

# International Housewares Retail Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1373



2019/20

Interim Report

Brighten up your home

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# Corporate Information

## DIRECTORS

### Executive Directors:

Ms. Ngai Lai Ha (*Chairman and Chief executive officer*)

Mr. Lau Pak Fai Peter (*Honorary Chairman*)

Mr. Cheng Sing Yuk (*Chief financial officer*)

### Non-executive Director:

Mr. Lau Chun Wah Davy

### Independent Non-executive Directors:

Mr. Mang Wing Ming Rene

Mr. Yee Boon Yip

Mr. Yeung Yiu Keung

## 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.jhc.com.hk](http://www.jhc.com.hk)

# Financial Highlights

- The Group's revenue rose by 7.2% to a historic high of HK\$1,161,704,000 (2018/19<sup>(1)</sup>: HK\$1,083,650,000) for the Period.
- Profit for the period was HK\$48,932,000 (2018/19: HK\$46,636,000), representing an increase of 4.9%.
- The Group maintained a strong financial position with cash and cash equivalents of HK\$368,667,000.
- Positive financial contribution from the Singapore market.
- As at 31 October 2019, the Group had a total of 373 stores worldwide.
- The Board has resolved to declare an interim dividend of 5.5 HK cents per ordinary share (2018/19: an interim dividend of 5.3 HK cents per ordinary share).

Note:

1. Comparative figures for the six months ended 31 October 2018 are shown as ("2018/19") in brackets.

# 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 2019. The Group continued to solidify its position as a leading houseware retail chain with a total of 373 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 for the Period, the Group's revenue rose by 7.2% to a historic high of HK\$1,161,704,000 (2018/19: HK\$1,083,650,000).

The Group's gross profit rose by 7.3% to HK\$542,820,000 (2018/19: HK\$506,078,000), while gross profit margin was at a healthy level of 46.7% (2018/19: 46.7%). Profit for the period was HK\$48,932,000 (2018/19: HK\$46,636,000), representing an increase of 4.9%, owing mainly to the Group continuing to broaden its product portfolio, while constantly monitoring purchase prices and managing operating expenses.

## Liquidity and Financial Resources

As at 31 October 2019, the Group had cash and cash equivalents amounting to HK\$368,667,000 (30 April 2019: HK\$369,703,000). 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 its 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 1.1 (30 April 2019: 2.7). Borrowings amounted to HK\$27,272,000 as at 31 October 2019 (30 April 2019: HK\$39,816,000). The Group was in net cash position as at 31 October 2019. Its gearing ratio as determined by total borrowings and loans from non-controlling shareholders divided by total equity was 4.0% (30 April 2019: 5.6%).

## Operating Efficiencies

Recently, although rental negotiation with landlords appears easier than previously, when overall rental expenses in shopping malls and warehouses consistently rose the past several years, the Group has launched the in-store online shopping iPanel "Easy Buy", not only enabling the sharing of inventory for on- and off-line channels, but also giving greater flexibility in choosing retail spaces and controlling overall rental expenses. In addition, with strong brand recognition and product popularity among customers, the Group does not have to open new stores at prime locations and hence it has been able to minimise the impact of rental hikes on its operation.

In addition, to meet the requirement for future business growth, the Group has embarked on the development of its office centre adjacent to the Guangzhou South High Speed Train Station so as to provide more cost-efficient back-end support to its operations.

During the Period, distribution and advertising expenses, information technology improvements, PRC warehouse reallocation in the first quarter as well as a one-year long stores renovation project catering for product-mix (FMCG) restructuring have added varying degrees of expense rises. To address this, the Group has taken steps to bring the expenses under control. Stringent cost control measures continue to be adopted across each cost item and more new initiatives introduced to enhance cost efficiency.

# 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>. It offers houseware, trendy items, personal care, snack and household FMCG through an extensive retail network comprising 373 stores in Hong Kong, Singapore, Macau, East Malaysia, Cambodia, Australia and Vietnam under renowned brands including JHC (日本城), Japan Home (日本の家), 123 by ELLA, \$mart (多來買) and City Life (生活提案). Leveraging its extensive sourcing channels and series of private label products, the Group provides a full range of items at competitive prices, creating a “one-stop” shopping experience for customers, and paving the road to transform ourselves to be a chain of general merchandise stores (GMS).

The cumulative brand awareness that the Group has enjoyed over the years, its steadily-growing extensive retail network and large global supplier network have contributed and will continue to contribute to steady business development. The Group remains positive about its business prospects in the medium-to-long-term and plans to further expand its operations in Hong Kong, Singapore and Macau, focusing on opening new stores in areas with high potential. The following table sets forth the number of its stores worldwide:

	As at 31 October 2019	As at 30 April 2019	Net increase
<b>The Group's Directly Managed Stores</b>			
Hong Kong	311	305	6
Singapore	46	44	2
Macau	7	7	–
<b>The Group's Licenced Stores</b>	9	9	–
<b>Total</b>	<b>373</b>	<b>365</b>	<b>8</b>

## Human Resources

To ensure it is able to attract and retain staff capable of delivering outstanding performance, the Group will regularly review its remuneration packages and qualified employees will receive performance bonuses, and/or be granted share options and share awards. The performance of the individual concerned will be taken into consideration in awarding annual discretionary bonuses to employees and share options and share awards to supervisory and managerial staff.

As at 31 October 2019, the Group had approximately 2,240 employees (31 October 2018: 2,130 and 30 April 2019: 2,175). Total staff costs for the Period were HK\$177,310,000 (2018/19: HK\$156,069,000).

Note:

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

## Operational Review by Business Nature

The Group's business segments by nature include retail, wholesale and licencing and others. With the opening of new stores and growth in overall comparable store sales, retail revenue of the Group for the Period reached a record high with 7.3% 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\$1,154,820,000 (2018/19: HK\$1,076,210,000), which also included consignment sales commission income, accounting for 99.4% (2018/19: 99.3%) of the Group's total revenue.

The income of the wholesale business, from licencing and others together decreased by 7.5% to HK\$6,884,000 (2018/19: HK\$7,440,000) against the same period last year.

# Management Discussion and Analysis *(Continued)*

## Operational Review by Geographical Locations

### Operation Review – Hong Kong

Hong Kong remained the key market of the Group, accounting for 87.6% (2018/19: 87.9%) of its total revenue. Despite the impact of social incidents in Hong Kong resulting in some of its stores closing early and the subsequent reduction in business hours, the revenue for the Period continues to deliver growth through product diversification and enhancement of private label brands. In the meantime, the support of the revenue driver under the banners of “123 by ELLA” and “\$mart” (多來買) in the Hong Kong market added momentum for sound growth. The revenue from Hong Kong for the Period reached a record high totaling HK\$1,018,203,000 (2018/19: HK\$952,019,000), a 7.0% increase, whereas comparable store sales<sup>(1)</sup> had a growth of 3.3%.

For distribution and advertising expenses, information technology improvements, PRC warehouse reallocation in the first quarter of this financial year as well as a one-year long store renovation project catering for product-mix (FMCG) restructuring have led to varying increases of expense. As a consequence, the net profit in Hong Kong for the Period was HK\$44,973,000 (2018/19: HK\$51,142,000), representing a decrease of 12.1% with the net profit margin of 4.4% (2018/19: 5.4%). The Group has taken steps to bring the expenses under control and stringent cost control measures will continue to be adopted across each cost item while new initiatives will further be introduced to enhance operational cost efficiency.

### Operation Review – Singapore

The Group has continuously endeavored to attract customers in the Singapore market through the introduction of snacks and FMCG from global brand suppliers, increasing the customer traffic and thus serving as an effective driver of same-store sales<sup>(1)</sup>, which grew by 15.3%, while revenue increased by 8.9% to HK\$123,842,000 (2018/19: HK\$113,758,000). At the same time, staff costs and other operating expenses as a percentage of revenue declined during the Period, in line with enhancing cost- efficiency resulting from the Group streamlining its organisational structure. At the same time, the Group has pushed forward to nurture local talent and strengthen the management team in Singapore. The Group continues to focus on opening new stores in areas with high potential on a cost effective basis to support the Singapore head office; increasing the value of products by making use of its sourcing arms in Hong Kong, Taiwan, Guangzhou and Yiwu; and enhancing cost- efficiency by utilization of its warehouse facilities in China.

The Group is pleased that, through the concerted effort of employees in Singapore, its business expenses in the market remained well under control, with a turnaround in sight and the positive financial contribution in the market will add momentum for sound growth in the future. Singapore remains a strategic market and the Group is optimistic about its business prospects for the mid-to-long-term.

### Operation Review – Macau

The Group's revenue in Macau recorded a 10.0% increase to HK\$19,659,000 (2018/19: HK\$17,873,000) while comparable store sales grew<sup>(1)</sup> by 12.1% during the Period. Its operations in Macau are 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.

## Prospects

Looking at the second half of this financial year, the consumer goods sector will continue to face challenges and uncertainties under the shadow of unfavorable economic environment which hinder the overall growth of the retail business. This, together with competitors' intensified discounting and promotional activities in the market, the overall operating environment will remain challenging. Against this backdrop, the Group's revenue for the Period continues to deliver growth through product diversification and enhancement of private label brands. In the meantime, the positive financial contribution among the Singapore and Macau markets, with a support of the revenue driver under the banner of “123 by ELLA” and “\$mart” (多來買) in Hong Kong market will contribute sound momentum for the growth in future.

# Management Discussion and Analysis *(Continued)*

In combating economic uncertainties, the Group has continued to create a diversified product mix. In general, customer traffic is essential to the Group's retail business, and hence it has continuously endeavored to attract customer via stacking of a balanced portfolio globally-branded FMCG, subsequently increasing the customer traffic and thus the same-store sales. During the period under review, the Group's new categories business of snacks and FMCG continued to increase its contribution to the Group's total revenue. Concurrently, the Group continues to be on the lookout for new opportunities through adding new categories in its product mix, which is expected to transform ourselves to be a chain of general merchandise stores (GMS) while providing an additional boost to our future growth.

The Group will leverage its established corporate brand name and a large and strong global supplier network to enrich the range of its private label products, such as "MATSUSHO" electrical appliances, "DigiMOMO" mobile phone accessories, "EZ COOK Professional" cookware, "POLE BEAR" thermoses and "JAPAN HOME" a series of household OEM products. The Group is committed to constantly increasing its proportion of these products, improving the design and packaging as well as promotion advertising through e-media to draw more attention their patronage from customers. It believes that private labels are able to help in improving our profit margin and presenting carve modern and positive brand images and, ultimately, add value in the long-run.

Capitalising on young customers' penchant for trying out trendiness and value beauty products, we offer in our "123 by ELLA" stores, among others, global beauty products such as cosmetics and skin care items at affordable price to provide a wider choices for women buyers, which were well received by young customers being evidenced in the strong same-store sales growth. This move also involves the change of store format and design to cater for the new products mix and an overall upgrade of the store image.

For Hong Kong market, with the momentum carried forward, sales growth remained robust in the first quarter of this financial year. In late July this year, we saw a slowdown in our Hong Kong business with the worsening market sentiment. The impact of social incidents in Hong Kong resulting in some of our stores being brought to an early close during business hour. For operating expenses, information technology improvements, PRC warehouse reallocation in the first quarter as well as a one-year long stores renovation project catering for product-mix (FMCG) restructuring have made varying degrees of expense growth. For this, we have taken steps to bring the expenses under control. Stringent cost control measures will continue to be adopted across each cost item and new initiatives will further be introduced to enhance cost efficiency.

Meanwhile, for Singapore market, the Group is in study to launch the in-store shopping iPanel "Easy Buy" that will strengthen the overall sale channel with the physical stores by offering a more convenient, highly flexible and easy-to-use retail channel to customers. At the same time, the Group has pushed forward to nurture local talent and strengthen the management team in Singapore. The Group will continue to focus on optimising the store number by retaining profitable stores and opening new stores in areas with high potential areas on a cost effective basis to support the Singapore head office; increasing the value products by making use of its sourcing arms in Hong Kong, Taiwan, Guangzhou and Yiwu; and enhancing cost-efficiency by utilization of the Group's warehouse facilities in China. Singapore remains our strategic market and the Group remains optimistic about its business prospects for the near term.

The Group continues to develop, improve and expand the operation capacity of its supply chain and human capital according to business needs to underpin its mission of sustainable development and seize new market opportunities in the future. The logistics and distribution centre, situated in Yiwu and Guangzhou warehouse sites, are targeted to become a central processing base of its merchandise in China to further enhance the accuracy and efficiency of product distribution. This enables just-in-time inventory replenishment of its retail network. In addition, to meet the requirement for future business growth, the Group has embarked on the development of its office centre adjacent to the Guangzhou South High Speed Train Station so as to provide more cost-efficiency back-room supports to its operations.

Hong Kong has remained the key market for the Group. The Group intends to continue to focus on this geographic market in the future. The Group expected "JHC" will continue to maintain its leading position in Hong Kong, while "123 by ELLA" and "\$mart" will become growing engines in the years to come. Going forward, despite the weak retail environment, the Group sees opportunities and potential for its growth and expansion. Many of the products the Group offers are affordable household necessities with a steady demand without significant fluctuation regardless of changes in overall market conditions. In addition, the strong Hong Kong dollar and depreciating Renminbi or other foreign currencies will reduce the procurement cost, which will benefit the Group.

Looking ahead, the Group believe that continuing to step up efforts in these areas will enhance the its competitiveness in a soft market and strengthen its performance.



# 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 9 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 2019 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers  
*Certified Public Accountants*

Hong Kong, 20 December 2019

# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 31 October 2019

		Unaudited six months ended 31 October	
	Note	2019 HK\$'000	2018 HK\$'000
Revenue	6	1,161,704	1,083,650
Cost of sales		(618,884)	(577,572)
<b>Gross profit</b>		<b>542,820</b>	<b>506,078</b>
Other income		13,437	9,413
Other losses, net		(417)	(163)
Distribution and advertising expenses		(29,087)	(22,423)
Administrative and other operating expenses		(459,665)	(434,898)
<b>Operating profit</b>	7	<b>67,088</b>	<b>58,007</b>
Finance income		2,844	2,928
Finance costs		(11,295)	(300)
<b>Profit before income tax</b>		<b>58,637</b>	<b>60,635</b>
Income tax expense	8	(9,705)	(13,999)
<b>Profit for the period</b>		<b>48,932</b>	<b>46,636</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		(1,480)	(3,788)
<b>Total comprehensive income for the period</b>		<b>47,452</b>	<b>42,848</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		48,135	48,831
Non-controlling interests		797	(2,195)
		48,932	46,636
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		46,673	44,949
Non-controlling interests		779	(2,101)
		47,452	42,848
<b>Earnings per share attributable to owners of the Company</b> (expressed in HK cents per share)	9		
Basic earnings per share		6.74	6.80
Diluted earnings per share		6.69	6.79

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

# Condensed Consolidated Interim Balance Sheet

As at 31 October 2019

	Note	Unaudited 31 October 2019 HK\$'000	Audited 30 April 2019 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use right		–	3,470
Property, plant and equipment	11	145,984	143,004
Right-of-use assets		492,706	–
Investment properties	11	38,664	38,532
Intangible assets	11	26,230	26,558
Deferred income tax assets		6,473	6,466
Non-current prepayments and deposits	12	67,673	63,655
		777,730	281,685
<b>Current assets</b>			
Inventories		258,398	288,303
Trade and other receivables	12	94,763	91,817
Bank deposits with initial terms of over three months		392	392
Cash and cash equivalents		368,667	369,703
		722,220	750,215
<b>Total assets</b>		<b>1,499,950</b>	<b>1,031,900</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and share premium	13	585,750	585,123
Reserves		120,910	165,298
		706,660	750,421
<b>Non-controlling interests</b>		<b>(730)</b>	<b>(448)</b>
<b>Total equity</b>		<b>705,930</b>	<b>749,973</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		1,252	1,289
Loan due to a non-controlling shareholder of a subsidiary		–	605
Provision for reinstatement costs		3,641	3,210
Borrowings		–	419
Lease liabilities		156,389	–
		161,282	5,523
<b>Current liabilities</b>			
Trade and other payables	15	205,266	204,611
Contract liabilities	15	8,463	7,164
Amount due to a non-controlling shareholder of a subsidiary		–	268
Loans due to non-controlling shareholders of subsidiaries		1,154	1,549
Borrowings	16	27,272	39,397
Lease liabilities		357,594	–
Current income tax liabilities		32,989	23,415
		632,738	276,404
<b>Total liabilities</b>		<b>794,020</b>	<b>281,927</b>
<b>Total equity and liabilities</b>		<b>1,499,950</b>	<b>1,031,900</b>

The above condensed consolidated interim balance sheet should be read in conjunction with the accompanying notes.

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 October 2019

		Unaudited				
		Attributable to owners of the Company				
	Note	Share capital and share premium HK\$'000	Reserves HK\$'000	Total HK\$'000	Non- controlling interest HK\$'000	Total Equity HK\$'000
<b>At 1 May 2019</b>		585,123	165,298	750,421	(448)	749,973
Impact on initial application of HKFRS 16	3	–	(25,500)	(25,500)	(1,061)	(26,561)
<b>Restated balance at 1 May 2019</b>		585,123	139,798	724,921	(1,509)	723,412
<b>Comprehensive income:</b>						
Profit for the period		–	48,135	48,135	797	48,932
Other comprehensive income:						
Currency translation differences		–	(1,462)	(1,462)	(18)	(1,480)
<b>Total comprehensive income for the period</b>		–	46,673	46,673	779	47,452
<b>Transactions with owners:</b>						
Employee share option and share award scheme:						
– value of employee services		–	1,397	1,397	–	1,397
– exercise of share options		627	–	627	–	627
Purchase of treasury shares		–	(2,702)	(2,702)	–	(2,702)
Dividends	10	–	(64,256)	(64,256)	–	(64,256)
<b>Total transactions with owners</b>		627	(65,561)	(64,934)	–	(64,934)
<b>At 31 October 2019</b>		585,750	120,910	706,660	(730)	705,930
<b>At 1 May 2018</b>		581,758	146,067	727,825	300	728,125
<b>Comprehensive income:</b>						
Profit/(loss) for the period		–	48,831	48,831	(2,195)	46,636
Other comprehensive income:						
Currency translation differences		–	(3,882)	(3,882)	94	(3,788)
<b>Total comprehensive income for the period</b>		–	44,949	44,949	(2,101)	42,848
<b>Transactions with owners:</b>						
Employee share option and share award scheme:						
– value of employee services		–	26	26	–	26
– exercise of share options		657	–	657	–	657
Dividends	10	–	(50,252)	(50,252)	–	(50,252)
<b>Total transactions with owners</b>		657	(50,226)	(49,569)	–	(49,569)
<b>At 31 October 2018</b>		582,415	140,790	723,205	(1,801)	721,404

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

# Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 31 October 2019

	Unaudited six months ended 31 October	
	2019 HK\$'000	2018 HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operation	287,397	90,781
Income tax (paid)/refund	(140)	70
Net cash generated from operating activities	287,257	90,851
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(17,345)	(9,534)
Proceeds from disposal of property, plant and equipment	50	103
Purchase of investment properties	(1,825)	–
Prepayment for purchase of property, plant and equipment	(898)	–
Decrease in bank deposits with initial terms of over three months	–	392
Interest received	2,844	2,928
Net cash used in investing activities	(17,174)	(6,111)
<b>Cash flows from financing activities</b>		
Payment on lease liabilities	(192,216)	–
Proceeds from exercise of share options	627	657
Purchase of treasury shares	(2,702)	–
Net decrease in trust receipt loans	(11,943)	(4,660)
Interest paid	(400)	(258)
Dividend paid	(64,256)	(50,252)
Other financing cash flow – net	–	(91)
Net cash used in financing activities	(270,890)	(54,604)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(807)</b>	<b>30,136</b>
Cash and cash equivalents at beginning of the period	369,703	386,013
Currency translation differences	(229)	(1,048)
<b>Cash and cash equivalents at end of the period</b>	<b>368,667</b>	<b>415,101</b>
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at bank and on hand	177,253	171,555
Short-term bank deposits with original maturity within three months	191,414	243,546
	368,667	415,101

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

# 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 20 December 2019.

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 2019 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 2019, 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 2019, 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.

### 3.1 Adoption of new or revised HKFRSs and HKASs

(a) Adoption of new or revised HKFRSs and HKASs effective on 1 May 2019

The following new or revised HKFRSs, have been issued and are mandatory for the Group’s financial statement for the financial year beginning on 1 May 2019.

		Effective for accounting period beginning on or after
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to Annual Improvements Project	Annual Improvements 2015-2017 Cycle	1 January 2019

The impact of the adoption of the HKFRS 16 is disclosed in Note 3.2. The other standards did not have any significant impact to the financial position and results of the Group and did not require retrospective adjustments.

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

## 3 Principal accounting policies *(Continued)*

### 3.1 Adoption of new or revised HKFRSs and HKASs *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

		Effective for accounting period beginning on or after
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

Management is in the process of making an assessment of the financial impact of adoption of these new standards and amendments to existing standards. The management will adopt the new standards and amendments to standards when they become effective.

### 3.2 Impact and changes in accounting policies upon adoption of new HKFRS

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 May 2019 in note 3.2(i) below.

The Group has adopted HKFRS 16 retrospectively from 1 May 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 May 2019.

(i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The weighted average incremental borrowing rates applied to the lease liabilities in relation to leases in Hong Kong, Macau and Singapore on 1 May 2019 were 3.65%, 3.65% and 5.75% respectively. The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. The recognised right-of-use assets of the Group relate to properties leases.

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

## 3 Principal accounting policies *(Continued)*

### 3.2 Impact and changes in accounting policies upon adoption of new HKFRS *(Continued)*

#### (i) Adjustments recognised on adoption of HKFRS 16 *(Continued)*

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	HK\$'000
Operating lease commitments disclosed as at 30 April 2019	595,947
Discounted using the lessee's incremental borrowing rate of at the date of initial application	563,816
Add: finance lease liabilities recognised as at 30 April 2019	601
(Less): short-term leases recognised on a straight-line basis as expense	(604)
(Less): contracts reassessed as service agreements	(9,080)
<b>Lease liability recognised as at 1 May 2019</b>	<b>554,733</b>
Of which are:	
Current lease liabilities	199,079
Non-current lease liabilities	355,654

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 April 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated balance sheet:

Consolidated balance sheet (extract)

	As at 30 April 2019 As originally presented HK\$'000	Impact on initial adoption of HKFRS 16 HK\$'000	As at 1 May 2019 As restated HK\$'000
<b>Non-current assets</b>			
Land use right	3,470	(3,470)	–
Property, plant and equipment	143,004	(512)	142,492
Right-of-use assets	–	531,553	531,553
<b>Non-current liabilities</b>			
Borrowings	419	(419)	–
Lease liabilities	–	355,654	355,654
<b>Current liabilities</b>			
Borrowings	39,397	(182)	39,215
Lease liabilities	–	199,079	199,079
<b>Equity</b>			
Reserves	165,298	(25,500)	139,798
Non-controlling interests	(448)	(1,061)	(1,509)



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

## 3 Principal accounting policies *(Continued)*

### 3.2 Impact and changes in accounting policies upon adoption of new HKFRS *(Continued)*

#### (ii) Impact on segment disclosure

Segment assets and segment liabilities as at 1 May 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The following segments were affected by the change in policy:

	Right-of-use assets included in segment assets HK\$'000	Lease liabilities included in segment liabilities HK\$'000
Retail – Hong Kong and Macau	475,871	497,211
Retail – Singapore	55,682	57,522
	531,553	554,733

#### (iii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for some operating leases with a remaining lease term of less than 12 months as at 1 May 2019 as short-term leases;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 *Determining whether an Arrangement contains a Lease*.

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

## 3 Principal accounting policies *(Continued)*

### 3.2 Impact and changes in accounting policies upon adoption of new HKFRS *(Continued)*

#### (iv) Accounting policies

The Group leases various properties including shop premises offices and warehouse. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Before the adoption of HKFRS 16, leases of property, plant and equipment were classified as either finance or operating leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to condensed consolidated income statement on a straight-line basis over the period of the lease. Commitments under operating leases for future periods were not recognised by the Group as liabilities.

Under HKFRS 16, leases are recognised as a right-of-use asset and the corresponding liabilities at the dates at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to condensed consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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

## 3 Principal accounting policies *(Continued)*

### 3.2 Impact and changes in accounting policies upon adoption of new HKFRS *(Continued)*

#### (v) Critical judgements in determining the lease term and discount rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

## 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 2019.

## 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 2019. 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 2019 and 30 April 2019 approximate their fair value.

## 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 the following reportable operating segments:

- (i) Retail – Hong Kong and Macau\*  
Retail – Singapore\*
- (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. In the current period, a further breakdown by geographic location under the retail segment is disclosed to enhance the presentation of segment information.

\* Including consignment sales commission income.

## 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 2019 is as follows:

	Retail				Total HK\$'000
	Hong Kong and Macau HK\$'000	Singapore HK\$'000	Wholesales HK\$'000	Licencing and others HK\$'000	
Segment revenue (all from external customers)	1,030,978	123,842	6,824	60	1,161,704
Cost of sales	(541,281)	(71,904)	(5,699)	–	(618,884)
Segment results	489,697	51,938	1,125	60	542,820
Gross profit%**	47.50%	41.94%	16.50%	–	46.73%
Other income					13,437
Other losses, net					(417)
Distribution and advertising expenses					(29,087)
Administrative and other operating expenses					(459,665)
<b>Operating profit</b>					<b>67,088</b>
Finance income					2,844
Finance costs					(11,295)
<b>Profit before income tax</b>					<b>58,637</b>
Income tax expense					(9,705)
<b>Profit for the period</b>					<b>48,932</b>

The segment information provided to the executive directors for the reportable segments for the six months ended 31 October 2018 is as follows:

	Retail				Total HK\$'000
	Hong Kong and Macau HK\$'000	Singapore HK\$'000	Wholesales HK\$'000	Licencing and others HK\$'000	
Segment revenue (all from external customers)	962,452	113,758	7,340	100	1,083,650
Cost of sales	(507,415)	(64,262)	(5,895)	–	(577,572)
Segment results	455,037	49,496	1,445	100	506,078
Gross profit%**	47.28%	43.51%	19.69%	–	46.70%
Other income					9,413
Other losses, net					(163)
Distribution and advertising expenses					(22,423)
Administrative and other operating expenses					(434,898)
<b>Operating profit</b>					<b>58,007</b>
Finance income					2,928
Finance costs					(300)
<b>Profit before income tax</b>					<b>60,635</b>
Income tax expense					(13,999)
<b>Profit for the period</b>					<b>46,636</b>

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

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

### 6 Segment information *(Continued)*

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the six months ended 31 October 2019 and 2018. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The retail sales include sales of goods of HK\$1,152,676,000 (2018: HK\$1,073,618,000), revenue arising from customer loyalty programme of HK\$1,364,000 (2018: HK\$1,670,000) and consignment sales commission of HK\$780,000 (2018: HK\$922,000).

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 2019 and 2018.

All of the Group's revenues are recognised at a point in time for the six months ended 31 October 2019 and 2018.

The following tables present segment assets and liabilities as at 31 October 2019 and 30 April 2019 respectively.

	As at 31 October 2019				
	Retail				Total
	Hong Kong and Macau	Singapore	Wholesales	Licencing and others	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	947,870	123,011	4,946	4	1,075,831
Segment liabilities	675,149	76,944	6,236	296	758,625

	As at 30 April 2019				
	Retail				Total
	Hong Kong and Macau	Singapore	Wholesales	Licencing and others	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	531,235	73,496	3,047	4	607,782
Segment liabilities	223,055	25,695	5,705	346	254,801

Segment assets include intangible assets, property, plant and equipment, right-of-use assets, trade and other receivables and inventories. Segment liabilities include provision for reinstatement costs, lease liabilities, borrowings, trade and other payables and contract liabilities.

A reconciliation of segment assets to total assets is provided as follows:

	As at	
	31 October 2019	30 April 2019
	HK\$'000	HK\$'000
Segment assets	1,075,831	607,782
Investment properties	38,664	38,532
Prepayment for purchase of property, plant and equipment	9,923	9,025
Deferred income tax assets	6,473	6,466
Bank deposits with initial terms of over three months	392	392
Cash and cash equivalents	368,667	369,703
Total assets	1,499,950	1,031,900

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

## 6 Segment information *(Continued)*

A reconciliation of segment liabilities to total liabilities is provided as follows:

	As at	
	31 October 2019 HK\$'000	30 April 2019 HK\$'000
Segment liabilities	758,625	254,801
Deferred income tax liabilities	1,252	1,289
Loan due to a non-controlling shareholder of a subsidiary	–	605
Amount due to a non-controlling shareholder of a subsidiary	–	268
Loans due to non-controlling shareholders of subsidiaries	1,154	1,549
Current income tax liabilities	32,989	23,415
<b>Total liabilities</b>	<b>794,020</b>	<b>281,927</b>

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

	Six months ended 31 October	
	2019 HK\$'000	2018 HK\$'000
Hong Kong	1,018,203	952,019
Singapore	123,842	113,758
Macau	19,659	17,873
	<b>1,161,704</b>	<b>1,083,650</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 2019 HK\$'000	30 April 2019 HK\$'000
Hong Kong	624,119	184,275
Mainland China	49,779	49,296
Singapore	63,641	13,974
Macau	7,488	1,116
	<b>745,027</b>	<b>248,661</b>

## 7 Operating profit

The following items have been charged/(credited) to the operating profit during the period:

	For the six months ended	
	31 October 2019 HK\$'000	2018 HK\$'000
Employee benefit expenses (including directors' emoluments)	177,310	156,069
Operating lease payment	9,471	190,865
Depreciation of property, plant and equipment	13,475	13,240
Depreciation of right-of-use assets	179,421	–
Amortisation of intangible assets	312	315
Loss on disposal of property, plant and equipment	417	163
Net exchange (gain)/loss	(1,483)	998

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

### 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	
	2019	2018
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Current year	9,458	10,324
– Under-provision in prior years	24	3,938
Overseas taxation		
– Current year	17	23
– Under/(over)-provision in prior years	212	(442)
	9,711	13,843
Deferred income tax	(6)	156
Income tax expense	9,705	13,999

### 9 Earnings per share

#### (a) Basic

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

	Six months ended 31 October	
	2019	2018
	HK\$'000	HK\$'000
Profit attributable to owners of the Company (HK\$'000)	48,135	48,831
Weighted average number of shares in issue ('000)	714,324	717,593
Basic earnings per share (HK cents)	6.74	6.80

#### (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.

	Six months ended 31 October	
	2019	2018
	HK\$'000	HK\$'000
Profit attributable to owners of the Company (HK\$'000)	48,135	48,831
Weighted average number of shares for diluted earnings per share ('000)	719,093	719,332
Diluted earnings per share (HK cents)	6.69	6.79

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

## 10 Dividends

In the current period, a final dividend of HK\$64,256,000 in relation to the year ended 30 April 2019 was declared and paid.

On 20 December 2019, the Board resolved to declare an interim dividend of HK\$5.5 cents (2018: HK5.3 cents) per share, totaling HK\$39,310,000 (2018: HK\$37,928,000). The proposed dividend has not been recognised as a liability in this interim financial information but will be reflected as an appropriation of retained profits for the year ending 30 April 2020.

## 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	
<b>Six months ended 31 October 2019</b>						
Net book value						
As at 1 May 2019	143,004	38,532	20,627	5,931	26,558	208,094
Additions	17,774	1,825	–	–	–	19,599
Disposals	(467)	–	–	–	–	(467)
Reclassification to right-of use assets	(512)	–	–	–	–	(512)
Depreciation and amortisation	(13,475)	–	(312)	–	(312)	(13,787)
Exchange difference	(340)	(1,693)	(16)	–	(16)	(2,049)
<b>As at 31 October 2019</b>	<b>145,984</b>	<b>38,664</b>	<b>20,299</b>	<b>5,931</b>	<b>26,230</b>	<b>210,878</b>
<b>Six months ended 31 October 2018</b>						
Net book value						
As at 1 May 2018	134,097	10,534	21,793	5,931	27,724	172,355
Additions	10,201	–	–	–	–	10,201
Disposals	(265)	–	–	–	–	(265)
Depreciation and amortisation	(13,240)	–	(315)	–	(315)	(13,555)
Exchange difference	(456)	(980)	(870)	–	(870)	(2,306)
<b>As at 31 October 2018</b>	<b>130,337</b>	<b>9,554</b>	<b>20,608</b>	<b>5,931</b>	<b>26,539</b>	<b>166,430</b>

The Group's investment property were revaluated at 30 April 2019. 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 2019 HK\$'000	30 April 2019 HK\$'000
Trade receivables	8,181	11,176
Less: provision for impairment of trade receivables	(2,463)	(2,463)
	5,718	8,713
Prepayments	36,402	27,348
Deposits and other receivables	120,316	119,411
	162,436	155,472
Less non-current portion:		
Deposits	(57,750)	(54,630)
Prepayment for purchase of intangible asset	(9,923)	(9,025)
	(67,673)	(63,655)
Current portion	94,763	91,817



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

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

The Group conducts sales to customers on a cash-on-delivery basis for retail sales. The balance at period end represents credit card receivables and receivables from wholesales customers. At 31 October 2019 and 30 April 2019, the ageing analysis of trade receivables based on invoice date is as follows:

	As at	
	31 October 2019 HK\$'000	30 April 2019 HK\$'000
Up to 3 months	5,718	8,713
3 – 12 months	–	–
Over 12 months	2,463	2,463
	8,181	11,176
Less: provision for impairment of receivables	(2,463)	(2,463)
	5,718	8,713

### 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 2019	721,641	72,164	512,959	585,123
Issue of shares (Note a)	451	45	582	627
As at 31 October 2019	722,092	72,209	513,541	585,750
As at 1 May 2018	719,016	71,902	509,856	581,758
Issue of shares (Note a)	632	63	594	657
As at 31 October 2018	719,648	71,965	510,450	582,415

Note:

- (a) During the period ended 31 October 2019, 451,000 shares were issued and allotted upon the exercise of options by the options holders (2018: 630,000).

### 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 2019, 985,000 shares were granted to selected participants pursuant to the Share Award Scheme (2018: 917,000). 977,000 treasury shares were distributed to the participants whose share awards have been vested during the period ended 31 October 2019 (2018: 776,000). For the period ended 31 October 2019, total expense recognised in the condensed consolidated interim statement of comprehensive income for Share Award Scheme is approximately HK\$1,397,000. For the period ended 31 October 2018, total credit recognised in the condensed interim statement of comprehensive income for the Share Award Scheme is approximately HK\$4,000 representing expense recognised of HK\$631,000 and reversal of expense due to resignation of employees of HK\$635,000 in which the share awards were not vested.

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

## 15 Trade and other payables and contract liabilities

	As at	
	31 October 2019 HK\$'000	30 April 2019 HK\$'000
<b>Trade and other payables</b>		
Trade payables	158,622	155,937
Other payables and accruals	39,472	41,242
Deposits received	129	389
Provision for employee benefits	7,043	7,043
	<b>205,266</b>	<b>204,611</b>
<b>Contract liabilities</b>		
Receipts in advance and cash coupons	4,660	3,359
Deferred revenue arising from customer loyalty programs	3,803	3,805
	<b>8,463</b>	<b>7,164</b>

(a) The carrying values of trade and other payables approximate their fair values as at 31 October 2019 and 30 April 2019.

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

	As at	
	31 October 2019 HK\$'000	30 April 2019 HK\$'000
0 – 30 days	93,504	100,547
31 – 60 days	55,117	36,811
61 – 90 days	8,616	15,751
91 – 120 days	1,385	2,828
	<b>158,622</b>	<b>155,937</b>

## 16 Borrowings

	As at	
	31 October 2019 HK\$'000	30 April 2019 HK\$'000
<b>Non-current</b>		
Finance lease liabilities	–	419
<b>Current</b>		
Trust receipt loans, secured and contain a repayment on demand clause	27,272	39,215
Finance lease liabilities	–	182
	<b>27,272</b>	<b>39,397</b>
	<b>27,272</b>	<b>39,816</b>

Interest expense on borrowings for the six months ended 31 October 2019 is approximately HK\$397,000 (31 October 2018: HK\$250,000).

The Group has the following undrawn banking facilities:

	As at	
	31 October 2019 HK\$'000	30 April 2019 HK\$'000
Floating rates		
– expiring within one year	184,617	160,887

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

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

## 17 Contingent liabilities

The Group's bankers have given guarantees in lieu of deposits of approximately HK\$16,964,000 as at 31 October 2019 (30 April 2019: HK\$17,329,000) to the Group's landlords and utility providers. These guarantees are counter indemnified by corporate guarantees and pledged deposits provided by certain subsidiaries.

## 18 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:

Ms. Ngai Lai Ha is a director of the related companies of the Group in (a) and (b) below during the period ended 31 October 2019. (FY2018/19: Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha are directors of the related companies of the Group in (a) and (b)(i).)

### (a) Sales of goods and services

	Note	Six months ended 31 October	
		2019 HK\$'000	2018 HK\$'000
Management fee income:			
– JHC (Investment) Limited	(i)	–	10
– Mulan's Garden (HK) Limited	(i)	–	20
– Hong Sing Investment Limited	(i)	–	10

### (b) Purchase of goods and services

	Note	Six months ended 31 October	
		2019 HK\$'000	2018 HK\$'000
(i) Operating lease rentals in respect of retail shops to related companies:			
– Mulan's Garden (HK) Limited	(ii)	–	3,149
– JHC (Investment) Limited	(ii)	–	544
– Hong Sing Investment Limited	(ii)	–	7,772
– Charm Rainbow Limited	(ii)	–	972
– Beauty Delight Limited	(ii)	–	–
– Hugo Grand Limited	(ii)	–	3,061
– Hong Sing Investment Limited	(ii)	–	105
(ii) Purchase of goods from a related company:			
– Radha Exports Pte Limited	(i), (iii)	3,575	–

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

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

### (b) Purchase of goods and services *(Continued)*

Notes:

- (i) Management fee and purchase of goods were charged based on terms mutually agreed between the relevant parties.
- (ii) The Group entered into operating lease agreements with the following related parties on terms mutually agreed by both parties.

	Six months ended 31 October 2019 HK\$'000
Operating lease payments made in respect of retail shops to related companies:	
– Mulan's Garden (HK) Limited	3,411
– JHC (Investment) Limited	1,228
– Hong Sing Investment Limited	8,124
– Charm Rainbow Limited	972
– Beauty Delight limited	730
– Hugo Grand Limited	3,170
– Hong Sing Investment Ltd	111
	17,746

- (iii) Pursuant to the acquisition of 25% equity interest in Japan Home (Retail) Pte. Limited by Radha Japan Pte. Limited on 14 October 2019, Radha Exports Pte Limited, a company under common control with Radha Japan Pte. Limited, has become a related company of the Group. The amount represents the purchase of goods from 14 October 2019 to 31 October 2019.

### (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:

	Six months ended 31 October	
	2019 HK\$'000	2018 HK\$'000
Short-term employee benefits	6,913	8,140
Post-employment benefits – defined contribution plans	90	95
Other long-term benefits	1,050	(47)
	8,053	8,188

## 19 Subsequent event

On 3 December 2019, the Group entered into a sales and purchase agreement with Mr. Lau Pak Fai, Peter, a director of the Company at a consideration of approximately HK\$2,761,000 to acquire 15% equity interest in Japan Home (Retail) Pte. Ltd., one of the subsidiaries of the Group. Upon the completion of the transaction, the Group would hold 75% equity interest in this subsidiary.

## Other Information

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

As at 31 October 2019, 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 2019*
<b>Directors</b>						
Mr. Lau Pak Fai Peter	Interest in a controlled corporation	324,000,000 (Note 2)	–	–	346,320,000	47.96%
	Personal interest	21,645,000	675,000 (Note 3)	–		
Ms. Ngai Lai Ha	Interest in a controlled corporation	324,000,000 (Note 4)	–	–	358,226,000	49.61%
	Personal interest	33,101,000	325,000 (Note 3)	800,000 (Note 6)		
Mr. Cheng Sing Yuk	Personal interest	664,000	1,059,500 (Note 5)	553,000 (Note 6)	2,276,500	0.32%
Mr. Lau Chun Wah Davy	Personal interest	56,000	–	–	56,000	0.01%
Mr. Mang Wing Ming Rene	Personal interest	268,000	100,000 (Note 3)	–	368,000	0.05%

\* The percentage was calculated based on 722,091,720 shares in issue as at 31 October 2019.

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) 432,000 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 2019, 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 2019, 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 2019*
Hiluleka Limited	Beneficial owner	324,000,000 (Note 2)	44.87%
FMR LLC	Interest of corporation controlled by the substantial shareholder	100,511,298 (Note 3)	13.92%
Pandanus Associates Inc.	Interest of corporation controlled by the substantial shareholder	64,946,670 (Note 4)	8.99%
483A Bay Street Holdings Management LLC	Interest of corporation controlled by the substantial shareholder	48,072,670 (Note 4)	6.66%
Fidelity Investment Trust	Beneficial owner	36,643,100	5.07%
Webb David Michael	Beneficial owner/Interest of corporation controlled by the substantial shareholder	36,131,000	5.00%

\* The percentage was calculated based on 722,091,720 shares in issue as at 31 October 2019.

Notes:

- All the above shares are long position.
- 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.
- According to the latest disclosure of interests form FMR LLC is deemed to have interests in 100,511,298 shares of the Company held by Fidelity (Canada) Asset Management ULC in 33,512,170 shares, Fidelity Management & Research (Hong Kong) Limited in 48,697,000 shares and FMR CO., INC in 18,299,100 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 483A Bay Street Holdings LP, Fidelity Canada Investors LLC is owned by certain employees and shareholders of FMR LLC.
- According to the latest disclosure of interests forms, 483A Bay Street Holdings LP is owned by Fidelity Canada Investors LLC (18%) and FIL Limited (82%), and also wholly controlled by 483A Bay Street Holdings Management LLC. It has indirect interest in 48,072,670 shares. FIL Limited is also deemed to have interest in 16,866,000 shares of the Company held by its wholly-owned subsidiary FIL Investment Management (Singapore) Limited. FIL Limited is owned by Pandanus Partners L.P. (40.07%) which is wholly owned by Pandanus Associates Inc.

Save as disclosed above, as at 31 October 2019, 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.

## Other Information *(Continued)*

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.

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 2019, options to subscribe for an aggregate of 4,365,000 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 31 October 2019
				At 1 May 2019	Exercised/ granted during the Period	Forfeited during the Period	
<b>Directors</b>							
Mr. Lau Pak Fai Peter (Note 1)	28/02/2014	3.86	31/10/2014 to 27/02/2022 (Note 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
Ms. Ngai Lai Ha (Note 1)	28/02/2014	3.86	31/10/2014 to 27/02/2022 (Note 2)	675,000	-	-	675,000
				325,000	-	-	325,000
Mr. Cheng Sing Yuk	28/02/2014	3.86	31/10/2014 to 27/02/2022 (Note 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
Mr. Mang Wing Ming Rene	12/11/2014	1.93	31/10/2015 to 11/11/2022 (Notes 3(iii),(v)&(vi))	627,500	-	-	627,500
				100,000	-	-	100,000
Sub-total				1,727,500	-	-	1,727,500
<b>Employees</b>							
In aggregate	28/02/2014	3.86	31/10/2014 to 27/02/2022 (Note 2)	937,500	-	-	937,500
	12/11/2014	1.93	31/10/2015 to 11/11/2022 (Notes 3(iv)&(vi))	1,460,000	-	-	1,460,000
	21/01/2016	1.08	31/10/2016 to 20/01/2024 (Notes 4(iv)&(vi))	240,000	-	-	240,000
Sub-total				2,637,500	-	-	2,637,500
<b>Total</b>				<b>4,365,000</b>	<b>-</b>	<b>-</b>	<b>4,365,000</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 total 2,660,000 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.
  - (v) Out of the above 2,960,000 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 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.



## Other Information *(Continued)*

### 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 2019, options to subscribe for an aggregate of 1,386,000 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 2019	Exercised during the Period	Lapsed during the Period	At 31 October 2019
<b>Director</b>						
Mr. Cheng Sing Yuk	1.39	25/09/2013 to 11/10/2019	142,560	–	(142,560)	–
		12/10/2013 to 11/10/2019	142,560	–	(142,560)	–
		12/10/2014 to 11/10/2019	146,880	–	(146,880)	–
	1.86	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
Sub-total			864,000	–	(432,000)	432,000
<b>Employees</b>						
In aggregate	1.39	25/09/2013 to 11/10/2019	89,100	(89,100)	–	–
		12/10/2013 to 11/10/2019	178,200	(178,200)	–	–
		12/10/2014 to 11/10/2019	183,600	(183,600)	–	–
	1.86	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	597,600	–	–	597,600
Sub-total			1,404,900	(450,900)	–	954,000
<b>Total</b>			<b>2,268,900</b>	<b>(450,900)</b>	<b>(432,000)</b>	<b>1,386,000</b>

Note:

- 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)*

For the six months ended 31 October 2019, 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 1,344,000 shares of the Company at a total consideration of about HK\$2.7 million. 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				
			Unvested as at 1 May 2019	Granted during the Period	Forfeited during the Period	Vested during the Period	Unvested as at 31 October 2019
<b>Directors</b>							
Ms. Ngai Lai Ha	21/12/2018	31/10/2021 to 31/10/2021	800,000	-	-	-	800,000
			800,000	-	-	-	800,000
Mr. Cheng Sing Yuk	20/12/2017	06/10/2018 to 06/10/2019	53,000	-	-	(53,000)	-
	04/10/2018	04/10/2019 to 04/10/2020	107,000	-	-	(54,000)	53,000
	21/12/2018	31/10/2021 to 31/10/2021	500,000	-	-	-	500,000
			660,000	-	-	(107,000)	553,000
Mr. Mang Wing Ming Rene	04/10/2018	04/10/2019 to 04/10/2019	56,000	-	-	(56,000)	-
			56,000	-	-	(56,000)	-
Mr. Lau Chun Wah Davy	04/10/2018	04/10/2019 to 04/10/2019	56,000	-	-	(56,000)	-
			56,000	-	-	(56,000)	-
<b>Employees</b>							
In aggregate	20/12/2017	06/10/2018 to 06/10/2019	295,000	-	(18,000)	(277,000)	-
	04/10/2018	04/10/2019 to 04/10/2020	698,000	-	(64,000)	(338,000)	296,000
	19/12/2018	31/10/2021 to 31/10/2021	5,860,000	-	(100,000)	-	5,760,000
	15/02/2019	31/10/2021 to 31/10/2021	150,000	-	-	-	150,000
	23/04/2019	31/10/2021 to 31/10/2021	500,000	-	-	-	500,000
	08/09/2019	08/09/2019 to 08/09/2019	-	143,000	-	(143,000)	-
	03/10/2019	06/10/2020 to 06/10/2021	-	739,000	-	-	739,000
			7,503,000	882,000	(182,000)	(758,000)	7,445,000
<b>Total</b>			<b>9,075,000</b>	<b>882,000</b>	<b>(182,000)</b>	<b>(977,000)</b>	<b>8,798,000</b>

### 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, 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, Ms. Ngai Lai Ha is both the Chairman and the Chief Executive Officer of the Company. As Ms. Ngai is one of the founders of the Group, the Board believes that it is in the best interest of the Group to have Ms. Ngai taking up both roles for continuous effective management of the Board and business development of the Group.

## Other Information *(Continued)*

### 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.

### 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

The share award scheme of the Company was adopted by the Board on 24 July 2015 (the “**Share Award Scheme**”). 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 1,344,000 shares of the Company at a total consideration of about HK\$2.7 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 5.5 HK cents per share (2018/19: interim dividend of 5.3 HK cents per share), representing a total payout of approximately HK\$39,310,000 (2018/19: approximately HK\$37,928,000). Shareholders whose names appear on the register of members of the Company on Friday, 17 January 2020 will be entitled to the interim dividend which will be paid on or around Friday, 24 January 2020.

### Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 14 January 2020 to Friday, 17 January 2020, (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, 13 January 2020.

### 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  
NGAI Lai Ha  
*Chairman and Executive Director*

Hong Kong, 20 December 2019