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## **International Housewares Retail Company Limited**

### **國際家居零售有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 1373)

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2014**

### **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 <sup>(1)</sup> 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. Combining 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

The board of directors (the "Board" or "Directors") of International Housewares Retail Company Limited (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2014, together with the comparative figures as follows:

**CONSOLIDATED INCOME STATEMENT**  
FOR THE YEAR ENDED 30 APRIL 2014

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 APRIL 2014**

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

**CONSOLIDATED BALANCE SHEET**  
AS AT 30 APRIL 2014

|   |      | As at 30 April        |                       |
|---|------|-----------------------|-----------------------|
|   | Note | 2014<br>HK\$'000      | 2013<br>HK\$'000      |
| <b>ASSETS</b>   |      |                       |                       |
| <b>Non-current assets</b>   |      |                       |                       |
| Property, plant and equipment   |      | 72,552                | 66,231                |
| Intangible assets   |      | 29,716                | 30,801                |
| Deferred income tax assets  |      | 4,919                 | 3,797                 |
| Non-current prepayment and deposits                                   |      | 62,830                | 49,234                |
|   |      | <u>170,017</u>        | <u>150,063</u>        |
| <b>Current assets</b>   |      |                       |                       |
| Inventories   |      | 308,735               | 225,620               |
| Trade and other receivables   | 9    | 47,938                | 33,527                |
| Amount due from shareholders  |      | -                     | 1,648                 |
| Financial assets at fair value through profit or loss                 |      | -                     | 18,359                |
| Current income tax asset  |      | -                     | 5,946                 |
| Pledged bank deposits   |      | 6,517                 | 6,511                 |
| Bank deposits with initial terms of over three months                 |      | 51                    | -                     |
| Cash and cash equivalents   |      | 466,432               | 111,513               |
|   |      | <u>829,673</u>        | <u>403,124</u>        |
| Non-current asset held for sale                                       |      | -                     | 13,890                |
|   |      | <u>829,673</u>        | <u>417,014</u>        |
| <b>Total assets</b>   |      | <u><u>999,690</u></u> | <u><u>567,077</u></u> |
| <b>EQUITY</b>   |      |                       |                       |
| <b>Capital and reserves attributable to the owners of the Company</b> |      |                       |                       |
| Share capital and share premium                                       | 10   | 589,400               | 1                     |
| Reserves:   |      |                       |                       |
| - Proposed final dividend   |      | 32,551                | 96,000                |
| - Others  |      | 74,151                | 167,028               |
|   |      | <u>696,102</u>        | <u>263,029</u>        |
| <b>Non-controlling interests</b>                                      |      | <u>22,578</u>         | <u>19,965</u>         |
| <b>Total equity</b>   |      | <u><u>718,680</u></u> | <u><u>282,994</u></u> |

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
AS AT 30 APRIL 2014

|  |      | <b>As at 30 April</b> |                  |
|--|------|-----------------------|------------------|
|  | Note | 2014<br>HK\$'000      | 2013<br>HK\$'000 |
| <b>LIABILITIES</b>   |      |                       |                  |
| <b>Non-current liabilities</b>                             |      |                       |                  |
| Deferred income tax liabilities                            |      | 2,989                 | 1,585            |
| Loan due to a non-controlling shareholder of a subsidiary  |      | 481                   | 2,575            |
|  |      | <u>3,470</u>          | <u>4,160</u>     |
| <b>Current liabilities</b>                                 |      |                       |                  |
| Trade and other payable                                    | 11   | 177,958               | 181,561          |
| Amount due to non-controlling shareholders of subsidiaries |      | 247                   | 2,326            |
| Loan due to a non-controlling shareholder of a subsidiary  |      | 2,587                 | -                |
| Borrowings   |      | 64,094                | 62,951           |
| Current income tax liabilities                             |      | 32,654                | 33,085           |
|  |      | <u>277,540</u>        | <u>279,923</u>   |
| <b>Total liabilities</b>                                   |      | <u>281,010</u>        | <u>284,083</u>   |
| <b>Total equity and liabilities</b>                        |      | <u>999,690</u>        | <u>567,077</u>   |
| <b>Net current assets</b>                                  |      | <u>552,133</u>        | <u>137,091</u>   |
| <b>Total assets less current liabilities</b>               |      | <u>722,150</u>        | <u>287,154</u>   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 General information

The Group is 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 Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY 1-1111, 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 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.

- (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.

### 3 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.

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

|   | Retail<br>HK\$'000 | Wholesales<br>HK\$'000 | Licencing<br>and others<br>HK\$'000 | Total<br>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)         |
| <b>Operating profit</b>                       |                    |                        |                                     | 164,418           |
| Finance income                                |                    |                        |                                     | 4,628             |
| Finance costs                                 |                    |                        |                                     | (1,449)           |
| <b>Profit before income tax</b>               |                    |                        |                                     | 167,597           |
| Income tax expense                            |                    |                        |                                     | (24,498)          |
| <b>Profit for the year</b>                    |                    |                        |                                     | 143,099           |



### 3 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<br>HK\$'000 | Wholesales<br>HK\$'000 | Licencing<br>and others<br>HK\$'000 | Total<br>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)         |
| <b>Operating profit</b>                       |                    |                        |                                     | 129,106           |
| Finance income                                |                    |                        |                                     | 407               |
| Finance costs                                 |                    |                        |                                     | (1,405)           |
| <b>Profit before income tax</b>               |                    |                        |                                     | 128,108           |
| Income tax expense                            |                    |                        |                                     | (24,939)          |
| <b>Profit for the year</b>                    |                    |                        |                                     | 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.

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

|                | Year ended 30 April |                  |
|----------------|---------------------|------------------|
|                | 2014<br>HK\$'000    | 2013<br>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            |
|                | <u>1,746,838</u>    | <u>1,498,673</u> |

### 3 Segment information (Continued)

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:

|                | 2014<br>HK\$'000 | 2013<br>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            |
|                | <u>135,382</u>   | <u>115,465</u>   |

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.

### 4 Other income

|  | 2014<br>HK\$'000 | 2013<br>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  | -                | 1,648            |
| Dividend income from financial assets at fair value through profit or loss | 300              | 369              |
| Sundry income  | 2,283            | 324              |
|  | <u>17,749</u>    | <u>17,073</u>    |

### 5 Other gains - net

|  | 2014<br>HK\$'000 | 2013<br>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                             | -                | 325              |
| Loss on disposal of property, plant and equipment, net | (1,159)          | (43)             |
| Gain on disposal of non-current asset held for sale    | 46,469           | -                |
| Compensation for waiver of options                     | (864)            | -                |
| Others   | -                | 1,126            |
|  | <u>41,926</u>    | <u>4,642</u>     |

## 6 Expenses by nature

|   | 2014<br>HK\$'000 | 2013<br>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   | 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  |                  |                  |
| - owned property, plant and equipment   | 27,412           | 23,338           |
| Employee benefit expense (including directors' emoluments)  | 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           |
|   | <hr/>            | <hr/>            |
| Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses | <b>1,642,095</b> | <b>1,391,282</b> |
|   | <hr/> <hr/>      | <hr/> <hr/>      |

## 7 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012/13: 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.

|                                  | 2014<br>HK\$'000 | 2013<br>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              | 301              | 410              |
|                                  | <hr/>            | <hr/>            |
|                                  | <b>24,498</b>    | <b>24,939</b>    |
|                                  | <hr/> <hr/>      | <hr/> <hr/>      |

## 8 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<br>HK\$'000 | 2013<br>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<br>(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<br>HK\$'000 | 2013<br>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 (in thousands)  | 2,778            | -                |
| Weighted average number of ordinary shares for diluted earnings per<br>share (in thousands)     | 652,084          | 540,000          |
| Diluted earnings per share attributable to owners of the Company<br>(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 statement of comprehensive income.

**9 Trade and other receivables**

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

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:

|                | <b>2014</b><br><b>HK\$'000</b> | <b>2013</b><br><b>HK\$'000</b> |
|----------------|--------------------------------|--------------------------------|
| Up to 3 months | <u>3,356</u>                   | <u>1,479</u>                   |

10 **Share capital and share premium**

|  | Number of<br>shares<br>(thousands) | Share capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Total<br>HK\$'000 |
|--|------------------------------------|---------------------------|------------------------------|-------------------|
| At 1 May 2012 and 30 Apr 2013<br>(note (a))                    | 1                                  | 1                         | -                            | 1                 |
| Issuance of new shares to then equity<br>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<br>(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<br>during the period | -                                  | -                         | (24,126)                     | (24,126)          |
| Cost for initial public offering<br>previously deferred        | -                                  | -                         | (2,696)                      | (2,696)           |
| At 30 April 2014   | <u>723,216</u>                     | <u>72,322</u>             | <u>517,078</u>               | <u>589,400</u>    |

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 the 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.

**11 Trade and other payables**

|   | <b>2014</b>     | <b>2013</b>     |
|---|-----------------|-----------------|
|   | <b>HK\$'000</b> | <b>HK\$'000</b> |
| Trade payables                              | 143,616         | 133,731         |
| Accrual for cost of initial public offering | 427             | 6,963           |
| Other payables and accruals                 | 25,282          | 25,507          |
| Deposit received                            | 177             | 6,000           |
| Receipts in advance                         | 747             | 1,273           |
| Provision for employee benefits             | 7,709           | 8,087           |
|   | <u>177,958</u>  | <u>181,561</u>  |

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

|               | <b>2014</b>     | <b>2013</b>     |
|---------------|-----------------|-----------------|
|               | <b>HK\$'000</b> | <b>HK\$'000</b> |
| 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           |
|               | <u>143,616</u>  | <u>133,731</u>  |

## 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 of Hong Kong Limited 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 at a 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           |                | Change (%) |
|---|----------------|----------------|----------------|----------------|------------|
|   | HK\$000        | (%) of revenue | HK\$000        | (%) of revenue |            |
| Distribution and advertising expenses       | <b>46,763</b>  | <b>2.7%</b>    | 38,032         | 2.5%           | 23.0%      |
| Administrative and other operating expenses |                |                |                |                |            |
| Rental expenses – retail stores             | <b>248,081</b> | <b>14.2%</b>   | 205,024        | 13.7%          | 21.0%      |
| Employee benefit expenses                   | <b>238,674</b> | <b>13.7%</b>   | 200,625        | 13.4%          | 19.0%      |
| Other expenses                              | <b>161,338</b> | <b>9.2%</b>    | 130,674        | 8.7%           | 23.5%      |
| One-off items <sup>(1)</sup>                | <b>12,930</b>  | <b>0.7%</b>    | 8,704          | 0.6%           | 48.6%      |
| Total operating expenses                    | <b>707,786</b> | <b>40.5%</b>   | <b>583,059</b> | 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       | <b>323</b>    | <b>283</b>    | <b>+40</b>   |
| Licensed stores |               |               |              |
| East Malaysia   | 2             | 2             | -            |
| Saudi Arabia    | 5             | 5             | -            |
| New Zealand     | 1             | 1             | -            |
| Indonesia       | 1             | 1             | -            |
| Cambodia        | 1             | -             | +1           |
| Sub-total       | <b>10</b>     | <b>9</b>      | <b>+1</b>    |
| Total           | <b>333</b>    | <b>292</b>    | <b>+41</b>   |

## 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 <sup>(1)</sup> 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%).

### 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 was 5.8% in local currency (2012/13: n/a <sup>(2)</sup>). Profit contribution grew by 32.8% to HK\$7,295,000 (2012/13: HK\$5,493,000).

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 ending 30 April 2013

### **Operation Review – Mainland China**

With carefully fine-tuned plan of opening new stores, the Group took a prudent approach on site selection and adopted a more cost efficient format for new 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 <sup>(1)</sup> was 19.1% in local currency (2012/13: n/a <sup>(2)</sup>).

### **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 was 12.4% in local currency (2012/13: n/a <sup>(2)</sup>).

### **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 will be the financial year ending 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 ending 30 April 2013

## Future Prospects

Looking ahead, the Group will continue to strengthen its position as the leading housewares retail chain in Hong Kong, Singapore and Macau. In Hong Kong, 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 Group 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.

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 entered into a non-binding memorandum of understanding with a potential target which operates a well-reputed, small to medium size chain store in Hong Kong retailing a youth line of non-household products. We believe it will strengthen our ability to tap into the younger generation market and we shall use our overall procurement and operational strengths to speed up the individual expansion of this new chain.

We plan to launch e-commerce business in Hong Kong by the end of 2014. We shall offer household products at our physical store and some non-household products exclusively on-line. 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 less than five licenced outlets of Japan Home Centre in this new region within three years from the signing of the formal agreement.

## **DIVIDENDS**

An interim dividend of 2.0 HK cents per ordinary share, and a special interim dividend of 4.0 HK cents per ordinary 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 ordinary 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 ordinary 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.

## **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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Our 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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.

## **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.

## **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, Room 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, Room 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.

## **REVIEW OF FINANCIAL STATEMENTS**

The Audit Committee of the Company has reviewed the financial statements of the Company for the year ended 30 April 2014. The figures in respect of the preliminary announcement of the Group's results for the year ended 30 April 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT 2013/14**

This annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (the "HKEx") ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.japanhome.com.hk](http://www.japanhome.com.hk)). The annual report 2013/14 will be despatched to the shareholders of the Company and will be published on the websites of the HKEx and the Company in due course.

## **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.

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

Hong Kong, 24 July 2014

As at the date of this announcement, the executive Directors are Mr. LAU Pak Fai Peter, Ms. NGAI Lai Ha and Mr. CHENG Sing Yuk, the non-executive Directors are Mr. CHUNG Tak Wai and Mr. YEUNG Yiu Keung, and the independent non-executive Directors are Mr. TSUI Ka Yiu, Dr. LO Wing Yan William, J.P. and Mr. HUANG Lester Garson, J.P.