

# International Housewares Retail Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1373

## 2017/18 Interim Report



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# Corporate Information

## DIRECTORS

### Executive Directors:

Mr. Lau Pak Fai Peter (*Honorary Chairman*)  
Ms. Ngai Lai Ha (*Chairman*)  
Mr. Cheng Sing Yuk (*Chief financial officer*)  
Mr. Chong Siu Hong (*Chief executive officer*)

### Independent Non-executive Directors:

Mr. Mang Wing Ming Rene  
Mr. Yee Boon Yip  
Mr. Neo Sei Lin Christopher

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants

## COMPANY SECRETARY

Ms. Koo Ching Fan  
ACIS, ACS (PE), FCCA

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

## HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

20th Floor, Tower B,  
Southmark, 11 Yip Hing Street,  
Wong Chuk Hang, Hong Kong  
Tel: (852) 3512-3100

## LEGAL ADVISER

Woo, Kwan, Lee & Lo

## PRINCIPAL BANKERS

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

## 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

## STOCK CODE

1373

## COMPANY WEBSITE

[www.japanhome.com.hk](http://www.japanhome.com.hk)

# Financial Highlights

The board of directors (the “Board” or “Director(s)”) of International Housewares Retail Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 October 2017 (the “Period”) prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules” and the “Stock Exchange” respectively), together with comparative figures for the six months ended 31 October 2016 (“2016/17”).

- The Group’s revenue rose by 5.7% to an historical high of HK\$1,060,007,000 (2016/17<sup>(1)</sup>: HK\$1,002,534,000) for the Period.
- Profit for the Period attributable to equity holders of the Company was HK\$39,378,000 (2016/17: HK\$34,236,000), representing an increase of 15%.
- The comparable store sales growth<sup>(2)</sup> of the Group in Hong Kong was 4.6% (2016/17: 5%).
- The Group maintained a strong financial position with cash and cash equivalents of HK\$347,806,000, after payments of the considerations for the acquisitions of certain property assets of the Group.
- As at 31 October 2017, the Group had a total of 363 stores worldwide.
- The Board has resolved to declare an interim dividend of 5.2 HK cents per ordinary share (2016/17: an interim dividend of 5.0 HK cents per ordinary share).

Notes:

1. Comparative figures for the six months ended 31 October 2016 are shown as (“2016/17”) in brackets.
2. Comparable store sales growth represents a comparison of sales of the same store having full six-month operations during the comparable periods.

# Management Discussion and Analysis

## Overview

International Housewares Retail Company Limited and its subsidiaries achieved satisfactory financial results with record-breaking revenue and a solid financial position for the six months ended 31 October 2017. The Group continued to solidify its position as a leading houseware retail chain with a total of 363 stores worldwide.

## Financial Performance

The Group continued to increase the variety of product offerings to help it capture additional market opportunities and expand its customer base. In addition, further driven by the opening of new stores and growth in overall comparable store sales as well as the increase in the average spending per transaction for the Period, the Group's revenue rose by 5.7% to an historical high of HK\$1,060,007,000 (2016/17: HK\$1,002,534,000).

The Group's gross profit rose by 4.1% to HK\$490,306,000 (2016/17: HK\$470,995,000) and gross profit margin maintained at a healthy level of 46.3% (2016/17: 47.0%). During the Period, a stock clearance programme in Singapore placed considerable pressure on the Group's gross profit margin. Fortunately, much of that pressure was offset through the Group's continued effort to streamline logistics arrangements with suppliers and bargaining for more favourable prices in order to reduce procurement cost.

Boasting strong brand recognition among consumers and popular product offerings, the Group achieved record-high sales with costs and expenses maintained at a manageable level as a percentage of revenue during the Period. The Group's operating expenses as a percentage of revenue reduced during the Period, standing at 42.6% (2016/17: 44.0%). The solid performance of the Group was due to prudence in managing expenses. Profit for the Period attributable to equity holders of the Company was HK\$39,378,000 (2016/17: HK\$34,236,000), representing an increase of 15%, owing mainly to the Group continuing to broaden its product portfolio, while constantly monitoring purchase prices and logistics costs of its sourcing activities, as well as prudently managing operating expenses. Furthermore, the Group closed down unprofitable retail stores in Singapore to minimise the negative effects on its retail business as a whole.

## Liquidity and Financial Resources

As at 31 October 2017, after payments of the considerations for the acquisitions of certain property assets of the Group, the Group had cash and cash equivalents amounting to HK\$347,806,000 (30 April 2017: HK\$403,753,000). Most of the Group's cash and bank deposits were denominated in Hong Kong dollars, and were deposited with major banks in Hong Kong with maturity dates falling within three months.

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products and it will continue to place the majority of our surplus cash in Hong Kong dollar bank deposits with appropriate maturity periods to meet the funding requirements in the future. The current ratio for the Group was 2.7 (30 April 2017: 2.8). Borrowings amounted to HK\$31,169,000 as at 31 October 2017 (30 April 2017: HK\$22,426,000). The Group was in net cash position as at 31 October 2017. Its gearing ratio as determined by borrowings divided by total equity was 4.5% (30 April 2017: 3.2%).

# Management Discussion and Analysis *(Continued)*

## Operating Efficiencies

Although the operating environment was ridden with challenges, the Group achieved satisfactory comparable store sales growth<sup>(1)</sup> in Hong Kong of 4.6% (2016/17: 5%).

In the past few years, the overall rental expenses on shops in shopping malls have continued to increase. Despite this adverse factor, the strong brand recognition, its popular product offerings, and the opening of new stores with less prime retail space have enabled the Group to better control rental expenses as it expands. The Group has also been able to rent retail spaces of varying sizes, giving more flexibility in choosing retail space and controlling overall rental expense. In addition, with salaries generally rising in recent years, the Group expects our employee expenses to increase alongside inflation. To mitigate the effects of increasing employee expenses, the Group has employee training programmes in place and employees are redeployed to different stores from time to time to further maximise productivity. As a result, the Group has been able to maintain staff costs at a manageable level as a percentage of revenue.

In spite of these adversities, the Group continues to take a dynamic approach to managing expense increases in line with revenue growth. The Group's operating expenses as a percentage of revenue was reduced during the Period, standing at 42.6% (2016/17: 44.0%). In the light of the festive shopping spree in the second half of the financial year, the Group is confident that operating expenses as a percentage of revenue will improve.

The following table provides details of the Group's operating expenses:

For the six months ended 31 October	2017		2016		Increase/ (decrease) (%)
	HK\$	(%) of revenue	HK\$	(%) of revenue	
Distribution and advertising expenses	24,653,000	2.3%	25,856,000	2.6%	(4.7%)
Administrative and other operating expenses	427,116,000	40.3%	415,272,000	41.4%	2.9%
Total operating expenses	451,769,000	42.6%	441,128,000	44.0%	2.4%

Note:

1. Comparable store sales growth represents a comparison of sales of the same store having full six-month operations during the comparable periods.

# Management Discussion and Analysis *(Continued)*

## Distribution Network

Established in 1991, the Group is the largest houseware retail chain in Hong Kong, Singapore and Macau<sup>(1)</sup>. The Group offers quality houseware products through an extensive retail network comprising 363 stores in Hong Kong, Singapore, Macau, Malaysia, Saudi Arabia, Cambodia, Australia and Vietnam under renowned brands including JHC, JHC Concept Store, City Life, 123 by ELLA, Japan Home, Easy Buy and JHCeshop. Supported by extensive sourcing channels and high quality private label products, the Group provides a full range of houseware items at competitive prices, giving customers a “one-stop” shopping experience.

The Group believes that the cumulative brand awareness it enjoys over the years, its steadily-growing extensive retail network and large global supplier network have contributed and will continue to contribute to continuous business development. The Group remains positive about its business prospects in the medium-to-long-term and plans to continue to expand its operations in Hong Kong, Singapore and Macau. At the same time, it will continue to prudently restructure its store portfolio in Singapore, closing down underperforming stores to minimise the negative effects on its retail business as a whole, focusing on profitable stores and opening new stores in areas with high potential. The following table sets forth the number of our stores worldwide:

	As at 31 October 2017	As at 30 April 2017	Net increase/ (decrease)
<b>The Group's directly managed stores</b>			
Hong Kong	291	290	1
Singapore	51	57	(6)
Macau	9	8	1
Sub-total	351	355	(4)
<b>The Group's licenced stores</b>			
East Malaysia	1	1	–
Saudi Arabia	5	5	–
Cambodia	3	3	–
Australia	2	2	–
Vietnam	1	–	1
Sub-total	12	11	1
<b>Total</b>	<b>363</b>	<b>366</b>	<b>(3)</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, share awards 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 awards and share options for supervisory and managerial staff.

As at 31 October 2017, the Group employed approximately 2,160 employees (31 October 2016: 2,118 and 30 April 2017: 2,225). Total staff costs for the Period were HK\$156,150,000 (2016/17: HK\$149,007,000).

Note:

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

# Management Discussion and Analysis *(Continued)*

## Operational Review by Business Segments

The Group's business segments by nature include retail, wholesale and licencing and others. Driven by the opening of new stores and growth in overall comparable store sales as well as the increase in customer average spending per transaction, retail revenue of the Group for the Period reached a record high with 6% growth, and continued to be the primary revenue driver. In addition, the Group continued to increase the variety of product offerings to help capture additional market opportunities and expand its customer base. These endeavours contributed to the retail revenue reaching HK\$1,047,801,000 (2016/17: HK\$988,341,000), which also included consignment sales commission income, accounting for 98.8% (2016/17: 98.6%) of the Group's total revenue.

The income of the wholesale business, from licensing and others together decreased by 14% to HK\$12,206,000 (2016/17: HK\$14,193,000) against the same period last year.

## Operational Review by Geographical Locations

### Operation Review – Hong Kong

Hong Kong remained the key market of the Group, accounting for 87.1% (2016/17: 87.3%) of its total revenue. Revenue from Hong Kong for the Period reached a record high totalling HK\$923,151,000 (2016/17: HK\$875,406,000), a 5.5% increase, whereas comparable store sales had a relatively healthy growth<sup>(1)</sup> of 4.6% (2016/17: 5%). The net profit in Hong Kong for the Period was HK\$44,088,000 (2016/17: HK\$39,243,000), representing an increase of 12.3% with the net profit margin of 4.8% (2016/17: 4.5%).

### Operation Review – Singapore

In the first half of the financial year, the management team from the Group assisted the team in Singapore to re-shaping its merchandise offering, clearing and re-allocating slow moving products, to get the business onto an effective footing. With customers responding favourably to the programme, inventory turnover correspondingly improved and, more importantly, the Group was able to convert the old inventory into cash as well. In early second quarter of the financial year, the Group started to bring in new products and increase the number of SKU as planned, in which it saw encouraging improvement both in sales and gross profit margin. The revenue increased by 9.9% to HK\$119,470,000 (2016/17: HK\$108,677,000) during the Period. As a result, the Group has been closing the gap for over the Period. Singapore remains a strategic market of the Group and is expected to achieve moderate growth as the Group is optimistic about achieving profitability in the medium-to-long-term.

### Operation Review – Macau

Macau was severely hit by the most powerful typhoon in over half a century in August 2017. As a result, the Group's Macau revenue recorded a 5.8% decrease to HK\$17,386,000 (2016/17: HK\$18,451,000), while still achieving profitability and continued to deliver satisfactory results for the Period.

Note:

1. Comparable store sales growth represents a comparison of sales of the same store having full six-month operations during the comparable periods.



# Management Discussion and Analysis *(Continued)*

## Prospects

International Housewares Retail Company Limited's strategy is to provide a wide-range of quality daily necessity products at reasonable prices to customers anywhere and anytime. "Talent", "Products" and "Retail Channels" are the emphases of the Group, echoing the key elements vital to achieving success in the retail industry. Looking ahead, the Group will continue to step up efforts in the three areas. The management team believes such efforts will enhance the Group's competitiveness facing a soft market and strengthen its performance in the second half of the financial year.

Moving forward, the Group shall push ahead with market driven innovation and the pursuit of operational excellence, and focus on delivering value-added experience to customers on top of meeting their needs. On this solid foundation and with scale advantage, the Group has been able to respond to market fluctuation and competitive challenges in an effective and flexible manner and stay on track in achieving its long-term goals. In combating economic challenges, the Group has continued to strengthen its product mix, improving the design and packaging of products with innovation and drawing on its deep understanding of consumer preferences. In particular, to exploit its "product branding + retail branding" business model to the full, the Group will strengthen promotion of its private label, positioning it as substitute goods of international brands so as to gain customer loyalty, broaden customer base as well as enhance the reputation of its brand. For "123 by ELLA", the Group will bolster the brand by adding under it trendy, simple and cozy products to win the hearts of consumers. The Group will also focus on product details and differentiation, and mix-and-match of different products to make the shopping experience "simple and fast" for consumers. The Group targets to open more "123 by ELLA" stores in the near future.

E-commerce is another area of focus in the Group's business expansion plans. More customers are ordering products online at "JHCeshop" and collecting them in physical stores. Heeding this trend, the Group has been working hard to ensure it offers more attentive and convenient services online, represented by the launch of the in-store online shopping iPanel "Easy Buy" offering to customers a broader range and exclusive online products, plus the option to pick up products at their preferred store. The initiative allows sharing of inventory between stores on- and off-line. The Group believes tying together "JHCeshop", its physical stores and other forms of omni-channels such as "J Fun APPs" and "Facebook" will present it with growth potential. The Group is transforming and taking on a new retail business model – integrating its physical stores with e-commerce operations, providing conveniences that enable customers to buy its products anywhere, anytime and with the products delivered to the most convenient pick-up location for customers. The Group will continue to build an operating platform with omni-channels at the core, a business model which will benefit future business development.

To solidify its position in Singapore, the Group shall take further steps to fortify supply chain stability, including supplier management and timely, accurate and intelligent information. In the first half of the financial year, the Group embarked on a stock clearance programme in Singapore. With customers responding favourably to the programme, inventory turnover correspondingly improved and, more importantly, the Group was able to convert the old inventory into cash as well. In early second quarter of the financial year, the Group started to bring in new products and increase the number of SKU as planned, by which it saw encouraging improvement both in sales and gross profit margin. At the same time, staff costs and other operating expenses declined during the Period, in line with a smaller workforce as a result of the Group streamlining the organisational structure and closing unprofitable retail stores there. The Group is pleased that, through the concerted efforts of employees in Singapore, it was able to address for the better every expense item of the businesses in the market. As a result of the above mentioned efforts, we have been closing our gap over the Period. The Group intends to continue to focus on exercising supply chain strengthening, prudent cost control, and improving operational efficiencies in this market. Singapore remains a strategic market of the Group and it expects to achieve moderate growth there. The Group is optimistic about the market starting to make profit in the medium-to-long-term.

# Management Discussion and Analysis *(Continued)*

## **Prospects** *(Continued)*

Expecting the second half of this financial year to continue to be challenging, the Group will strive to maintain leadership in the Hong Kong market and continue to focus on the Singapore market. Going forward, having built a large and strong global supplier network in the past 25 years, the Group has the ability to secure a stable and continuous supply of a wide variety of products at competitive prices. In addition, the Group will continue to carefully manage expenses so as to maximise return on capital. The Group believes with it enjoying a cumulative brand awareness and support of an extensive and steadily growing shop network, a sizeable membership base, a large global supplier network and our ongoing supply chain reinforcement and optimization, it will see continuous development of its business. Furthermore, with sufficient cash flow, the Group is poised to explore potential investment opportunities for achieving higher gains, including subscription of wealth management products using idle cash, thus generating greater returns for shareholders.

# Report on Review of Interim Financial Information from Independent Auditor

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

## Introduction

We have reviewed the interim financial information set out on pages 11 to 27, which comprises the condensed consolidated interim balance sheet of International Housewares Retail Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 31 October 2017 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers  
*Certified Public Accountants*

Hong Kong, 19 December 2017

# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 October 2017

	Note	Unaudited six months ended 31 October	
		2017 HK\$'000	2016 HK\$'000
Revenue	6	1,060,007	1,002,534
Cost of sales		(569,701)	(531,539)
<b>Gross profit</b>		<b>490,306</b>	<b>470,995</b>
Other income		6,113	6,740
Other losses, net		(492)	(338)
Distribution and advertising expenses		(24,653)	(25,856)
Administrative and other operating expenses		(427,116)	(415,272)
<b>Operating profit</b>	7	<b>44,158</b>	<b>36,269</b>
Finance income		1,301	744
Finance costs		(403)	(604)
<b>Profit before income tax</b>		<b>45,056</b>	<b>36,409</b>
Income tax expense	8	(9,396)	(7,639)
<b>Profit for the period</b>		<b>35,660</b>	<b>28,770</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		862	(272)
<b>Total comprehensive income for the period</b>		<b>36,522</b>	<b>28,498</b>
<b>Profit/(loss) for the period attributable to:</b>			
Equity holders of the Company		39,378	34,236
Non-controlling interests		(3,718)	(5,466)
		<b>35,660</b>	<b>28,770</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		40,295	33,934
Non-controlling interests		(3,773)	(5,436)
		<b>36,522</b>	<b>28,498</b>
<b>Earnings per share attributable to equity holders of the Company</b> (expressed in HK cents per share)	9		
Basic earnings per share		5.50	4.78
Diluted earnings per share		5.49	4.78

The notes on pages 16 to 27 form an integral part of the interim financial information.

# Condensed Consolidated Interim Balance Sheet

As at 31 October 2017

	Note	Unaudited 31 October 2017 HK\$'000	Audited 30 April 2017 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	141,827	105,145
Investment property	11	13,525	12,980
Intangible assets	11	27,377	27,229
Deferred income tax assets		6,627	6,678
Non-current deposits and other receivables	12	98,537	78,282
		287,893	230,314
<b>Current assets</b>			
Inventories		241,622	252,842
Trade and other receivables	12	72,600	71,285
Amounts due from shareholders		726	465
Income tax recoverable		1,484	1,555
Pledged bank deposits		4,347	6,067
Bank deposits with initial terms of over three months		390	389
Cash and cash equivalents		347,806	403,753
		668,975	736,356
<b>Total assets</b>		<b>956,868</b>	<b>966,670</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital and share premium	13	581,125	581,565
Reserves		126,095	125,960
		707,220	707,525
<b>Non-controlling interests</b>		<b>(10,410)</b>	<b>(6,637)</b>
<b>Total equity</b>		<b>696,810</b>	<b>700,888</b>

# Condensed Consolidated Interim Balance Sheet *(Continued)*

As at 31 October 2017

	Note	Unaudited 31 October 2017 HK\$'000	Audited 30 April 2017 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		2,807	2,741
Loans due to a non-controlling shareholder of a subsidiary		1,090	572
Provision for reinstatement costs		3,763	3,007
Borrowings		687	759
		<b>8,347</b>	<b>7,079</b>
<b>Current liabilities</b>			
Trade and other payables	15	185,163	211,721
Amount due to a non-controlling shareholder of a subsidiary		267	260
Loans due to non-controlling shareholders of subsidiaries		2,228	485
Borrowings	16	30,482	21,667
Current income tax liabilities		33,571	24,570
		<b>251,711</b>	<b>258,703</b>
<b>Total liabilities</b>		<b>260,058</b>	<b>265,782</b>
<b>Total equity and liabilities</b>		<b>956,868</b>	<b>966,670</b>

The notes on pages 16 to 27 form an integral part of the interim financial information.

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 October 2017

	Note	Unaudited				Total Equity HK\$'000
		Attributable to equity holders of the Company			Non- controlling interest HK\$'000	
		Share capital and share premium HK\$'000	Reserves HK\$'000	Total HK\$'000		
<b>At 1 May 2017</b>		581,565	125,960	707,525	(6,637)	700,888
<b>Comprehensive income:</b>						
Profit/(loss) for the period		–	39,378	39,378	(3,718)	35,660
Other comprehensive income:						
Currency translation differences		–	917	917	(55)	862
Total comprehensive income for the period		–	40,295	40,295	(3,773)	36,522
<b>Transactions with owners:</b>						
Buy back of shares for cancellation		(440)	–	(440)	–	(440)
Purchase of own shares for share award scheme		–	(1,633)	(1,633)	–	(1,633)
Employee share option and share award scheme:						
– value of employee services		–	1,550	1,550	–	1,550
Dividends	10	–	(40,077)	(40,077)	–	(40,077)
Total transactions with owners		(440)	(40,160)	(40,600)	–	(40,600)
<b>At 31 October 2017</b>		581,125	126,095	707,220	(10,410)	696,810
<b>At 1 May 2016</b>		581,051	114,684	695,735	(966)	694,769
<b>Comprehensive income:</b>						
Profit/(loss) for the period		–	34,236	34,236	(5,466)	28,770
Other comprehensive income:						
Currency translation differences		–	(302)	(302)	30	(272)
Total comprehensive income for the period		–	33,934	33,934	(5,436)	28,498
<b>Transactions with owners:</b>						
Issue of ordinary shares to a non-controlling shareholder		–	–	–	4,096	4,096
Change in equity interests in subsidiaries without change of control		–	(2,103)	(2,103)	1,184	(919)
Employee share option and share award scheme:						
– value of employee services		–	1,105	1,105	–	1,105
Dividends	10	–	(40,073)	(40,073)	–	(40,073)
Total transactions with owners		–	(41,071)	(41,071)	5,280	(35,791)
<b>At 31 October 2016</b>		581,051	107,547	688,598	(1,122)	687,476

The notes on pages 16 to 27 from an integral part of the interim financial information.

# Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 31 October 2017

	Unaudited six months ended 31 October	
	2017 HK\$'000	2016 HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operation	40,022	61,821
Income tax (paid)/refund	(239)	341
Net cash generated from operating activities	39,783	62,162
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(42,984)	(22,242)
Prepayment for purchase of property, plant and equipment	(24,567)	–
Increase in bank deposits with initial terms of over three months	(1)	(15)
Interest received	1,301	744
Net cash used in investing activities	(66,251)	(21,513)
<b>Cash flows from financing activities</b>		
Repurchase of ordinary shares for cancellation	(440)	–
Purchase of treasury shares	(1,633)	–
Proceeds from loan from non-controlling shareholders	2,215	2,182
Decrease/(increase) in pledged bank deposits	1,720	(10)
Net increase in trust receipt loans	8,752	1,074
Dividend paid	(40,077)	(40,073)
Proceeds paid for increase in equity interests in subsidiaries without change of control	–	(919)
Other financing cash flow – net	(467)	(122)
Net cash used in financing activities	(29,930)	(37,868)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(56,398)</b>	<b>2,781</b>
Cash and cash equivalents at beginning of the period	403,753	406,080
Currency translation differences	451	3
<b>Cash and cash equivalents at end of the period</b>	<b>347,806</b>	<b>408,864</b>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at bank and on hand	140,709	223,030
Short-term bank deposits with original maturity within three months	207,097	185,834
	347,806	408,864

The notes on pages 16 to 27 form an integral part of the interim financial information.



# Notes to the Condensed Consolidated Interim Financial Information

## 1 General information

International Housewares Retail Company Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in retail sales and trading of houseware products, licensing 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, 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.

This interim financial information is presented in HK dollars, unless otherwise stated. This interim financial information was approved for issue on 19 December 2017.

This condensed consolidated interim financial information has been reviewed, but not audited.

## 2 Basis of presentation

The condensed consolidated interim financial information for the six months ended 31 October 2017 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 April 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 3 Principal accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2017, as described in those annual financial statements.

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

The following amendments to standards and interpretations are mandatory for the Group’s financial year beginning on or after 1 May 2017. The adoption of these amendments and interpretations does not have any significant impact to the results and financial position of the Group, except that certain disclosure has been extended.

		Effective for accounting period beginning on or after
Amendment to HKAS 7	Statement of Cash Flows	1 January 2017
Amendment to HKAS 12	Income Taxes	1 January 2017
Annual Improvements Project	Annual Improvements 2014-2016 Cycle	1 January 2017 or 1 January 2018, as appropriate

# Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

## 3 Principal accounting policies *(Continued)*

The following standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 May 2017 and have not been early adopted by the Group:

Amendment to HKAS 40	Transfers of Investment Property	1 January 2018
Amendment to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendment to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendment to HKFRS 15	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019
Annual Improvements Project	Annual Improvements 2014-2016 Cycle	1 January 2017 or 1 January 2018, as appropriate

The Group is currently assessing the impact of the adoption of the above new standards, amendments to standards and interpretation that have been issued but are not effective for annual periods beginning on 1 May 2017.

### HKFRS 9, “Financial instruments”

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and financial liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Despite that the new impairment model may result in an earlier recognition of credit losses, based on management's current assessment, the adoption of the new model is unlikely to have significant impact on the Group's financial performance and position.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not plan to early adopt this standard.

### HKFRS 15, “Revenue from contracts with customers”

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group has assessed the impact of the adoption of HKFRS 15 and does not expect the adoption would have a material impact other than presenting more disclosures.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

# Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

## 3 Principal accounting policies *(Continued)*

The following standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 May 2017 and have not been early adopted by the Group: (Continued)

### HKFRS 16, “Leases”

HKFRS 16 will result in almost all leases being recognised on the condensed consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$589,768,000. The new standard will therefore result in an increase in assets and financial liabilities in the Group’s consolidated balance sheets upon adoption. As for the financial performance impact in the Group’ consolidated statements of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the Group’s profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

## 4 Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 April 2017.

## 5 Financial risk management

### 5.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 30 April 2017. There have been no significant changes in the risk management policies since the year end.

### 5.2 Fair value estimation

The carrying amount of the non-current prepayment and deposits, trade and other receivables, amount due from shareholders, pledged bank deposits, bank deposits with initial terms of over three months, cash and cash equivalents, loans due to non-controlling shareholders of subsidiaries, trade and other payables, amount due to a non-controlling shareholder of a subsidiary and borrowings as at 31 October 2017 and 30 April 2017 approximate their fair value.

# Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

## 6 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 have 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 six months ended 31 October 2017 is as follows:

	Retail HK\$'000	Wholesales HK\$'000	Licencing and others HK\$'000	Total HK\$'000
Segment revenue (all from external customers)	1,047,801	12,081	125	1,060,007
Cost of sales	(560,129)	(9,572)	–	(569,701)
Segment results	487,672	2,509	125	490,306
Gross profit%**	46.54%	20.77%	–	46.25%
Other income				6,113
Other losses, net				(492)
Distribution and advertising expenses				(24,653)
Administrative and other operating expenses				(427,116)
<b>Operating profit</b>				<b>44,158</b>
Finance income				1,301
Finance costs				(403)
<b>Profit before income tax</b>				<b>45,056</b>
Income tax expense				(9,396)
<b>Profit for the period</b>				<b>35,660</b>

\*\* Gross profit% is calculated by gross profit (segment results) divided by revenue (segment revenue).

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the six months ended 31 October 2017. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue for the six months ended 31 October 2017.

## Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

### 6 Segment information *(Continued)*

The segment information provided to the executive directors for the reportable segments for the six months ended 31 October 2016 is as follows:

	Retail HK\$'000	Wholesales HK\$'000	Licencing and others HK\$'000	Total HK\$'000
Segment revenue (all from external customers)	988,341	13,635	558	1,002,534
Cost of sales	(520,414)	(11,125)	–	(531,539)
Segment results	467,927	2,510	558	470,995
Gross profit%**	47.34%	18.41%	–	46.98%
Other income				6,740
Other losses, net				(338)
Distribution and advertising expenses				(25,856)
Administrative and other operating expenses				(415,272)
<b>Operating profit</b>				<b>36,269</b>
Finance income				744
Finance costs				(604)
<b>Profit before income tax</b>				<b>36,409</b>
Income tax expense				(7,639)
<b>Profit for the period</b>				<b>28,770</b>

\*\* Gross profit% is calculated by gross profit (segment results) divided by revenue (segment revenue).

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the six months ended 31 October 2016. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue for the six months ended 31 October 2016.

Revenue from external customers in Hong Kong, Singapore and Macau are as follows:

	For the six months ended 31 October	
	2017 HK\$'000	2016 HK\$'000
Hong Kong	923,151	875,406
Singapore	119,470	108,677
Macau	17,386	18,451
	<b>1,060,007</b>	<b>1,002,534</b>

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

	As at	
	31 October 2017 HK\$'000	30 April 2017 HK\$'000
Hong Kong	180,393	145,553
Mainland China	49,140	23,278
Singapore	23,127	26,463
Macau	1,229	1,113
	<b>253,889</b>	<b>196,407</b>

# Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

## 7 Operating profit

An analysis of the amounts presented as operating items in the interim financial information is given below.

	For the six months ended 31 October	
	2017 HK\$'000	2016 HK\$'000
Employee benefit expenses (including directors' emoluments)	156,150	149,007
Operating lease payment	186,281	180,313
Depreciation of property, plant and equipment	14,203	13,844
Amortisation of intangible assets	312	312
Loss on disposal of property, plant and equipment	492	338
Net exchange (gain)/loss	(1,924)	1,378

## 8 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit. Overseas profits tax has been provided at the standard tax rate of the respective entities according to local tax laws.

	For the six months ended 31 October	
	2017 HK\$'000	2016 HK\$'000
Hong Kong profits tax		
– current year	9,066	8,519
– Under/(over)-provision in prior years	261	(1,087)
Overseas taxation	18	227
	9,345	7,659
Deferred income tax	51	(20)
Income tax expense	9,396	7,639

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 30 April 2018 is 16.3% (the estimated tax rate used for the year ended 30 April 2017 and applied to the six months ended 31 October 2016 was 16.9%).

The Hong Kong Inland Revenue Department is conducting a field audit on three subsidiaries of the Group and had issued additional assessments for the years of assessment 2003/04 to 2010/11 to the three subsidiaries, demanding tax totalling HK\$22,955,000. These assessments were protective assessments issued before the expiry of the statutory time-barred period pending the result of the field audit.

Management has recorded income tax provision of HK\$2,374,000 (as at 30 April 2017: HK\$2,113,000) in the Group's consolidated balance sheet as at 31 October 2017 to cover the total potential additional tax, penalty surcharge and interest. Based on the advice sought from the Group's tax representative and self-assessment, management considers that this amount appropriately reflects the Group's additional liability based on the current status of the case.

Mr Lau Pak Fai, Peter and Ms Ngai Lai Ha, directors of the Company, and Red Home Holding Limited, a shareholder 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.

## Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

### 9 Earnings per share

#### (a) Basic

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holders of the Company and on the weighted average number of shares in issue during the period.

	For the six months ended 31 October	
	2017	2016
Profit attributable to equity holders of the Company (HK\$'000)	39,378	34,236
Weighted average number of shares in issue ('000)	716,229	715,653
Basic earnings per share (HK cents)	5.50	4.78

#### (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. The Company has two categories of dilutive potential ordinary share: share options and share awards. The number of shares that would have been issued assuming the vesting of share awards and exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	For the six months ended 31 October	
	2017	2016
Profit attributable to equity holders of the Company (HK\$'000)	39,378	34,236
Weighted average number of shares for diluted earnings per share ('000)	717,796	716,603
Diluted earnings per share (HK cents)	5.49	4.78

### 10 Dividends

In the current period, a final dividend of HK\$40,077,000 in relation to the year ended 30 April 2017 was declared and paid.

On 19 December 2017, the Board resolved to declare an interim dividend of HK5.2 cents (2016: HK5.0 cents) per share, totaling HK\$37,288,000 (2016: HK\$35,802,000). The proposed dividend has not been recognized as a liability in this interim financial information but will be reflected as an appropriation of retained profits for the year ending 30 April 2018.

# Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

## 11 Property, plant and equipment, investment property and intangible assets

	Property, plant and equipment HK\$'000	Investment property HK\$'000	Intangible Assets			Total HK\$'000
			Trademark HK\$'000	Goodwill HK\$'000	Sub Total HK\$'000	
Six months ended 31 October 2017						
Net book value						
As at 1 May 2017	105,145	12,980	21,298	5,931	27,229	145,354
Additions	50,999	–	–	–	–	50,999
Disposals	(492)	–	–	–	–	(492)
Depreciation and amortisation	(14,203)	–	(312)	–	(312)	(14,515)
Exchange difference	378	545	460	–	460	1,383
As at 31 October 2017	141,827	13,525	21,446	5,931	27,377	182,729
Six months ended 31 October 2016						
Net book value						
As at 1 May 2016	103,345	13,782	22,549	5,931	28,480	145,607
Additions	22,282	–	–	–	–	22,282
Disposals	(338)	–	–	–	–	(338)
Depreciation and amortisation	(13,844)	–	(312)	–	(312)	(14,156)
Exchange difference	(792)	(615)	(707)	–	(707)	(2,114)
As at 31 October 2016	110,653	13,167	21,530	5,931	27,461	151,281

The Group's investment property were revaluated at 30 April 2017. No valuation was performed during the period as there was no indication of significant changes in the values since previous annual reporting date.

## 12 Trade and other receivables

	As at	
	31 October 2017 HK\$'000	30 April 2017 HK\$'000
Trade receivables	8,132	11,590
Less: provision for impairment of trade receivables	(2,463)	(2,463)
	5,669	9,127
Prepayments	42,946	22,514
Deposits and other receivables	122,522	117,926
	171,137	149,567
Less: non-current portion		
Deposits	(62,922)	(60,684)
Prepayment for purchase of property, plant and equipment	(35,615)	(17,598)
Current portion	72,600	71,285



## Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

### 12 Trade and other receivables *(Continued)*

The Group normally makes sales to customers on a cash-on-delivery basis for retail sales. At 31 October 2017 and 30 April 2017, the ageing analysis of trade receivables based on invoice date was as follows:

	As at	
	31 October 2017 HK\$'000	30 April 2017 HK\$'000
1 – 3 months	5,669	9,010
4 – 6 months	–	–
6 – 12 months	–	2,580
Over 12 months	2,463	–
	<b>8,132</b>	<b>11,590</b>
Less: provision for impairment of receivables	(2,463)	(2,463)
	<b>5,669</b>	<b>9,127</b>

### 13 Share capital and share premium

	Number of shares (thousands)	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
As at 1 May 2017	718,730	71,873	509,692	581,565
Buy back of shares (Note (a))	(300)	(30)	(410)	(440)
As at 31 October 2017	718,430	71,843	509,282	581,125
As at 1 May 2016 and 31 October 2016	718,254	71,825	509,226	581,051

Note:

- (a) During the period ended 31 October 2017, the Company acquired 300,000 of its own shares through purchases from the Hong Kong Stock Exchange on 7 August 2017. The total amount paid to acquire the shares was HK\$440,000. These shares have been cancelled and have been deducted from share capital and share premium.

### 14 Share award scheme

On 24 July 2015, a new share award scheme (the “Share Award Scheme”) was approved and adopted by the Board of Directors of the Company. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 10 years from the date of adoption.

The number of shares to be awarded under the Scheme throughout its duration is limited to 5% of the issued share capital of the Company from time to time. The maximum number of shares which may be granted to a selected employee under the scheme shall not exceed 1% of the issued share capital of the Company from time to time.

During the period ended 31 October 2017, 488,000 shares were granted to selected participants pursuant to the Share Award Scheme (2016: 1,598,000). 1,315,000 treasury shares were distributed to the participants whose share awards have been vested during the period ended 31 October 2017 (2016: 445,000). For the period ended 31 October 2017, total expense recognised in the consolidated income statement for Share Award Scheme is approximately HK\$1,422,000 (2016: HK\$794,000).

## Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

### 15 Trade and other payables

	As at	
	31 October 2017 HK\$'000	30 April 2017 HK\$'000
Trade payables	134,890	160,702
Other payables and accruals	32,504	36,332
Deposits received	144	170
Receipts in advance and cash coupons	6,716	4,067
Provision for customer loyalty programs	3,935	3,576
Provision for employee benefits	6,974	6,874
	<b>185,163</b>	<b>211,721</b>

(a) The carrying values of trade and other payables approximate their fair values as at 31 October 2017 and 30 April 2017.

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

	As at	
	31 October 2017 HK\$'000	30 April 2017 HK\$'000
0 – 30 days	49,862	84,273
31 – 60 days	61,436	45,077
61 – 90 days	16,762	21,248
91 – 120 days	5,178	6,084
Over 120 days	1,652	4,020
	<b>134,890</b>	<b>160,702</b>

### 16 Borrowings

	As at	
	31 October 2017 HK\$'000	30 April 2017 HK\$'000
Non-current		
Finance lease liabilities	687	759
Current		
Trust receipt loans, secured and contain a repayment on demand clause	30,301	21,491
Finance lease liabilities	181	176
	<b>30,482</b>	<b>21,667</b>
	<b>31,169</b>	<b>22,426</b>

Interest expense on borrowings for the six months ended 31 October 2017 is approximately HK\$403,000 (2016: HK\$604,000).

# Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

## 16 Borrowings *(Continued)*

The Group has the following undrawn banking facilities:

	As at	
	31 October 2017 HK\$'000	30 April 2017 HK\$'000
Floating rates		
– expiring within one year	178,257	160,759

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

## 17 Contingent liabilities

The Group's bankers have given guarantees in lieu of deposits amounting to approximately HK\$15,908,000 as at 31 October 2017 (30 April 2017: HK\$15,927,000) to the Group's landlords and utility providers. These guarantees are counter indemnified by corporate guarantees and pledged deposits provided by certain subsidiaries.

## 18 Transactions with non-controlling interests

During the period ended 31 October 2016, the Group acquired additional interests in JHC Ella Limited from non-controlling shareholders, which increased the Group's shareholding in this subsidiary from 71.25% to 77.5%.

Effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the period ended 31 October 2016:

	For the six months ended 31 October 2016 HK\$'000
Changes in equity attributable to owners of the Company arising from:	
– Acquisition of additional interests in a subsidiary	(2,103)

## 19 Significant related party transactions

Other than those transactions or balances disclosed elsewhere in the condensed consolidated interim financial information, the following transactions were carried out with related parties in the normal course of the Group's business during the period:

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

### (a) Sales of goods and services

	Note	For the six months ended	
		31 October 2017 HK\$'000	2016 HK\$'000
Management fee income:			
– JHC (Investment) Limited	(i)	20	–
– Mulan's Garden (HK) Limited	(i)	20	20
– Hong Sing Investment Limited	(i)	10	10
– Peter's Kitchen Limited	(i)	15	–

# Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

## 19 Significant related party transactions *(Continued)*

### (b) Purchase of goods and services

	Note	For the Six months ended 31 October	
		2017 HK\$'000	2016 HK\$'000
Operating lease rentals in respect of retail shops to related companies:			
– Mulan's Garden (HK) Limited	(i)	3,106	3,216
– JHC (Investment) Limited	(i)	544	453
– Hong Sing Investment Limited	(i)	7,139	6,986
– Charm Rainbow Limited	(i)	972	972
– Hugo Grand Limited	(i)	3,121	2,800
Consultancy fee to a non-controlling shareholder of a subsidiary	(ii)	–	62

Notes:

- (i) Management fee and operating lease rentals were charged based on terms mutually agreed between the relevant parties.
- (ii) Consultancy fee to a non-controlling shareholder of a subsidiary were charged based on the terms mutually agreed with the relevant parties.

### (c) Key management compensation

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

	For the six months ended 31 October	
	2017 HK\$'000	2016 HK\$'000
Short-term employee benefits	6,571	6,452
Post-employment benefits – defined contribution plans	98	102
Other long-term benefits	1,292	805
	7,961	7,359

## Other Information

### Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 October 2017, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name and Category	Capacity/ Nature of Interest	Number of shares of the Company	Number of underlying shares of the Company – share option	Number of underlying shares of the Company – share award	Total interest (Note 1)	Approximate percentage of shareholding as at 31 October 2017*
<b>Directors</b>						
Mr. LAU Pak Fai Peter	Interest in a controlled corporation	324,000,000 (Note 2)			335,383,000	46.68%
	Personal interest	10,358,000	1,025,000 (Note 3)			
Ms. NGAI Lai Ha	Interest in a controlled corporation	324,000,000 (Note 4)			337,761,000	47.01%
	Personal interest	12,736,000	1,025,000 (Note 3)			
Mr. CHENG Sing Yuk	Personal interest	173,000	1,761,500 (Note 5)	60,000 (Note 6)	1,994,500	0.28%
Mr. CHONG Siu Hong	Personal interest	461,000		695,000 (Note 6)	1,156,000	0.16%
Mr. MANG Wing Ming Rene	Personal interest	156,000	100,000 (Note 3)		256,000	0.04%

\* The percentage was calculated based on 718,429,700 shares in issue as at 31 October 2017.

#### Notes:

- All the above shares and underlying shares are long position.
- 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.
- These represent the shares to be issued and allotted by the Company upon exercise of the options granted under the Share Option Scheme (as defined in the section headed "Share Option Scheme" of this report).
- 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.
- These represent (i) 627,500 shares to be issued and allotted by the Company upon exercise of the options granted under the Share Option Scheme (as defined in the section headed "Share Option Schemes" of this report) and (ii) 1,134,000 shares to be issued and allotted by the Company upon exercise of the options granted under the Pre-IPO Share Option Scheme (as defined in the section headed "Pre- IPO Share Option Schemes" of this report).
- These represent the shares granted by the Company under the Share Award Scheme (as defined in the section headed "Share Award Scheme" of this report).

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 31 October 2017, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information *(Continued)*

### Substantial Shareholders' Interests in Shares and Underlying Shares

As at 31 October 2017, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity/Nature of Interest	Number of shares of the Company (Note 1)	Approximate percentage of shareholding as at 31 October 2017*
Hiluleka Limited	Beneficial owner	324,000,000 (Note 2)	45.10%
FIL Limited	Interest of corporation controlled by the substantial shareholder	92,845,970 (Note 3)	12.92%
FMR LLC	Interest of corporation controlled by the substantial shareholder	71,877,829 (Note 3)	10.00%
483A Bay Street Holdings Management LLC	Interest of corporation controlled by the substantial shareholder	38,562,000	5.37%
Grandeur Peak Global Advisors, LLC	Investment manager	51,441,000	7.16%

\* The percentage was calculated based on 718,429,700 shares in issue as at 31 October 2017.

Notes:

1. All the above shares are long position.
2. The shares are taken to have a duty of disclosure as described in Notes (2) and (4) under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" under the SFO.
3. FMR LLC is deemed to have interests in 71,877,829 shares of the Company held by Fidelity (Canada) Asset Management ULC in 34,532,970 shares, Fidelity Management & Research (Hong Kong) Limited in 32,133,000 shares and FMR CO., INC in 5,207,000 shares respectively. Fidelity Management & Research (Hong Kong) Limited and FMR CO., INC are wholly-owned subsidiaries of FMR LLC. Fidelity (Canada) Asset Management ULC is wholly-owned subsidiary of 483 Bay Street Holdings LP, which is owned by Fidelity Canada Investors LLC (82%), Fidelity Canada Investors LLC is owned by certain employees and shareholders of FMR LLC.. According to the disclosure of interests forms, 483A Bay Street Holdings LP is owned by Fidelity Canada Investors LLC (64%) and FIL Limited (36%). It has indirect interest in 38,739,970 shares.

Save as disclosed above, as at 31 October 2017, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### 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 below) and for such other purposes as the Board may approve from time to time. The Participants include 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, unless the Company obtains a fresh approval from its shareholders. The options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating such 10% limit. At the date of this report, the total number of shares available for issue under the Share Option Scheme is 71,524,000 shares, representing approximately 9.96% of the Company's issued share capital as at the same date.

## Other Information *(Continued)*

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 31 October 2017, options to subscribe for an aggregate of 6,679,000 shares of the Company granted to Directors and certain employees pursuant to the Share Option Scheme remained outstanding, details of which were as follows:

Name and Category of participants	Date of grant	Exercise prices of share options HK\$ per share	Exercise periods of share options	Number of shares options			
				At 1 May 2017	Exercised/ granted during the Period	Forfeited during the Period	At 31 October 2017
<b>Directors</b>							
Mr. LAU Pak Fai Peter (Note 1)	28/02/2014	3.86	31/10/2014 to 27/02/2022 (Notes 2)	325,000	-	-	325,000
	12/11/2014	1.93	31/10/2015 to 11/11/2022 (Notes 3(i),(v)&(vi))	350,000	-	-	350,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 (Notes 4(i),(v)&(vi))	350,000	-	-	350,000
				1,025,000			1,025,000
Ms. NGAI Lai Ha (Note 1)	28/02/2014	3.86	31/10/2014 to 27/02/2022 (Notes 2)	325,000	-	-	325,000
	12/11/2014	1.93	31/10/2015 to 11/11/2022 (Notes 3(i),(v)&(vi))	350,000	-	-	350,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 (Notes 4(i),(v)&(vi))	350,000	-	-	350,000
				1,025,000			1,025,000
Mr. CHENG Sing Yuk	28/02/2014	3.86	31/10/2014 to 27/02/2022 (Notes 2)	187,500	-	-	187,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 (Notes 3(ii),(v)&(vi))	220,000	-	-	220,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 (Notes 4(ii),(v)&(vi))	220,000	-	-	220,000
				627,500			627,500
Mr. MANG Wing Ming Rene	12/11/2014	1.93	31/10/2015 to 11/11/2022 (Notes 3(iii),(v)&(vi))	100,000	-	-	100,000
				100,000			100,000
Sub-total				2,777,500	-	-	2,777,500
<b>Employees</b>							
In aggregate	28/02/2014	3.86	31/10/2014 to 27/02/2022 (Notes 2)	937,500	-	-	937,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 (Notes 3(iv)&(vi))	1,520,000	-	-	1,520,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 (Notes 4(iv)&(vi))	1,444,000	-	-	1,444,000
Sub-total				3,901,500	-	-	3,901,500
<b>Total</b>				<b>6,679,000</b>	<b>-</b>	<b>-</b>	<b>6,679,000</b>

## Other Information *(Continued)*

### 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;
  - (iv) Out of the total 1,775,000 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; and
  - (v) Closing price of the shares of the Company immediately before the date on which the options were granted was HK\$3.80 per share.
3. The options, granted on 12 November 2014, are exercisable from 31 October 2015 to 11 November 2022 (both days inclusive) in the following manner:
  - (i) up to 117,000 options granted under the Share Option Scheme commencing 31 October 2015;  
up to 234,000 options granted under the Share Option Scheme commencing 31 October 2016; and  
up to 350,000 options granted under the Share Option Scheme commencing 31 October 2017.
  - (ii) up to 73,000 options granted under the Share Option Scheme commencing 31 October 2015;  
up to 146,000 options granted under the Share Option Scheme commencing 31 October 2016; and  
up to 220,000 options granted under the Share Option Scheme commencing 31 October 2017.
  - (iii) up to 100,000 options granted under the Share Option Scheme commencing 31 October 2015.
  - (iv) up to 547,000 options granted under the Share Option Scheme commencing 31 October 2015;  
up to 1,094,000 options granted under the Share Option Scheme commencing 31 October 2016; and  
up to 1,640,000 options granted under the Share Option Scheme commencing 31 October 2017.
  - (v) Out of the balance of 2,540,000 share options granted, 1,020,000 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, and the Independent non-executive Director has abstained from voting on the resolution in respect of the grant of options to himself.
  - (vi) Closing price of the shares of the Company immediately before the date on which the options were granted was HK\$1.89 per share.
4. The options, granted on 21 January 2016, are exercisable from 31 October 2016 to 20 January 2024 (both days inclusive) in the following manner:
  - (i) up to 117,000 options granted under the Share Option Scheme commencing 31 October 2016;  
up to 234,000 options granted under the Share Option Scheme commencing 31 October 2017; and  
up to 350,000 options granted under the Share Option Scheme commencing 31 October 2018.
  - (ii) up to 73,000 options granted under the Share Option Scheme commencing 31 October 2016;  
up to 146,000 options granted under the Share Option Scheme commencing 31 October 2017; and  
up to 220,000 options granted under the Share Option Scheme commencing 31 October 2018.
  - (iii) up to 100,000 options granted under the Share Option Scheme commencing 31 October 2016.
  - (iv) up to 636,000 options granted under the Share Option Scheme commencing 31 October 2016;  
up to 1,272,000 options granted under the Share Option Scheme commencing 31 October 2017; and  
up to 1,940,000 options granted under the Share Option Scheme commencing 31 October 2018.



## Other Information *(Continued)*

- (v) Out of the balance of 2,364,000 share options granted, 920,000 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 of the Company, and the Independent non-executive Director has abstained from voting on the resolution in respect of the grant of options to himself.
- (vi) Closing price of the shares of the Company immediately before the date on which the options were granted was HK\$1.03 per share.

### Pre-IPO Share Option Scheme

The Company adopted a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 4 September 2013. As at 31 October 2017, options to subscribe for an aggregate of 3,166,020 shares of the Company granted to a Director and certain employees pursuant to the Pre-IPO Share Option Scheme remained outstanding, details of which have been set out in the section headed “appendix IV statutory and general information” in the Company’s prospectus dated 12 September 2013.

The following table discloses movements of the Pre-IPO share options of the Company held by the Company’s Director or employees during the Period:

Name and Category of participants	Exercise prices of share options HK\$ per share	Exercise periods of share options	Number of shares options (Note 1)			
			At 1 May 2017	Exercised during the Period	Forfeited during the Period	At 31 October 2017
<b>Director</b>						
Mr. CHENG Sing Yuk	1.04	25/09/2013 to 11/10/2018	178,200	–	–	178,200
		12/10/2013 to 11/10/2018	91,800	–	–	91,800
	1.39	25/09/2013 to 11/10/2019	142,560	–	–	142,560
		12/10/2013 to 11/10/2019	142,560	–	–	142,560
	1.86	12/10/2014 to 11/10/2019	146,880	–	–	146,880
		16/10/2013 to 15/10/2020	142,560	–	–	142,560
		16/10/2014 to 15/10/2020	142,560	–	–	142,560
		16/10/2015 to 15/10/2020	146,880	–	–	146,880
<b>Sub-total</b>			<b>1,134,000</b>	<b>–</b>	<b>–</b>	<b>1,134,000</b>
<b>Employees</b>						
In aggregate	1.04	25/09/2013 to 11/10/2018	178,200	–	–	178,200
		12/10/2013 to 11/10/2018	183,600	–	–	183,600
	1.39	25/09/2013 to 11/10/2019	89,100	–	–	89,100
		12/10/2013 to 11/10/2019	178,200	–	–	178,200
	1.86	12/10/2014 to 11/10/2019	183,600	–	–	183,600
		16/10/2013 to 15/10/2020	178,200	–	–	178,200
		16/10/2014 to 15/10/2020	178,200	–	–	178,200
		16/10/2015 to 15/10/2020	862,920	–	–	862,920
<b>Sub-total</b>			<b>2,032,020</b>	<b>–</b>	<b>–</b>	<b>2,032,020</b>
<b>Total</b>			<b>3,166,020</b>	<b>–</b>	<b>–</b>	<b>3,166,020</b>

Note:

1. No option granted under the Pre-IPO Share Option Scheme during the Period.

### Share Award Scheme

The Share Award Scheme was adopted by the Board on 24 July 2015 (the “Adoption Date” and the “Share Award Scheme” respectively) to recognise the contributions by the Group’s employees (including without limitation any Director) and to provide them with incentives in order to retain them for their continual operation and development of the Group; and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the Board pursuant to the rules and trust deed of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. The nominal value of the shares of the Company to be awarded under the Share Award Scheme throughout its duration is limited to 5% of the issued share capital of the Company from time to time. The maximum number of shares of the Company which may be granted to selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

## Other Information *(Continued)*

Since the Adoption Date and up to 31 October 2017, the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 3,930,000 shares of the Company at a total consideration of about HK\$5.8million. The following table discloses movements of the awarded shares of the Company held by the Company's Director or employees during the Period:

Name and Category of participants	Date of grant	Vesting period	Number of awarded shares				
			At 1 May 2017	Granted during the Period	Forfeited during the Period	Vested during the Period	At 31 October 2017
<b>Directors</b>							
Mr. CHENG Sing Yuk	30/10/2015	08/10/2016 to 08/10/2017	56,000	-	-	(56,000)	-
	06/10/2016	05/10/2017 to 05/10/2018	121,000	-	-	(61,000)	60,000
			177,000	-	-	(117,000)	60,000
Mr. CHONG Siu Hong	08/08/2016	01/01/2017 to 01/01/2019	695,000	-	-	-	695,000
	01/09/2017	01/09/2017 to 01/09/2017	-	286,000	-	(286,000)	-
Mr. MANG Wing Ming Rene	30/10/2015	08/10/2016 to 08/10/2017	28,000	-	-	(28,000)	-
Mr. NEO Sei Lin Christopher	22/05/2017	22/05/2017 to 22/05/2017	-	59,000	-	(59,000)	-
<b>Employees</b>							
In aggregate	09/10/2015	08/10/2016 to 08/10/2017	361,000	-	-	(361,000)	-
	06/10/2016	05/10/2017 to 05/10/2018	607,000	-	-	(321,000)	286,000
	10/09/2017	10/09/2017 to 10/09/2017	-	143,000	-	(143,000)	-
			968,000	143,000	-	(825,000)	286,000
<b>Total</b>			1,868,000	488,000	-	(1,315,000)	1,041,000

### Changes in Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of Directors' information are set out below:

Mr. Lau Pak Fai Peter resigned as a member of the nomination committee of the Company with effect from 11 August 2017 but remained as an executive director of the Company.

### 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 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 during the Period.

### Review of Financial Statements

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the management the unaudited interim results of the Group for the Period. In addition, PricewaterhouseCoopers as the Company's auditor has reviewed the unaudited interim results of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## Other Information *(Continued)*

### **Compliance with the Model Code for 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.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

During the Period, the Company repurchased a total of 300,000 shares of the Company on the Stock Exchange on 7 August 2017 at the highest and lowest prices of HK\$1.47 and HK\$1.45 per share respectively at an aggregate consideration (including transaction cost) of approximately HK\$440,000. All the repurchased shares were subsequently cancelled by the date of this report. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company. Besides, the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 1,120,000 shares of the Company at a total consideration of about HK\$1.6 million.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities during the Period.

### **Interim Dividends**

The Board has resolved to declare an interim dividend of 5.2 HK cents per ordinary share (2016/17: interim dividend of 5.0 HK cents per share), representing a total payout of approximately HK\$37,288,000 (2016/17: approximately HK\$35,802,000). Shareholders whose names appear on the register of members of the Company on Friday, 19 January 2018 will be entitled to the interim dividend which will be paid on or around Friday, 26 January 2018.

### **Closure of Register of Members**

The register of members of the Company will be closed from Tuesday, 16 January 2018 to Friday, 19 January 2018, (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 15 January 2018.

### **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.

By Order of the Board of  
International Housewares Retail Company Limited  
NGAI Lai Ha  
*Chairman and Executive Director*

Hong Kong, 19 December 2017