as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within 1 year	**64,094**	60,835
Between 1 and 2 years	**–**	1,117
Between 2 and 5 years	**–**	999
Wholly repayable within 5 years	**64,094**	62,951

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.

27 BORROWINGS – GROUP *(Continued)*

Total borrowings include secured liabilities (bank loans and other banking facilities, including trust receipt loans and bank overdrafts). Bank borrowings are secured by pledged deposit of HK$6,517,000 (2013: HK$6,511,000) and corporate guarantee by the Company.

The carrying amounts of short-term borrowings approximate their fair values.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group	
	2014 HK$'000	2013 HK$'000
Hong Kong dollars	**25,434**	23,925
Japanese Yen	**7,579**	6,100
Euro	**470**	729
British Pound	**501**	406
United States dollars	**30,110**	31,791
	64,094	62,951

The Group has the following undrawn borrowing facilities:

	Group	
	2014 HK$'000	2013 HK$'000
Floating rate:		
– Expiring within one year	**86,066**	67,177

The facilities expiring within one year are annual facilities subject to review at various dates during 2014.

28 CASH GENERATED FROM OPERATIONS

(a) Cash generated from operations:

	Year ended 30 April	
	2014 HK$'000	2013 HK$'000
Profit before income tax	**167,597**	128,108
Adjustments for:		
– Gain on disposal of non-current asset held for sale	**(46,469)**	–
– Loss on disposal of property, plant and equipment, net	**1,159**	43
– Depreciation	**27,412**	23,338
– Amortisation of trademark	**613**	632
– Interest income	**(4,628)**	(407)
– Interest expense	**1,449**	1,405
– Dividend income	**(300)**	(369)
– Unrealised fair value gains on financial assets at fair value through profit and loss	**–**	(3,234)
– Employee share-based compensation	**1,127**	734
– Realised loss on disposal of financial assets at fair value through profit and loss	**2,520**	–
– Gain from bargain purchase	**–**	(325)
– Legal and professional fee incurred for initial public 'offering	**9,828**	4,267
– Compensation to a non-controlling shareholder	**864**	–
Changes in working capital:		
– Increase in inventories	**(84,219)**	(68,303)
– Increase in trade and other receivables	**(19,207)**	(10,844)
– Increase in trade and other payables	**9,351**	26,179
– Decrease in net amounts due to related companies	**–**	(118)
– Decrease in net amounts due to directors	**–**	(4)
– Decrease/(increase) in net amounts due from shareholders immediately before the listing of the Company	**1,648**	(1,648)
– Decrease in amount due to a non-controlling shareholder of a subsidiary	**–**	(114)
Cash generated from operations	**68,745**	99,340

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

	Year ended 30 April	
	2014 HK$'000	2013 HK$'000
Net book amount *(note 15)*	**1,194**	693
Loss on disposal of property, plant and equipment, net *(note 7)*	**(1,159)**	(43)
Proceeds from disposal of property, plant and equipment	**35**	650

29 CONTINGENT LIABILITIES

The Group's bankers have given guarantees in lieu of deposits amounting to HK$9,849,000 (2013: HK$10,190,000) to the Group's landlords and utility providers. These guarantees are counter indemnified by corporate guarantees and pledged deposits provide by certain subsidiaries.

30 COMMITMENTS

(a) Operating lease commitments – as a lessee

The Group has 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	
	2014	2013
	HK$'000	HK$'000
No later than one year	**241,370**	199,609
Later than one year and no later than five years	**203,077**	175,391
	444,447	375,000

(b) Operating lease commitments – as lessor

The Group has 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	
	2014	2013
	HK$'000	HK$'000
No later than one year	**2,042**	2,446
Later than one year and no later than five years	**316**	1,365
	2,358	3,811

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 not possible to determine in advance of such additional rentals.

31 BUSINESS COMBINATIONS

(a) 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 were 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 summarises 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

	HK$'000
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 subsidiary, 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 consolidated 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. 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.

31 BUSINESS COMBINATIONS *(Continued)*

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

On 15 April 2013, the Group acquired 100% equity interests of JHC (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 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

	HK$'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 consolidated 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.

32 DIVIDEND

In the current year, a final dividend of HK$96,000,000 in relation to the year ended 30 April 2013 were declared and paid by a subsidiary to the then shareholders of the subsidiary before the Reorganisation. In addition, a special dividend of HK$55,000,000 in relation to the period before the financial year ended 30 April 2013 was declared and paid by the subsidiary to the then shareholders of the subsidiary before the Reorganisation.

An interim dividend of HK$14,464,000 (HK$2.0 cents per share) and a special dividend of HK$28,927,000 (HK$4.0 cents per share) was declared and paid by the Company in respect of the year ended 30 April 2014. A final dividend in respect of the year ended 30 April 2014 of HK$4.5 cents per share, amounting to a total dividend of HK$32,551,000, is to be proposed at the annual general meeting on 25 September 2014. These financial statements do not reflect this dividend payable.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than those transactions or balances disclosed elsewhere in these consolidated financial statements, the following transactions were carried out with related parties in the normal course of Group's business.

Mr. Lau Pak Fai, Peter, and Ms. Ngai Lai Ha are directors of the related companies as listed below:

(a) Sales of goods and services

		Year ended 30 April	
	Note	**2014 HK$'000**	2013 HK$'000
Continuing transactions			
Sales of goods to related companies:			
– Japan Home Centre (Macau) Single-Member Company Limited, up to 15 April 2013	*(i)*	**–**	11,274
Sub-leasing rental income from a related company:			
– Quality Laundry Limited, up to 6 December 2012	*(ii)*	**–**	851
Management fee income:			
– Japan Home Centre (Macau) Single-Member Company Limited, up to 15 April 2013	*(iii)*	**–**	288
– Quality Laundry Limited, up to 6 December 2012	*(iii)*	**–**	72
– JHC (Investment) Limited	*(iii)*	**10**	10
– Mulan's Garden (HK) Limited	*(iii)*	**20**	20
– Hong Sing Investment Limited	*(iii)*	**10**	10

Note:

(i) Sales to a related company were 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.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Purchase of goods and services

		Year ended 30 April	
		2014	2013
	Note	**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)*	**–**	5
Purchase of goods from a related company:			
– JHC (Taiwan) Limited, up to 31 July 2012	*(i)*	**–**	5,358
Operating lease rentals in respect of retail shops to related companies:			
– Mulan's Garden (HK) Limited	*(ii)*	**5,401**	4,473
– JHC (Investment) Limited	*(ii)*	**696**	646
– Hong Sing Investment Limited	*(ii)*	**8,181**	7,037
– Charm Rainbow Limited	*(ii)*	**1,740**	1,740
– Hugo Grand Limited	*(ii)*	**3,666**	1,454
Commission payable to a related company:			
– JHC (Taiwan) Limited, up to 31 July 2012	*(ii)*	**–**	199

Note:

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

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

(c) Key management compensation

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

	Year ended 30 April	
	2014	2013
	HK$'000	HK$'000
Short-term employee benefits	**13,530**	10,932
Post-employment benefits – defined contribution plans	**165**	151
Other long-term benefits	**701**	487
	14,396	11,570

33 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(d) Year-end balances – Group

		As at 30 April	
		2014	2013
	Note	**HK$'000**	HK$'000
Amount due from shareholders	*(i)*	**–**	1,648
Amount due to non-controlling shareholders of subsidiaries	*(ii)*	**247**	2,326
Loans due to non-controlling shareholders of subsidiaries			
– JHC Retail (M) Sdn Bhd	*(iii)*	**481**	–
– Japan Home (Retail) Pte Ltd	*(iv)*	**2,587**	2,575

Note:

(i) The amounts due from shareholders were unsecured, interest-free, and repayable on demand and denominated in Hong Kong dollars. Its carrying value as at 30 April 2013 approximated its fair value.

(ii) 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 due at 30 April 2014 and 2013 approximate their fair values.

(iii) The loan due to a non-controlling shareholder of JHC Retail (M) Sdn Bhd is unsecured, bearing interest at 2.5% per annum with its principal and interest repayable on 20 November 2015. The loan is denominated in Malaysian Ringgit and its carrying value as at 30 April 2014 approximates its fair value.

(iv) The loan due to a non-controlling shareholder of Japan Home (Retail) Pte Ltd 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 values as at 30 April 2014 and 2013 approximate their fair values.

(e) Amount due to a subsidiary – Company

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

Corporate Information

DIRECTORS

Executive Directors:
Mr. Lau Pak Fai Peter
(Chairman and Chief Executive Officer)
Ms. Ngai Lai Ha *(Vice-Chairman)*
Mr. Cheng Sing Yuk *(Financial controller)*

Non-Executive Director:
Mr. Chung Tak Wai
Mr. Yeung Yiu Keung

Independent Non-Executive Directors:
Mr. Tsui Ka Yiu
Dr. Lo Wing Yan William, J.P.
Mr. Huang Lester Garson, J.P.

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants

COMPANY SECRETARY
Koo Ching Fan
ACIS, ACS(PE), FCCA

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LEGAL ADVISERS
Woo, Kwan, Lee & Lo

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PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Ltd
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

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